



Portfolio Committee on Human Settlements

03rd March 2010

Briefing by the Housing Development Agency (HDA): Progress made since establishment



PRESENTATION OUTLINE

1. Recap of HDA objects and functions
2. Institutional Development
3. Programmes and Activities
4. Challenges and proposed way forward



OBJECTS OF THE AGENCY

□ The objects of the Agency are to,

- Identify, acquire, hold, develop and release state, communal and privately owned for residential and community purposes and for the creation of sustainable human settlements;
- Project manage housing development services for the purposes of the creation of sustainable human settlements;
- Ensure and monitor that the centrally coordinated planning and budgeting of all infrastructure required for housing development; and
- Monitor the provision of all infrastructure required for housing development



FUNCTIONS OF THE HDA

1. Land Assembly

- Identification, Acquisitions, Holding and Release of Land (State/ Private/ Communal)
- Processing and preparation of land development (permits/ approvals etc)

2. Project Delivery Support Services to

Organs of State - Provinces and Municipalities

- Informal Settlements upgrading
- Project Management Services in human settlements development

3. Monitoring and Facilitation



HDA VISION AND MISSION

□ The HDA vision and mission are as follows:

Vision: *Sustainable human settlements and communities developed on land and landed properties made available by the HDA*

Mission: *A public development Agency that promotes sustainable communities by making available well located and appropriately planned land*



FORMULATION AND FINALISATION OF THE HDA WRITTEN MANDATE

- Section 8 of the HDA Act requires that the HDA concludes a written mandate with the Minister of Human Settlements in consultation with MinMec.
- The conclusion of the written mandate is envisaged for 31st March 2010.
- A process of consultation has commenced with the provinces and the metropolitan municipalities.
- The proposed focus areas identified in the consultations to date include the following:
 - Land identification, acquisition, holding, assembly and release.
 - Informal settlements formalisation and upgrading.
 - Bulk services planning, funding and provision.
 - Programme and project planning, structuring and strategic support



FUNDING THE HDA

In terms of Section 25 (1) of the HDA Act the Agency receives and assembles funding in the following manner:

- (a)* Money appropriated by Parliament;
- (b)* Donations or contributions received by the Agency with the approval of the Minister;
- (c)* Interest on investments of the Agency;
- (d)* Loans raised by the Agency, subject to section 26:
- (e)* Proceeds from the sale of land;
- (f)* Fees for services rendered based on cost recovery; and
- (g)* Subsidies and grants granted by the organs of State

Currently, only money appropriated by Parliament is available.



