

# Guidelines for Blocked Housing Projects



**GUIDELINES**



**GUIDELINE SERIES PUBLISHED BY THE HOUSING DEVELOPMENT AGENCY**

**The Housing Development Agency (HDA)**

Block A, Riviera Office Park,  
6 – 10 Riviera Road,  
Killarney, Johannesburg  
PO Box 3209, Houghton,  
South Africa 2041  
Tel: +27 11 544 1000

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# Guidelines for Blocked Housing Projects

The guidelines for the remediation of blocked housing projects offers guidance to officials in municipal and provincial government who are directly engaged with the process of unblocking stalled subsidised housing projects in South Africa.

They were developed by a team of development practitioners, researchers and academics in South Africa.

# Preface

Over the past decade the government has been dealing with projects that emanated from the initial stock constructed by inexperienced contractors. Government introduced a housing subsidy scheme with a vision to build one million houses in ten years. Many provinces and municipalities did not have the capacity to project manage and to administer the funds transferred. As a result some of the projects were left incomplete due to fraud committed by developers as well as a lack of skills and capacity to manage implementation of the various housing projects.

A study of projects which were previously labelled “blocked projects” was undertaken with the aim of diagnosing the problems per case study and identifying best practices which could be replicated through the country. The findings of the study identify common challenges in the projects concerned. These are:

- Land legal bottlenecks
- Planning challenges
- Community conflicts resulting in work stoppages and increases in costs
- Lack of infrastructure and procurement planning
- Lack of risk management plans in projects
- Lack of project management processes, tools and capacity
- Lack of capacity (inclusive of clear roles and responsibilities) to implement the various housing projects
- Contractual related issues
- Challenges encountered with turnkey approach to housing development
- Lack of co-ordinated funding
- Challenges with projects implemented before introduction of the NHBRC
- Intergovernmental relations challenges

The outcomes of that study have informed these guidelines. It is important that the guidelines be shared with the various role players in the housing development value chain. Secondly, it is a necessity that further training be conducted on elements identified in the guidelines such as project management processes and tools, risk management, CIDB infrastructure gateways, procurement planning, general governance and the like.

The case studies which informed the guidelines focused on blocked housing projects in the City of Cape Town, Tlokwe Local Municipality in Northwest Province, and Lesedi Local Municipality in Gauteng. These have been published separately.

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# Acronyms

<b>BNG</b>	Breaking New Ground
<b>BOQ</b>	Bill of Quantities
<b>CBO</b>	Community Based Organisation
<b>CIDB</b>	Construction Industry Development Board
<b>CLO</b>	Community Liaison Officer
<b>COGTA</b>	Cooperative Governance and Traditional Affairs
<b>CRU</b>	Community Residential Unit
<b>EIA</b>	Environmental Impact Assessment
<b>GIS</b>	Geographical Information Systems
<b>HDA</b>	Housing Development Agency
<b>IDP</b>	Integrated Development Plan
<b>MEC</b>	Member of Executive Council
<b>MIG</b>	Municipal Infrastructure Grant
<b>MTEF</b>	Medium-term Expenditure Framework
<b>NGO</b>	Non-governmental Organisation
<b>NHBC</b>	National Home Builders Registration Council
<b>PROCSA</b>	Professional Consultants Services Agreement
<b>RDP</b>	Reconstruction and Development Programme
<b>TRA</b>	Temporary Relocation Area
<b>VO</b>	Variation Order

# How to use the guidelines

- National Department Human Settlement officials tasked with the constant review of Blocked Housing Projects Strategy should refer to Part 2 which provides detailed recommended guidelines which have policy implications.
- Provincial Human Settlement Departments tasked with both implementation and monitoring of blocked housing projects should refer to Part 2.
- Municipal officials responsible for identification, planning and unblocking of stalled projects should refer to Parts 1 and 2 of this guide in order to get an appreciation of the classification criteria, project status quo assessment tool, recommended guidelines and best practice concerning blocked housing projects.
- The HDA and other Housing Implementing Agents should focus on Part 2 of the guidelines as most of the best practice outlined provide guidance in addressing challenges facing housing projects in South Africa.

## PART 1

# Introduction to Blocked Housing Projects

## 1.1 About the Guidelines

### **The need for blocked housing project guidelines**

The existing magnitude of unresolved blocked housing projects in the country and the lack of capacity as well as direction to unblock the said projects by municipal and provincial officials necessitated the need for compilation of Guidelines for the unblocking of stalled projects. There was therefore a need to identify case studies of projects that were previously labelled as “blocked” (or considered as projects that have not been completed within the anticipated project period for various reasons) that have since been resolved by either provinces and/or municipalities (especially the larger municipalities) in order to document lessons learnt and best practice. The Blocked Housing Projects Guidelines are therefore designed to assist all key role players in unblocking the current stalled housing projects.

The process followed in compiling these Guidelines included:

- Identification of such case study projects by name and location (area of jurisdiction) in various provinces, metros and municipalities covering various types of issues
- Identification of the various issues leading to the blockages and the methodology used in the issues identification process
- Reporting on the process undertaken in the unblocking of these blocked projects and the proposed and adopted approach for the implementation or “unblocking” of the said projects
- Providing the support tools and services that were utilised in the case study projects
- The development of some of the key support tools that can be utilised to address projects of this nature in future

### **End-users of the Guidelines**

The following guidelines for unblocking of stalled housing projects (thereafter referred to as the Guidelines) are primarily intended to offer guidance to officials in municipalities and Provincial Human Settlement Departments who are engaged in the process of identification of projects, planning and implementation of unblocking strategies.

### **Objectives and intent of the Guidelines**

The Guidelines are grounded in case study evidence from three municipalities, namely:

- City of Cape Town Metropolitan Municipality
- Tlokwe City Municipality
- Lesedi Local Municipality
- Other studies conducted in the housing field



The intent of the document is to offer a user friendly and accessible guide. More specifically, the Guidelines aim to:

- Assist municipalities and other implementing agents in developing a strategy of unblocking their housing projects
- Assist municipalities and other implementing agents to pro-actively plan and implement their housing projects successful by using best practices outlined in the Guideline.

### Scope of the Guidelines

The guidelines will address the challenges facing blocked housing projects. These guidelines should be read in conjunction with the National Housing Code, current policies and programmes. The guidelines seek to offer guidance and not prescribe implementation steps.

### Underpinning principles of the Guidelines

- A proactive approach is an important feature of the guidelines especially with regard to planning and risk management
- Capacity, ability and strength of affected people should be supported through community engagement and clear understanding of their needs and abilities.

## 1.2 An introduction to the blocked housing project programme

Nature of the blocked housing project programme

### Definition of a blocked housing project

Blocked Housing Projects are those projects which comply with all of the following criteria:

- **Project approval:** The project must have been approved by the MEC and/or his/her delegated authority
- **National Housing Programmes:** The project must have been approved in terms of the provisions of one of the following National Housing Programmes:
  - o **Project linked housing subsidy scheme and "Greenfields" project linked subsidy projects (Chapter 3 A)**
  - o **Project linked consolidation subsidies**
  - o **Developer driven individual subsidy projects**
  - o **Individual subsidies that were implemented on a "project basis"**
  - o **People's Housing Process projects in the municipal engineering services provision phase**
  - o **Rural subsidy: informal land rights projects**
- **Project and project phases:** Where a project has been divided into phases and the lack of progress of a specific phase complies with the remainder of the definition elements, such a project will be regarded as stalled. The MEC/municipalities may consider adjusting the project phases to the extent that the relevant problematic phase constitutes the final phase of that project. The objective is to close the project by concluding the relevant problematic phase. Such will have to be undertaken in collaboration and in agreement with the existing contractor, where existing project agreements are not terminated.

- **Contractual commitment:** The approved project/individual housing subsidy approval, as the case may be, must have been contractually committed. A written agreement must therefore exist between the developer (province or municipality) and the contractor and/or the individual subsidy beneficiary and the contractor as the case may be.
- **Project commencement:** The project must have physically commenced. Therefore it must have progressed to the actual site preparation and excavation phase. Approved projects that have been contractually committed but that only progressed to the planning stages, will not be regarded as projects to be addressed under these guidelines. These projects should be cancelled and regenerated afresh. No additional funding intervention should be required as the new projects will be based on the current policy directives. Funding expended under the stalled project must be recorded and the financial details closed off for auditing purposes.
- **Lack of progress:** The project has since inception and/or the date on which the previous/first progress payment was made, for a period of at least 12 months, shown no progression at all. This will include projects subject to previous unblocking initiatives which have stalled again and complying with the remainder of the definition criteria set out in paragraph 3 of these guidelines.
- **Less than 95 per cent completed:** The project must be less than 95% complete. Projects that have advanced to 95% completion should be closed off without serious legal implications and/or special interventions and will not benefit from this Strategy. However, there might be cases where the project has reached 95% completion and a small number of houses have not been constructed but beneficiary subsidy applications have already been approved in respect of these uncompleted houses. Under such circumstances it may be feasible and practicable to complete the outstanding work through the application of this strategy. The MEC must evaluate each such case on its merits and make a final decision in the best interests of all the parties involved.

It should be noted that the above definition criteria must be considered holistically and not on an individual basis. Projects must therefore comply with all of the above elements of the definition. For example, an approved contractually committed Linked Subsidy Project that has not reached the site preparation or excavation stage will not be regarded as a stalled project.

### Exclusions from the definition

The following projects are excluded from the definition of Stalled Projects for the reasons provided:

- **People's Housing Process projects in the house construction phase:** These projects are implemented through a participatory process and the beneficiaries are involved in building the houses. Contractual arrangements under this programme are limited to the contract between the support organisation and the MEC and the support organisation and material suppliers. Where material suppliers default, the support organisation could cancel orders and negotiate with alternative material suppliers for the supply of the required materials.

Where a support organisation defaults the MEC could cancel the agreement and appoint an alternative support organisation. This could be done in terms of the latest programme provisions that allow for increased support services fees. It is also clear that due to the specific circumstances of these projects, a special intervention will be required where projects are not advancing and the strategies proposed in this document will not be applicable to People's

Housing Process projects. In addition, in cases where provinces approved and launched normal building projects under the veil of People's Housing Process projects which have failed and are regarded as stalled, it is advised that provinces reconsider such project approvals and reclassify them correctly as project linked subsidy projects and then apply the this strategy to unblock the relevant projects.

- **Institutional housing subsidy projects:** These projects are undertaken by approved housing institutions. Any problematic project under this programme will require a special intervention as contemplated by the social housing policy. It is thus clear that the general unblocking strategy will not suffice to revitalise such projects that are stalled. In addition no such stalled projects have been recorded to date.
- **Incomplete projects:** These projects represent cases:
  - o Where projects have in fact been completed but in respect of certain properties transfer of ownership is pending and final payments under progress payment No 4 (transfer cost) are outstanding;
  - o Where the death of a beneficiary/ beneficiaries delay the final issuing of the required happy letter(s),to institute the final payment; or
  - o Projects that are slow in progression. These projects are 90 percent complete but did not progress to final progress payment stages and no progress payment was instituted for a period of six months.
- **Projects subject to existing unblocking initiatives:** These projects have been subject to previous unblocking strategies and are progressing to completion.
- **Projects that experienced severe geotechnical problems:** Where projects become stalled due to unforeseen geotechnical problems to the extent that it is not feasible to proceed, these should be closed off through amicable agreement. The project cost expended to date must be determined, documented and the financial records closed off for auditing purposes. A new project in an appropriate location must be considered.

### Funding sources and application for funding

Provincial departments will be obliged to finance the application of the Blocked Housing Projects from their annual housing funding allocation received from the Minister of Human Settlements. The implementation of the strategy will require dedicated multi-year allocations until the projects are completed. Provinces will therefore have to plan accordingly and include the implementation of the unblocking strategy (projects) in their multi-year housing development plans and annual business plans.

