


MANGAUNG

 METRO MUNICIPALITY
 METRO MUNISIPALITEIT
 LEKGOOT A LA MOSE

 DIRECTORATE
 HUMAN SETTLEMENTS &
 HOUSING

REQUEST FOR APPROVAL TO ENTER INTO A SERVICE LEVEL AGREEMENT WITH THE HOUSING DEVELOPMENT AGENCY FOR THE IMPLEMENTATION OF IDENTIFIED PROJECTS RELATED TO HUMAN SETTLEMENTS

1. PURPOSE

To request approval from Council for Mangaung Metro Municipality ("MMM") to enter into a Service Level Agreement ("SLA") with the Housing Development Agency ("HDA") for the implementation of identified projects related to human settlements, including but not limited to the projects within the Upgrading of Informal Settlements Programme, land assembly, compilation of development plans of the Priority Housing Development Areas ("PHDA"), feasibility study, economic analysis, market analysis and the housing needs of all the approved Metro's catalytic projects.

2. STRATEGIC INTENT

Outcome 8: Promote Sustainable Human Settlements and Improved Quality of Household Life

SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable

3. BACKGROUND AND DISCUSSIONS

The HDA is an entity of the National Department of Human Settlements ("NDHS") established in terms of the Housing Development Agency Act No.23 of 2008. The HDA is responsible to assist the Provinces and Municipalities with the upgrading of informal settlements, programme management of catalytic projects and PHDA's in respect of the feasibility study, market analysis, economic analysis, housing needs, etc. Council has approved the seven land parcels as catalytic projects, at the moment only the Hillside View, Vistapark 2 and 3 are under construction, the other four have not been developed due to lack of funds and the fact that proper feasibility, market analysis, economic analysis and housing needs have not been undertaken.

The Urban Settlement Development Grant ("USDG") purpose is to supplement the capital revenues of metropolitan municipalities in order to implement infrastructure projects that promotes equitable, integrated, productive, inclusive and sustainable urban development. And, to provide funding to facilitate a programmatic, inclusive and municipality-wide approach to the upgrading of informal settlements. In the 2019/2020, the NDHS introduced the new component within the USDG called the Upgrading of Informal Settlements Programme ("UISP"), which ringfenced funding for the upgrading of informal settlements. The ring-fenced



MANGAUNG
METRO MUNICIPALITY
METRO MUNISIPALITEIT
LEKOT A LA MOISE

DIRECTORATE
HUMAN SETTLEMENTS &
HOUSING

funds may only be used for projects contained in the approved upgrading plans of each municipality and subject to the conditions and requirements specified in the Division Of Revenue Act ("DORA"). This new grant is given a two-year window period which comes to an end at the end of the 2020/2021 financial year-end.

The UISP promotes the following outcomes for the communities living in informal settlements:

- Tenure Security: To provide tenure rights to households living in informal settlements;
- Health and Security: To ensure the provision of a healthy and secure living environment for households living in informal settlements; and
- Empowerment: Facilitate community partnership and participation in the development of settlements.

The following are outputs of the UISP Component:

- Programmatic municipality-wide informal settlements upgrading strategy;
- Number of approved informal settlements upgrading plans utilising the National Upgrading Support Programme ("NUSP");
- Number of Social Compacts concluded with communities and/or community resource organisations outlining their role in the upgrading process;
- Number of informal settlements designated for upgrading in terms of the municipal Spatial Development Framework and/or the Spatial Planning and Land Use Management Act and by-laws enacted in this regard;
- Number of approved upgrading plans implemented;
- Number of households provided secure tenure;
- Number of households provided with individual municipal engineering services (water services, sanitation solutions and electricity-grid and non-grid);
- Number of informal settlements provided with interim and permanent municipal engineering services (public lighting, roads, storm water, refuse removal and bulk connections for water, sanitation and electricity);
- Hectares of land acquired for relocation of Categories B2 and C settlements (categories in terms of the NUSP Methodology);
- Number of in-situ individually serviced sites developed.

The UISP Component is supposed to buy or pay for the above services, we are also expected to report on a quarterly basis the financial and non-financial performance of the above targets. If we do not perform satisfactorily, DORA authorises the NDHS and/or the National Treasury to stop the allocation to the Metro and reallocate to another Metro that is well performing. Since we are in a window period that is coming to an end at the end of the

PO Box 3704, Bloemfontein 9300 Room 3 ground floor, Medical Officer of Health Building, Cnr Nelson Mandela & De Villiers Street
Tel: +27 51 400 5314 Fax: 086 575 6934 E-Mail: Jupiter.phaladi@mangaung.co.za Website: www.mangaung.co.za

AT THE HEART OF IT ALL



MANGAUNG

METRO MUNICIPALITY
METRO MUNISIPALITEIT
LEKGOTLA LA MOISI

DIRECTORATE
HUMAN SETTLEMENTS &
HOUSING

current financial year, we are therefore under pressure to ensure that all the above outputs are implementable.

