STRATEGY FOR THE ALLOCATION OF HOUSING OPPORTUNITIES CREATED THROUGH THE NATIONAL HOUSING PROGRAMMES
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SECTION A: GENERAL SECTION

1. INTRODUCTION

The introduction of the Integrated Residential Development Programme (IRDP) marked a fundamental departure from the way in which housing projects were planned and implemented in the past. The IRDP introduced an era or community-wide development orientation that includes the provision of a range of housing opportunities, a project life cycle planning approach where the creation of a serviced stands has been divorced from the housing construction phase and, more importantly, the de-linking of housing subsidy beneficiary selection and approval processes from the project implementation process. Housing subsidy beneficiaries are now identified during the house construction phase and transfer of ownership to the approved beneficiary is only effected after the completion of the house.

This area-wide development orientation and the de-linking of subsidy beneficiaries from project process created a need for a structured housing allocation strategy in terms of which the variety of housing opportunities created through the IRDP Programme are allocated to households.

The IRDP requires a two dimensional approach. The first dimension pertains to the allocation of serviced stands to households that do not qualify for housing subsidies, the allocation/disposal of stands earmarked for business/commercial use, institutional stands, stands created for churches, crèche sites and other stands earmarked for “not for profit” organisations.

The second dimension pertains to the allocation of stands for housing subsidy beneficiaries who qualify for assistance to acquire a house from the variety of housing options available through the National Housing Programmes.

The introduction of the IRDP also created challenges for the administration of all existing waiting lists and housing demand databases. Housing development through the National Housing Programme now not only targets housing subsidy beneficiaries as in the past, but is oriented towards achieving integration and the establishment of sustainable human settlements.

In addition, the broadening of the scope of the National Housing Programme to include households earning up to R7 000,00 per month, created a vacuum on all existing housing needs registers or waiting lists. Persons earning in access of R3 500,00 per month have not registered their housing needs with municipalities and/or provincial housing departments, based on the knowledge that the State programme excluded them from assistance, which was previously the case.
The new policy directives and opportunities require a new approach to the management of housing needs registers, and more specifically, the way in which housing opportunities created by the organs of the State are to be allocated.

In addition to the need for a structured allocation process where the IRDP is deployed, there is also a need for a similar process for the upgrading of informal settlements. The National Housing Programme: Upgrading of Informal Settlements also provides for a holistic development orientation, catering for all the needs identified in existing communities. However, many current inhabitants of informal settlements have not registered their housing needs with municipalities and or provinces. These facts require a specific approach to ensure that proper planning is administered and that all the needs of the persons in informal settlements are addressed.

2. OBJECTIVE

The objective of these guidelines is to facilitate a fair, equitable, transparent and inclusive selection and housing subsidy application approval processes for all housing development projects undertaken through the IRDP and informal settlement upgrading projects.

3. KEY PRINCIPLES OF THE NATIONAL HOUSING PROGRAMME

The allocation guidelines are based on the following key principles:

- Government’s National Housing Programmes target those households who are not able to independently resolve their own housing needs;

- The limitations of the State fiscus necessitates a progressive approach towards the realisation of the Constitutional rights to access to housing opportunities and to target the poorest and most vulnerable households of our community;

- In implementing the National Housing Programmes, Government pursues the establishment of viable and sustainable human settlements where residential settlements are integrated across income, culture and race spectrums and provide a range of social and economic amenities as well as housing opportunities to meet the needs of all persons in the relevant areas;

- The existing institutional arrangements are acknowledged and it is confirmed that the decision-making authority regarding the National Housing Programmes vests in the Members of the Executive Councils (MEC’s) responsible for Human Settlements/Housing of the nine Provincial Governments and/or his/her delegated authority as the case may be, (the reference to MEC in this document includes his/her delegated authority);
• Persons who recorded their housing needs do not automatically qualify for housing subsidies and or to purchase serviced stands as the case may be. Persons identified through the processes suggested in these guidelines will be required to complete housing subsidy applications forms which will be submitted for consideration and approval by the MEC within three months of submitting the completed forms;

• It is very important that the most recent and applicable information regarding the profile of all applicants are available when subsidy approvals are considered. Therefore applications forms may not be older than three months when considered.

