

Annexure A:

Funding Review in support of LANDfirst Summary Matrix

Institution	Programme	Target Market	Criteria for application	Applicability for LF
National Department of Housing (DoH)	<p>Individual Housing Subsidies</p> <p>The individual subsidy mechanism is available to individual households who wish to apply for a housing subsidy to purchase an existing house or to purchase a vacant stand for the construction of a house</p>	<p>The subsidy can be used by individual households to buy an existing house or an empty serviced site and enter into a contract with a builder to build a house</p>	<p>The details of how to access such subsidies are not clear at the time of writing. One of the options may be to work with a bank that will help the individual household to get this subsidy if they are able to access a loan. The amount of the subsidy you can get will depend on your household income up to R7 000/ household.</p>	<p>Households that access the subsidy are able to apply this to incrementally improve their homes once they've been allocated a piece of land and tenure is secured as part of the LF approach.</p>
	<p>Integrated Residential Development Programme</p> <p>This programme provides for projects to be built in phases (e.g. separate the services and housing phases, and have some services/ houses built in one year and other services/ houses built in following years). This subsidy also encourages schools, clinics, business sites and other land uses</p>	<p>The programme is aimed at both the qualifying housing subsidy beneficiaries as well as the sale of stands to non-qualifying beneficiaries and commercial interests.</p>	<p>Some of the limitations associated with this programme are:</p> <p>There is a need to have the whole project approved upfront.</p> <p>Must give full services, it does not accommodate basic services.</p> <p>Must give 'full' title, not accept basic title.</p> <p>Households not able to occupy</p>	<p>Not much modification needed if LANDfirst is seen as a 'big project' approved over many years, and do all land and services first years and the housing construction could follow in subsequent years.</p> <p>Need to look at legality of letting people occupy completed serviced sites before house is built.</p>

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	<p>to be planned with housing in a holistic manner.</p> <p>The programme is broken into two phases:</p> <p>Phase 1: land services and township proclamation: This involves planning, land acquisition, township establishment and the provision of serviced residential and other land uses to ensure a sustainable community.</p> <p>Phase 2: housing construction, individual ownership options: Construction for qualifying housing subsidy beneficiaries and the sale of plots to non-qualifying beneficiaries and to commercial interests etc.</p>		land after services phase.	
	<p>People's Housing Process (PHP)</p> <p>The PHP assists households to access housing subsidies with technical, financial, logistical and administrative support to build their own homes. The beneficiaries need to be directly involved in the decision-making process for how the land, services and houses will be built; and they</p>	<p>The programme is aimed at households who require support (technical, financial, etc) to build their own homes and co-fund the programme through own contributions.</p>	<p>This programme does not deal with land and services issues. Focus is more on top structure. Can be used for the upgrading phase for top structure. Municipality can identify land and use IRD programme for services (top structure done PHP). Community can identify land and</p>	<p>If PHP seen as just top structure component, no changes needed. If PHP also includes land and services, than need to allow split in services and top structure like IRD. Also allow less than full services and title.</p>

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	<p>should also contribute some form of member/ beneficiary contribution</p>		<p>approach municipality to do land through IRD (top structure PHP).</p>	
	<p>Informal Settlement Upgrading This is a community or area based subsidy, not linked to individual households. Based on the actual costs of upgrading an informal settlement. It allows for land that is already occupied to be made suitable for residential use by municipalities. Funding is available to purchase land close by if people do have to be moved due to poor soil conditions, being close to rivers, or if the area has to be de-densified. It also allows for the provision of emergency basic services as a temporary arrangement. Strong community involvement is required.</p>	<p>The programme is aimed at communities that are already within informal settlements, who require provision of basic services to permanent services and security of tenure.</p>	<p>Is the 'reactionary' form of land first. This programme will fund community participation, land acquisition, pre-planning, interim and permanent services, project management, transportation and emergency social relief for affected communities and households.</p>	<p>No changes needed to be used for land first. For relocation option of UIS will need to allow the relocation to also occur using the phased incremental approach that is accommodated in the in situ option. May need to allow longer period of time between when basic services and upgrading occurs.</p>
	<p>Consolidation Subsidies The consolidation subsidy is aimed at beneficiaries that had already received government assistance pre-1994.</p>	<p>Beneficiaries are households that benefited from pre-1994 housing schemes.</p>	<p>It focuses on serviced sites that must be utilised for the construction or upgrade of top structure. Assumes people</p>	<p>Its relevant for the LF approach is that it can be used as an upgrade option.</p>

