

**AGENDA of the
Portfolio Committee : Infrastructure & Planning
19 November 2019
(Also the agenda for the Mayoral Committee Meeting: 27 November 2019)**

**14.
ADOPTION OF GOVERNMENT ASSISTED RENTAL HOUSING STRATEGY FOR
OVERSTRAND MUNICIPALITY**

17/5/3/B

R Kuchar

Senior Manager: Town & Spatial Planning

20 October 2019

(028) 313 8900

1. Executive Summary

This item serves to obtain Council's approval for the proposed Rental Housing Strategy which outlines the process by which restructuring zones are identified, developed and managed.

2. Service Delivery and Budget Implementation Plan – IGNITE

Infrastructure and Planning
Town- and Spatial Planning

3. Compliance with Strategic Priority

Promotion of Tourism, Economic and Social Development

4. Delegated Authority

None

5. Legal Requirements

Chapter 2, 5.A of 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)
Municipal Asset Transfer Regulations (R. 878 of 2008)
Administration of Immovable Property Policy of the Overstrand Municipality,
as amended.

6. Background/Discussion/Conclusion

Background

As part of the Rental Housing Programme the Overstrand Municipality has identified restructuring zones in its jurisdictional area. A strategy to facilitate the identification and development of the restructuring zones were drafted by the Western Cape Department of Human Settlements (WCDOHS) and although it was not formally adopted aspects of the strategy has already been implemented.

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To further facilitate the Rental Housing Programme the formal adoption of the strategy by Council is now required. The strategy will be known as Government Assisted Rental Housing Strategy for Overstrand Municipality (GARHS)

Discussion

As a prerequisite from Western Cape Department of Human Settlements (WCDOHS) the adoption of the GARHS by Council is required in order to partake in the benefits of the Social Housing Programme. The draft version of the GARHS as received from WCDOHS has been updated with the current information regarding the Overstrand Municipality

The aims of the strategy are to provide a background on the current situation in the Overstrand with regard to the housing demand and to provide a road map of how development of the restructuring zones is envisioned.

Important to note from the strategy:

- There is a definite need for affordable housing in Overstrand Municipal area.
- The restructuring zones have been demarcated by the Municipality. Sites will be made available on tender to see whether the appropriate appetite is available from the Social Housing Institutions (SHI).
- Rental housing (in terms of Social Housing) will form part of the Overstrand Municipality's housing portfolio and it will be geared as an affordable option for households within the R1500.00 pm to R15 000.00 pm income bracket.
- Only a capital subsidy is available for the project and there is no subsidy for operational costs, therefore tenants must be able and willing to pay.
- Rental housing stock through Social Housing is only suitable for households who have a permanent monthly income; whose income is at least three (3) times higher than the rental charged; who are not encumbered with other debts that affect their ability to afford rentals, and are willing to pay the rental.
- The municipal rental housing stock is situated in Tebele, Tshandu and Lange Streets, Zwelihle. It has a low collection rate with no real benefits to the broader community. The optimal solution will be to subdivide the semi-detached units and to transfer (or sell) them to the current tenants. The semi-detached structures on Erf 243, Mount Pleasant will have to be demolished in order to allow for optimal utilization of the site for the provision of properties in terms of the Municipal Housing Plan.
- The real demand and appetite for rental units will be assessed after the development of the first restructuring zone (Site 3). The other

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restructuring zones will be developed after the establishment of the demand from the first projects.

- An appointed SHI will be responsible for the procurement of financing through capital grants and provincial top-ups.
- Currently the Senior Manager: Town and Spatial Planning is the champion and project manager of the rental housing programme. After the partnership agreement has been reached with a viable SHI then the Housing Manager: Community Services will have to oversee the SHI in its tasks and ensuring that the product is delivered and managed, as agreed upon in the partnership agreement.

Conclusion

In order for the Municipality to benefit from the Rental Housing Programme it is proposed that the GARHS is adopted by Council.