• It is accepted that development conditions and project specific environments vary substantially from one project area to the next. Therefore, these guidelines should be implemented on the basis that the MEC may consider alternative processes and structures to accommodate project specific circumstances where required; and

• The National Housing Needs Register/Demand Database has been established. This National Housing Needs Register will be the only official database from which prospective beneficiaries will be drawn and invited to complete housing subsidy application forms for approval by the MEC. Verified registrations will be made available to the Provincial Housing Departments for the administration of subsidy application processes. The information is available on an area or regional basis.

4. APPLICATION OF THE STRATEGY

This Allocation Strategy applies to all projects undertaken in terms of the Integrated Residential Development Programme (IRDP) and Upgrading of Informal Settlements Programme (UISP).

This Allocation Strategy is not applicable to the following National Housing Programmes:

4.1 Individual Housing Subsidies-Credit and Non-Credit Linked and the Financed Linked Housing Subsidy Programme (FLISP)

Applications for Individual Housing Subsidies are still being administered on the principle of “first came- first served”. Credit linked subsidies are initiated at the credit application stage and therefore these allocation guidelines do not apply to the administration of the Individual Housing Subsidy Programmes.
4.2 **Consolidation Housing Subsidy Programme**

Consolidation Subsidies are allocated to existing registered owners of state financed residential serviced stands and no allocation process is therefore required.

4.3 **Social Housing Programme, the Community residential Units programme and Institutional Housing Subsidies**

The allocation guideline furthermore does not apply to national housing programmes that provide rental housing. These rental housing projects are undertaken and administered by housing institutions, which are also responsible for the allocation of the housing units. However, the MEC may prescribe to a housing institution on matters relating to the allocation of housing units, including the targeting of tenants.

4.4 **Peoples Housing Process (PHP) projects**

The allocation guidelines will not apply in cases where projects entail housing provision through the People’s Housing Process programme. PHP projects are initiated by the beneficiaries who appoint support organisations to assist them with the implementation of the projects. The beneficiaries are thus known up front and need not be identified from any housing needs registers. However, it may occur that a project is initiated by a municipality and in such cases the municipality may elect to invite prospective beneficiaries to tender their willingness to participate from existing needs registers. Allocation of housing subsidies will however be based on the “first came – first served” principle.

5. **LEGISLATIVE PROVISIONS**

The housing development initiatives are undertaken in terms of the provisions of the approved IRDP, the UISP and the various National Housing Programmes that afford the development of top structure/housing solutions. These Programmes are contained in the National Housing Code.

The National Housing Code was published by the Minister of Housing in terms of the provisions of section 4 of the Housing Act, 1997 (Act No. 107 of 1997) and represents a legally binding document for the application of funds made available to finance the National Housing Programmes and/or provincial housing programmes that are consistent with national housing policy.

The decision-making authority regarding the approval of project applications and the funding thereof vests, in terms of the provisions of section 7(3) of the Housing Act, 1997, in the Member of the Executive Council responsible for Housing of the Provincial Government. The MEC is also the decision-making authority regarding the approval of individual housing subsidy applications although this authority may
be delegated by the MEC to be executed by officials in the Provincial Housing Department.

Housing projects are also implemented in terms of the provisions of the Public Finance Management Act, 1999 (PFMA) and the Municipal Financed Management Act, 2003.

The Housing projects are furthermore implemented in terms of the provincial legislation governing township establishment and the municipal township planning schemes.

This Allocation Strategy is consistent with the above-mentioned legislative provisions as well as the provisions of the Constitution of the Republic of South Africa, 1996.
SECTION B: ALLOCATION STRUCTURES AND PROCEDURES

6. INSTITUTIONAL ARRANGEMENTS

The institutional architecture for the selection of prospective beneficiaries, the invitation to apply for subsidies and allocation process comprises the following role players:

- The Allocation Committee;
- The Provincial Department of Housing;
- The Municipality;
- The National Department of Housing;
- The Project Manager; and
- External auditors, where applicable.