The funding amount that is available for the unblocking and completion of blocked projects will be determined on a project by project basis. The actual project cost will be determined by professional assessment of the details of each project and tender prices. This implies that once a project has been identified as blocked, current contractors that have entered into contractual arrangements with the developer, and who have agreed to the completion of the project, will have to submit written quotations for the completion of the projects. These prices should be assessed and if found unacceptable should lead to the termination of the existing agreements followed by a new open tender procurement process.

## Funding for professional services:

### Engineers and Quantity Surveyors

It will be a requirement to assess each project to determine whether the construction work in respect of internal services and or dwellings delivered to date comply with minimum technical and quality standards. For this purpose the services of a registered Civil Engineer or Architect will be required.

In addition, it will be a requirement to compile detailed Bills of Quantities for all the work that needs to be done to complete the stalled project. The services of a professional registered Quantity Surveyor will be required for this purpose. MECs are empowered to approve funding over and above the project completion cost for the appointment of Civil Engineers/ Architects and Quantity Surveyors to facilitate the aforementioned surveying and tender/project completion documentation compilation.

### Project managers

To ensure that the unblocking project is properly managed, the MECs are empowered to employ suitably qualified external expertise to manage the projects. It is suggested that a fee of between three and five percent, (depending on the magnitude of the project) of the total value of the unblocking project be applied in determining project management fees. The normal procurement process requirements applicable to the relevant sphere of government must be complied with in the appointment of the require professionals.

## Key role players

### Municipalities

The identification and unblocking of stalled housing projects rests with the municipalities with national and provincial human settlements departments providing financial and other support. The role of the municipalities is therefore to:

- Identify all blocked projects within their area of jurisdiction
- Develop a Municipal Strategy for Unblocking of the stalled projects
- Submit application for funding to the Provincial Department of Human Settlements (PDHS)
- Implement the identified projects
- Request support from the Provincial Department of Human Settlements in cases where the municipality lacks capacity
- Ensure constant communication and participation with beneficiaries and other stakeholders

### Provincial departments of human settlements

The provincial human settlement departments are responsible for funding and implementation support of the blocked housing projects. The role of the provincial human settlements departments is therefore:

- Multi-year budgeting for blocked housing projects
- Developing a provincial strategy towards unblocking of stalled projects
- Providing support to municipalities
- Assuming overall responsibility in cases where municipalities do not have capacity to develop, plan and implement a strategy for unblocking stalled projects
- Monitoring the implementation of "blocked" projects

**National Department of Human Settlements**

The National Department of Human Settlement's role is as follows:

- Formulating and constantly reviewing the strategy on the unblocking of stalled projects
- Allocating funding to provincial human settlements departments towards the resolution of identified blocked projects
- Training and capacity building
- Monitoring implementation

## PART 2

# Project status quo assessment tool and recommended guidelines

## 2.1 Project status quo assessment tool

The project status quo assessment tool can be applied to ascertain the current status quo on the project to advise and make recommendations / proposals going forward in as far as the implementation is concerned. It will look at the following key focus areas:

- Land legal issues
- Planning challenges
- Community participation
- CIDB infrastructure gateway approach to housing
- Risk register for all housing projects
- Project management processes & tools
- Contractual related issues
- Role of a housing development manager (PROCSA approach)
- Turnkey projects housing
- Projects implemented before NHBRC
- Funding
- Intergovernmental relations strategy

The table below illustrate a summarises version of the project status quo assessment tool

Milesone	Proof required
REGIONAL PLANNING: In conjunction with the local/relevant authorities - Have the following been addressed?:	
Alignment with housing strategy and delivery goals completed	Alignment with municipal housing strategy and delivery goals in IDP housing chapter
Compliance with spatial component of the SDF	Alignment with spatial proposal in spatial development frameworks on municipal and local level compiled by municipality
Compliance with directional component of the SDF	Alignment with development principles and relevance of areas of intervention, activity corridors and/or nodes, strategic development areas to land

Compliance with EMF	Alignment with proposals in environmental management framework and national environment management act (NEMA) principles contained in the environmental management framework (EMF).
Registration of target community	Proof of registrations, subsidy applications, minutes of engagements with beneficiaries, proof of allocation of stands, as well as transfer of stands
Completion and submission subsidy applications	
Allocation of stands (serviced)	
Liaison/negotiations with potential application beneficiaries	
Transfer stands (conveyancing)	
<b>PROJECT FEASIBILITY STAGE: With the aim of determining project viability prior to proceeding to pre planning and design stages - with respect to the feasibility study, have the following basic requirements been addressed?:</b>	
Investigation of landownership, servitudes, mineral rights, etc. and implications on the LIDP	Completed feasibility report with an indication of housing delivery constraints submitted to the relevant authorising committee
Completed feasibility report with an indication of housing delivery constraints submitted to the relevant authorising committee	
Preliminary environmental investigation	
Preliminary geo-physical investigation	
Assessment of bulk services availability	
Compilation of feasibility reports with respect to the above	
Any housing projects already in progress?	Progress and status quo reports on current projects
- If yes, their current status and/or progress	
<b>PRELIMINARY PLANNING: ENVIRONMENTAL APPROVAL</b>	
Report/motivation compiled	EIA application submitted
EIA exemption report compiled and submitted	
Environment management plan drawn-up	
Environmental (exemption) approvals obtained	EIA exemption approval
Flood determined and land confirmed sustainable for development	Letter from EAP / Town Planner / Engineer

PRELIMINARY PLANNING: GEOTECHNICAL REPORT	
Preliminary / detailed geo-physical investigation conducted	Investigations report
Preliminary / detailed geotech report compiled	Geotechnical/ soil report
Preliminary / detailed geotech report approved	Approved geotechnical report for implementation
PRELIMINARY PLANNING: LAND PURCHASE AND DEVELOPMENT RIGHTS	
Land identification complete	Signed LAA
Cadastral base map with contours prepared	Letter from Town Planner / Surveyor
Slope of land acceptable	Letter from Town Planner / Surveyor
Land zoning for purpose complete	Zoning certificate from Town Planner
Ownership details of land	Title deed
Signed LAA	A copy of signed LAA
Current land use	Zoning certificate
Alignment with development principles and relevance of areas of intervention, activity corridors and local level compiled by municipality	Relevant policies applicable to the land in question - SDF, etc.
Development frameworks approved	
DETAILED ENGINEERING DESIGN: BULK SERVICES: AVAILABILITY OF THE FOLLOWING:	
Roads	Proof of available services
Storm water	
Water	
Sewer	
Electricity	
DETAILED ENGINEERING DESIGN: AVAILABILITY OF THE FOLLOWING:	
Procurement of professional teams completed	Approved designs and estimate costing and tender documents
Services agreement with professional teams	
Floodline certificate + traffic study report compiled	
Design approvals (water and sewer, roads and storm water) - if any	
DETAILED DESIGN: COMPLETION PLANNING REPORT	
Compile and submit completion report	Complete and approved planning report submitted
Submit all documents required for NHBRC project enrolment	



BUILDING PLAN APPROVAL	
Site development plan submitted and approved	Letter of approval
Building plans submitted and approved	Letter of approval of building plans and stamped copies of plans
CONSTRUCTION PROCUREMENT	
Final designs and estimates approved	Approved designs and estimates
Tender documents finalised for contractor	Tender documents
Signed construction / development contract in place	Signed contract
CAPACITY PLANNING	
Database of local resources available	Copy of database / register
Compilation of the various stakeholders in the province	Stakeholder database
Capacity requirements for project implementation in place	Project resource team
CONSTRUCTION	
Construction begins	Site handed over
Construction complete	Practical completion certificate
Handover and close-out	Happy letter

## 2.2 Land legal bottlenecks

### Categories of land ownership:

#### I. Public owned land

- National Public Works land
- Department of Rural Development and Land Reform land
- Provincially-held land
- State Owned Enterprises land

#### II. Privately Owned Land

##### National Public Works Land

Requests for the release of land held nationally by the Department of Public Works are channelled via the HDA as a single window of coordination in terms of the delivery agreement in accordance with the enhanced framework for the release of state land. The Public Works Department requires a development plan and a valuation report prior to release of land for human settlements. Such land is released as a donation to human settlements. Blocked projects located on Public Works land where land ownership and release is bottlenecked can be unblocked in terms of the process outlined above

### **Rural Development and Land Reform**

Requests for the release of land held nationally by the Department of Rural Development and Land Reform (RDLR) are also channelled via the HDA as a single window of coordination in terms of the delivery agreement in accordance with the enhanced framework for the release of state land. Such requests are processed in terms of the normal state land release entailing inter alia consultations with the provincial state land disposal committees. Accordingly, unblocking of blocked projects located on RDLR land where land ownership and release is the bottleneck can be unblocked in terms of the process outlined above. This also applies to communally held land. It is important to note that, in certain instances, the unblocking activity may not necessarily take the form of transfer of ownership of land to Human Settlements. Unblocking activity can also take the form of the custodian department granting Human Settlements the requisite power of attorney to attend to land preparation and transfer of erven to end user beneficiaries.

### **Provincially held land**

Provinces also hold land in terms of various provincial legislation governing land administration. The legislation provides, inter alia, for the effective administration and release of provincially held land required for development. Land held provincially is usually administered by the Provincial Department of Public Works or any other department in accordance with the configuration of the province. Blocked projects located on provincially held land where land ownership and release is bottlenecked can be addressed by directing a formal request for the release of such land to the relevant provincial custodian department and/or via the HDA to coordinate such release.

### **State Owned Enterprises (SOE) land**

Various State Owned Enterprises such as Eskom, Transnet, and Denel etc. also hold significant extent of land. However, such assets form part of the balance sheets of such SOE and compensation is payable to SOE that surrender assets to human settlements. Blocked projects located on SOE land where land ownership and release is the bottleneck can be unblocked by directing such request to the HDA which essentially coordinates release of SOE land required for human settlements. Acquisition of such land may be financed either by the HDA, the relevant Provincial Department of Human Settlements and/or the relevant municipality from its allocated USDG funding or its own funds.

### **Privately owned land**

There is a significant number of blocked human settlements projects located on privately owned land where land ownership and release remain bottlenecked. Privately owned land can be purchased by the HDA, the relevant provincial human settlements department from its human settlement development grant (HSDG) funding, accredited municipalities may be able to use urban settlement development grant (USDG) funding. Certain municipalities are also able to purchase and acquire privately owned land from its internal coffers.

## **2.3 Planning challenges**

There are also numerous projects that have been blocked as a result of planning challenges, especially township establishment processes which are incomplete. It is therefore critical that as a first step of diagnosing the situation, a due diligence exercise be conducted on a project by project basis. Such a due diligence will enable municipal officials to identify where the problem is and intervene accordingly. The template given below can therefore be utilised as a township establishment due diligence checklist

## Township establishment due diligence checklist

Item	Relevant document required
<b>PLANNING INFORMATION</b>	
Property Description	As per Deed of Transfers
Registered Owner(s)	Title Deed, Number(s) & Copy
Zoning Information	Zoning Certificates
Cadastral Data	General Plans / SG Diagrams
Endorsement(s)	Endorsement Certificates/ In terms of Title Deeds
Restrictive Condition(s)	As per Title Deed of individual farms
Servitude(s)	Servitude Notes/Diagrams/Deed of Transfers
Environmental Authorisation	Record of Decision / Environmental Authorisation (EA)
Any Feasibility Study	Relevant Reports
Approved Rights	Approval Letter/Notice or Council Resolution
Conditions of Establishment (CoE)	Draft / Signed / Approved CoE
Opening of Township Register	Section 101 certificate or whichever is applicable
Proclamation	Proclamation Notice
Transfer Certificate	Section 82 certificate or whichever is applicable
All other legally applicable data	Hydrological studies, Archaeological studies, Engineering Service Report etc.
Traditional Authorities	Community Resolutions and Consents
Rights Allocation (Land Reform)	Notice/Proclamation Number and Rights specs
<b>SERVICE STANDARDS (Service Agreement if available)</b>	
Roads	Engineering certificate or Service Report
Bulk Services	Engineering certificate or Service Report
Sewer Utility	Engineering certificate or Service Report
Electricity Utility	Engineering certificate or Service Report
Water Utility	Engineering certificate or Service Report
Internal Roads	Engineering certificate or Service Report

## 2.4 Community participation

Findings from the case studies indicate that community conflict was a major cause of “blocked” housing projects. This aspect, if not handled properly can delay a project and lead to unnecessary cost increases which could have been avoided. In the case of Boystown in the N2 Gateway Project there was a potential extension of time claims to the tune of five million rands as a result of a contractor being stopped by the community. It is imperative that the aspect of community participation be placed at the top of the agenda in housing delivery.

