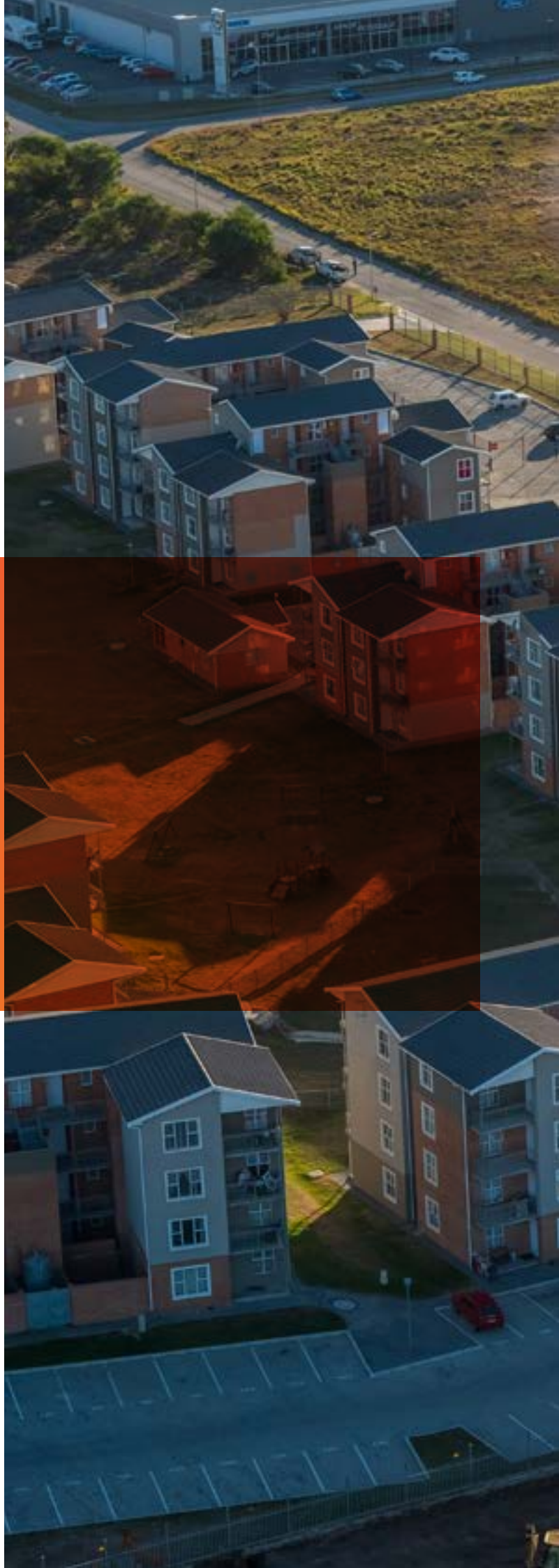




Toolkit

For the
Implementation of
Social Housing





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Social Housing Regulatory Authority

Tel: +27 011- 274 6200

Email: info@shra.org.za

Physical Address:

Sunnyside Office Park

Sentinel House

32 Princess of Wales Terrace

Parktown

Johannesburg

South Africa

Postal Address:

POSTNET Suite 240

Private Bag X30500

Houghton

2041

www.shra.org.za

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Developed by:

Tahiri Trading (Pty) Ltd

The review team:

The review process was guided by a Review Team comprising:

- SHRA Team
 - o Dewalt Koekemoer
 - o John Mofokeng
 - o Dudu Phoswa
 - o Lesego Diale
 - o Mandla Mochoko
 - o Ahmed Bokhari
 - o Arie Diephout
- NASHO
 - o Malcolm McCarthy
- Equal Spaces, Canada
 - o Lizette Zuniga
- Harmen Oostra

PERMISSION TO USE OTHER PUBLISHED SOURCES

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Disclaimer:

All care has been taken in the preparation of this document and the information contained herein has been derived from sources believed to be accurate and reliable. The Social Housing Regulatory Authority does not assume responsibility for any error, omission or opinion expressed as well as investment decisions based on this information.

FOREWORD

MINISTER



The Department of Human Settlements serves a special function in the government's effort to change the lives of South Africans for the better. It is the key driver in overhauling apartheid spatial planning and patterns of social exclusion in South Africa's towns and cities.

The delivery of social housing has been dependent on a few Social Housing Institutions (SHIs) over the years. This has resulted in a steady stream of good quality, well-managed and affordable rental housing stock. However, this supply falls well short of addressing the large backlog for Social Housing units and achieving transformation through bringing organisations led by women, persons living with disabilities and military veterans into the delivery value chain.

