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Informal Settlement Developmental Responses: Appropriate Grant Instruments (Summary)

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The following have emerged as being the main grant instruments which are relevant and useful in providing infrastructure, tenure and housing for informal settlements.

| | Type of grant | Developmental Application | Comments |
|---|---|---|---|
| Grants which are relevant and critical for success | Upgrading of Informal Settlements Programme (UISP) grant ¹ | <ul style="list-style-type: none"> ➤ Interim basic services ➤ Land acquisition ➤ Permanent services ➤ Potentially also for emergency basic services | Problems with subsidy formula: a) interim basic services often needs to be provided <i>prior</i> to land acquisition; b) value for ph1 infrastructure insufficient. In addition its unclear if emergency basic services can be funded on sites where long term formalization is uncertain or not possible. |
| | Urban Settlements Development Grant (USDG) | <ul style="list-style-type: none"> ➤ Interim basic services ➤ Emergency basic services (<i>over and above other municipal infrastructure</i>) | Grant active from early 2011. Currently available only to Metro's. |
| | Project Linked Subsidy (PLS) grant (IRDP ²) | <ul style="list-style-type: none"> ➤ Top-structures | Required for top-structure delivery |
| | Emergency Housing (EH) grant | <ul style="list-style-type: none"> ➤ Emergency (temporary) housing and basic infrastructure | Necessary for: a) temporary transit / relocation facilities; b) rapid temporary on site assistance (e.g. temp. top-structures & emergency basic services). E.H. Guidelines released by the HDA in 2012 re-inforce this upgrading relevance. However subsidy formula requires correction: a) to include land acquisition (as per policy); b) provide sufficient funding for basic services insufficient. |
| Grants which are potentially relevant | New People's Housing Process grant (PHP) | <ul style="list-style-type: none"> ➤ Top-structures and associated PHP social, planning and capacitation processes | Policy not yet activated due to implementation guidelines not yet being released - it appears that the approach in the new guidelines will be in-compatible with informal settlement upgrading (e.g. excessive top-structure focus, insufficient community involvement in project preparation/planning). |
| Grants which are not relevant or appropriate | Municipal Infrastructure Grant | <ul style="list-style-type: none"> ➤ Non urban infrastructure | Not suitable |
| | DRLDR grants e.g. Settlement Land Acquisition Grant | <ul style="list-style-type: none"> ➤ Principally utilized for non urban land and rural projects, even though there is a theoretical alignment | Not suitable in practice given DRLDR rural orientation and very slow release of funding |

¹ Provided to Municipalities by Provincial DoHS's as well as directly from the National DoHS to accredited municipalities

² Integrated Residential Development Programme of the DoHS

Detailed Assessment of Grant Instruments for Informal Settlement Responses

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| Informal settlement response | Potential Grants | Utilization of grant | Source | Appropriate for Informal Settlement Responses? | Comments / assessment |
|------------------------------|------------------|--------------------------------|----------------|---|---|
| Full upgrading | UISP | Services, land, top-structures | DoHS / NDoHS** | Yes (specifically designed for flexible, incremental responses) | UISP is effectively a sub-type / variation of a PLS which is incremental in nature. It should be regarded as the preferred instrument for full upgrading. Whilst the policy includes housing as phase 3, the subsidy formula does not. Most upgrades in KZN are currently being assigned as 'PLS'. |
| | PLS/IRDP | | DoHS | Yes (but UISP better for early phases and incremental approach) | PLS/IRDP funding may be required for the top-structure delivery phase of UISP if the subsidy formula does not include it as part of the UISP. In the case of densified formal informal settlement upgrading is required and especially where this is part of a precinct redevelopment project, the IRDP may be as effective as the UISP as an incremental approach is typically not viable. This instrument also becomes relevant where there is a relocations site associated with an IRDP project (for 'spillover'). Where it is an incremental upgrade (led by basic services provision) then the UISP is more appropriate. |
| | PHP | | DoHS | Potentially | New PHP policy framework not yet finalized. |
| Temporary top-structures | EH | Temporary housing | DoHS | Yes | Temporary housing can be provided both where shacks have already been destroyed (e.g. by fire) and also pro-actively in the event that there is a circumstance of severe risk. In addition it can be provided as assistance on a new site (e.g. permanent re-settlement to an incremental development area). However, the use of EH for transitional relocation areas (TRA's) is discouraged due to these becoming permanent settlements which pose an operating and management challenge to municipalities). Refer to the HDA's EH Guidelines at http://www.thehda.co.za/resources/entry/hda_-_implementing_emergency_housing_guidelines/ . |
| Interim basic services | USDG | | DoHS/ Treasury | Yes (most appropriate instrument) | Most appropriate instrument because it can be utilised at a programme as opposed to only a project level and is more rapid and more flexible. It has |