6.1 The Allocation Committee

An Allocation Committee that will administer all selection and allocation processes in terms of the legislative provisions and as proposed by these guidelines, must be established.

6.1.1 Membership

The Allocation Committee must as a minimum comprise the following public sector officials:

Two members from the Office of the City Manager of the Municipality;

Two members representing the Provincial Department of Housing; and

May not include any political office bearer.

The Parties to the Allocation Committee are required to officially nominate two officials to serve as permanent Members of the Committee.

It is required that the Parties to the Committee also nominate an additional member to serve as an alternate in cases where a permanent member is not able to attend a specific meeting of the Committee.

6.1.2 Chairpersons

The Allocation Committee must be chaired by one of the members elected from the Office of the City Manager of the Municipality.

The position of Deputy Chairperson must be filled by one of the elected members representing the Provincial Department of Human Settlements/ Housing.
The Allocation Committee, at its first meeting, will appoint the two Chairpersons. One of the Chairpersons must always chair a meeting of the Committee.

6.1.3 Quorum arrangements

The Allocation Committee’s quorum will comprise all four members of the Committee. No selections or allocations may be undertaken in the absence of a quorum.

6.1.4 Meeting arrangements

The Allocation Committee meetings will be directed by the project process and progress and the frequency of the meetings of the Committee will be managed by the Chairperson as required by the development progress and completion of houses/opportunities.

6.1.5 The Secretariat

The secretarial function will be fulfilled by the Office of the Municipal Manager of the Municipality. All proceedings and decisions of the Committee will be recorded and preserved for auditing purposes. However, in the circumstances where the municipality experience capacity constraints, the MEC may decide that the provincial housing department should fulfil this task.

6.2 The Role of the Provincial Department of Housing

The Provincial Department of Housing will be responsible for the following:

- Participation in the Allocation Committee;
- Verification of the final beneficiary subsidy applications submitted for approval;
- Submission of applications for consideration and obtaining the required subsidy application approval from the provincial decision-making authority; and
- Informing the Allocation Committee of the approval of the subsidy applications.

6.3 The Role of the Office of the Municipal Manager

The Office of the Municipal Manager will be the responsible for the following:

- Participation in the Allocations Committee;
- Drawing targeted selections of prospective beneficiaries for the housing opportunities that will become available under the Project for consideration by the Allocation Committee;
Inform the Project Manager of the names selected;
Receive the completed application forms of the selected beneficiaries from the Project Manager and record the applications received;
Verify the applications against the selection made;
Evaluate the applications for compliance with the qualification criteria;
Submit the applications found to be in order to the Provincial Housing Department for verification, consideration and subsidy approval;
Receive the approved applications and reconcile such with the National Demand Data Base; and
Inform the Project Manager of the approval of the subsidy applications.

6.4 The Role of the National Department of Housing

The National Department of Human Settlements will be responsible for the following:

- Verification of selected names of persons from the housing needs database drawn by the Office of the Municipal Manager against the National Housing Needs Register/Demand Database; and
- Inform the Allocation Committee of the verification results to enable the Committee to forward the list of names so verified to the Project Manager.

6.5 The Role of the Project Manager

The role of the project manager will be the following:

- Alerting the Allocation Committee Secretariat of the need for the allocation and approval of subsidy beneficiaries in good time;
- Receive the list of selected prospective beneficiaries from the Secretariat of the Allocation Committee;
- Publish the list of selected prospective beneficiaries and invite the prospective beneficiaries to approach its office with the required documentation to be completed, namely the housing subsidy application forms;
- Ensure that all application forms are correctly completed and supported by the required documentation proving income, marriage status, financial dependants proof, identification, etc;
- Conclude conditional agreements of sales with the prospective beneficiaries (with a suspensive clause relating to the possible rejection of subsidy application);
- Submit the completed applications with all the required documentation to the Secretariat of the Allocation Committee;
- Receive requests for additional information or proof required and entertain such requests, where applicable;
- Receive confirmation of the subsidy approvals; and
Proceed with the confirmation of the subsidy approval to the beneficiaries and proceed with the transfer of the properties to the approved beneficiaries.