The complexities involved in housing projects are best addressed when providers, beneficiaries and the community work together to plan, design, coordinate and evaluate services. This results in more effective services that respond to locally identified needs. Beneficiaries and the community at large should have increased involvement in housing projects since participation in the decision-making processes has mutual benefits.

For the beneficiaries and community-at-large the benefits include:

- An increased level of control over their own housing delivery
- Better information and the ability to share the responsibility for identifying issues
- Setting priorities and determining housing project outcomes
- Elimination of conflict, work stoppages, protests etc. during project implementation
- Increased accountability of the use of public funds

For the implementing agents the benefits are:

- Advice and feedback from the community can help improve the design of services
- Assists implementing agents better understand where to direct their resources
- Community participation results in more appropriate use of services

It is recommended that all projects have a community participation strategy and plan, which should be based on the following principles:

- Essential - Community participation in decision-making is fundamental
- Access - Involvement in decision-making can only occur where people can easily and readily participate
- Respect - The role in decision-making played by the community is valued and drawn upon;
- Efficient resourcing - Participation activities will be more effective where they are coordinated to reduce duplication

To assist beneficiaries and community at large to become more involved the housing implementing agent representative/s in the specific projects need to:

- Be clear about the purpose of any participation activity
- Involve communities from the outset so that the processes reflect their involvement and their needs
- Involve participants in determining their roles, rights and responsibilities
- Provide participants with the information, education, training and the financial supports necessary to participate
- Provide participants with clear policies, communication processes and lines of accountability
- Provide information that is in plain language and is able to be used by people with disabilities, from different cultures, and those whose first language is not English
- Value and respond to participants’ ideas

The tool indicated below will assist housing implementing agents to develop a Participation Action Plan for the various housing projects to be implemented:

Level	Purpose	Sample strategies
Low	Providing information	<ul style="list-style-type: none"> <li>• Pamphlets, hand-outs</li> <li>• Verbal information to individuals or groups</li> <li>• Housing promotion campaigns</li> <li>• Meetings to inform consumers of plans</li> <li>• Education sessions around specific issues</li> <li>• Media releases</li> </ul>
	Seeking information	Written surveys, consumer interviews, focus groups, phone-ins
	Seeking advice	Suggestion box, complaints handling, feed-back on discussion papers, workshops, search conferences, input to needs analyses
	Joint planning	<ul style="list-style-type: none"> <li>• Housing beneficiaries and implementing agents together determine appropriate action plans</li> <li>• Planning workshops, community forums – organisation and community both contribute to solutions</li> <li>• Structured cyclic planning in which community has specified role in shared decision-making.</li> <li>• Shared responsibility for processes and outcomes</li> </ul>
	Decision making	Workshops, forums – community develops solutions to issues identified by project teams
	Have control	<ul style="list-style-type: none"> <li>• Beneficiaries and community identifies own housing needs and decide on intervention strategies</li> <li>• Community organises forums, workshops to identify issues, goals and processes for organisation to follow</li> </ul>
High		

It is therefore recommended that a community participation consultant (or a dedicated official within the housing implementing agent) should be appointed in all housing projects and should render services in line with the following deliverables:

- Briefing with Ward Councillor/s and / or Ward Committee/s
- Stakeholder identification and compilation of a database of interested and affected parties
- Conduct skills and SMME audits, and compile databases for same;
- Arrange, facilitate, minute and / or report on public meetings to discuss/present the following: status quo, the proposed design plan and the final design plan
- Arrange, facilitate, minute and / or report on ward public meetings
- Attend project meetings (monthly) at which a concise monthly update reports which include labour usage figures will be tabled
- Assist with the procurement, training, monitoring, and management of CLO/s
- Assist the contractor/s with the employment of local labour and SMMEs
- Assist contractor/s by facilitating the resolution of problems with local stakeholders
- Arrange and assist with the dissemination of information before construction starts, during construction and at the completion of the project

Finally, a study (report on the assessment of public participation practices in the public service) commissioned by the Public Service Commission (PSC) in 2008, made important recommendations which should also be embraced by the housing sector. These are outlined below.

#### **Guidelines/policies on public participation**

Departments should develop guidelines/policies on public participation to inform and manage critical engagement with citizens. The guidelines/policies on public participation should clearly articulate the objectives of public participation and the process to be followed during engagement with citizens. During the development of such guidelines/policies, departments should ensure that the views and inputs of stakeholders are solicited.

#### **Institutionalisation of public participation**

Government departments, at both the national and provincial spheres, should institutionalise public participation as a service delivery and good governance mechanism. In order to institutionalise public participation, departments should ensure that public participation units are established and have the necessary financial and human resources to support critical citizen engagement.

#### **Departments to familiarise themselves with the Citizen's Forums Toolkit**

Departments in both the provincial and national spheres need to familiarise themselves with the PSC's Citizen's Forums Toolkit as a public participation practice. The Citizen's Forum Toolkit allows departments and citizens to find solutions to programme specific issues, rather than focusing on the department's issues in its entirety. For technical support with the application of the Citizen's Forums, departments can approach the PSC for assistance.

#### **Use of findings contained in Citizen Satisfaction Surveys**

Departments need to make use of findings contained in reports on Citizen Satisfaction Surveys as a measure to gauge the level of citizens' satisfaction or lack thereof on services they provide. Such findings will pro-actively assist departments to engage with citizens and address their concerns. It is during such engagement on the findings of the reports where potential service delivery protests can be averted.

#### **Training of officials involved in public participation**

There is a need for departments to ensure that officials involved in public participation are adequately trained to engage with citizens. Departments need to ensure that officials acquire the necessary skills, especially in the areas such as conflict management, negotiations and understanding community dynamics. Trained officials in public participation will ensure that public participation initiatives in the respective departments are also initiated and led by elected officials.

## 2.5 Construction Industry Development Board (CIDB) infrastructure gateway system approach to housing delivery

### The CIDB infrastructure gateway system

From the “blocked” projects case studies it became evident that there is a general lack of infrastructure and procurement planning. It is against this background that the CIDB infrastructure gateway system is recommended. This gateway system is based on the concept of infrastructure delivery improvement programme (IDIP), a joint effort by National Treasury, National Department of Public Works and CIDB.

According to the CIDB infrastructure gateway system, infrastructure needs to be planned, delivered, operated and maintained and managed throughout its lifetime. Failure to do so can lead to the deterioration of an asset to the extent that it needs to be rehabilitated i.e. extensive work is required to bring such infrastructure back to acceptable functional conditions. Infrastructure may also need to be refurbished, extended or altered in response to changing needs or uses.

The CIDB infrastructure gateway system provides a number of points in the infrastructure life cycle where a decision is required before proceeding from one phase or sub-phase to another. Such decisions need to be based on information that is provided and if correctly done, provides assurance that a project involving the design and construction, refurbishment or alteration of infrastructure, the rehabilitation of infrastructure, or the performance of preventative, corrective, scheduled or routine maintenance:

- remains within agreed mandates
- aligns with the purpose for which it was conceived
- can progress successfully from one phase to the next

Such gates also enable project risk to be contained within the confines of the appetite of an organisation for risk. Gateway reviews are an internationally accepted best practice, and have proven to have the following potential benefits:

- more accurate project scoping and estimates
- reduced time and cost overruns
- improved alignment of service delivery with available funds
- improved procurement discipline
- better risk management
- reinforcing responsibility and accountability for decisions

The CIDB infrastructure gateway system comprises four planning phases (infrastructure planning, procurement planning, package preparation and package definition) and a number of implementation phases. The deliverables at the end of each of the planning phases, namely, i) an infrastructure plan which identifies long term needs and links prioritised needs to a forecasted budget for the next three to five years, ii) a procurement strategy for implementing the infrastructure plan in the medium term, iii) a strategic brief setting out the package information and iv) a report setting out the integrated concept for the package, ensure that projects are developed not only in accordance with legislative requirements but also embrace best procurement and delivery management practices in their implementation. The implementation gates ensure

that the design is developed in line with the integrated concept for the package using a range of contracting strategies (i.e. design by employer, develop and construct and design and construct) and the necessary record information is obtained soon after the completion of the works to enable infrastructure to be effectively and efficiently operated and maintained.

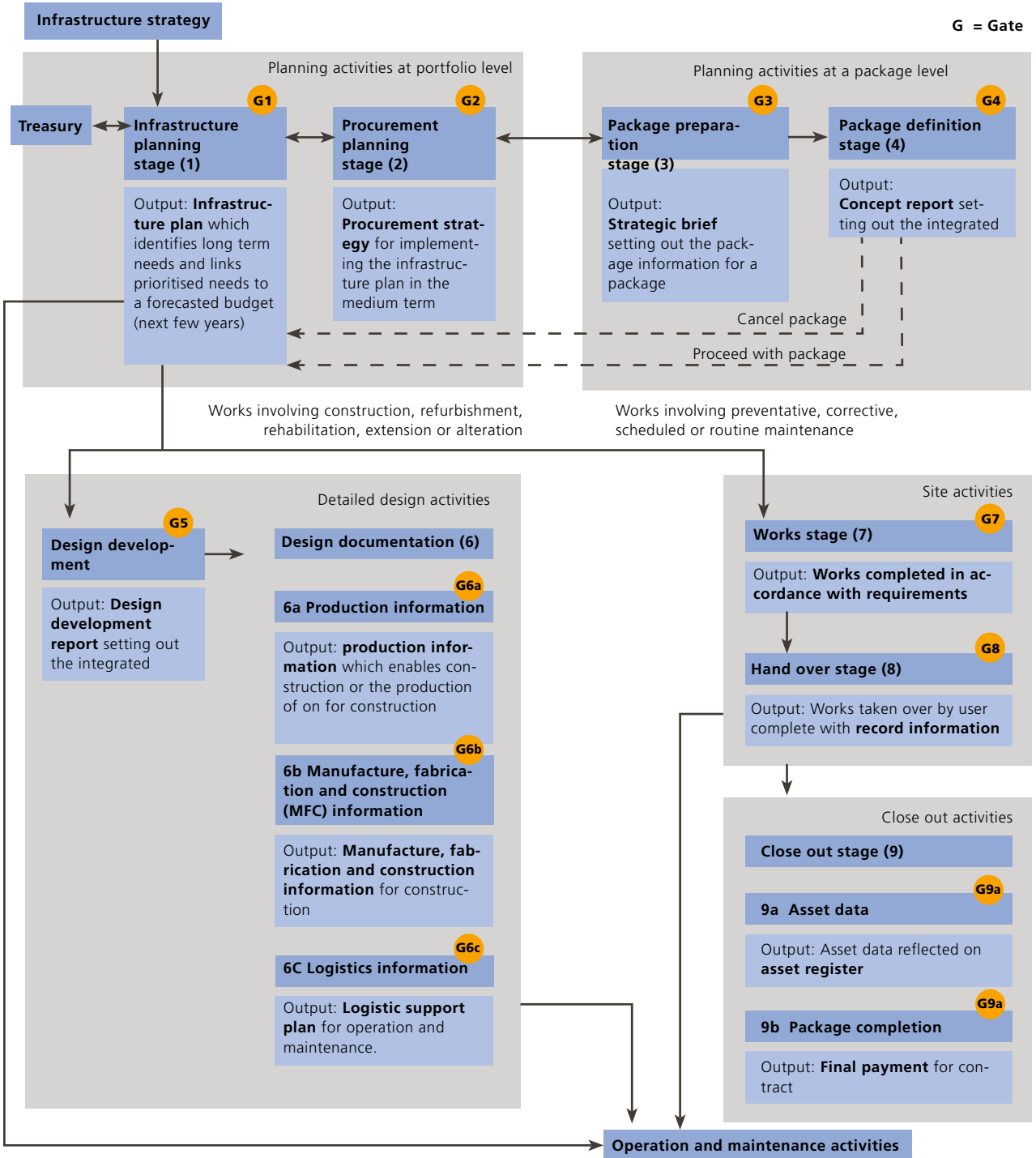
The information upon which a decision is based at a gate and the decisions made can be audited to ensure that projects remain within an organ of state's mandate, are equitable and realise value for money. The opportunity to audit the life cycle of projects also:

- improves transparency which reduces opportunity for mismanagement and corruption in planning and implementation;
- enables the procurement strategy adopted for a sector or a package to be reviewed and improved upon when delivering similar future projects;
- enables post implementation reviews to take place to examine whether planned benefits are achieved and risks are being effectively managed.

Construction works for housing shall be acquired, rehabilitated, refurbished or maintained in terms of the stages outlined in table below.



### CIDB infrastructure gateway system



The acquisition, rehabilitation, refurbishment and maintenance of infrastructure shall not proceed from one stage to the next unless the minimum requirements of each stage are satisfied and the documentation produced for that gate is approved or accepted, as relevant, by a properly delegated or authorised officer.

### Stages for projects involving construction works

Stage		Key deliverable at end of Stage	Principal actions associated with the key deliverable
No	Description		
<b>Planning activities at a portfolio level</b>			
1	Infrastructure planning	Approved infrastructure plan which identifies long term needs and links prioritised needs to a forecasted budget for the next few years informed by the municipal housing development plan (MHDP)	<ul style="list-style-type: none"> <li>• Identify the policy drivers, strategies and long term objectives of national, provincial and local government which impact upon the institution's infrastructure mandate</li> <li>• Produce a portfolio infrastructure plan for the long term acquisition, refurbishment, rehabilitation and maintenance of infrastructure which provides a projected list of work items described by category, location, type, economic classification and function needs and links prioritised needs to a forecasted budget for the next three to five years</li> </ul>
2	Procurement planning	Accepted procurement strategy for implementing the infrastructure plan in the medium term	<ul style="list-style-type: none"> <li>• Analysing the medium term expenditure infrastructure plan and identifying spatially located work items in the infrastructure plan grouped into categories of spend with common attributes</li> <li>• Performing an organisational and market analysis</li> <li>• Formulating primary and secondary procurement objectives</li> <li>• Making certain strategic management decisions</li> <li>• Packaging the works</li> <li>• Allocating risks and deciding on a suitable pricing strategy for each package</li> <li>• Establishing requirements for outsourced professional services and the manner in which such resources are to be contracted</li> <li>• Deciding on the high level procurement arrangements</li> </ul>

Stage		Key deliverable at end of Stage	Principal actions associated with the key deliverable
No	Description		
Planning activities at a portfolio level			
3	Package preparation	Client accepted strategic brief setting out the package information	<ul style="list-style-type: none"> <li>• Define the package objectives, business need, acceptance criteria and client priorities and aspirations</li> <li>• Confirm the scope of the package</li> <li>• Establish the project criteria, including the function, mix of uses, scale, location, quality, value, time, safety, health, environment and sustainability</li> <li>• Where necessary, conduct preliminary investigations or desk top studies to obtain data</li> <li>• Identify procedures, organisational structure, key constraints, statutory permissions and strategies to take the package forward</li> <li>• Establish the control budget package</li> <li>• Develop a strategic brief which sets out the package information including the procurement strategy to implement the package</li> </ul>
4	Package definition	Client accepted concept report setting out the integrated concept for the package	<ul style="list-style-type: none"> <li>• Establish the feasibility of satisfying the strategic brief for the package with or without modification</li> <li>• Investigate alternative solutions</li> <li>• Establish the detailed brief, scope, scale, form, and cost plan for the package, including, where necessary, the obtaining of site studies and construction and specialist advice</li> <li>• Recommend the preferred design option</li> <li>• Determine the initial design criteria, design options and cost plan for the package</li> <li>• Produce a site development plan or other suitable schematic layouts of the works</li> <li>• Develop a concept report which sets out the integrated concept for the package</li> </ul>

Stage		Key deliverable at end of Stage	Principal actions associated with the key deliverable
No	Description		
Detailed design activities			
5	Design development	Client accepted strategic brief setting out the package information	<ul style="list-style-type: none"> <li>• Develop in detail the accepted concept to finalise the design and definition criteria</li> <li>• Establish the detailed form, character, function and cost plan, defining all components in terms of overall size, typical detail, performance and outline specification, as relevant</li> <li>• Confirm or revise the cost plan included in the concept report</li> </ul>
6a	Design documentation (Production information)	Completed and client accepted production information	<ul style="list-style-type: none"> <li>• Produce the final detailing, performance definition, specification, sizing and positioning of all systems and components enabling either construction (where the contractor is able to build directly from the information prepared) or the production of manufacturing and installation information for construction</li> </ul>
6b	Design documentation (Manufacture, fabrication and construction information )	Client accepted manufacture, fabrication and construction information	<ul style="list-style-type: none"> <li>• Client's representative - review the manufacture, fabrication and construction information prepared by others, based on the production information for design intent and conformance with scope of work</li> <li>• Contractor - produce the manufacture, fabrication and construction information based on the production information</li> </ul>
6c	Design documentation (Logistics information)	Client accepted logistic support plan for operation and maintenance	<ul style="list-style-type: none"> <li>• Client – identify additional organisational structure required for operation and maintenance over life span, and office, stores, furniture, equipment, IT and staff training requirements to run operation and maintenance facilities as well as engineering infrastructure</li> <li>• Professional – establish: <ul style="list-style-type: none"> <li>- logistic requirements in respect of facilities and / or engineering infrastructure;</li> <li>- specify requirements, if any, for the contractor to provide a servicing and maintenance plan for all facilities and engineering infrastructure</li> </ul> </li> </ul>

Stage		Key deliverable at end of Stage	Principal actions associated with the key deliverable
No	Description		
Site activities			
7	Works	Completed works which are capable of being occupied or used and accepted by the client.	<ul style="list-style-type: none"> <li>• Provide temporary works</li> <li>• Provide permanent works in accordance with the contract</li> <li>• Manage risks associated with health and safety on the site</li> <li>• Correct notified defects which prevented the client or end user from using the works and others from doing their work</li> </ul>
8	Hand over	Works which have been taken over by the user complete with record information	<ul style="list-style-type: none"> <li>• Finalisation and assembly of record information including drawings, specifications, manuals, guarantees and statutory certificates which accurately reflect the infrastructure that is acquired, rehabilitated, refurbished or maintained</li> <li>• Handing over of the works and record information to the user and, if necessary, training of end user staff in the operation of the works</li> </ul>
Close out activities			
9a	Close out (Asset data)	Archived record information and updated asset register	<ul style="list-style-type: none"> <li>• Archiving of record information</li> <li>• Updating of the portfolio asset register</li> </ul>
9b	Close out (Package completion)	Completed contract or package order	<ul style="list-style-type: none"> <li>• The correction of all defects that are detected during the defects liability period</li> <li>• The completion of the contract by finalising all outstanding contractual obligations including the finalisation and payment of amounts due after the defects correction period</li> <li>• The evaluation of package outcomes</li> <li>• The compilation of a completion report for the package outlining what was achieved in terms of key performance indicators and suggestions for improvements on future packages of a similar nature</li> <li>• Entering of relevant data in a data base</li> </ul>

## Information that needs to be provided at each gate

Gate		Stage	
No	Information provided for a decision	No	Description
1	Infrastructure plan	1	Infrastructure planning
2	Procurement strategy	2	Procurement planning
3	Strategic brief	3	Package planning
4	Concept report	4	Package definition
5	Design development report	5	Design development
6a	Production information	6	Design documentation
6b	Manufacture, fabrication and construction information		
6c	Logistics information		
7	Completed works	7	Works
8	Works handed over to user	8	Hand over
9a	Updated asset register	9	Close out
9b	Completed contract or package order		

### Gateway reviews

A senior manager: housing shall appoint and provide terms of reference for a peer team comprising not less than two suitably qualified persons to review the outputs to stages 3 and 4. Such review shall be by means of interviews and the examination of the documentation associated with the information around which a decision is made during these stages.

## 2.6 Risk register for housing projects

From the case studies conducted it became apparent that all the blocked housing projects faced common risks. These risks ranges from invasion, cost and time overruns, incomplete housing structures, etc. A risk register is hereby outlined which will act as a point of reference for all housing projects and assist housing development managers throughout the country. As a rule no housing project should be implemented without an approved risk management plan and programme.

Risk What can happen?	Source How can this happen?	Possible mitigation strategy
Uncompleted housing	Poor performance by contractor	<ul style="list-style-type: none"> <li>• Appointment of correctly graded CIDB contractors</li> <li>• Conducting risk assessments on recommended contractors</li> <li>• Provision of Development Programme or Support where a contractor with a PE Status is appointed as required by CIDB (this is seldom done by clients)</li> <li>• A Monitoring &amp; Evaluation programme should be in place before commencement</li> <li>• A proactive approach to be taken by Housing Development Managers in replacing poor performing contractors</li> <li>• Payment for services rendered timeously</li> </ul>

