

The Vulindlela Rural Housing Project - a housing intervention case study

On 10th March 2011, the KZN Department of Human Settlements signed approval to the largest single project in the history of the national housing subsidy scheme – R2,1bn for 25,000 houses and related work in the rural Vulindlela area of Msunduzi. A joint venture partner with BESG Development Services had attended a compulsory site meeting in response to a proposal call for a housing project in February, which was mysteriously cancelled without notice. Concurrently, BESG had been training three CBOs in the area, and they contacted us to find out why there was suddenly a flurry of activity on site. The story broke in the media in mid-April that Human Settlements had entered into an exclusive contract with a company whose Directors were mostly amakhosi from the area -- “Vulindlela Development Association” (VDA) -- without a due tender process. Behind the initiative was a politically well-connected private company, Dezzo Holdings, which was in turn given an exclusive contract to implement the project by VDA.

The development and approval of the project contained a host of irregularities and a clear breach of the Municipal Systems Act and the Public Finance Management Act. Msunduzi Municipality’s Integrated Development Plan (IDP), which is the gateway to funding such development, was manipulated without public consultation while the Municipality was under provincial administration; with the effect that a project planned initially for 2,000 housing units across 4 wards underlying Vulindlela, suddenly increased to 25,000 units across all 9 wards.

When KZN Human Settlements was approached by the media to explain why there had been no compulsory tender, the response was that the project was being funded under the Enhanced People’s Housing Process (EHP). This is a relatively new policy which BESG was party to drafting that is intended to support community-initiated housing processes. It provides for the Department to enter into negotiated contracts with accredited Non-Profit Organisations acting as “Community Resource Organisations” (CROs) to support the community and households involved. However, the National Department has yet to approve and publish accreditation criteria for CROs, the funding model, and Implementation Guidelines to regulate the policy. Critically, the relationship between an experienced commercial developer/ implementing agent and a purpose-made Non-Profit company with no prior knowledge of or experience in housing delivery had all the makings of a “fronting” operation established for the sole purpose of guaranteeing the project would be awarded without a transparent and competitive process.



Conventional contractor-built show-houses in Vulindlela belie the claim that the project follows the “People’s Housing Process.”

Our Executive Director was contacted by the media for comment, as a specialist in low-income housing and a member of the EHP Reference Group hosted by the National Department to assist it in developing the policy and implementation framework. Subsequently, BESG became one of three complainants resulting in an investigation by the Office of the Public Protector. A separate probe was launched by the Special Investigating Unit in the course of 2012. In the meantime, the project has been riddled with labour disputes and allegations of unfair and irregular allocation of sites, in spite of KZN Human Settlements having established a “Steering Committee” to oversee the roll-out of the project.

The project has had other negative consequences on housing delivery across the province: Over several years, KZN Human Settlements has prioritized rural housing delivery, ostensibly to address historical imbalances. However, there has been much criticism of this policy, and the consequences of the Vulindlela project for planning and investment:

- The level of investment in Vulindlela amounts to 17% of KZN's entire annual allocation over a period of 5 years. This means there will be no space for genuine EPHP projects unless province drastically scales up EPHP as a proportion of its total programme. There is no evidence that KZN intends doing so, and it has in fact resisted rolling out the EPHP policy (with the single exception of Vulindlela) until implementation guidelines are approved by the National Department.
- Rural housing does not require the same level of planning and management of complex processes of land acquisition, access to bulk services, and formalisation as urban and peri-urban housing needs. KZN Human Settlements has underperformed against its delivery target consistently for several years, and rural housing is a quick and easy way to achieve "numbers."
- Priority needs in rural areas are typically for access to water, sanitation, roads, and sustainable livelihoods. However, rural housing is typically built without any spatial planning, and is creating demands for water and sanitation to be "retro-fitted", regardless of whether the location of the housing will support those services, or whether they are sustainable. Vulindlela alone has generated a backlog of 34,000 houses needing sanitation.
- By contrast, there has been a marked slowdown in addressing urban backlogs. In November 2010, the Presidency and Minister of Human Settlements signed a performance agreement known as Outcome 8, which committed the Department to provide secure tenure and basic services to 400,000 households living in informal settlements by April 2014. The National Upgrading Support Programme is only being rolled out through local municipalities from October 2012. In the interim, housing delivery in the two municipalities with the largest populations in informal settlements has slowed down dramatically – in eThekweni to 25% of its pre-2011 levels and in Msunduzi it has virtually ceased while the municipality was under provincial administration.

BESG is managing the issue of settlement planning and prioritisation of development through joint ventures between its Deepening Democracy and Human Settlements Programmes. See the link on Human Settlements to the Msunduzi Housing Summit for an example..