In addition to the above functions, the project manager must facilitate the establishment of a Community Project Committee in collaboration with, and in terms of the guidelines and the Terms of Reference compiled by the City Manager of the Municipality.

6.6 The External Auditors

The Department of Housing may decide to appoint external auditors. The role of this external auditor will be:

- To verify the housing subsidy applications received from the Project Manager before submission thereof to the decision-making authority.

7. SELECTION CRITERIA

7.1 Source for selection of prospective beneficiaries

The National Housing Needs Register/ Demand Database/

The primary source for the selections of names of persons to be approached to apply for housing subsidies for the housing opportunities created under project will be the Housing Needs Register/ Demand Database.

Provincial housing needs registers/waiting lists where such exist, must immediately be integrated with municipal needs registers/waiting lists and uploaded to the National Housing Needs Register. There will only one Register that will be consulted for the allocation of housing opportunities.

7.2 Source for verification of selected names of persons to be approached

All names of persons selected will be verified by the National Department of Housing against the National Housing Needs Register/Demand Database.

7.3 The Primary level criterion for Selection

The criteria for the selection of the names of persons, who will be approached to complete housing subsidy application forms where new houses will become available, will primarily be directed by the following levels of prioritisation:
Where housing Needs Databases/ Waiting Lists are in existence

The date on which the application form for housing assistance was received by the municipality/ province, or the date on which the application form for registration on the Housing Needs Register/Demand Database list was received by the official Housing Needs Registrar, should determine the first level priority of the application. In this regard:

- The top priority application/register entry should be the one that was received on the earliest date. This means the principle of “first came first served” will apply. Therefore, an application will first be adjudicated against the primary criteria on the basis of the oldest application.

7.4 Second Level criterion for selection

The second level priority criterion that will apply to the selection of qualifying applications pertains to vulnerability.

- The most vulnerable group are families with children and especially women headed household with children.

7.5 The Third Level of criteria for selection

The third level criterion constitutes the indigent beneficiaries. The indigent beneficiaries are defined as follows:

- Disabled persons or beneficiaries with disabled family members residing with them;

- The aged, in respect of a female beneficiary refers to a person of 60 years or older, and in respect of a male beneficiary it refers to a person of 65 years or older;

8. WHERE A HOUSING NEEDS DATABASE/ WAITING LIST DID NOT EXIST

In many cases, and for a variety of reasons, there may not be an existing Housing Needs Database/waiting list for a specific area or region. In such cases it may be required to facilitate a transition process, leading up to the completion of registration of all entrees on the National Housing Needs Register of those areas.

Therefore, in instances where IRDP projects are implemented based on socio-economic surveys that determined the overall housing needs, the municipality must pursue a public open invitation process, inviting households who satisfy the
qualification criteria to tender applications for housing subsidies linked to the housing products to be delivered.

In cases where applications from qualifying beneficiaries received in response to the invitation exceed the available housing opportunities, the municipality must deploy an open and transparent process of allocation of the housing opportunities. Such may entail the principle of “first come first served” or where this is not feasible, an open lottery system may be deployed.

9. ALLOCATION OF HOUSING OPPORTUNITIES WITHIN SPECIFIC HOUSING DEVELOPMENT PROJECTS.

9.1 New “Greenfield” housing developments in terms of the IRDP

Qualifying beneficiaries

Where housing opportunities will be allocated to qualifying beneficiaries, the processes and criteria stipulated in paragraph 8 will apply.