INSTITUTIONAL DEVELOPMENT

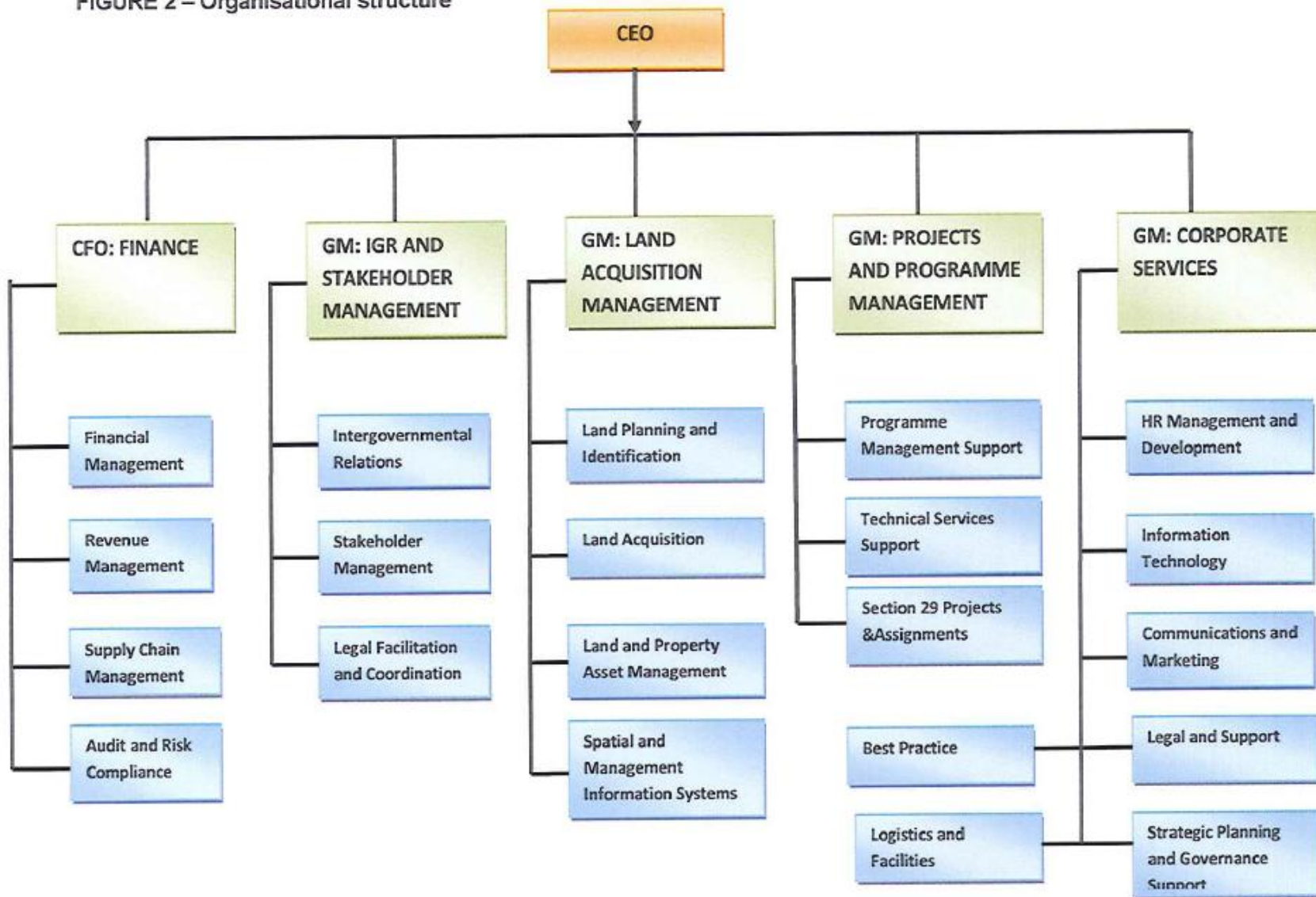
THE HDA ESTABLISHMENT PROCESS

- September 2008
 - Enactment of the HDA Act (Act 23 of 2008) i.e. Approved Bill signed into law by the President
- January 2009
 - Appointment of CEO and CFO
- February 2009
 - Appointment and Inauguration of the Board
- March 2009
 - Launch of the HDA by the Minister & Department
 - Listing of the HDA as a Section 3A National Public Entity (PFMA)
- April 2009
 - HDA Interim Strategic Plan formulated & adopted
 - CFO assumes office
 - Bank Account opened
- May 2009
 - Publication of appointment of HDA Board Members Gazette Notice 32212
 - CEO assumes office



MACRO ORGANISATIONAL STRUCTURE

FIGURE 2 – Organisational structure





**Dec 2009 Staff Year-end
Function at Head Office (Jhb)
(15 persons!)**





HDA REGIONAL OFFICES



HDA Port Elizabeth Training



HDA Cape Town Team Build



FINANCES

- An Operational Budget of R 49.6 million was approved and allocated to the HDA by the NDHS.
- Operational expenditure as at 31st December 2009 was R 35.6 million.
- There was no capital budget allocation made to the HDA for the 2009/10 financial year.



GOVERNANCE

- ❑ The HDA Governing Board is the accounting Authority for the Agency.

- ❑ To date the Board has met 6 times and has approved the following:
 - HDA Financial Procedures
 - HDA Delegation of Authority
 - Performance Management Framework and Policy
 - HR Policies and Procedures Manual
 - Supply Chain Management Policy
 - The Board Charter and the HDA Code of Conduct
 - Inter-Governmental Project agreements
 - Land Transactions relating to approximately 2000 ha are awaiting finalisation of feasibility studies