7. Financial Implications

No financial implications at this stage. Future financial implication will be dealt with when a SHI has been appointed and a viability study has been done by the SHI.

8. Staff Implications

- Senior Manager: Town and Spatial Planning is currently the champion and project manager of the rental housing programme.

9. Comments from other Departments, Divisions and Administrations

Property Administration

A viable Social Housing Institute can only be appointed by means of a competitive bidding process. If Housing criteria is used in the allocation of rental units / transfer ownership of units to beneficiaries, the Administration of Immovable Property Policy is not applicable.

Housing Department

The recommendation is supported.

10. Annexures

Annexure A : Government Assisted Rental Housing Strategy for Overstrand Municipality (GARHS)

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RECOMMENDATION TO THE COUNCIL :

1. that the Government Assisted Rental Housing Strategy for Overstrand Municipality (GARHS) be adopted;
2. that the procurement process to obtain a viable Social Housing Institute (SHI) for the first restructuring zones be commenced with;
3. that Western Cape Government Department of Human Settlement be informed of the adoption of the GARHS;
4. that the municipal rental housing stock situated in Tebele, Tshandu and Lange Streets, Zwelihle (as confirmed by the Housing Department) be subdivided and transferred (or sold) to the current tenants; and
5. that the municipal rental housing stock situated on Erf 243, Mount Pleasant be demolished once Council has approved the development of formal erven.

RESPONSIBLE OFFICIAL :

R KUCHAR

TARGET DATE FOR IMPLEMENTATION :

11 DECEMBER 2019

TARGET DATE TO INFORM APPLICANT :

N/A

TARGET DATE TO INFORM OBJECTOR :

N/A

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

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**GOVERNMENT ASSISTED
RENTAL HOUSING STRATEGY**
OVERSTRAND MUNICIPALITY

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A: INTRODUCTION AND DEFINITIONS

1. INTRODUCTION & BACKGROUND

The Overstrand Municipality has identified the need for the provision of affordable rental housing for the low to middle income earners within the Municipal area. It further identifies the need to restructure the urban fabric of the town to address issues of segregation, inefficiency and distortion, sprawl, access of the poor to town amenities, and ultimately to develop the town to become inclusive to all the inhabitants of the town, both wealthy and poor. Currently the settlement structure is such that the poorest people are living furthest from employment in housing conditions characterized as informal, or as extensions to existing family structures. This phenomenon of poor location, exclusion and segregation means that these households must spend a disproportionate amount of time accessing job opportunities and the other socio-economic resources of the town. This comes at a financial cost and opportunity cost to households in these poorer communities.

The demographic analysis of the municipal area indicates that there is a dominance of low income earners and further that there is a shortage of well located, good quality rental housing for this segment of the rental market. In addition, this segment of the population resides predominantly in the growing informal settlements in and around the municipal area as well as in overcrowded extended household environments. Another factor that impacts housing need is the in migration of the working poor to the Overstrand Municipal area. The socio economic analysis confirms that the Finance, insurance and business services and manufacturing industries are the main contributors to the economy of Overstrand; these sectors rely on large numbers of semi and unskilled people; however, these workers commute long distances to the main centres of the town.

The Western Cape Department of Human Settlements (WCDoHS) developed a rental housing strategy which identified the need for affordable rental housing within the leader towns in the Western Cape. It has committed to support the 10 lead towns in their efforts to provide sustainable housing and to develop a rental housing strategy and implementation plan for the coming 10 years.

To this end The WCDoHS in partnership with the Social Housing Regulatory authority (SHRA) appointed Alcari Consulting to assist these municipalities to develop implementable 5 year strategy plans for 'Government Assisted Rental Housing' (GARH) in their areas. In addition, the consultants would assist the municipalities in the preparation of their Restructuring Zone application for approval. The latter is a requirement for accessing government financing for Social Housing.