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			on fully serviced and titled site	
	<p>Emergency Housing Assistance</p> <p>The programme provides temporary assistance in the form of secure access to land an/or basic municipal services and/or shelter. It is only applicable in emergency situations of exceptional housing need.</p>	<p>The assistance is provided to beneficiaries who have for reasons beyond their control found themselves in an emergency housing situation where their existing shelter has been destroyed or damaged, their prevailing situation posed an immediate threat to their health, life and safety or where they have been evicted or faced imminent eviction.</p>	<p>The programme allows for basic services and basic tenure to be provided</p> <p>Allows people to stay in area even if full services and tenure are not provided.</p>	<p>For applicability to the LF approach it would be necessary to get the definition of emergency expanded to include people in informal settlements who need to be moved, and people living in backyard shacks and overcrowded conditions.</p>
	<p>Rural Subsidy Informal Land Rights</p> <p>Allows housing subsidies to be provided to people in 'rural' areas where the land is owned communally and people do not have formal individual title to the land. A household's right to occupy the land must be uncontested.</p>	<p>Applies to individuals living in areas referred to as 'rural', where they enjoy functional security of tenure as opposed to legal security of tenure.</p>	<p>The rural subsidy allows for households and communities to settle on land without full title or legal security of tenure.</p>	<p>For this approach to work it would be important to ensure that the concept of 'functional security of tenure' is made applicable within the urban land context</p>
Housing Development Agency	<p>Land acquisition, assembly and release</p> <p>The key objective of the HDA is to ensure that appropriate</p>	<p>Low to no income households that qualify for the Housing Subsidy</p>	<p>These are grant funded via national government to municipalities and</p>	<p>Potential for the programmes of the HDA to collaborate with LF in</p>

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	government funding in the form of subsidies flow to support various government programmes.	Scheme.	other government programmes.	the areas of funding for land acquisition and release; planning & infrastructure and services; top structure development
National Department of Land Affairs	<p>Land Acquisition for Sustainable Settlements (LASS)</p> <p>The LASS grant is made available to municipalities that have a dire need for land for settlement purposes. This approach calls for municipalities to identify the settlement needs in their communities before approaching the DLA for funding for land acquisition</p>	Municipalities access land on behalf of beneficiary communities	<p>These are grant funded via national government.</p> <p>Funds must be accessed by a municipality that has identified acquisition of land for residential development as a priority and is planned for in the municipality's IDP</p>	<p>20% of the land reform allocation has been identified for LASS.</p> <p>As part of the LF approach it may be necessary to lobby DLA to provide more.</p>
DPLG	<p>Municipal Infrastructure Grant MIG</p> <p>The MIG is a conditional grant with its objectives being: To fully subsidise bulk services to the poor Distribute funding to municipalities in an equitable manner</p>	Subsidy to municipalities to ensure that poor households are provided with basic level of service	Grant funding from national government to municipalities specifically for the provision of bulk services and infrastructure	Within the LF approach this fund could be applied for the provision of bulk infrastructure and services
Municipalities	Integrated Development Plan (IDP)			