However, under the Informal Settlements and Beneficiary Management Sub-Directorate we do not have the required human resource with the necessary skills, experience and qualifications to assist us to develop the required informal settlements plans. At Hostel 1, six employees were dismissed due to corruption charges, three went on retirement and two were transferred to other Directorates and all of them have not been replaced. In Heidedal, this office was split from Hostel 1 to cater for most of the informal settlements, it has a skeleton staff, most of the posts are vacant and unfunded. In Botshabelo, five employees are deceased and they were not replaced. In Thaba Nchu, there are six officials responsible for informal settlements and beneficiary management to service the whole of Thaba Nchu. In the Naledi areas, there is only one official servicing all the areas.

MMM has 47 informal settlements, 16 have informal settlements plans that were developed in 2013 by the HDA together with the Provincial Human Settlements, they are outdated, they must be reviewed because the circumstances in these informal settlements have changed. And, for the 31 informal settlements we must develop new informal settlements plans. Our budget allocation for the ISUP Component will be dependent on the number of informal settlements that complies with the conditions of DORA, which means the less informal settlements with the plans the lesser the allocation. It is therefore, imperative that we urgently procure these services from the HDA to assist us to comply and thereby attracting more allocation. In the past the services of the HDA were free of charge to MMM, as the Province was paying them. But, due to the current economic downfall, all the services of the HDA are to be paid for. Fortunately, the services that we are requesting from the HDA are budgeted for in the current financial and the two outer years in the USDG: OPSCAP and the UISP.

4. FINANCIAL IMPLICATIONS

The services to be acquired from the HDA are budgeted for in the 2020/21 Medium Term Revenue and Expenditure Framework as approved by Council.

Compliance with the provisions of the Municipal Finance Management Act 56 of 2003 will be considered in executing the Service Level Agreement to be entered into between the Municipality and the HDA.

Procurement of services of the HDA is done in line with the provisions of Housing Development Agency Act No. 23 of 2008.

PO Box 3704, Bloemfontein 9300 Room 3 ground floor, Medical Officer of Health Building, Cnr Nelson Mandela & De Villiers Street
Tel: +27 51 400 5314 Fax: 086 575 6934 E-Mail: Jupiter.phaladi@mangaung.co.za Website: www.mangaung.co.za

AT THE HEART OF IT ALL



MANGAUNG

METRO MUNICIPALITY
METRO MUNISIPALITEIT
LEKGOTLA LA MOTSE

DIRECTORATE
HUMAN SETTLEMENTS &
HOUSING

5. RECOMMENDATIONS

It is therefore recommended that:

- 5.1 The Council gives the City Manager the approval to enter into an SLA with the HDA for the implementation of identified projects related to human settlements, including but not limited to the projects within the Upgrading of Informal Settlements Programme, land assembly, compilation of development plans of the Priority Housing Development Areas ("PHDA"), feasibility study, economic analysis, market analysis and the housing needs of all the approved Metro's catalytic projects;
- 5.2 The services to be acquired from the HDA are to be funded under the USDG: OPSCAP and UISP;

- 5.3 There is budget approved for these services under the current financial year and the two outer years;
- 5.4 The Municipality will pay compensation to the HDA based on satisfactory completion of the specified piece of work and the submission of an invoice; and
- 5.5 The SLA will be for a period of two years and it may be extended if there is a need.

Submitted by:

[Signature]

ADV JUPITER PHALADI

HOD: HUMAN SETTLEMENTS

Date: 22.2.2021

~~Recommended/Not Recommended~~

[Signature]

S MOFOKENG

CFO

Date: 24/02/2021

~~Recommended/Not Recommended~~

[Signature]

ADV TB MEA

CITY MANAGER

Date:

~~Ratified/Not Ratified~~

[Signature]

ADV M. MOFOKENG

ADMINISTRATOR

Date: 4/3/2021

~~Approved/Not Approved~~

[Signature]

Clr. L Masoetsa

ACTING EXECUTIVE MAYOR

DATE: 5-03-2021