The Overstrand Municipality is one of the 10 leader towns in the WC and this is the developed 'Government Assisted' Rental Housing Strategy (GARH) for the municipality for the year period 2016 – 2020. It builds on substantial work already done within the municipality's Spatial Development Framework (SDF), its Integrated Development Plan (IDP), and its Human Settlements Plan (HSP) and in the context of these gives specific focus to 'the policy and procedures' of the national Social Housing (SH) and Community Residential Unit (CRU) programmes.

2. APPROACH TO THE DEVELOPMENT OF THE STRATEGY

The approach followed the below process:

Step 1: Desktop analysis of the municipalities IDP, SDP and other prepared documents.

Step 2: Workshop for key officials to use the desktop and other information to provide the information for a Strategy framework with particular emphasis on key opportunities and constraints linked to:

- Real Demand
- Available Financing
- Available Land and Buildings
- Institutional Readiness

Step 3: Preparation of a Draft Strategy Plan

Step 4: Visit to Municipality to support officials with the finalizing of plan and presentation to Council.

The strategy for Overstrand will also provide content for a broader Provincial strategy to provide for budgeting and other support initiatives from the Province.

3. WHAT IS 'GOVERNMENT ASSISTED RENTAL' IN SOUTH AFRICA

The strategy deals specifically with the 'government assisted' formal rental programmes of CRU and Social Housing. This refers to rental stock where government provides a subsidy in order to achieve affordable rentals for households on low and moderate incomes in attempt to deal with market failure.

DOES THIS STRATEGY INCLUDE BACK YARD RENTAL?

While national government is presently engaged in developing policy framework for dealing with informal rental, especially backyard rentals. There is presently no defined programme involving government investment instruments. Where municipalities are undertaking interventions it is usually to ensure enhanced basic infrastructure provision to cater for increased demand and usage of utilities. There are presently no other financing or programme intervention in this part of the sector. Although it is an important provider of housing, it is not part of the formal sector and does not form part of the strategy.

The Table below outlines the key elements of the SH and CRU programmes as well as the Institutional Subsidy mechanism that is used in conjunction with Social Housing programme but in a very limited number of instances has solely funded rental options, often without great sustainability.

INFORMATION BOX REAL AFFORDABILITY CRITERIA FOR GOVERNMENT ASSISTED RENTAL HOUSING

It is important to understand that the government assisted formal rental housing programmes are financed through capital subsidy and there is no formal subsidy on operational costs. This means that tenants occupying these units must be both able and willing to pay rents.

Since rents are set least to cover the costs of the management and administration of the stock (CRU) programme it is difficult to set rentals lower than R950 at 2015 costs. For Social Housing higher rentals are needed as only part of the capital costs and none of the operational costs are subsidized.

It is therefore important to realize that this rental housing stock is only suitable for households who have permanent monthly incomes; whose incomes are at least 3 times higher than the rental charged; who are not encumbered with other debts that affect their ability to afford rentals; and are willing to pay the rental.

