

**AGENDA of the
Portfolio Committee : Infrastructure & Planning
21 May 2019
(Also the agenda for the Mayoral Committee Meeting : 29 May 2019)**

**2.
SOCIAL HOUSING AND PROPOSED AMENDMENT TO THE DEMARCATED
RESTRUCTURING ZONES**

15/1/3/R
R Kuchar
15 April 2019

(028) 313 8087

Hermanus Administration

1. Executive Summary

This item serves to obtain Council's approval to set forth a tender process to acquire the services of a Social Housing Institution (SHI) in order to extend the Municipality's related housing strategy.

The item also serves to obtain Council's approval for the removal of certain Restructuring Zones which were approved by Council on 30 March 2016 and to include the Schulphoek land as a restructure zone.

2. Service Delivery and Budget Implementation Plan – IGNITE

Infrastructure and Planning
Town- and Spatial Planning

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
Promotion of tourism, economic and social development

4. Delegated Authority

None

5. Legal Requirements

- Chapter 2, Section 5(a) of the Social Housing Act 16 of 2008
- Local Government: Municipal Finance Management Act (Act 56 of 2003)
- Local Government: Municipal Systems Act (Act 32 of 2000)
- Administration of Immovable Property Policy of the Overstrand Municipality, as amended.

**AGENDA of the
Portfolio Committee : Infrastructure & Planning
21 May 2019
(Also the agenda for the Mayoral Committee Meeting : 29 May 2019)**

6. Background/Discussion/Conclusion

Background

The Overstrand Municipality is currently identified by Western Cape Department of Human Settlements (WCDOHS) as one of seven leader Municipalities which form part of the Rental Housing Programme. From the onset of the programme it has always been the Overstrand Municipality's viewpoint not to develop or manage the Restructuring Zones by itself but to acquire a viable Social Housing Institution (SHI) to develop and manage the sites on behalf of the Municipality. This approach has also been followed by other leader towns. This ensures that the Municipality is not held liable for collecting the rentals each month and that effective management of the units is done. The aim of this report is therefore to obtain Council's approval to set forth a tender process to acquire the services of a Social Housing Institution (SHI) in order to extend Council's related housing strategy.

As part of the programme the Overstrand Municipality identified and approved ten (10) Restructuring Zones. The zones were approved by WCDOHS and gazetted in April 2017. This report also serves to obtain Council's approval to remove two of the Restructuring Zones and the addition of a new site.

Discussion

In order to set forth the Social Housing Programme by means of inviting tenders from viable Social Housing Institutes (SHI's), it is necessary that certain terms be established. A prospective SHI will be required to indicate that it meets at least the following:

- The SHI will be responsible to obtain funding from the Social Housing Regulatory Authority (SHRA) and Provincial Government's allocation to the Social Housing Programmes.
- The SHI or a representative of the SHI will be required to have an office in the Overstrand to foster a relationship with the tenants and the Municipality.
- The SHI must be fully accredited with the Social Housing Regulatory Authority (SHRA) and the institution must provide evidence that it has significant development experience and is currently managing affordable and social housing portfolios.
- The SHI must be and remain in good standing with the SHRA and within the regulatory and reporting framework of the SHRA.

During the tender process, prospective SHI's will have the opportunity to indicate their interest in investing and developing the Restructuring Zones as identified. Should more than one SHI be regarded as a valid candidate to develop and manage rental housing units in the Overstrand, such SHI's will

**AGENDA of the
Portfolio Committee : Infrastructure & Planning
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(Also the agenda for the Mayoral Committee Meeting : 29 May 2019)**

form part of a pool from which the Municipality can obtain proposals for any of the Restructuring Zones and the most favourable proposal will be accepted.

SHI's are non-profit organisations and the subsidy they receive normally only covers the construction of the high density units. Therefore, in order to facilitate the development of the Restructuring Zones for rental housing units and to assure the viability of the rental housing project, other Municipalities had to provide incentives similar to what is proposed in this item. It is thus proposed that Overstrand Municipality considers a minimum level of incentives for this purpose.