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| | | | | | monitor. |
| | EH | | DoHS | Yes (especially for sites not suitable for eventual formalization) | EH can be utilised for the provision of a range of emergency basic services. Refer to the HDA's EH Guidelines at http://www.thehda.co.za/resources/entry/hda_-_implementing_emergency_housing_guidelines/ . |
| | UISP | | DoHS / DoHS | Yes (but currently likely to be slow and inflexible) | Additional flexibility required in order to remove land acquisition as a pre-requisite and to increase the value of funding available for 'phase 1'. It is also implicit in the policy that the incremental approach is moving towards eventual formalisation and where this is not possible it is uncertain if this instrument is relevant – USDG or EH may then be required as an alternative. |
| Emergency basic services | UISP | Basic infrastructure | KZN DoHS / NDoHS | Uncertain (KZN DoHS action required) | Additional flexibility required within the UISP in order to utilize it for emergency basic services given that they will not usually lead to a full upgrade |
| | USDG | | NDoHS/ Treasury | Yes | This appears to be the only viable mechanism available – yet apparently will only be available to accredited municipalities |
| | EH | | DoHS | Yes | The provision of interim basic services can be included as part of 'temporary on-site assistance' in terms of EH Policy (both on the site currently settled as well as on a potentially new site e.g. IDA). |
| | MIG | | CoGTA | No | Refer to comments for MIG under 'Release of serviced land' above |
| Relocation to TRA | EH | Temporary housing & infrastructure (land uncertain) | DoHS | Yes | Only to be utilized where a relocation is unavoidable and there is no other option available (last resort). TRA's are seldom temporary and face a range of challenges (e.g. usually become a permanent feature + place an operating and maintenance burden on the Municipality). There are problems with the current subsidy formula: requires correction to include land acquisition (as per policy); provision for basic services insufficient. |
| Relocation to IDA | EH,USDG, UISP | | DoHS | Yes | Where a relocation is unavoidable, then a permanent resettlement is a better option than a temporary one. |
| Relocation to green-fields project | PLS/IRDP | | DoHS | Yes | A long lead in time is required for this – usually at least 2-4 years from the commencement of feasibility and preliminary planning until top-structures are complete. |
| Land acquisition³ | All of the | Land acquisition & | DoHS | Uncertain (KZN DoHS action | The KZN DoHS currently do not release funding for land separately from full |

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| | DoHS subsidy mechanisms | planning | | | occur. |
| | SLAG | | DRDLR | No (last resort) | DRDLR currently prioritizing rural development. DRDLR historically very slow to release funding for human settlements projects and have done so relatively infrequently. DRDLR heavily under-capacitated. |
| Release serviced land**** | UISP | Land & basic services | DoHS | Yes | Additional flexibility required in terms of increasing the value of funding available for phase 1 of the UISP |
| | SLAG | | DRDLR | No | See above comment for SLAG on 'Land acquisition' |
| | USDG | Basic infrastructure | DoHS/ Treasury | Yes | Refer to comments on USDG under 'Interim basic services' above |

Abbreviations: EH = Emergency Housing; IDA = Incremental Development Area (managed land settlement); DoHS = Dept. Human Settlements; DRDLR = Dept Rural Development and Land Reform; UISP=Upgrading of Informal Settlements Programme; IRDP=Integrated Residential Suburbs Programme; PLS=Project Linked Subsidy; PHP=People's Housing Process; SLAG=Settlement Land Acquisition Grant; DRDLR=Department of Rural Development and Land Reform; MIG=Municipal Infrastructure Grant; DORA=Division of Revenue Act.; TRA = temporary relocation area (to be relocated again)

NOTES:

- ** USDG: According to the NUSP⁴, from FY2011/12, the USDG will reportedly be funded from a 'top-sliced' 10% of the National Housing Development Grant (NHDG) and is specifically intended to address basic infrastructure within informal settlements. This is a new grant arising from deliberations at the City Budget Forum dating back to October 2010. This grant will apparently only be made available to accredited Metro's and other 'performing' municipalities and will be transferred in terms of DORA.*
- ***UISP: According to the NUSP⁵, from FY2011/12, 20% of National Housing Development Grant (NHDG) will be top-sliced for informal settlement upgrading / UISP grant and will be made available directly to accredited Metro's and other performing municipalities in terms of DORA.*
- ****PHP: The new (draft) PHP policy has been a work in progress for several years and is potentially very relevant to people driven in-situ upgrading. The National PHP Directorate), working closely with a National PHP Reference Group, has been working on implementation guidelines since mid 2010. Refer also to section 5 (Policy Context) in section 1 (Introduction) of this Strategy.*
- *****Serviced land release: This is a not yet an operational programme of government, although its intention is manifest in the DRDLR's SLAG grant mechanism. There is also a national 'Land First' movement facilitated by Afesis Corplan which is actively promoting this as an necessary developmental response – refer to <http://www.afesis.org.za/About-LANDfirst/> for more information. This is similar if not identical to the idea of an incremental development area.*