TABLE 1: NATIONAL PROGRAMMES FOR FORMAL RENTAL

ASPECT	SOCIAL HOUSING	INSTITUTIONAL SUBSIDY	CRU
Tenure	<ul style="list-style-type: none"> Rental Co-operative ownership 	<ul style="list-style-type: none"> Rent for minimum 4 years Co-operative ownership 	<ul style="list-style-type: none"> Rent in perpetuity
Target market	<ul style="list-style-type: none"> Primary: R1500-R15 000 	<ul style="list-style-type: none"> Below R3500, or as amended 	<ul style="list-style-type: none"> R800-R3500, or as amended
Land owner	<ul style="list-style-type: none"> SHI (also lease) 	<ul style="list-style-type: none"> SHI (also lease) 	<ul style="list-style-type: none"> Municipality or province, preferably municipality (also prov owned stock should be devolved to muni)
Management	<ul style="list-style-type: none"> SHI – can also outsource to other private companies but not preferred 	<ul style="list-style-type: none"> SHI – can also outsource to other private companies but not preferred 	<ul style="list-style-type: none"> Municipality or province – can outsource to SHI, ME or private
Location	<ul style="list-style-type: none"> R2 (restructure goals) 	<ul style="list-style-type: none"> Access and opportunity for the poor 	<ul style="list-style-type: none"> Access and opportunity for poor
Product	<ul style="list-style-type: none"> Minimum 30m² Self contained Minimum spec Medium density New, refurbishment, conversion 	<ul style="list-style-type: none"> Minimum 30m² Self contained Minimum spec Medium density New, refurbishment, conversion 	<ul style="list-style-type: none"> No minimum size, but good living environment should be provided Rooms with shared facilities allowed, but no old-style dormitories
Funding	<ul style="list-style-type: none"> RCG Provincial top-up Loan Donors and Equity? 	<ul style="list-style-type: none"> Institutional subsidy Loan Donors and equity? 	<ul style="list-style-type: none"> 100% Capital grant
Rental income must cover	<ul style="list-style-type: none"> Direct operating cost recovery Overhead cost recovery Loan repayments Surplus for reserves 	<ul style="list-style-type: none"> Direct operating cost recovery Overhead cost recovery Loan repayments Surplus for reserves 	<ul style="list-style-type: none"> Direct operating cost recovery Discounts and premiums Rent relief and indigent support

B: MUNICIPALITY OVERVIEW

4. LOCATION AND SIZE

The municipality covers an area of 1,708 square kilometres (659 sq mi) stretching along the coast of the Overberg, from the eastern edge of False Bay almost to Cape Agulhas. At its western end it is separated from the City of Cape Town by the Kogelberg mountains; to the north it is separated from the Theewaterskloof Municipality by the Kogelberg and the Kleinrivier Mountains; and to the east it abuts on the Cape Agulhas Municipality along a boundary that runs generally north-south just to the west of Elim. The western part of the municipality consists mostly of a narrow coastal plain with mountains immediately behind, while the eastern part beyond the Klein River expands away from the coast to include a wider agricultural region. Most of the towns in the municipality are on the coast, and due to the proximity to Cape Town many are holiday resorts. The largest town is Hermanus, which is situated on the northern edge of Walker Bay next to the Klein River mouth. West of Hermanus, between it and the Bot River, are Onrusrivier and Hawston on the coast, and Fisherhaven on the Bot River lagoon. On the other side of the Bot River mouth is the town of Kleinmond and beyond it along the coast are Betty's Bay, Pringle Bay and Rooi-Els. East of Hermanus the municipality includes a wider agricultural area away from the coast. The village of Stanford is about 15 kilometres inland on the Klein River. To the south, on the opposite side of Walker Bay from Hermanus, is the second-largest town in the municipality, Gansbaai. Just south of Gansbaai, on the southern edge of the Danger Point peninsula, are Van Dyksbaai and Franskraalstrand. A little further along the coast is Pearly Beach. Inland from Pearly Beach, separated from the coast by a range of hills, is the agricultural hamlet of Baardskeedersbos, while Wolvengat is another agricultural hamlet in the far south-east of the municipality.

This strategy concentrates specifically on Hermanus, Hawston and Gansbaai area, which has existing well developed urban areas, with existing residential opportunities and strong linkage to internal public transport routes.

5. DEMOGRAPHICS

It is estimated that the total population of the municipality in 2011 was 80 432 with a household count estimated at 28 010. Overstrand experienced population growth of 3.9% and household growth of 4.3%. The average household size is 2.6 people per household. 33% of households have incomes of between R1983 to R7928 and a further 14% have incomes between R7 929 - R15 85. In Overstrand the proportion of households living in informal dwellings increased from 14% to 17%. The increase in informal dwellings appears to be primarily from backyard shacks. 32% of those employed are in the skilled work category from which the major portion of Social Housing tenants would be drawn and 30% in the semi to low skilled category some of whom would be housed in CRU stock.