It is proposed that the land be sold to the SHI and that in the sale agreement and title deed a special condition is inserted which limits the use and development of the land. No financial figures can be provided at this stage due to the project still in its infancy; however, throughout the process when such sale of land occurs, Council's approval will be obtained. Furthermore, the sale of land excludes Restructuring Zones which are located on non-municipal land. In the current programme there are only four (4) Restructuring Zones which are on non-municipal land which will form part of other negotiations to acquire suitable land.

The proposed minimum level of incentives are as follows:

- Land is to be sold to the SHI at 10% of the market value - subject to special conditions of sale which limit the use and development of the property.
- Bulk Service contribution is provided at 10% - subject to obtaining subsidy funding.
- Mixed use developments be considered in order to subsidise the rental amounts for residential units - subject to a viability study and land use approval.
- Possibilities of higher densities, subject to a viability study and land use approval.
- Reduced fee for building plan applications at 50% of the normal tariff.

As mentioned in the background, the Municipality identified and approved ten (10) Restructuring Zones in order for it to be taken up in the programme. However, in 2018, the Municipality experienced a demand for non-rental units such as standalone erven. Some of the green field sites identified for the Social Housing Programme will thus no longer be available for rental housing. Out of the first five Restructuring Zones identified in Hermanus (Mount Pleasant, Zwelihle and Westcliff), only three Restructuring Zones will remain in the Social Housing Programme. The Restructuring Zones in Gansbaai and Hawston will remain unchanged.

**AGENDA of the
Portfolio Committee : Infrastructure & Planning
21 May 2019
(Also the agenda for the Mayoral Committee Meeting : 29 May 2019)**

The sites which remain in the Hermanus area are Mount Pleasant (RZ Site 3) which is opposite CTM at the corner of Schulphoek Boulevard and the Main Road, Westcliff (RZ Site 4) of which a portion has been developed as part of the Communicare, and Zwelihle (RZ Site 5) which is adjacent to the swimming pool and has historically been used as a dumpsite. Mount Pleasant (RZ Site 1) and Mount Pleasant (RZ Site 2) will be removed from the list - please refer to Annexure B.

We also took note of negotiations to acquire Schulphoek (inclusive of funding) for housing development. It is therefore proposed that Schulphoek be added to the list of Restructuring Zones in order to facilitate development of the site - this will however not limit the Provincial Department of Human Settlements or future developers from developing other housing types to meet the community's needs. No specific area has been identified on Schulphoek for the placement of the proposed Restructuring Zone. This will only be possible once the above-mentioned negotiations have been successful.

Annexure A to the report provides the finalised list for Restructuring Zones. The list can in future be amended as and when required.

Conclusion

In order to progress with the development of the remaining Restructuring Zones, it is proposed that tenders be invited for a viable Social Housing Institution (SHI) to develop and manage rental units on behalf of the Overstrand Municipality.

Lastly, it is proposed that Schulphoek be added to the list of Restructuring Zones in order to facilitate development of the site should negotiations be successful.

7. Financial Implications

None at this stage. Future financial implications will be dealt with when a SHI has been appointed and a viability study has been done.

The proposed minimum level of incentives for consideration is contained in the item.

8. Staff Implications

None

**AGENDA of the
Portfolio Committee : Infrastructure & Planning
21 May 2019
(Also the agenda for the Mayoral Committee Meeting : 29 May 2019)**

9. Comments from other Departments, Divisions and Administrations

Comments from Property Administration: Anja Le Roux (028) 316 3724

Council must be informed of the market related price before any sale of municipal property can be considered whereafter a detailed motivation must be provided as to why the identified municipal property must be sold at 10% of the market related price.

The process for the sale of municipal owned land, as contained in the Administration of Immovable Property Policy, 2015, must be followed.

Comments from Senior Manager: Expenditure and Assets: Mr J Vorster

Any erven impacted, which are currently reflected in the Fixed Asset Register for Property, Plant and Equipment: Land and Buildings are stated at a carrying value. The disposal of these erven will have to be accounted for at the selling price (the erven must be valued again as serviced erven) in order to remove it from the Fixed Asset Register and to account for the gain/(loss).