	Poor performance by the appointed professional team (s)	<p>Appointment of a housing development manager to champion the project (i.e. strong client)</p> <ul style="list-style-type: none"> <li>• Appointment of only professionally registered built environment professionals</li> <li>• Definition of the professionals scope of services in line with PROCESA and subsequent signing of performance contracts</li> <li>• Timeous payment in line with deliverables per project stage</li> </ul>
	Non-qualifying beneficiaries	<ul style="list-style-type: none"> <li>• Qualifying criteria to be communicated to beneficiaries and community prior to commencement of the project</li> <li>• Assessment and confirmation of beneficiaries to be concluded prior to commencement of the project (this should be factored in during the planning stage of the project)</li> </ul>
	Delay in payments and subsequent abandonment of site by service providers	<ul style="list-style-type: none"> <li>• Approved budget and confirmed allocation to be in place prior to signing of contracts with service providers</li> <li>• Documented agreement on turnaround times for payment should be in place within the internal departments of client/ implementing agents.</li> <li>• As a contingency, the offering of bridging finance should be explored by clients/implementing agents</li> </ul>
	Community conflict/ project stoppages	<ul style="list-style-type: none"> <li>• Appointment of a community participation consultant for all housing projects over and above the normal appointment of CLOs</li> <li>• More active role of the ward councillor and CLO in the housing projects</li> <li>• Constant communication through newsletters and public meetings</li> </ul>
	Lack of capacity from implementing agent	<ul style="list-style-type: none"> <li>• Outsourcing of the housing development manager role</li> <li>• Filling of vacancies (registered professionals in the built environment)</li> <li>• Remuneration in line with OSD</li> </ul>
	Political interference	<ul style="list-style-type: none"> <li>• Set-up of project steering committee for community decision making on the project</li> </ul>
	Lack of funding/ un coordinated funding-	<ul style="list-style-type: none"> <li>• Intergovernmental fiscal relations and agreements in place before commencement of project</li> <li>• Escalating funding requirements to higher authorities before project damage can occur</li> </ul>
Litigations	Non-compliance of construction procurement policy	<ul style="list-style-type: none"> <li>• Client/implementing agents to adopt/compile/or add as an addendum to their existing policies, a construction procurement policy in line with CIDB infrastructure gateway</li> <li>• Client/implementing agents to induct all officials in construction procurement policy</li> </ul>
	Lack of compliance to construction contracts documents such as JBCC, NEC & GCC	<ul style="list-style-type: none"> <li>• Training of housing development managers and other housing practitioners on all conditions/ forms of contracts relevant to housing development</li> <li>• Establishment of construction contracts advice commit</li> </ul>

		tees by clients and implementing agents where common challenges and resolution can be discussed and advice provided. Ideally the committee should be representative of both legal, procurement and technical officials within such organisations.
Lack of acceptance of the housing product	Poor quality due to lack of quality programme	<ul style="list-style-type: none"> <li>• Quality planning and assurance programme to be in place and approved by the housing development manager</li> <li>• All required tests and test results to be in place and filed before payment for such deliverable can take place</li> </ul>
	Poor quality due to theft of material	<ul style="list-style-type: none"> <li>• Timeous payment of main contractor so s/he can pay subcontractors will go a long way towards curbing theft of material by subcontractors</li> <li>• Security plan by contractor to be submitted and assessed by client/implementing agent</li> </ul>
	Disputes over stand sizes to be built	Project communication plan to be in place and regular feedback meetings to community through ward councillor and public meetings must be held
	Change in scope which might not be acceptable to the end user	Scope control processes to be in place and communicated to all role players before commencement of the project
	Appointment of non CIDB registered contractors	Requirements of CIDB to be enforced especially for turnkey developments where they appear to be bridged from time to time
Time overrun as a result of poor project planning	Land legal bottlenecks	Land strategy to be in place (see recommendation 1 of this document)
	Delays in township approvals	Putting a project tracking system in place to ensure correct intervention when required
	Non-compliance with EIA requirements	Training housing practitioners on the National Environmental Management Act and its Regulations
	Beneficiary identification and approval	These issues to be sorted before project commencement
	Untraceable beneficiaries	<ul style="list-style-type: none"> <li>• Appointment of tracers</li> <li>• Delinking of beneficiary approval to particular stand</li> </ul>
	Beneficiary overflow	On-going review of municipal housing sector plans and communication thereof to beneficiaries
	Lack of infrastructure and procurement planning	Client/implementing agents to induct all officials in construction procurement policy and CIDB infrastructure gateway
Time overrun as a result of poor project management	Lack of project business plan and project charter	Business plan and project charter to be in place and approved by relevant authority before commencement of the project
	Appointment of inexperienced and non-professionally registered consultants	Appointment of only professionally registered built environment professionals
	Lack of signed performance contracts	Definition of the professionals scope of services in line with PROCSA and subsequent signing of performance contracts



	Lack of scope management and scope control authorisation procedures	Scope control processes to be in place and communicated to all role players before commencement of the project
	Lack of a risk management plan	<ul style="list-style-type: none"> <li>• Risk management plan using this risk strategy as a reference point should be developed for all projects</li> <li>• Risk register should be in place as well as controls and monitoring mechanisms</li> </ul>
	Lack of project monitoring (including systems) by the client	Electronic project management information system should be developed by all clients/ implementing agents in order to track all projects as well as decision making on projects
	Unmonitored turnkey developments	Turnkey projects should only be undertaken where the client has capacity and capability to execute such.
	Poor interface between project team, client and beneficiaries	<ul style="list-style-type: none"> <li>• Regular project steering committee meetings to be held</li> <li>• Monthly public meetings are a requirement</li> </ul>
	Closure of site due to non-compliance with Department of Labour requirements	Occupational health and safety officer to be appointed so as to ensure the full compliance with Department of Labour requirements
	Lack of capacity from client to fast-track administrative approvals, authorisation and timeous payment	<ul style="list-style-type: none"> <li>• Outsourcing of the housing development manager role</li> <li>• Filling of vacancies (registered professionals in the built environment)</li> </ul>
Cost overrun	Lack of cost control and management in housing projects	<ul style="list-style-type: none"> <li>• Monthly cost meetings between QS and client (and other team members when required) to be put in place where variation (s) and cost challenges are discussed.</li> <li>• Cost changes document (including authority delegated) to be development and circulated to all project team members</li> </ul>
	Poor performance and subsequent replacement of the contractor	<ul style="list-style-type: none"> <li>• Proactive approach to be taken by housing development managers in replacing poor performing contractors</li> <li>• Monitoring and evaluation programme should be in place before commencement</li> </ul>
	Unmonitored turnkey developments	Turnkey projects should only be undertaken where the client has the capacity and capability to execute such (see recommendation 2.10 of this report)
	Lack of timeous submission of construction information or drawings which could lead to delays claims by the contractor	Performance clause on this aspect should be incorporated in the contracts to be signed with the professionals highlighting the consequence of non-compliance
	Escalation of materials	Client/ implementing agents to assist contractors by payment of materials off-site. This is sometimes discouraged by certain clients/ implementing agents. Security in this regard will have to be explored

	Project unforeseen circumstances such as geotech, etc.	All projects budget should allow for a contingency budget ranging from 2.5% to 5% depending on the nature of the project
	Poor quality product needing to be redone	<ul style="list-style-type: none"> <li>• Quality planning and assurance programme to be in place and approved by the housing development manager</li> <li>• All required tests and test results to be in place and filed before payment for such deliverable can take place</li> </ul>
	Poor estimating by client and under-pricing by contractors	Quantity surveyor to provide input on tender evaluation of contractors
	Delayed payment which could lead to interest claim by contractor	Documented agreement on turnaround times for payment should be in place within the internal departments of client/ implementing agents. This needs to be included in the contracts signed.
	Late handover of site/ lack of access to site	It is the housing development manager's duty to ensure that the site is cleared for contractor to move in. This should be an assessment criteria during feasibility studies
Invasion	Lack of allocation policy/strategy	Allocation policy to be drafted and communicated to all stakeholders including community before commencement of projects
	Lack of security	Security plan by contractor to be submitted and assessed by client/ implementing agent
	Lack of community consultation & participation (communication)	<ul style="list-style-type: none"> <li>• Appointment of community participation consultant</li> <li>• Appointment of CLOs from the community</li> <li>• Regular distribution of newsletters</li> <li>• Public meetings for the various communities to be held at least monthly</li> </ul>
Injury or death in housing projects	Housing construction works not complying with best practice operations, non-compliance with work instructions	Appointment of a health and safety agent at the beginning of the project so as to assist in drafting health and safety specifications and ensure the evaluation of contractors health & safety plans at the tendering stage
	Lack of submission of a credible health and safety plan by the contractor	Client to refuse site occupation by contractor till submission of same
	Lack of compilation of a comprehensive health and safety specification by implementing agent	Appointment of a health and safety agent at the beginning of the project so as to assist in drafting health and safety specification and ensure the evaluation of contractors health and safety plans at tendering stage
	Lack of OHS monitoring by implementing agent	Monthly reports to be submitted for noting and comments to the housing development manager

## 2.7 Project management processes and tools

It is widely acknowledged that lack of project management knowledge, skill and tools was a contributory source to most “blocked” projects. Findings from case studies indicate a weak project and programme management approach by clients and implementing agents alike some of which were:

- Lack of project charter
- Lack of project risk management plan
- Lack of scope management, scope control and scope change/control processes and documentation
- Lack of quality planning and quality assurance in projects
- Lack of understanding of forms and conditions of contracts
- Lack of understanding of basic project software programmes such as Ms Project
- Lack of procurement understanding and basic CIDB requirements
- Lack of project planning
- Lack of communication plan and strategy for projects
- Lack of monitoring and evaluation tools
- Lack of electronic project management information systems
- Lack of project management qualifications and competencies by housing practitioners

The aim of this report is not to prescribe templates and recommendations on each and every aspect highlighted above but to highlight the need for training and certification on the above for all housing practitioners. It is therefore recommended that training in project management be conducted in a phase approach for all housing practitioners. Institutions of higher learning can therefore be approached to tailor make a project management course for housing practitioners.

Such a course could cover the following critical aspects which were found to be lacking:

Project Management Area	Topic
Project management software	Ms Project, MCS, Primavera, etc.
Project management standards	PMBOK, Prince2, PMSA, etc.
Project scope management	Scope definition & verification, scope change control, work breakdown structures, etc.
Project integration management	Project charters, project reviews & closeout reports
Project meetings	Meeting preparations, handover meetings, project progress meetings etc.
Project risk management	Risk management model, risk identification, quantification, risk response and control.
Quality management	Quality planning, assurance and control
Project cash flow and cost management	Project cash flow statements, budgets, etc.
Project communication management	Communication plan, project reporting, etc.
Conditions of contract	JBCC, NEC, GCC and FIDIC as well as PROCSA

## 2.8 Contractual related issues

The current National Housing Programme prescripts, which were developed on the basis of the provisions of the Constitution, 1996 and the Housing Act, 1997, vests the decision-making authority regarding the administration and implementation of the National Housing Programmes with the nine MECs responsible for human settlements.

The decision-making authority regarding stalled projects is therefore also vested in the MECs responsible for human settlements. The provincial department, operating under the authority of the MEC, will be responsible to administer this strategy.

In terms of the provisions of the National Housing Programmes and the current housing institutional environment, the variety of contractual arrangements at project level should be observed. This is important as each case will pose its own legal challenges and processes. The following scenarios exist:

- **Projects undertaken by provincial governments:** In some cases provincial governments assume the role of developer. In these cases the contractual arrangements in respect of housing development projects will entail written agreements between the MEC and contractors and/or suppliers of housing goods and services; In the case of default on the side of the contractors/suppliers of housing goods and services, legal action will be taken:
  - o Putting the defaulter on terms of the contract provisions
  - o Seeking internal legal advice on how to proceed in case of non-adherence/non-compliance;
  - o Cancellation of the project agreement
  - o Appointing the State Attorney to handle the legal case on behalf of the MEC
- **Projects undertaken by municipalities:** In these cases a range of contractual arrangements could exist, varying from project to project. Generally there will be a project agreement between the MEC and the municipality for the undertaking of the approved project in terms of the conditions enforced by the MEC.

In addition, the municipality will have entered into written agreements with contractors and/or suppliers of housing goods and services.

In the case of default on the side of the contractors and/or service providers, the municipality will follow a similar legal process as applicable to the provincial initiated project, except that the municipality is not obliged to employ the services of the State Attorney as applicable with provincial and national governments.

Where the municipality is at default, or in breach of the contract provisions entered into between it and the MEC, the MEC will consider the cancellation of the agreement. In doing so the MEC will have due regard of the implications such a step may have on the project agreements between the municipality and the service providers and the individual approved housing subsidy beneficiaries, where projects have progressed to that stage. The MEC may decide to intervene and assist the failing municipality to meet its obligations as the preferred option as opposed to the cancellation of the agreement. The MEC may also agree with the municipality and the current contractors to substitute the municipality as developer. The project specific circumstances will however dictate the feasible solution.