6. ECONOMY

Overstrand's economy grew 6.8 per cent per annum for the period 2001-2011 and was the fastest growing municipality in the district for the said period. In 2013, Overstrand Municipality contributed 1% of the Gross Value Added (GVA) in the Western Cape Province. Finance, insurance and business services (32%) are the largest contributor to GVA in the Municipality followed by the manufacturing (15%) and the wholesale and trade industries (15%). Trended data for the Municipality reveals a steady increase in GVA between 2000 and 2013, with a smaller but still positive growth from 2009. Across the Municipality, the finance industry provides employment for 22% of working individuals, followed by the trade industry at 18%. Trended data from Quantec indicates an increase in jobs in the years since the economic downturn that began in 2008 and continued into

2010. It appears that since 2000, informal sector employment has grown noticeably, accounting for 21% of total employment in 2000 compared to 26% in 2013. The financial and business services industry has seen the most dramatic increase; 10% of workers were employed in financial and business services in 2000, increasing to 22% in 2013. Meanwhile, agriculture has seen the most dramatic decline; 16% of workers in 2000 were employed in agriculture, decreasing to 8% in 2013.

STRATEGY SUMMARY BOX

MUNICIPAL ANALYSIS

- Overstrand is experiencing economic growth of 6.8%
- A significant proportion (47%) of household income groups between R1983 to R15 856, are within the affordable rental housing income categories.
- There is a core group of workers in permanent employment with incomes between R1500 to R15000, who could potentially benefit from the programme.
- With the growth in economy it also is an attractive point of migration from other parts of the Province increasing the demand for adequate housing.

C: RENTAL HOUSING STRATEGIC FRAMEWORK

The aim of the Overstrand Human Settlements Programme is to promote the development of integrated and sustainable human Settlements with access to social and economic amenities for all its citizens. This is set out in 8 strategic objectives, one of which is enhance settlement integration and consolidation of the urban fabric and the identification of well-located areas that support the sustainable development of communities. The purpose is to create opportunities for quality housing and varying housing options, in appropriate locations.

A part of this is, the intent to provide rental housing options in well located areas. To provide low and moderate income households with the opportunities to access the socio economic resources of Overstrand which would reduce their transactional costs e.g. transport in doing so.

This requires a strong linkage with the municipality's spatial development framework and their transport plans. This strategy builds on the principles of compact urban settlements close to economic and social amenities.

A coherent strategy on the government assisted rental housing strategy requires a proper analysis of the constraints and opportunities and the consequences of these related to the 4 key areas of risk in developing this strategy:

- Real demand
- Availability of Suitable Land and Buildings
- Financing
- Organisational Capacity

7. REAL DEMAND

It is very difficult to use census and other available figures to develop an assessment of the 'real demand' for government assisted rental housing. The census and other data indicate a general need but is not specific enough to understand whether households in particular income groups, who are inadequately housed, would choose formal rental over other options including informal rental.

This problem with the statistics means that it is only possible to speculate the possible demand. To test the 'real demand' requires the practical delivery of actual projects.

7.1 CENSUS

In Overstrand as a whole, Household growth rates (4.3%) are higher than population growth rates (3.9%), there is thus a higher formation of new households. *This growth in households presents an opportunity for increased demand of affordable rental products.*

In Overstrand, there has been a noticeable increase in the proportion of single person households which have increased from 22% of the total in 2001 to 28% in 2011. This is a key factor driving the decline in average household size. The average household size in 2016 for the Overstrand is 3.2 and is representative of the average household size in the WC. *This would provide an indication that the affordable rental housing should consist of a larger mix of bachelor and 1bedrooms and a smaller number of 2 bedroom units.*

With 54% of households in the Overstrand earning between R0 and R3 500 per month and aligned with the BNG & CRU category, a further 16% in the S&I category (R3 501 – R7 500), and 13% FLISP (R7 501 – R15 000), indicates

83% of households form part of the non-bonded category. *A significant proportion of household income groups, R1 500 to R15 000, are within the affordable rental housing income categories.*

The in migration rate for Overstrand of 30% is primarily made up of individuals within the Overstrand Municipality (18%) and from Cape Town at 16%.