There is no objection as the transfer of the erven complies with the Administration of Immoveable Policy and relevant legislation.

10. Annexures

Annexure A: List of Properties

Annexure B: Location of Restructuring Zones in Westcliff, Mount Pleasant, Zwelihle and Schulphoek

RECOMMENDATION TO THE COUNCIL:

1. that the amended list for the available Restructuring Zone sites in Annexure A **be approved**;
2. that the Western Cape Department of Human Settlements be notified of the amendment of the list of properties;
3. that the procurement process to appoint a viable Social Housing Institution (SHI) be commenced;
4. that the proposed base criteria which needs to be met by a viable Social Housing Institution be noted; and
5. that the proposed minimum development incentives as contained in the report, be noted.

**AGENDA of the
Portfolio Committee : Infrastructure & Planning
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RESPONSIBLE OFFICIAL :	R KUCHAR
TARGET DATE FOR IMPLEMENTATION :	31 MAY 2019
TARGET DATE TO INFORM APPLICANT :	N/A
TARGET DATE TO INFORM OBJECTOR :	N/A

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15/1/3/R
R Kuchar
15 April 2019

(028) 313 8087

Hermanus Administration

**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON
21 MAY 2019, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:**

RECOMMENDATION TO THE COUNCIL:

1. that the amended list for the available Restructuring Zone sites **be approved**;
2. that the Western Cape Department of Human Settlements be notified of the amendment of the list of properties;
3. that the procurement process to appoint accredited Social Housing Institutions (SHI) be commenced;
4. that the proposed base criteria which needs to be met by a viable Social Housing Institution be noted; and
5. that the following minimum development incentives **be approved**:
 - Land is to be sold to the SHI at 10% of the market value - subject to special conditions of sale which limit the use and development of the property.
 - Bulk Service contribution is provided at 10% - subject to obtaining subsidy funding.
 - Mixed use developments be considered in order to subsidise the rental amounts for residential units - subject to a viability study and land use approval.
 - Possibilities of higher densities, subject to a viability study and land use approval.
 - Reduced fee for building plan applications at 50% of the normal tariff.