As a direct result of the lack of capacity to deliver sufficient housing stock, the gap between demand and supply is growing year on year and there is a need to rapidly and significantly increase the capacity to deliver housing stock. Rapid urbanisation, high mobility rates and the high growth rate of new working-class household formations are the key factors driving the demand for social housing. As such, the sector cannot continue to depend on a few SHIs to deliver housing stock.

The publication of this Toolkit coincides with the 10-year anniversary of the establishment of the Social Housing Regulatory Authority (SHRA) through an Act of parliament. As the SHRA and the sector enter their next 10 years of growth, we want to put the increased participation of women, youth, people living with disabilities and military veterans at the forefront of this growth. We want to see a sustainable sector that continues to leverage private sector partners and investments and better synergies between the various

state entities and departments towards the growth of this programme.

The social housing toolkits published here form the basis for SHIs, the public and private sectors to undertake delivery at scale. Fundamentally, the toolkits provide the sector with the necessary resources for the delivery and sound management of its stock, and serve as comprehensive guides for project management and sector requirements. They also provide the public sector with a Toolkit to support these entities and facilitate the delivery of social housing within Municipalities and Provinces.

It is with great pleasure that I am able to endorse these toolkits. I would like to commend the Social Housing Regulatory Authority (SHRA) for the sterling work it is doing in the development and growth of the social housing sector. I encourage all sector delivery agents, provincial and local governments to embrace these toolkits in order to achieve increased delivery and sustainability.

SIGNATURE

**HONOURABLE MINISTER OF
HUMAN SETTLEMENTS
LINDIWE SISULU**

FOREWORD

CHAIRPERSON



The Social Housing Regulatory Authority is clearly mandated to play a leading role in developing the Social Housing sector's capacity to deliver quality housing stock at the required pace and scale. We, as the Council of the Social Housing Regulatory Authority, have made a commitment to our shareholder, and the Honourable Minister of Human Settlements, to make every effort to rapidly increase the delivery of Social Housing.

In so doing, the Social Housing Regulatory Authority plans to grow the capacity of the sector and address the lack of inclusive growth and historical underrepresentation of black and especially female-owned Social Housing Institutions. The Management has established a plan to help prepare the sector to meet this essential commitment through various capacity building programmes such as information awareness sessions, training and incubation programmes.

The Social Housing toolkits serve as the basis for the incubation programme for developing viable and sustainable delivery agents and much-needed implementation support for municipalities who, from an institutional framework perspective, are positioned as the drivers of spatial transformation in the form of demarcating restructuring zones and providing well-located land for delivery to take place.

The complexities of the programme and the requirements thereof are brought together in the aforesaid toolkits to enable all sectors to fulfill their responsibilities towards the accelerated delivery of well-managed, quality social housing units. Additionally, the Social Housing Regulatory Authority's commitment to providing an enabling environment for sector role players is amply demonstrated in these resources and will go a long way in assisting the sector to gear up and

meet the requirements of the programme.

Well done to the dedicated and hardworking staff of the Social Housing Regulatory Authority. We appreciate your considerable efforts and look forward to seeing users of the toolkits establishing new and sustainable Social Housing Institutions in the near future.

SIGNATURE

**CHAIRPERSON OF THE SOCIAL HOUSING
REGULATORY AUTHORITY
HONOURABLE BATHABILE OLIVE DLAMINI**

FOREWORD

ACTING CHIEF EXECUTIVE OFFICER



It is without doubt that the Social Housing Sector has limited capacity to meet the targets which the government has set for the Social Housing Programme. Thus, it is critically important for Social Housing Institutions (SHIs), Other Delivery Agents (ODAs) and Local and Provincial Governments to gear up and start delivering social housing stock at scale, in order to meet the ever-increasing demand for well-located, affordable rental units.

The Social Housing Programme has deliberately placed local government at the core of its operations. It has to serve as the catalyst for spatial planning that addresses the inequalities of the past and ensures that state-owned land, bulk services and infrastructure are made available for Social Housing delivery.

It is also required to facilitate and support the capacity for Social Housing delivery within its boundaries, hence, it is imperative that governments at provincial and especially local levels are capacitated to deliver on their respective mandates. The Public Sector Toolkit is a simplified step-by-step approach designed to guide local and provincial government in fulfilling their mandates and creating an enabling environment for Social Housing delivery.

On the other hand, the Social Housing Programme places the delivery of the actual Social Housing stock on the shoulders of Social Housing Institutions and ODAs. The Social Housing Programme has over the years largely been delivered by a few well performing SHIs and ODAs, albeit at a pace that has created a wide and growing divide between rapidly rising demand, and an inadequate supply. In the recent past, many new delivery agents have entered the sector but more new

entrants are required to address the need.