The data for Overstrand Local Municipality (LM) indicates a stable proportion of households who rent, from 24% in 2001 to 31% in 2011. In terms of absolute numbers, the market has increased from 4,493 households in 2001 to 8,712 households in 2011 and is currently at 11243.

In Overstrand LM single-person households are more likely to rent; 37% of all single-person households in 2011 rent their primary dwelling (compared to 31% for the Municipality as a whole). In Hermanus Main Place (MP) single-person households are also more likely to rent; 36% of all single-person households in 2011 rent their primary dwelling (compared to 27% for the region as a whole).

The propensity to rent in Overstrand LM appears to be lowest in higher income segments of the market. Rental propensity is highest for those who earn between R1 983 and R3 964 per month. In Hermanus MP the propensity to rent also appears to be highest for those who earn between R1 983 and R3 964 per month.

The data indicates that the majority of rental stock is comprised of formal structures. However, in Overstrand LM, 20% of renter households live in shacks. In terms of the 2011 census, Gansbaai (town), the number of shacks in a backyard is 243, and the number of shacks (not in a backyard) on premises is 1 110, which represents 1 353 informal housing units. Hawston contains 8% informal housing units, Mount Pleasant 3% and Zwelihle 35% (2 226 dwellings). In total, there are 1 584 shacks in a backyard and 843 shacks (not in a backyard) in Hermanus town (or 16% of the dwellings are informal housing units).

7.2 MUNICIPAL DEMAND DATABASE

It appears that there is a particular demand for housing from middle-income wage earners, earning more than the minimum salary of R3 500 per month, who are excluded from state housing programmes and are forced to live in backyard dwellings. Overcrowding and living in backyards increases the strain of living in limited spaces.

The need for housing is highlighted as an ever-growing need for land in Hermanus, but as land becomes available, prices increase. There are few properties available under R1 million; rental properties have also become too expensive for middle-income wage earners.

There are 11243 households on the demand database for Overstrand. However, there are limited housing options available for the growing income segment between R1 500 and R15 000. This is due to the shortage of land and available funding, therefore housing types which make use of higher densities are required versus the standard ratio of "one erf, one dwelling". It is therefore of necessity that the Municipality incorporate rental housing as part of its housing portfolio in order to ensure that there isn't an additional gap in the housing market. However it will be beneficial that the first sites identified for the development of rental housing is developed to test the market and the demand within the R1 500 and R15 000 income bracket.

STRATEGY SUMMARY BOX

REAL DEMAND

- Growing income segment between R1 500 and R15 000
- The demand and appetite for rental units will be assessed after the development of the first restructuring zone (Site 3). The other restructuring zones will be developed after the establishment of demand from the first projects.

8. LAND AND BUILDINGS

8.1 RESTRUCTURING ZONE

A requirement for accessing Restructuring Capital Grant (RCG) is that the municipality is approved as a Restructuring Zone Municipality and that within the municipality that there are formally approved RZ's. The Overstrand Municipality approved identified and approved ten (10) Restructuring Zones. The zones were approved by WCDOHS and Gazetted in April 2017. In May 2019 the Municipality revised the 10 restructuring zones in order to remove two of the Restructuring Zones and the possible addition of a new site as indicated on Map 1 below. The restructuring zones for Hawston and Gansbaai remained unchanged. It should be noted that the restructuring zones can be revised in future by Council if other towns are to form part of the project and depended on the success of the project.