- **Projects where beneficiary subsidy applications have been approved**

A very important aspect that must be noted is the fact that projects that have progressed to the beneficiary identification stages and where the housing subsidy application has been approved by the MEC, the State is obliged to deliver the housing product as agreed with the beneficiary. This means that such beneficiaries must be involved in all aspects, including the rescheduling of the affected contracts.

## 2.9 Role of a housing development manager (PROCSA approach)

From the case studies conducted, it became apparent that the issue of capacity and capability was the major contributor of housing projects blockage. Current staff levels are not adequate to manage the projects given to them. Furthermore, the number of housing officials without qualification and professional registration in the built environment discipline is alarming. There are also certain cases where officials are involved with both beneficiary administration as well as the management of the housing construction. Roles and responsibilities seemed unclear as far as the housing value chain is concerned. It is against this background that a recommendation is made for a function of a housing development manager who will be responsible (and be the champion of the project) from inception to close out. The housing development manager should be someone with a professional qualification in the built environment and be a registered professional in terms of the various statutory councils. Having a champion for housing projects will eradicate the "silo mentality" as the champion will be able to take a lead and share in the responsibilities and accountabilities with other role players in the housing value chain. The role and deliverables are in line with PROCSA Scope of Services for built environment professionals.

The role of the housing development manager will therefore be uniform in all projects as per the following table:

Stage	Stage objective	Proposed role of appointed housing development manager (per project)	Deliverable (per stage)
0	<b>Project initiation, briefing and planning (inclusive of land legal issues)</b>	<ul style="list-style-type: none"> <li>• Establish project need and viability</li> <li>• Prepare project business case</li> <li>• Formalise client's vision</li> <li>• Source appropriate land</li> <li>• Manage procurement of land rights including necessary zoning, environmental, infrastructural/external services</li> <li>• Procure market research (if necessary for the particular housing project)</li> <li>• Appoint appropriate consultants</li> <li>• Process payments to all project service providers</li> </ul>	<ul style="list-style-type: none"> <li>• Approved business plan</li> <li>• Environmental authorisation (formerly known as ROD)</li> <li>• Zoned developable land/ township established (township register opened)</li> <li>• Market information (research)</li> <li>• Appointment of appropriate consultants in line with SCM</li> <li>• Payment to all consultants</li> </ul>

1	<p><b>Inception (construction works):</b> establish the client's requirements and preferences, assess user needs and options, appointment of necessary consultants, establish project brief including objectives, priorities, constraints, assumptions, aspirations and strategies</p>	<ul style="list-style-type: none"> <li>• Formalise project brief</li> <li>• Facilitate site assessments</li> <li>• Prepare preliminary desk top project viability for installation of services and construction of top structures</li> <li>• Appoint necessary appropriate consultants</li> <li>• Establish project procurement policy</li> </ul>	<ul style="list-style-type: none"> <li>• Preliminary project viability for installation of services and construction of top structures</li> <li>• Project procurement policy (in line with CIDB gateway process already outlined)</li> <li>• Appointment of appropriate consultants</li> <li>• Approval by client to proceed to work stage 2</li> </ul>
		<ul style="list-style-type: none"> <li>• Project procurement policy (in line with CIDB gateway process already outlined)</li> <li>• Appointment of appropriate consultants</li> <li>• Approval by client to proceed to work stage 2</li> </ul>	
2	<p><b>Concept and viability:</b> prepare and finalise the project concept (services / top structure) in accordance with the brief including the scope, scale, character, form, function and preliminary programme and viability of the project</p>	<ul style="list-style-type: none"> <li>• Provide consultants with all supplementary information and constraints necessary to execute their respective obligations</li> <li>• Define format and procedures for reports, presentations and communications by all members of the project team.</li> <li>• Review and comment on proposals and reports prepared and presented by consultants including design concepts, costing etc.</li> <li>• Establish and chair an in-house design review committee for housing projects</li> <li>• Prepare and submit funding required applications and reports to National Treasury USDG</li> </ul>	<ul style="list-style-type: none"> <li>• Preliminary project viability and programme</li> <li>• Project brief</li> <li>• Project procurement policy</li> <li>• Appointment of appropriate consultants</li> <li>• Approval by client to proceed to work stage 3</li> <li>• Approved funding applications and record of submitted reports</li> </ul>
3	<p><b>Design development:</b> Develop the approved concept to finalise the design, outline specifications, cost plan, financial viability and programme for the project</p>	<ul style="list-style-type: none"> <li>• Appoint balance of the consultants including the clear definition of their roles, responsibilities and liabilities</li> <li>• Review and approve detailed design and documentation programme, based on an updated indicative construction programme with all consultants</li> <li>• Obtain and timeously provide all operating end user/beneficiary requirements to the design team • Procure appropriate health and safety representative and advice</li> </ul>	<ul style="list-style-type: none"> <li>• Signed consultant/ client agreements (in line with SCM)</li> <li>• Health and safety consultant in place</li> <li>• Design and cost decisions</li> <li>• Approved beneficiary/ end user requirements</li> <li>• Facilities Management Policy (in case of Community Residential Units and other high rise accommodation structures requiring constant maintenance)</li> </ul>

		<ul style="list-style-type: none"> <li>• Facilitate the timeous submission by the design team of all plans and documentation to obtain the necessary statutory approvals</li> <li>• Provide design and cost decisions timeously in relation to the design development process (especially with regard to services infrastructure designs)</li> <li>• Receive, review and agree on estimates, budgets and cost reports in relation to the final capital cost of the project</li> <li>• Establish, monitor and manage cash flow requirements of the project</li> <li>• Review and approve designs by the consultants</li> </ul>	<ul style="list-style-type: none"> <li>• Marketing strategy (where necessary in cases of mixed income housing developments)</li> <li>• Marketing documentation (where necessary in cases of mixed income housing developments)</li> <li>• Approved Budget</li> <li>• Approval by client to proceed to stage 4</li> </ul>
4	<p><b>Documentation and procurement:</b> Prepare the construction and procurement documentation, confirm and implement the procurement</p>	<ul style="list-style-type: none"> <li>• Facilitate the approval of a procurement strategy for contractors, subcontractors and other service providers</li> <li>• Facilitate the project procurement programme and proposed tenders</li> <li>• Receive and review environmental management plan</li> <li>• Receive and review health and safety specification</li> <li>• Provide all necessary, project specific tender conditions including but not limited to, amendments and additions to the preliminaries, empowerment policies, insurance and payment conditions etc. for incorporation in the tender documentation</li> <li>• After adjudication of tenders, issue notification to the principal agent on the appointed contractors</li> <li>• Facilitate the signing of all principal and direct contract appointment on the project</li> <li>• Facilitate the placement of necessary insurance for the project including contractor insurance and appropriate development risk insurance</li> <li>• Review reconciliation by quantity surveyor (or any cost consultant e.g. Engineer) of the tender prices with project budget</li> </ul>	<ul style="list-style-type: none"> <li>• Signed principal and direct contracts</li> <li>• Appropriate project insurances</li> <li>• Project specific tender and contract conditions</li> <li>• Signed service agreement with local authorities and/or utility companies</li> </ul>

		<ul style="list-style-type: none"> <li>• Agree on the format and procedures for monitoring and control by quantity surveyor (or any cost consultant e.g. Engineer) of cost of the scope of works</li> <li>• Formalise all service agreements with appropriate authorities</li> </ul>	
5	<p><b>Construction:</b> Management, administer and monitor the contracts and processes, including the preparation and co-ordination of the procedures and documentation to facilitate practical completion of the works</p>	<ul style="list-style-type: none"> <li>• Manage on-going projects insurance requirements (including resolution of all insurance claims)</li> <li>• Formalise and facilitate occupation of site by the contractor</li> <li>• Review formal and informal communication structure and procedures for construction process</li> <li>• Regularly attend site meetings and inspections</li> <li>• Receive and review contractors' health and safety plans</li> <li>• Review and approve beneficiary/"end user" specific construction details, documentation, and materials timely</li> <li>• Review and approve all scope and cost variations</li> <li>• Arbitrate acceptable standards of quality when required to do so</li> <li>• Review and process monthly progress payments</li> <li>• Receive, review and approve recommendations for settlement of contractual claims as prepared by the principal agent</li> <li>• Receive and review monthly cost reports</li> <li>• Formalise management of all direct contractors and suppliers</li> <li>• Receive and review all project reports and present same at client review meetings</li> <li>• Provide operator input/beneficiary input for any necessary testing and commissioning by consultants and contractors</li> </ul>	<ul style="list-style-type: none"> <li>• Payment to all project service providers</li> <li>• Regular client project report</li> <li>• Appropriate input from "end users"/beneficiaries as required</li> </ul>



6	<p><b>Close out:</b> Fulfil and complete the close-out including the preparation of the necessary documentation to facilitate the effective completion, handover and operation of the project</p>	<ul style="list-style-type: none"> <li>• Accept works completion certificate</li> <li>• Receive and distribute all as-built drawings and design documentation to appropriate parties</li> <li>• Receive and distribute all operating and maintenance manuals as well as warranties and guarantees to appropriate parties</li> <li>• Receive and distribute all statutory compliance certificates and documentation to appropriate parties</li> <li>• Receive and handover health and safety files to client</li> <li>• Monitor rectification of defects during defects liability period</li> <li>• Receive happy letters from beneficiaries and forward to client</li> </ul>	Completed project
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## 2.10 Turnkey projects

The Turnkey approach is sometimes called "design-build." In its ultimate form it is usually called "build-operate-transfer." But most often it goes by the title "turnkey," and it is an innovative way of expediting (fast-tracking) projects. Its proponents see turnkey as a way to both reduce the time and cost of "urgent" projects. Turnkey projects service providers (professional team who is in turn "the" contractor), and other members of a turnkey projects team, assume a much fuller, and often total responsibility for the design and construction of both services and top structures.

The turnkey approach offers opportunities for time and cost savings to the client. The turnkey approach involves varying degrees of risk transfer and responsibility from the client to the builder/supplier team, compared to the traditional process, under which fully developed plans and specifications for individual components of a system are issued for competitive lump sum bidding.

In an **ideal design-build approach**, project design for the civil engineering components and top structures is typically advanced to a high preliminary design level by the client's in-house engineers and architects, and then issued to design-build contractors for bidding, with the successful bidder responsible for both final design and construction.

The disadvantage of this approach is the client's loss of the high level of control over the specific design that is available through a conventional project development approach. The owner's design requirements are delineated by preliminary engineering or performance specifications, rather than final plans and specifications, with the final design decisions left to the contractor. The greater the contractor's responsibility for the total project, the greater the amount of control over the specific design solutions that must be given up by the client.

There are several elements that are important to successful turnkey project development, but probably none is more essential than adequate project definition by the client/implementing agent in its request for proposals.

Having given the above background, one of the findings of the study was that several clients/implementing agents have followed the turnkey approach to housing development. The challenges encountered with this approach on the housing projects concerned were:

- Difficulty in diagnosing the source of problems such as delays in the projects as there was no independence between the professional team and the contractor.
- Quality issues were experienced where the client was not empowered to assess designs and monitor construction. Clients/implementing agents lacked the capacity to review designs on their own. There are certain roads that have to be redone on the N2 Gateway project due to poor quality. This could have been picked up by an independent professional team or by client/implementing agent with a strong in-house professional team.
- There have been instances where the contractor appointed to do the construction works is not CIDB registered at the correct CIDB grading since, when proposals are called for "Turnkey Development," this is not a requirement for many clients. This leads to a contractor not performing satisfactory. Poor quality work can result due to the appointment of an incorrectly graded contractor.