The Social Housing environment has also seen much improvement in the policy and legislative space because of enhanced institutional frameworks that have streamlined processes, increased restructuring zones and income bands, as well as improved capital grants. These developments have created space for increased participation, growth and delivery within social housing. Since the inception of the Social Housing Programme, there have been a plethora of good quality, best practice guidelines and toolkits developed by the Social Housing Foundation (SHF), the Support Programme for Social Housing (SPSH) and the South African Local Government Association (SALGA), with much input of lessons learnt from the few well performing SHIs.

The SHRA has decided to combine and update the previously developed toolkits into a comprehensive and user-friendly set of toolkits for new entrants into the social housing sector. The toolkits explain the rental housing market and the governments' response to it; how to develop social housing stock; and how to establish and manage an SHI. We encourage organisations to make the best use of these resources in their efforts to grow sustainable institutions.

We believe that these toolkits will provide valuable information for all institutions in the course of delivering and managing social housing units. We are committed to continue to strengthen the sector to fulfil delivery targets. These toolkits will serve the sector well in this regard. Our sincere gratitude goes out to all sector stakeholders who have played a role in developing these toolkits. We look forward to your continued support and commitment to working with the SHRA, to help grow the social housing sector and deliver on the Social Housing Programme's mandate.

SIGNATURE

**ACTING CHIEF EXECUTIVE OFFICER
MPOLAI NKOPANE**

INTRODUCTION

Social Housing is rental or Co-operative housing accommodation for low- to medium-income households which is developed and managed by a Social Housing Institution or a Housing Co-operative or Other Delivery Agent.

Research has shown that the rental housing market is growing and the private rental market largely excludes lower income households. The spatial landscape needs to be restructured as it historically excluded lower income and mainly black South Africans. Inner cities require renewal and regeneration.

As a result, Social Housing has a specific role to play in South Africa's low-to moderate-income housing market, and has been identified by government in the Breaking New Ground Strategy (2004), and the Social Housing Act (2008) as a primary instrument for restructuring South Africa's cities. It provides good quality rental accommodation for low- to moderate-income households. In addition, it has shown that it is able to contribute significantly to urban regeneration and improving housing densities. Further to that it facilitates local economic development.

The key role-players in the Social Housing Programme are the three spheres of government and the agencies, the Social Housing Regulatory Authority, National Housing Finance Co-operation and the Housing Development Agency being the most important for the programme, Social Housing Institutions and private sector financiers and built environment, property development and management companies.

The Social Housing Programme relies on government and its agencies to create an enabling, supportive funding environment for Social Housing Institutions and Other Delivery Agents to deliver and manage Social Housing stock.

1. WHY A TOOLKIT?

Rental Housing Market and Government Rental Housing Programme Toolkit.

Understanding the need for Social Housing is informed by market failure and the need to spatially develop more inclusive neighbourhoods. This Toolkit provides an overview of the rental housing market situation. Furthermore, it provides insight into governments response by way of an overview of its rental housing policies and legislation with detail rental housing instrument.

PUBLIC SECTOR TOOLKIT

Establishing and maintaining an SH support programme by Provinces and Municipalities is a critical component of the SH programme. It has proven to be a difficult process over

the years, however an implementation methodology has been developed and tested and is ready for replication. A successful Municipal SH Programme requires municipal policy and implementation support on land release, spatial planning for SH, delivery partners, incentive programmes and project delivery agreements.

The Toolkit is designed to take a Province and the Municipality through the process of setting up and maintaining an SH Programme.

SHI TOOLKIT

Setting up and running a successful Social Housing Institution is complicated and takes time. You need a good understanding of a wide range of issues, including land and housing policy and companies and tax legislation. A successful Social Housing Institution needs to be well organised, with effective governance structures. It requires good business practices, including sound financial and risk management systems. In addition, it needs to identify, plan and implement social housing projects, both facilitating the development of stock and importantly undertaking the long-term management of stock and linked tenancies. If Social Housing Institutions are to access the Social Housing Programme's capital grant (CCG), they need to meet the requirements related to legal form, good governance, financial viability and efficient and effective tenant and property management services as well as property development. Grant makers, donors and financial institutions will expect SHIs to demonstrate that its institution is a viable and sustainable non-profit company. They will require regular reports on SHI work, progress and performance. Furthermore, they will expect that SHIs provide the best possible service to their residents.

The Toolkit is designed to take a SHI through the process of setting up and developing and maintaining a viable business. It provides SHIs with guidelines and hands-on exercises, tips and resources - all the tools a SHI would need.

2. WHO IS THE TOOLKIT FOR?

Anyone who is interested in participating in the Social Housing Programme, a Municipality or Province interested in setting up a support programme for Social Housing or a group of people or municipalities or NGOs or CBOs interested in incubating a SHI for the delivery and management of SH stock.