Persons who do not qualify for housing subsidies

The IRDP projects will deliver a range of housing opportunities and will also provide access to such opportunities to persons that do not satisfy the Housing Subsidy Scheme qualification criteria. The following may be applicable regarding residential stands:

- Households whose income exceed R3 500,00 per month but is less than R7 000,00 per month:

  Such persons should be awarded the opportunity to purchase a vacant serviced stand at input cost and apply for a Financed Linked Individual Housing Subsidy available under the Financed Linked Individual Subsidy Programme (FLISP). The beneficiaries in this income category will most probably not be registered on any data base or waiting lists. To solicit applications for these properties, an MEC will have to invite applications through public advertisements and consider the applications on a first came first served basis and may apply the priority criteria where such a need exist and is regarded feasible.

  These persons may also apply for rental accommodation;

- Households whose income exceed R7 000,00 per month:

  Such persons should be awarded the opportunity to buy a vacant serviced stand at the current market value of the properties. This implies that the Provincial Housing Department will have to determine the market value of
serviced stands. These persons may also apply for rental accommodation managed by Social Housing Institutions where stock for non qualifying beneficiaries is available;

- Persons who have benefited from State financed housing schemes in the past, but who are not the owners of residential properties at the date of selection of the names.

These should be awarded an opportunity to buy vacant serviced stands at input cost. No further housing assistance will be provided.

- Single persons with no financial dependants:

These applicants should also be awarded the opportunity to apply to purchase vacant serviced stands. Where such an applicant satisfies the Housing Subsidy income criterion, the site may be made available at input cost depending on the applicant’s compliance with the remainder of the qualification criteria. Such a person will not qualify for a housing subsidy until such time as he/she satisfies the criteria pertaining to being married or having financial dependants.

Such a person may also apply for rental accommodation.

All of the above cases should be administered using the “first come - first served” principle.

In regard to other land use stands, the following should apply:

**Business and commercial stands**

These stands should be sold through a public tender process/ development proposal initiative and the minimum prices should be based on the prevailing market price for such stands. In most cases the selling prices will be based on the best offer received.

**Institutional stands**

Stands developed for specific institutional use must be transferred to the relevant institutions at input cost through a negotiated settlement.

**Stands earmarked for “not for profit” organisations**

Stands earmarked for “not for profit” organisations such as churches, should be sold through public tender process and at input cost.
9.2 Vacant serviced stands created through the UISP

The National Housing Programme: Upgrading of Informal Settlements (UISP), are undertaken for specific persons living in identified informal settlements. Development initiatives through this programme entails the redevelopment of existing areas and/or the relocation of a section or the whole community where required.

Only serviced stands are provided through the UISP for the inhabitants of such informal settlements. All the housing needs of the inhabitants are recorded at project initiation stages and the project is designed for the specific needs of the individuals in these areas. As soon as the housing needs survey has been completed, the municipality must ensure that all the particulars of all the persons identified during the survey are recorded on the National Housing Needs Register/Demand Data Base. This is very important as all persons will be approached to complete applications forms for serviced stands as soon as the stands are ready for allocation and housing subsidy application forms, as soon as phase 2- the house construction phase commences.

Where UISP projects will also cater for additional properties for persons who have registered their needs on the National Housing Needs Register/Demand Data Base, the same allocation process applicable to the IRDP projects must be followed.

10. PROCESS AND PROCEDURES

10.1 The process of selection of names of prospective housing subsidy beneficiaries

The process of selecting names for adjudication and verification by the Allocation Committee will be as follows:

- The Project Manager will inform the Secretariat of the Allocation Committee that houses will be ready for allocation at a given date in the future and that an approved list of selected prospective beneficiaries for publication is required;

- The Secretariat of the Allocation Committee will, in terms of the selection criteria decided by the Allocation Committee, request the Manager of the National Housing Needs Register to draw a list of prospective beneficiaries from the National Housing Needs Register/Demand Data Base for submission to the Allocation Committee;

- The Manager of the National Housing Needs Register/ Demand Database will apply the criteria indicated in the request of the Secretariat of the
Allocation Committee and in line with the criteria stipulated in this Strategy, to draw the targeted names from the National Housing Needs Register;

- The selected names will then be verified against the National Housing Needs Register;

- The National Housing Department will inform the Secretariat Of the Allocation Committee of the results of the verification process;

- The Allocation Committee will then convene to evaluate the selection of prospective subsidy applicants against the set Qualification Criteria and the findings of the verification process; and

- The Secretariat of the Allocation Committee will inform the Project Manager of the approved list of prospective beneficiaries requesting the Project Manager to gather the required subsidy application forms for submission to the Allocation Committee for verification.