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	Through their own Revenue	Low cost housing projects	As part of the normal budget expenditure of the municipality	As part of the LF approach this could be applied to land acquisition, bulk services and infrastructure; top structure development
National Housing Finance Corporation (NHFC)	Set up by Dept of Housing	Families with regular income	Funds are not lent directly to home seekers but through networks of social housing institutions in provinces	The fund could work in support of the LF approach as individuals would use funds for buying or improving own homes.
Rural Housing Loan Fund	German Government via the Department of Housing	Lower income householders – less than R3500 / month	Borrowers must have household incomes of less than R3500 a month and build or extend their houses one loan at a time often hiring local builders and working with local building materials suppliers	Applicable for top structure, but not for land access and purchase.
Kuyasa Fund	Micro Finance Services	Previously un-banked and via community savings schemes	Low income households	LF would need to explore with Kuyasa fund on what collaboration would be possible.
uTshani Fund	The uTshani Fund is a not-for-profit organisation registered with the National Housing Board as a Lender. The Fund was established in January 1995 to partner and support development initiatives of organised slum communities.	uTshani's community partners are grassroots organizations practicing the principles of Shack Dwellers' International (SDI).	Community organisations that work with individual community members.	The uTshani could potentially play a meaningful role in support of the LF concept by providing low-cost housing finance for the development of the top structure but has pre-financed land purchase and infrastructure development.
Commercial Banks and Micro Financing Institutions	BEE goals in the Financial Sector Charter	Low cost housing finance	Prioritised for households with stable income between R1500-	The commercial banks should be pursued as possible partners for LF

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			R7500 per month	as a facilitator of land acquisition and installation of services and infrastructure

Funding Programmes as it Applies to LANDfirst– Summary Matrix

LANDfirst element	Bulk	Basic	Upgrade – Full Package
Organisation – community (including facilitation, support centres, basic organisation, socio economic analysis, support , legal fees etc)	NA	Would have to source separate projects from other govt / donor programmes not dealing directly with Land and Housing but tied to the support resources required for specialist service, like legal fees or to the development needs of the community, like entrepreneurial funds.	<ul style="list-style-type: none"> • PHP • uTshani Fund
Organisation – government (Speaks to government capacity to manage a register and be able to implement incremental development)	IDP (would need to be built into the planning cycle as a municipal programme)	?	?
Planning (Including funds for pegging outer boundaries, block planning to completed township establishment)	N/A	<ul style="list-style-type: none"> • UIS • Municipality 	<ul style="list-style-type: none"> • IRP • PHP • Institutional
Land and Tenure (Including funds for land acquisition)	?	<ul style="list-style-type: none"> • UIS • Municipality 	<ul style="list-style-type: none"> • N/A
Tenure (funding available for basic tenure – opening a register, issuing a certificate, keeping a register. Individual title)	N/A	?	<ul style="list-style-type: none"> • PHP
Services (Fund to a basic level of services – internal and connector service, emergency services, electricity, water and sewage)	MIG	<ul style="list-style-type: none"> • UIS • Municipality 	<ul style="list-style-type: none"> • IRP • PHP • Institutional
Facilities (schools clinics, other community, mobile police services facilities like rec centres)	N/A	MIG/ Neighbourhood development partnership grant (dept finance)	<ul style="list-style-type: none"> • uTshani Fund
Shelter (Self constructed on an incremental basis)	N/A	<ul style="list-style-type: none"> • Household savings / donations • uTshani Fund • Kuyasa Fund 	<ul style="list-style-type: none"> • PHP • IRD • Consolidation • Institutional • Micro finance savings and local

			<ul style="list-style-type: none"> • Bank loans / bonds • Rural Housing Loan Fund
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Notes:

This matrix is meant to explore what funding ‘products’ listed in the table above would be applicable to the various elements of LF. Importantly this matrix is meant to highlight where there are funding gaps, which might hinder the implementation of LANDfirst as practical project. It is recommended that this matrix be tabled as a discussion item for the first LF Learning Network Session.

From this very tentative scan of applicable funds relative to LF elements the following issues emerge:

- LF (the legal / institutional vehicle) would need to develop considerable administrative and project management capacity to facilitate the implementation of the LF model by accessing various pools of resources across various streams of the private and public sectors.
- LF implementation would need to find ways to manage the existing lack of integration between multi sphere government funds and initiatives.
- There appear to be a range of funding options available for shelter top structures – which falls at the end of the LF model, and very few options available for the actual acquisition and planning stages of the LF process.
- Resources for the planning and ‘incremental’ stages of the LF model seem to rest largely with municipal departments
- Municipalities would need to agree and have a means to leverage rates and taxes revenue to create the capacity to ‘manage the various resources required for managing a land register and issuing the required ‘certificates’ to LF beneficiary communities.