Specifically;

1. A Province and Municipality will find the Toolkit useful for setting up and maintaining a SH Support Programme
2. SHIs managing social housing will find the Toolkit useful. Social Housing Institutions themselves both emerging and established: their staff, management and board members



Different readers can use the Toolkit differently. For someone new to the sector it can be used to understand the basic concepts. Those who are more familiar with the sector can use it as a step-by-step guide for setting up a Social Housing Institution, operating it and planning and implementing social housing projects. Others might see the Toolkit as a collection of useful tips and resources, and pick and choose information as it suits them. It can be a good-practice guide for improving SH services. Consultants and technical advisors may want to use the Toolkit to explain to their clients (Social Housing Institutions) why they are doing something in a particular way.

This Toolkit has been developed by the Social Housing Regulatory Authority. It has built on the work of previous toolkits developed by the Social Housing Foundation (SHF) and the Support Programme for Social Housing (SPSH). It also includes inputs from experienced practitioners involved in the social housing sector. Critically, it takes into account the requirements of the SH Act and regulations as well as innovation by leading SHIs in over the recent years. This in effect would be a fourth version of the original toolkits updated from the third version published in 2010 by the SHF.

3. STRUCTURE OF THE TOOLKIT

The Toolkit has its focus on providing:

1. Insight into the housing market with particular emphasis on the rental housing market and governments rental housing response.
2. How to establish and manage the Social Housing Programme for Provinces and Municipalities (Public sector Toolkit) and
3. How to establish a Social Housing Institution (SHI establishment Toolkit), how to develop social housing stock (Project development Toolkit) and how to manage social housing stock (SHI management Toolkit).

The Toolkit is arranged as follows:

PART 1: The Rental Housing market and governments rental housing programme Toolkit.

The Toolkit for Provinces and Municipalities provides you with information on how to:

PART 2: Implement the SH programme for the Public Sector entities

The toolkits for SHIs provides you with information on how to:

PART 3: Establish a Social Housing Institution

PART 4: Develop Social Housing Projects

PART 5: Manage a Social Housing Institution

4. WHAT IS IN THE TOOLKIT

PART 1: The Rental Housing market and governments rental housing programme Toolkit

- Section A: The form and context of rental housing in South Africa
- Section B: Government programmes facilitating rental housing provision
- Section C: The legislation, policy, and the roles and responsibilities of key stakeholders

PART 2: Toolkit for the Public Sector

- Section A: Provincial and municipal involvement in rental housing – an overview
- Section B: Institutional structuring for rental housing programmes
- Section C: Programme development and planning
- Section D: Programme & project implementation & management

PART 3: Toolkit for the Establishment of a Social Housing Institution

- Introduction: Overview, Purpose, Target, Content & structure
- The concept: Having the idea, Understanding the operating context, Understanding the skills required
- The pre-feasibility stage: Projects, Funding, Market demand analysis, Competitors
- The feasibility stage: Project feasibility, Organisational feasibility, Financial feasibility
- The establishment stage: Legal entity, Governance, Strategic planning, Organisation, Operating systems, Office Infrastructure, Accreditation

PART 4: Toolkit for the Development of Social Housing

- Project validation: Identify the Need, Match Idea, Land and Need
- Development appraisal: Prepare Preliminary Designs, Test and Confirm Initial Feasibility
- Design development: Define Scope of Project, Plan the Project: Budget, Schedule, Plans
- Tendering: Tender the Project
- Implementation: Implement the Project, Monitor and control the project, including close out and review

PART 5: Toolkit for the Management Social Housing

- Client services management: Letting, lease management, client services, cancellation of lease
- Property management: Rent, maintenance and facilities and utility and vacancy management
- Financial management: Financial planning & forecasting, financing, accounting and financial reporting
- Internal management: Strategic, operating system, communication, HR and document, management.

5. HOW TO USE THE TOOLKIT

This document has been drafted as an electronic document. It therefore starts with an introductory home page that sets out a brief overview of the contents and clicks down to a range of more detailed documents.

The Toolkit is structured where under each section a broad overview of the topic is provided. More detail is provided in drop down boxes, as well as links to a range of documents that have been produced by various SH stakeholders as well as other relevant organisations.

- **Words shown in orange** link to another part of the document to provide more information.
- **Words shown in blue** link directly to the source document, also for the purpose of providing more information.

Great care has been taken in compiling these toolkits to make sure that it is an accurate interpretation of the Social Housing policy and legislation. We believe that the tips, guidelines and good-practice suggestions will be helpful, but how it is applied will depend on particular circumstances. Specifically, emerging institutions will apply the information differently from established institutions.

Use the Toolkit as a guide to what sort of advice is needed - it is not a substitute for the advice itself.