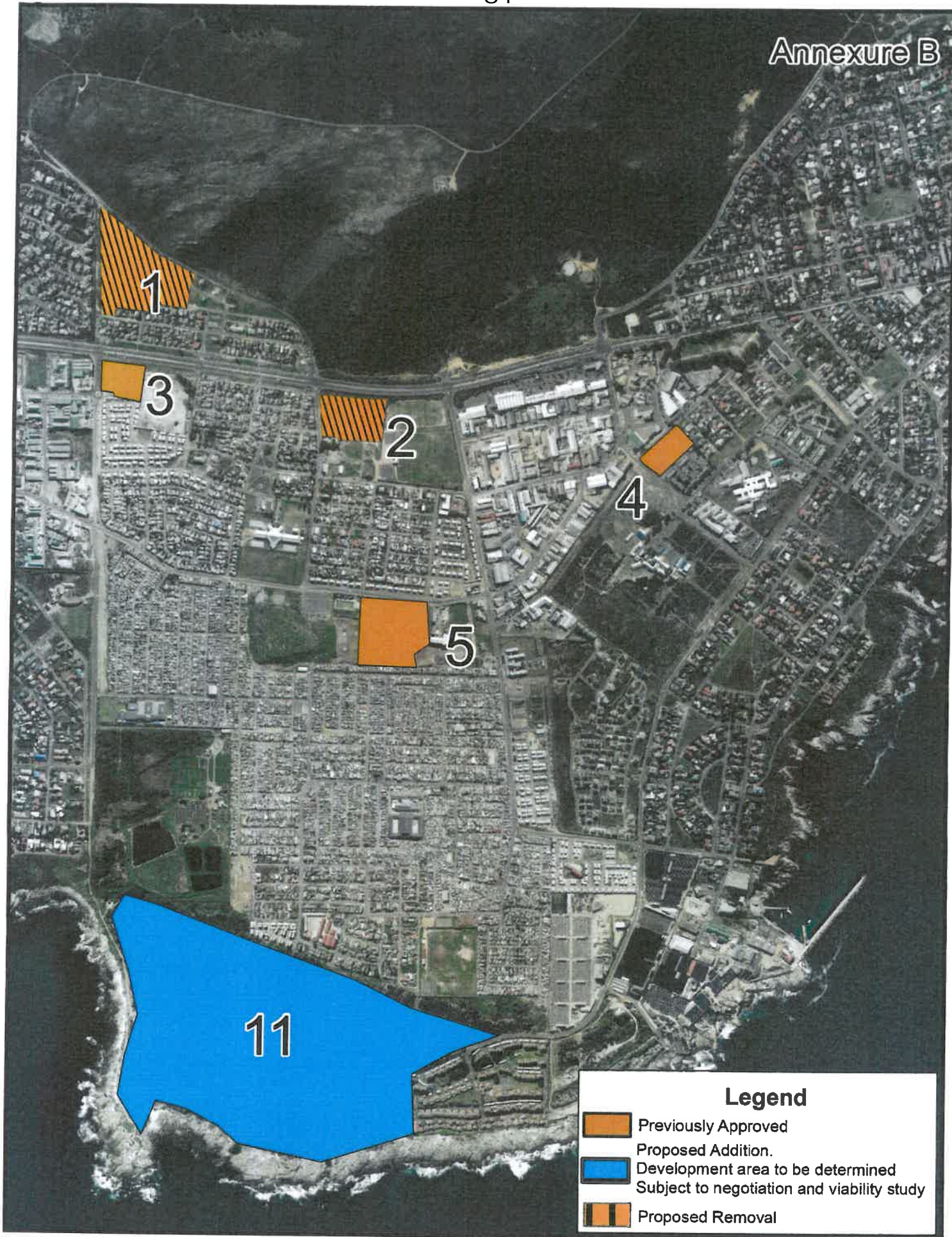
RESPONSIBLE OFFICIAL :	R KUCHAR
TARGET DATE FOR IMPLEMENTATION :	31 MAY 2019
TARGET DATE TO INFORM APPLICANT :	N/A
TARGET DATE TO INFORM OBJECTOR :	N/A

ANNEXURE A





LIST OF PROPERTIES

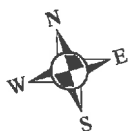
OVERSTRAND MUNICIPALITY

Site No	LOCATION	OWNERSHIP	ERF NO/ ADDRESS	SIZE	LAND USE	CONSTRAINTS
3	Mount Pleasant	Municipality	243	1.09 ha	Vacant	Application in process, to be rezoned for commercial or institutional use. If housing is considered for this property, the design of the housing should incorporate commercial units
4	West Cliff	Communicare	7283	1.2 ha	Vacant	Property is used by Communicare. A portion of the property is undeveloped due to geological conditions.
5	Zwelihle	Municipality	243	3.4 ha	Vacant	The property was used as a dumpsite and rehabilitation will be required.
6	Gansbaai	Municipality	2430	0.46 ha	Vacant	Spatial Growth Management Strategy identifies area for mixed densification
7	Gansbaai	Municipality	2430 and 210	3.83 ha	Vacant	Spatial Growth Management Strategy identifies area for mixed densification
8	Gansbaai	Municipality	210	1.69 ha	Vacant	Spatial Growth Management Strategy identifies area for mixed densification
9	Hawston	National Department of Public Works	572/8	12.6 ha	Vacant	Property is owned by National Department of Public Works
10	Hawston	Afdakrivier Eiendoms Ontwikkeling	572/8	16.8 ha	Vacant	Property belongs to a private entity
11	Schulphoek	CAPE THEME PARKS (PTY)LTD & CAVCOR CC	11180	Possible size 17ha + 25.5ha A portion of the property to be determined during the planning phase	Vacant/informal structures	Property belongs to a private entity, negotiation must still be finalized. Portions of the site are environmentally sensitive



Legend

-  Previously Approved
-  Proposed Addition.
-  Development area to be determined
Subject to negotiation and viability study
-  Proposed Removal



Restructuring Zones