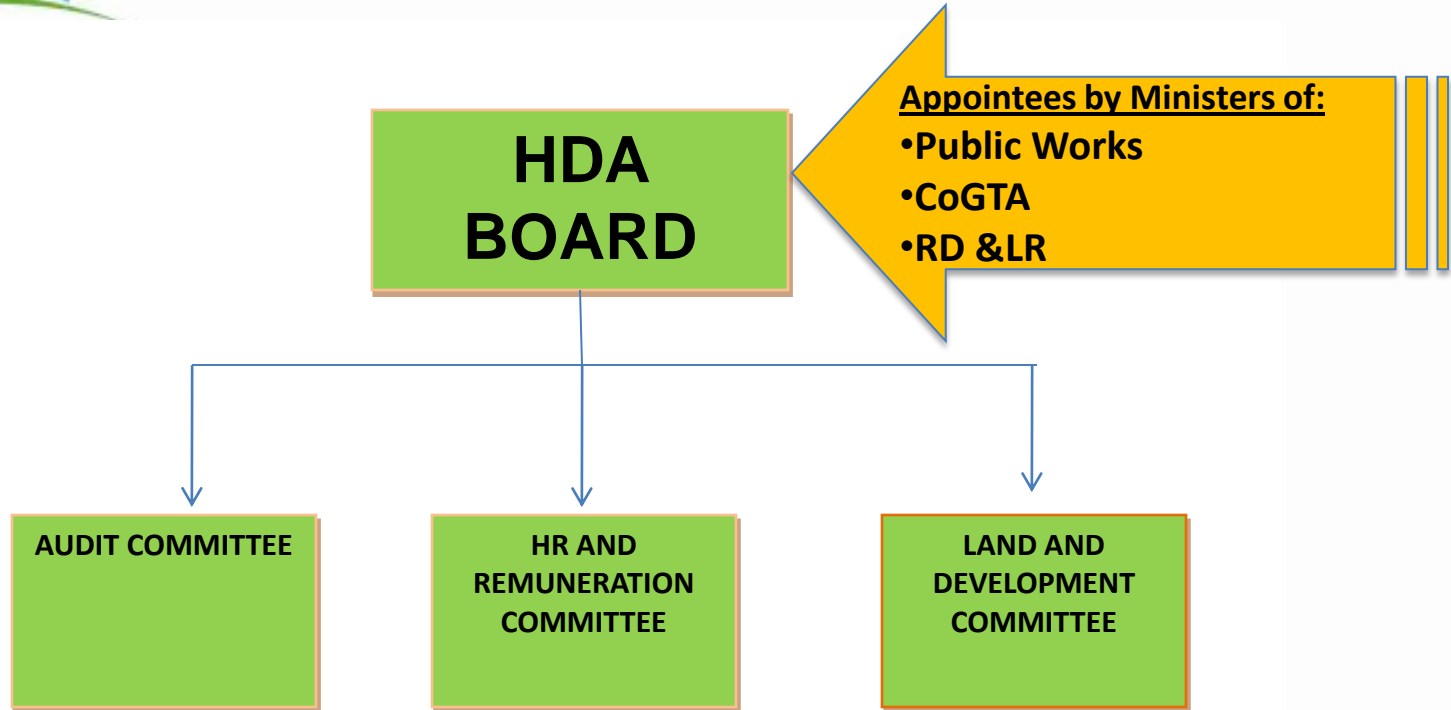


GOVERNANCE (continued)

- The Audit and Remuneration Committees have been established and are fully functional.
- Land and Development Committee was recently established
- Internal Auditors were appointed in May 2009 and have assisted in the development of good governance and compliance measures.
- The AG approved the appointment of the external auditors in February 2010
- Regular interaction with the Office of the Auditor-General has been taking place to ensure consistency and compliance with public sector good practice.



GOVERNANCE (Continued)





**HDA Board on a Site
Visit to Cornubia:
Land purchased from
Tongaat- Hullet (KZN)**



PROGRAMMES AND ACTIVITIES

☐ Intergovernmental Relations and Stakeholder Management

1. Intergovernmental Protocol Agreements:

- An implementation protocol has been concluded with the Northern Cape Department of Land Reform and Rural Development – awaiting political signing off
- Department of Public Works – Draft Protocol with DPW and pending legal compliance and finalisation
- Department of Public Enterprises – Agreement on access to state owned land has been prepared and is awaiting comment for finalisation

2. Agreements in Process:

- Agreement reached between Limpopo Province and Thubelisha Homes to transfer all applicable land back to the Province.



INTERGOVERNMENTAL RELATIONS

- Finalisation of Implementation Protocol and Funding Agreement for the Cornubia Project with KZN Province and Ethekewini Metro.
- Finalisation of Implementation Protocol and Funding Agreement for the first Priority Development Area feasibility with Ekurhuleni Metro.
- Finalisation of Agreements with the Eastern Cape Provincial Government and the NMM for the Zanemvula Project
- The finalisation of transfer of properties with Servcon and Transnet - NDHS intervention to facilitate speedy resolution of transfer.
- N2 Gateway Implementation Protocol is anticipated to be concluded by the financial year end.
- Finalisation of agreements with various provinces and municipalities for land acquisition and assembly.