When the municipality identified the restructuring zones the following criteria was used:

- The provision of a sound restructuring logic in motivating the application.
- Clear specification of restructuring outcomes and indicators.
- The satisfactory identification of outputs considered necessary to achieve restructuring outcomes
- Successful incorporation of Restructuring Zones into the normal planning activities/processes of the applicant municipality.
- The specification of adequate Zone management arrangements
- Within 10 minutes walking distance (500m) of critical economic and social infrastructure nodes, or,
- Within 10 minutes walking distance (500m) of established, efficient and affordable public transport routes/nodes to critical economic and social infrastructure nodes, and such transport pick-up points be
- within 15 minutes driving distance of such economic and social nodes

The proposed RZ's aligns well with the Spatial Development Plan priority that concentrates on expansion within Hermanus and surrounding areas where there are economic opportunities, and on main access and transportation routes.

MAP 1: RESIDENTIAL EXPANSION AREAS – HERMANUS (MOUNT PLEASANT, ZWELIHLE, SCHULPHOEK & WESTCLIFF)



MAP 2: THE PROPOSED RESTRUCTURING ZONES –HAWSTON



MAP 3: THE PROPOSED RESTRUCTURING ZONES – GANSBAAI



8.2 AVAILABLE LAND AND BUILDINGS

The table on the next page provides a summary of the land as it identified by the municipality which is potentially available for government assisted rental housing.

TABLE 2: LAND AVAILABLE FOR RENTAL HOUSING DEVELOPMENT

Site No	LOCATION	OWNERSHIP	ERF NO/ ADDRESS	SIZE	LAND USE	CONSTRAINTS
1	Mount Pleasant	Municipality	243	5.6 ha	Vacant except for infrastructure running through the property and a water reservoir situated on the property.	The incline of the property is 10:1 and should be considered with development east Area is identified as a control area, because of the mountain interface. Water services run down the property and water reservoir. Steep incline to northern part of the property.
2	Mount Pleasant	Municipality	243	2 ha	Vacant	The property is approved for commercial use
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	Communica re	7283	1.2 ha	Vacant	Property is used by Communicare. A portion of the property is undeveloped due to geological conditions.
5	Zwellihle	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

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9	Hawston	National Department of Public Works	572/8	12.6 ha	Vacant	Property is owned by National Department of Public Works
10	Hawston	Afdelings Etendoms 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	Vacant/informal structures	Property belongs to a private entity, negotiation must still be finalized. Portions of the site are environmentally sensitive

TABLE 3: MUNICIPAL STOCK

NAME	LOCATION	NO UNITS	RENTALS	LAND SIZE	COMMENTS
Numerous erven	Zwelihle	88	R150.00	±1ha	Rental units are to be transferred
Erf 243	Mount Pleasant	5	R108.00	±300m ²	To be demolished

MUNICIPAL HOUSING STOCK



The Municipal rental housing stock is situated in Tebele, Tshandu and Lange Streets, Zwelihle Street, Zwelihle (specific sites to be confirmed by the Housing Department), and it is no different to the free give away houses,

the income profile of the tenants (albeit not tested) is below R3500, the rent collection rates are low and the current rental situation does not benefit the community as a whole. The optimal solution thus is to subdivide the semi-detached units and to transfer it to the current tenants. The semi-detached structures on Erf 243 Mount Pleasant will have to be demolished in order to allow for optimal utilization of the site for the provision

STRATEGY SUMMARY BOX

LAND AND BUILDINGS

- RZ's have been approved.
- That the first restructuring zone (Site 3) be put on tender.
- That the remainder of the restructuring zones be prepared once the demand for rental housing is determined.
- The Municipality can revise the demarcated restructuring zones depended on the success and demand for the rental units.
- Municipal stock in Zwelihle must be transferred to the current tenants
- Municipal stock on Erf 243 Mount Pleasant will be demolished with the development of the current Municipal housing project for Erf 243.

of properties in terms of the Municipal Housing plan.

9. FINANCING

9.1 THE MUNICIPALITY

The municipality is likely to remain reliant on Province to finance its rental housing contributions over and above the municipality's annual allocation.

9.2 THE RENTAL HOUSING PROGRAMME

The precise financing requirements are dependent upon the programme identified for the development and the quantum of subsidy determined by National Government for each programme.