The recommendations as far as turnkey development approach is concerned are as follows:

- No turnkey approach should be undertaken where the client/implementing agent does not have in their employ professionally registered built environment practitioners especially civil engineers
- Where a client/implementing agent insist on following this route in the absence of professionally registered built environment practitioners in their employ, a service provider (independent programme managers – professionally registered built environment specialist) should be appointed to oversee the work of the turnkey contractor.
- All calls for turnkey development proposals by clients/implementing agents should specify the CIDB requirement as a responsive criteria. This will oblige professionals who bid on their own to partner with CIDB Registered contractors for such turnkey projects. Particular attention should also be paid to "project definition" when calling for proposals.
- The project design for the civil engineering components and top structures should be advanced to a high level preliminary design by the client's in-house engineers and architects, and then issued to design-build contractors for bidding, with the successful bidder responsible for both final design and construction.
- Training on "turnkey approach" and relevant conditions of contracts such as NEC3, FIDIC (Yellow) should be arranged for housing practitioners engaged in projects planning and implementation.

## 2.11 Housing projects implemented before NHBRC

### **National home builders registration council (NHBRC)**

The National Home Builders Registration Council (NHBRC) is a Section 21 company established in terms of the Housing Consumer Protection Measures Act 95 of 1998. Its purpose is to provide housing consumers with warranty protection against defects in new homes and to provide protection against any failure of builders to comply with their obligations in terms of the Act.

As far back as 2004, the NHBRC was still experiencing challenges within the subsidy market due

to the following reasons:

- Its mandate was then limited to houses delivered in terms of Greenfield Project-linked subsidy projects
- Projects are submitted for in-principle enrolment while construction was at an advanced stage;
- Documentation was received without adequate information
- Projects that do not meet the enrolment requirements were submitted
- Inspectors were intimidated and threatened by the labourers of contracted builders
- Use was made of inexperienced builders
- Adequate quality controls were not in place and there was a lack of quality control by professional consultants appointed on the projects.

### Dolomitic areas

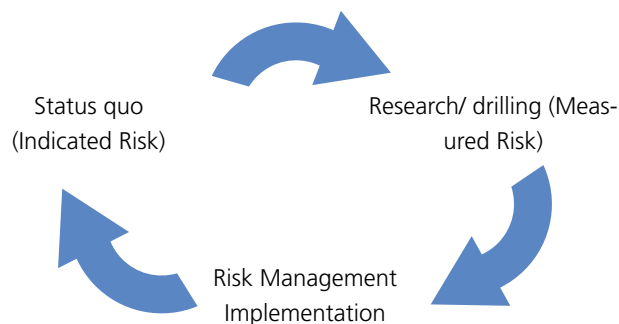
From the case studies in Tlokwe Municipality, it became evident that projects implemented before the introduction of NHBRC were the most blocked. This was due to certain requirements which were not in place then such as conducting of geo-technical studies for the various housing projects. Tlokwe Municipality is affected by dolomites and as part of unblocking the various housing projects they have developed and implemented Dolomite Risk Management Strategy. It is therefore recommended that a high level dolomite study be undertaken on previous projects implemented before the introduction of the NHBRC. This study should be done only for areas known to be affected by dolomites. Certain projects can therefore be prioritised in order to conduct a Dolomite Risk Management Strategy which will then be undertaken in the context of:

- Number of affected erven
- People's lives and property at stake
- Affected bulk infrastructure

The Dolomite Risk Management Strategy can be implemented in three phases as follows:

- Phase A – indicate risk
- Phase B – determine measured risk
- Phase C – risk management

The phases can run parallel and circular to each other as depicted in the following illustration:



## Quality Issues

There has been a concerted effort to address quality issues in low-cost housing implemented before introduction of the NHBRC. This should continue to ensure that all municipalities affected by this challenge address this matter. Municipalities should be assisted with the necessary identification of these houses and the subsequent application for funding in order to address this matter. It is widely suspected that the dissatisfaction in communities related to poorly built houses is a contributory factor to the service delivery protests prevalent in the country today.

## 2.12 Funding

Certain projects were blocked because of funding challenges. There have been cases where municipalities had to provide bridging finance for housing projects. There have been instances where the province had to offer bridging finance to municipalities for infrastructure within the mandate of the municipality. There have also been instances where houses were completed but could not be occupied as Eskom still had to provide the necessary infrastructure. This calls for a consolidated funding approach to housing development.

Within the strategic lever on funding models, progress has been made with the consolidation of the Municipal Infrastructure Grant Cities (MIG Cities) in the National Government, under the Urban Settlements Development Grant (USDG) and a portion of the Integrated Housing and Human Settlements Development Grant (IHSDG). This breakthrough arrangement is the beginning of the process to consolidate all grants required for the mandate of the National Department of Human Settlements. This development also puts South Africa in the forefront of progressive human settlements and built-environment fields.

The USDG is intended to support the expanded production of serviced land by cities, particularly for poor households, through greenfield development, brownfield re-development and informal settlement upgrading. It is intended to complement public financing for housing top structures provided through the IHSDG, as well as private (household) financing.

The implication of the above according to National Treasury's city support programme framework document (2011), is that the municipalities must compile built environment performance plans (BEPP). The BEPP is a consolidation of detailed plans integrating human settlement, transport, environment and energy aspects, in a financial year. The first phase of the project is currently largely focusing on the metropolitan municipalities but will eventually roll-out to other cities and towns outside metropolitan areas. It will therefore be important to ensure that current and future housing projects are highlighted in the municipalities BEPP in order to secure funding. It is therefore recommended that the HDA play an active role (especially in provinces where HDA has signed MOUs for provision of assistance and support) in assisting struggling municipalities on provision of input (housing) during compilation of BEPP and, where possible, provide total assistance in the compilation of BEPP. It is National Government's vision that projects which are not on the BEPP will not be prioritised for funding.

## 2.13 Intergovernmental relations strategy

One of the reasons for blocked housing projects the lack of well-co-ordinated inter-governmental relations. Intergovernmental relations in the South African context refer to the interaction of the different spheres of government. Recent protests caused by the slow pace of housing delivery and blocked projects around the country have given rise to questions about the role of

local government in housing delivery. However, local government has only certain powers and functions and some of the complaints about slow housing delivery and blocked projects should also be taken to the provincial and national governments who also play a role.

The National Department of Human Settlements has acknowledged that key challenges faced by the housing sector is inadequate intergovernmental coordination for accelerated housing delivery, specifically in relation to the ability of provinces and municipalities to deliver national objectives.

It is imperative therefore that all the role players put inter-governmental relations at the top of their agenda and that they all develop an inter-governmental relations strategy. This will also solve the challenge of fiscal misalignment, a huge factor that contributed to most housing projects being blocked. It is therefore recommended that service delivery agreements (rather than MOUs) be signed between the parties. These service delivery agreements will be based on certain service delivery standards (inclusive of turn-around times) that will be drafted by each role player.

The intergovernmental relations strategy to be developed by provinces, housing implementing agents (such as HDA) and municipalities should be based on the following strategic aims:

- To promote and facilitate co-operative decision-making
- To co-ordinate and align priorities, budgets, policies and activities across inter-related functions and sectors
- To ensure the smooth flow on information within government, and between government and communities, with a view to enhancing the implementation of policy and programmes
- The prevention and resolution of conflicts and disputes

The intergovernmental strategies to be formulated or drafted by the role players indicated above should be based on the legislative framework indicated below:

- The IGR Act of 2005, which sets up structures and institutions to support intergovernmental relations. These structures and institutions focus on service delivery, public accountability, co-ordination and integration, alignment of planning, budgeting, effective implementation, dispute resolution and sustainable development across the three spheres of Government
- The Inter-Governmental Fiscal Relations, Annual Division of Revenue and related fiscal policy and programme
- The Housing Act, 1997;
- Any other relevant legislation or policy framework.

Each role player in housing should ensure that its own IGR strategy contains as a minimum the following:

- IGR Audit which includes stakeholder analysis, mapping and prioritisation
- Developed Intergovernmental fiscal relations strategic agenda, which ensures alignment of the IGR framework with government's budgeting and planning cycle
- IGR knowledge management system which will include BGR communication and an outreach programme
- IGR monitoring and evaluation system which will cover regular performance management and reporting system on progress
- An IGR strategic thrust and focus in support of the particular role player's core service areas
- Developed systems and processes to sustain/ support the implementation of IGR key objectives

The Constitution provides for certain basic rights that underpin the notion of service delivery. The right to housing is a burning issue in most parts of the country. The challenge to achieve the delivery of this right relies on a good working relationship between the three spheres of government which are inter-dependent. Co-operative governance accepts the integrity of each sphere of government, but also recognises the complex nature of government in modern society.

Principles of co-operative government and intergovernmental Relations as contained in the Constitution that needs to be embraced and acknowledged in IGR strategies of the role players (spheres of government) engaged in housing delivery.

In spelling out the principles of co-operative government and intergovernmental relations, the Constitution binds all spheres of government and organs of state in each sphere of government to three basic principles:

- First, there is a common loyalty to the Republic as a whole. This means that all spheres are committed to securing the well-being of all the people in the country and, to that end, must provide effective, transparent, accountable and coherent government for the Republic as a whole. This is the object of cooperative government
- Secondly, the distinctiveness of each sphere must be safeguarded. This entails the following: the constitutional status, institutions, powers and functions of each sphere must be respected: a sphere must remain within its constitutional powers; and when exercising those powers, a sphere must not do so in a manner that encroaches on the geographical, functional or institutional integrity of another sphere
- Thirdly, spheres of government must take concrete steps to realise cooperative government by -
  - o fostering friendly relations
  - o assisting and supporting one another
  - o informing one another of, and consulting one another on, matters of common interest
  - o co-ordinating their actions and legislation with one another
  - o adhering to agreed procedures
  - o avoiding legal proceedings against one another

It is therefore submitted that following the IGR guidelines provided above will go a long way towards unblocking projects which have been blocked as a result of poor intergovernmental relations. Future projects will also benefit from such best practice if adopted and implemented.

## PART 4

# Glossary

**Beneficiaries:** Recipients of houses /allocated stand in a housing development project.

**Case study:** A method of research that allows for in-depth contextual analysis of an event, sequence of events, or conditions. Case studies are often used to provide insight on context specific processes and outcomes.

**CIDB Infrastructure Gateway:** The CIDB infrastructure gateway system provides a number of points in the infrastructure life cycle where a decision is required before proceeding from one phase or sub-phase to another. Such gates also enable project risk to be contained within the confines of the appetite of an organisation for risk.

**Community engagement / participation:** A process by which community organisations and individuals engage in meaningful relationships with government and non-government actors to work toward collective outcomes that will benefit all parties

**In situ:** On-site assistance of development, no relocation or resettlement is required

**Happy Letter:** A letter signed by the beneficiary as confirmation that the constructed house is habitable and meets the standard and specification set before construction or at the beginning of the project

**PROCSA Committee:** Professional Consultants Services Agreement Committee has compiled a client/consultant professional services agreement which comprises a suite of documents prepared to regulate the terms of engagement between the client and the consultants in the interest of standardisation and good practice in the construction industry on a mandate from the constituent bodies.

**Relocation/ resettlement:** Refers to the process of moving people from a location where they live or lived to a new physical location which may be temporary or permanent. Resettlement often refers to the process of permanent relocation.

**Temporary Relocation Area (TRA):** This is a site where people are intended to be housed on a temporary basis. The structures are intended for reuse once the affected people are able to return to their reconstructed homes or enter into other formal housing programmes.

**Variation Order:** An instruction to the contractor to perform additional work over and above the actual work or quantity of work tendered for.