LAND ACQUISITIONS MANAGEMENT (LAM)

1. Framework and Approach to LAM:

Determining Business model and process with respect to land identification and acquisition through to holding and release.

2. Development of a Strategic Criteria to inform & guide land acquisition:

Develop a criteria as an essential component of the LAM function in order to 'align, balance and mediate' various interests, priorities and objectives

3. Processing of multiple Land offers and requests

- Private land offers
- Requests for assistance from Municipalities & Provinces

4. Acquisition of Transnet (non-core) Properties and Servcon Property Portfolio



LAND ACQUISITIONS MANAGEMENT – cont.

5. Identification & prioritisation of State Land for Human Settlement Development purposes

- Department of Public Works
- Department of Rural Development & Land Reform
- State-Owned Enterprises

6. Development of a Municipal Support Programme

- Land Acquisition & Release
- Good practice replication & templates/ proforma documentation

7. Development of a National Land Inventory for Human Settlement

- GIS/ Spatial Overview/Mapping/ Deeds Registry

8. The HDA holds or is successor-in-title to 161 properties

- Western Cape Properties)- 1023ha
- Properties acquired by Servcon in the interim period – 1020ha



PROJECTS AND PROGRAMMES DIVISION

1. Priority Projects – N2 Gateway and Zanemvula

- Strengthening governance onsite – establishment and monthly meetings of the Steering Committee
- Development of business plans and other planning documentation in preparation for legal handover of the projects – signing of Project Management Agreement with the respective provinces
- Recruitment and appointment of staff and Independent Contractors in addition to about 40 Project Staff transferred from Thubelisha

2. Northern Cape Informal Settlement Upgrade Programme

- Assisting the Northern Cape Province with land acquisition; fund mobilisation for two mega projects in the region; and planning and implementation support to the Sol Plaaityje municipality.
- Recruiting specialist services to support the province in the development of its five year business plan.



CHALLENGES AND ACTIONS REQUIRED

FUNDING

- ❑ A funding framework for Capital allocations for land identification, acquisition, assembly and planning is required.
- ❑ During 2009, Provinces and Municipalities have submitted to the HDA, land acquisition requirements to the estimated value of R 1.3 billion.
- ❑ A funding model aligned to the HDA operating model will be consulted upon and finalised with the NDHS and Treasury in the course of 2010, ahead of the budget process for 2011/12.
- ❑ A predetermined share of the Integrated Housing and Human Settlements Development Grant must be ring-fenced for land identification, acquisition, assembly and planning for human settlement development.



CHALLENGES AND ACTIONS REQUIRED

Expediting the Approvals and Signing of Implementation Protocols with:

- a) Department of Land Reform and Rural Development
- b) Department of Public Works
- c) Department of Public Enterprises

Delays are attributed to internal departmental processes, change in officials, having to re-inform people.

Finalisation of Handover of Priority Projects to the HDA

- Legal, technical and administrative handover process for both N2 Gateway and Zanemvula have been lengthy and protracted.



CHALLENGES AND ACTIONS REQUIRED

Expediting the Acquisition of Land from State-owned Enterprises:

- i. HDA is expected to “purchase” property assets from SOEs even though such properties are deemed to be non-core to the business requirements of SOE, but suitable for human settlements purposes
- ii. The value (price) that HDA is expected to pay to SOEs should not be market related, rather it must be on socially & developmentally balanced basis
- iii. The reality that one organ of State “buys” from another organ of State: net result is that State buys from itself
- iv. This will be resolved through a Cabinet policy review and alignment in respect of disposal of fixed assets by SOEs



CHALLENGES AND ACTIONS REQUIRED

HDA Regional/ Provincial Offices:

- i. HDA is expected to be present in all provinces yet the scope of business operations in each province is still being negotiated.
- ii. Capacity of the HDA can reasonably be up-scaled & assembled in response to defined demand for HDA services
- iii. It is accepted that in order to avoid the scenario of “idle capacity”, the HDA will proactively respond to defined demand for its services and assemble the capacity accordingly
- iv. HDA exist to support Municipalities and Provinces, NOT compete with them. So HDA capacity is to be structured accordingly in keeping with its Funding envelope.



Thank you