The municipality (or appointed SHI) would rely on funding directly from the Provincial Government's allocation to the Rental Housing programme rather than from the municipality's allocation from the Provincial Housing Budget. Such an assurance is a dependency for the implementation of the strategy.

STRATEGY SUMMARY BOX

FINANCE

- Recognition that there is still much uncertainty about the quantum of government capital grants and that it is very difficult to make the existing quantum work for SH programme.

10. ORGANISATION CAPACITY

10.1 STAFFING

The functions required to plan, implement and monitor the GARH is currently not contained in the staffing arrangement, these functions do not constitute a full time position and it is therefore recommended that it be added to the Housing Manager: Community Services Directorate's role. The municipality does not presently have a structured partnership with a SHI or other agency to facilitate the development and undertake the management of the rental stock. However it is proposed that a viable partnership be entered into in order to facilitate with the implementation of the Social Housing Programme. Social Housing Institute (SHI) will be invited via an advertisement to tender, the SHI will have to develop and manage the rental units on behalf of the Overstrand Municipality. A prospective SHI will be required to indicate that it meets at least the following:

- The SHI will be responsible for the procurement of funding from the SHRA and Provincial Government's allocation to the Social Housing Programme.
- 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 affordable and social housing portfolios under management.
- The SHI must be and remain in right standing with the SHRA and within the regulatory and reporting framework of the SHRA.

The Senior Manager: Town and Spatial Planning is currently the champion and project manager of the rental housing programme. After the partnership agreement has been reached with a viable SHI then the Housing Manager: Community Services Directorate will have to oversee the SHI in its tasks and ensuring that the

STRATEGY SUMMARY BOX

ORGANISATIONAL CAPACITY

- Seek to obtain a viable SHI through a tender process
- Set up and manage Rental Housing Steering Committee within the municipality
- Establish and manage Smart Partner arrangement with SHI

product is delivered and manage as agreed upon in the partnership agreement.

10.2 SYSTEMS

As stated above, there are municipal policies that are required to implement the GARH programme, below find a review of the relevant policies, together with required inclusions or amendment.

POLICY	REQUIREMENTS
SCM	Procurement of SHI's to develop and manage Government Assisted rental housing stock – it should be noted that the proposed minimum level of incentives have already been considered by Council.
Asset disposal	Immovable property to be sold at a nominal rate/fee preferentially to SHI

	Partners – it should be noted that the proposed minimum level of incentives have already been considered by Council.
Property rating	Special dispensation for SHI's – it should be noted that the proposed minimum level of incentives have already been considered by Council.
Application fees and development contributions	Rebates on application fees (building plan approvals) and development contributions– it should be noted that the proposed minimum level of incentives have already been considered by Council.

D: GOVERNMENT ASSISTED RENTAL HOUSING STRATEGY

11. OBJECTIVES

1. To develop rental opportunities for low and moderate income households, in doing so, to make it easier for them to assess the established socio economic resources of the town.
2. To use Government Assisted Rental Housing Programme to densify the town and create greater economic integration in residential areas of the town.
3. To achieve the social objective of increased residential integration by making targeted use of municipal land and buildings.

12. OUTPUTS

1. 320 – 1420 good quality and well managed government assisted rental units on at least four different well located sites in the town.
2. The necessary institutional capacity (both within and outside the municipality) to achieve 11.1 above and continue to run a 'government assisted' rental housing programme for the municipality.

13. IMPACT

1. At least 1200 households whose life opportunities have improved because of their access to secure rental closer to socio economic opportunities of the town over a 10 year period.
2. Improved density, better quality and a more economically integrated town with improved quality to the urban environment and better quality of life in the areas affected.

14. PROGRAMMES OF ACTIVITIES

1. Creation of an enabling environment for affordable rental housing to be delivered within the municipal programme.
2. Developing and managing a pipeline of rental housing opportunities.
3. Capacity and institutional arrangements to deliver the affordable rental housing programme.