10.2 Process of subsidy application adjudication and verification

This part of the process will include the following steps:

The Project Manager

- The Project Manager will publish the list of prospective beneficiaries in the local news papers and will also display the list at the offices of the City Manager, in the project location, the local post office and any other public office with the approval of the relevant authority;

- The Project Manager will also extend written invitations to prospective beneficiaries on the approved list to apply for housing subsidies and provide the required application forms and detailed information;

- The Project Manager will ensure that all the applications are correctly completed and supported by the required documentation of proof;

- The Project Manager will also enter into a conditional agreement of sale with each beneficiary in respect of the relevant property selected;

- The Project Manager will then refer the completed application forms with all the required documentation to the Secretariat of the Allocation Committee for evaluation.

It is of paramount importance that the Project Manager facilitates the establishment of the Community Project Steering Committee. This Steering
Committee must serve as the community interface mechanism and will facilitate communication with the community on all matters pertaining to the project, including the selection of prospective beneficiaries and the subsidy application process and approvals. The Project Manager will be guided by the Office of the Municipal Manager of the Municipality in the establishment process and will implement the Terms of Reference compiled by the Municipal Manager for this purpose.

The City Manager will have discretion to appoint a suitably qualified staff member of the municipality to undertake the tasks assigned to the Project Manager where feasible and practicable.

**The Allocation Committee**

The allocation committee will proceed as follows:

- The completed application forms will be evaluated against the standard subsidy qualification criteria and Allocation Committee will verify the applications against the list presented to the Project Manager;

**Where external auditors are appointed by the National Department of Housing**

In certain cases the National Department of Human Settlements may decide to assist the allocation process by the appointment of external auditors to audit all allocation processes. In such a case, the Allocation Committee will, after its verification process, submit the list to the external auditor.

- The external auditor will verify the applications received against the set criteria as stipulated, the standard qualification criteria and the correctness of the applications;

- Should the applications be in order, external auditor will return the applications to the Allocation Committee for submission to the Decision-making Authority for final approval.

**The Provincial Housing Department**

- The Provincial Human Settlement/Housing Department will upload the applications on the Housing Subsidy System for verification against the various databases to ensure that the applicants satisfy the qualification criteria;

- All the applications rejected will be referred back to the Allocation Committee for further attention;
Applications that are found to comply with all the prescripts will then be submitted to the decision-making authority for consideration and approval; and

Once an application is approved, the Provincial housing Department will refer the approval to the allocation Committee.

The Allocation Committee

The Secretariat of the Allocation Committee will record the subsidy application approval and will notify the Project Manager of the approval; and

The Secretariat of the Allocation Committee will request the Manager of the National Housing Needs Register to record the approved applications on the Register to ensure that the National Housing Needs Register is adjusted to reflect the approved subsidy applications.

The Project Manager

The project manager will inform the beneficiaries of the outcome of the applications and proceed with the arrangements to transfer the property into the name of the approved beneficiaries.

10.3 Allocation process of properties not earmarked for subsidy beneficiaries in both the IRDP and UISP projects

The MEC may decide to follow a similar process in respect of the allocation of properties earmarked for beneficiaries that do not satisfy the Housing Subsidy qualification criteria with the changes required by the context.

However, the MEC may also decide that the allocation of such properties may proceed on the basis of the principle of first came first served. Each application as it is received is numbered and this number determines the priority of the application.

Business stands and stands for not for profit organisations sites must be allocated through a tender evaluation process as applicable to the normal procurement compliant processes.

National Department of Human Settlements