## PART 5

# References list

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  - Lesedi Local Municipality Integrated Development Plan 2010/11
  - National Department of Human Settlement (2009): Strategy for the Unblocking of Stalled Projects
  - PROCSA (2011); Contract Law Workshops. Johannesburg
  - Public Service Commission (2008): Report on the Assessment of Public Participation Practices in the Public Service
  - Tlokwe Municipality Integrated Development Plan 2010/11
  - UHPCP (2002): Community Participation Strategy
- 




**ANNEXURE A:**

# Blocked Housing Project Framework compiled by HDA

Framework outline

**Framework:**

Housing Development Agency's (HDA's) approach to assisting of organs of state in dealing with housing developments that have not been completed within the anticipated project period

1. Introduction
  2. Role of the housing development agency (hda) in organs of state in dealing with housing developments that have not been completed within the anticipated project period
  3. Approach methodology
    - 3.1 Due diligence
    - 3.2 Proposed due diligence approach
    - 3.3 Proposed developmental /implementation approach
    - 3.4 Lessons learnt and best practise
  4. Technical support mobilisation
  5. Financial implications
- 

# 1. Introduction

The Housing Development Agency (HDA) is a national public development agency established by an Act of Parliament (Act 23 of 2008). The HDA promotes sustainable communities by making well-located land and buildings available for the development of housing and human settlements.

The HDA was established to address the land acquisition and assembly process so as to accelerate housing delivery and human settlement development. The specific functions of the Agency are spelt out in Section 7 of the Act.

The two main objectives of the Agency are to:

- Identify, acquire, hold, develop and release well-located land and buildings
- Provide project management support and housing development services

In order to achieve these objectives, the Agency must:

- Ensure that residential and community developments are sustainable, viable and appropriately located;
- Ensure that job creation is optimised in the process of residential and community development;
- Introduce and manage a land inventory and information system;
- Ensure that community participation takes place.

It is envisaged that the Housing Development Agency (HDA) will work in collaboration with the National Department of Human Settlements (NDoHS) with respect to the assisting of organs of state in dealing with housing developments that have not been completed within the anticipated project period. In response to the objectives of accelerating the completion of these developments not completed in the anticipated project period, this document seeks to lay ground for the collaboration in order to ensure that:

- Role players, in particular, NDoHS/HDA/other required role players align their programme activities;
- There is no duplication of work as we implement the programme;
- There is streamlining of resources and one point of coordination;
- All parties are mindful of their mandated responsibilities, i.e. HDA's mandate to assist organs of state in dealing with housing developments that have not been completed within the anticipated project period;
- There is joint co-ordination of programme roll-out;
- There is sustained support on the programme roll-out throughout the MTEF period.

## 2. Role of the housing development agency (HDA) in organs of state in dealing with housing developments that have not been completed within the anticipated project period

The Housing Development Agency (HDA) Act 2008, in terms of the Functions of the Agency under Section 7.1; the Agency must –

- (j) Assist organs of state in dealing with housing developments that have not been completed within the anticipated project period;*
- (h) Undertake such project management services as may be necessary including assistance relating to approvals required for housing developments;*
- (e) Enhance the capacity of organs of state including skills transfer to enable them to meet the demand for housing delivery;*
- (f) Ensure that there is collaboration and intergovernmental and integrated alignment for housing development services.*

In line with the Act, the Housing Development Agency aims to assist organs of state with respect to accelerating the completion of these developments not completed in the anticipated project period by responding to but limited to the following:

- The mandate for the Housing Development Agency (HDA) Act 2008, under section 7.1, sub-item (j) wherein it states that the Agency must assist organs of state in dealing with housing developments that have not been completed within the anticipated project period.
- Requests from various departments in government:
  - o The National Department of Human Settlements, the provinces, municipalities and other organs of state responsible for the delivery of housing.
  - o With reference to the section 5, sub-item 3 under the Roles of the Agency, in the Housing Development Agency (HDA) Act; it states:

The Minister may, in consultation with the relevant MEC, where there is lack of capacity in any organ of state to identify, acquire, hold, develop and release land for residential and community purposes for the creation of sustainable human settlements –

- a) advise the organ of state to conclude an agreement with the Agency to offer assistance in terms of the Agency's skill and expertise; or
- b) direct the Agency to engage with the organ of state with a view to conclude the agreement contemplated in paragraph (a).

## 3. Approach methodology

The whole objective of this process is to assist the housing sector with the accelerating the completion of these developments not completed in the anticipated project period projects through understanding the status of the projects and then put together a proposed turnaround strategy to assist in address the issues these developments are faced with. The proposed approach will then primarily focus on two critical areas as follows:

- Outlining a process to scope and assess these developments, thus undertaking a development specific due diligence exercise to ascertain the status quo as per province.

- From the status quo analysis report (on completion of the due diligence); compile a proposed intervention strategy which, of-course will be unique per project although some instances may be similar in nature.

### 3.1. Due diligence

The Housing Development Agency (HDA) will spearhead and co-ordinate this component of work in conjunction with the respective province. This in fact will be the crucial step in the process as it will inform on the nature and status of the "blocked" project thus informing the method of intervention to be proposed.

The HDA through its pro-active approach has developed a number of best practice tools that have and continue to be put in practise with the aim of adding value to the cycle of project delivery. In this case, the "Project Status Quo Assessment Tool" will be applicable with the aim of assessing a number of issues which will be as follows:

- Technical / Project Management issues
- Land related issues
- Planning related challenges
- Community / Beneficiary related issues
- Funding (or lack thereof) related issues
- Contractual related issues
- IGR difference in the various spheres of governance.

### 3.2. Proposed due diligence process

The due diligence process will seek to ascertain the current status quo on the project, advise and make recommendations / proposals going forward in as far as the implementation is concerned.

The due diligence process will seek to look at a number of activities which are as follows:

Technical / Project Management related issues

- Render Project Management services;
- Turnaround strategies (plan & costs), etc.;
- Implement projects through various government initiatives.

Land related issues

- Render land legal services and coordination depending on the required form of intervention.

Planning related challenges

- Facilitate the required planning interventions in line with the activities required.

Community / Beneficiary related issues

- Due to complexities of community related issues – propose a resolution pre-condition prior to intervention;
- Engage and involve the community and/or beneficiaries in participation at the correct forums through the facilitation of the various stakeholders.

Funding (or lack thereof) related issues

- Assist, facilitate and administer the process of acquiring funds between the municipalities and province / national DHS;
- Assist with the administration of Funding Agreements between parties (spheres of government).

Contractual matters or related issues

- Agree on a process on land development right – written signed agreement;

- Agree on a process on landing rights / take over – written signed agreement;
- Assist, facilitate and administer through an agreed process, the resolution of contractual related matters both project related and/or institutional.

IGR Differences and/or related issues

- Through an appropriate and agreed IGR SteerCom, facilitate the resolution of policy matters as well as any matters of dispute that may arise between parties and/or various stakeholders.

### **3.3. Proposed developmental / implementation approach**

Upon completion of Due Diligence

- Present findings and deliverables proposing the best possible project intervention strategy going forward;
- Upon approval and acceptance of project intervention strategy – conclude an implementation agreement with the client;
- Full implementation of the project on the approved and accepted project intervention strategy;
- Undertake full project monitoring and evaluation;
- Facilitate the registration of title deeds and occupation of houses;
- Conduct project closure and submit project closure report.

### **3.4. Lessons learnt and best practice**

It is envisaged that lessons learnt from the projects and best practice tools will be documented and circulated for the purposes of delivery enhancement in such and other related processes. These will be in the following forms but not limited to:

- Projects review series;
- Implementation support guidelines;
- Tools and Instruments - complement the completion / “unblocking” of these projects;
- Pulling of existing resources;
- Design support instruments;
- Provide technical support in for use of tools per request.

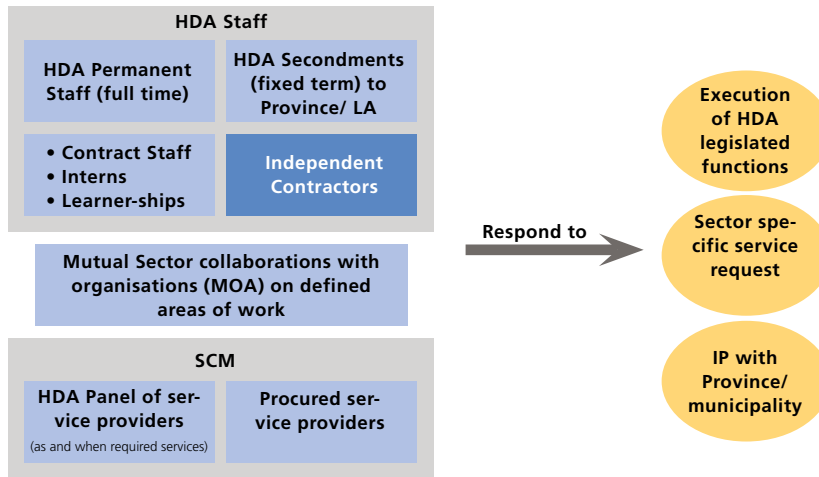
## **4. Technical support mobilisation**

In terms of the implementation with respect to the “unblocking” of “blocked” projects, the technical support required for the will have to be mobilised in a structured approach. Services which may be rendered to provinces and municipalities by and through the HDA may include:

- Project packaging and structuring;
- Project management during construction/implementation;
- Technical expertise (engineering services, etc.);
- Community participation and facilitation;
- Capacity building.

In order for all the above work streams to be realised, there is need to have a capacity assembly strategy to ensure that various teams can be deployed speedily on the basis of required work. HDA has an approved capacity assembly strategy which would ensure that required professionals are able to be contracted. HDA is able to assemble capacity using various interventions such as its full times staff members, contract employees, interns, partner companies/NGOs, and independent contractors, panels of experts, etc.

The following diagram demonstrates our capacity assembly strategy which could be utilised for this programme.



## 5. Financial implications

As captured earlier in the report, the process will unfold in a number of phases which may be summarised as follows:

### Phase 1

- Formal written request from client for the HDA to assist with the “unlocking” of “blocked” projects;
- Formal response from the HDA on acknowledgement of request to undertake the works;
- Initial meeting to understand client’s request and obtain scope of works to be undertaken;
- It is anticipated that these costs may be covered under the Housing Development Agency’s operational costs as the work carried out under this phase will primarily involve a number of inception meetings to clear scope of work to undertaken on behalf of the client.

### Phase 2

- Perform a due diligence exercise of the “blocked” projects as agreed upon with the client to ascertain cause of “blockage/s”;
- Upon finding of blockage cause, prepare a comprehensive report for client indicating such and proposed interventions towards the “unlocking” of the project;
- The report will be a standard report including findings, current status quo and possible interventions to “unblock” the projects which will include indicative costs;
- The report will be presented to the client for discussion and agreement on the accepted method of intervention going forward;
- Depending on the nature of the blockage, and the due diligence to be undertaken on the project, the intensity of the work will determine the cost of the exercise. As such, it may be that the cost of the due diligence will be borne by the client and where possible (depending on the availability of funds) the Housing Development Agency (HDA) may upon agreement contribute towards the cost of the due diligence exercise.

### Phase 3

- Upon acceptance of the proposal with client, conclude a funding agreement for the implementation or “unlocking” of the project;
- Mobilise and assemble the necessary resources for the implementation of the project;

- Project Management and oversight of project including all required supporting project activities during the implementation of the project;
- Upon completion of project, formally hand over completed project to the client supported by a complete close-out report. The implementation of the project will be funded by the client from the project budget. The concluded implementation protocol will also address and incorporate the agreed means of remuneration for the work stream undertaken by the Housing Development Agency.





**The Housing Development Agency (HDA)**

Block A, Riviera Office Park,  
6 – 10 Riviera Road,  
Killarney, Johannesburg  
PO Box 3209, Houghton,  
South Africa 2041  
Tel: +27 11 544 1000  
Fax: +27 11 544 1006/7



**[www.thehda.co.za](http://www.thehda.co.za)**