



Neighbourhood Development Partnership Grant

15 August 2007

Presentation to Municipalities

Presented by NDP Unit (National Treasury)



NDP Unit & NDPG

- Established in July 2006
 - To administer NDPG
 - Also now NDP to mainstream township development across SA
- More than a funder, less than a partner → advice
- Why is your municipality here?
- NDP Unit
 - Li Pernegger, Lee Rosenzweig, Deen Nadar, Tshiwo Yenana, Selby Mogakane
 - Outsourced → MCA



Objectives

“To provide municipalities with assistance to develop appropriate project proposals for property developments in townships & new residential neighbourhoods that include the construction or upgrading of community facilities, & where appropriate, attract private sector funding & input”

(DoRA, 2006)



What does 'Private Sector' mean?

- Emphasis on
 - Other government funding streams
 - Mobilisation any non-governmental support and resources
- Not purely financial → “sweat equity”, land, in-kind
- Private sector
 - Formal developers
 - Project financiers
 - Equity investment funds
 - Community investment funds
 - Stokvels
 - NGOs, CBOs & other community organisations
 - Cooperatives
 - Any non-government organisation or individual



What is a Township?

- Underdeveloped residential areas
- Separate areas reserved for non-whites created during apartheid
- Target areas
 - Townships → ‘locations’
 - Low-income housing estates
 - Informal settlements
- Characteristics
 - Low levels of community facilities & commercial investment
 - Low household incomes & poverty, slower household income growth
 - Large concentrations of poor households
 - High levels of unemployment → 50+%
 - Under-performing residential property markets – ‘dead’ capital
 - Limited income retention → 75+% leakage of local buying power
 - Undiversified & marginal local economies
- Considerable fiscal burden → 60+% population in townships
- No ‘sense of place’



Township Challenges

- Exclusion by design
- Absence of township & township nodal development capacity → forward-oriented versus backlogs-driven
- Limited funding for capital works for public facilities & places
- Low levels of private sector investment
- Limited municipal capacity to assemble & align multiple funding sources in single large-scale multi-faceted property development projects
- Mismatch between capital investment & maintenance & operational budgets
- Inequitable focus on 'CBDs'



Vision

- Improved quality of life for township residents through the creation of economically viable & sustainable township nodes, general township improvements and internal & external linkages

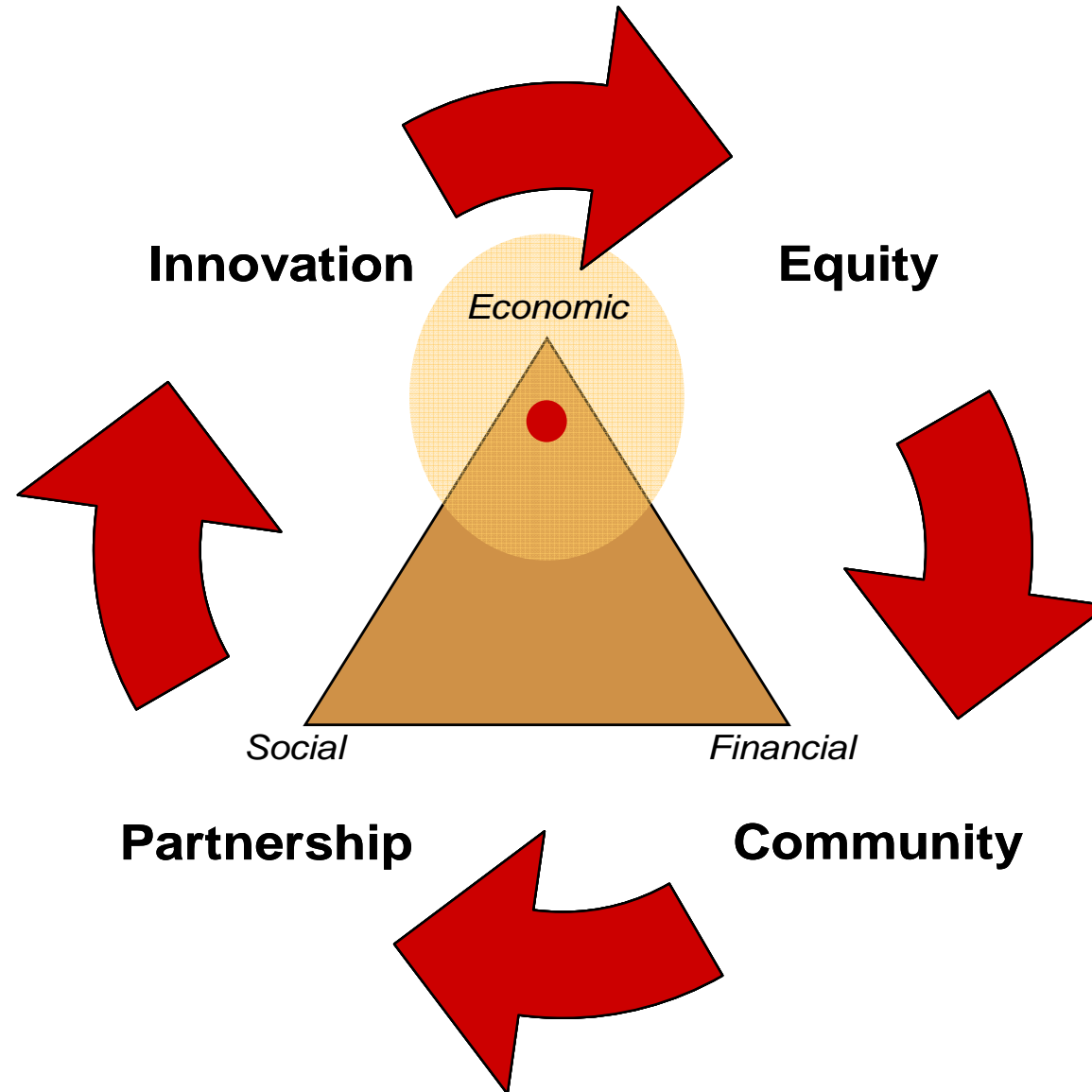


Mission

- To direct public investment to promote selected strategic projects in targeted townships with private sector investment leverage potential within context of future-oriented township development strategies



Objectives for NDPG Portfolio



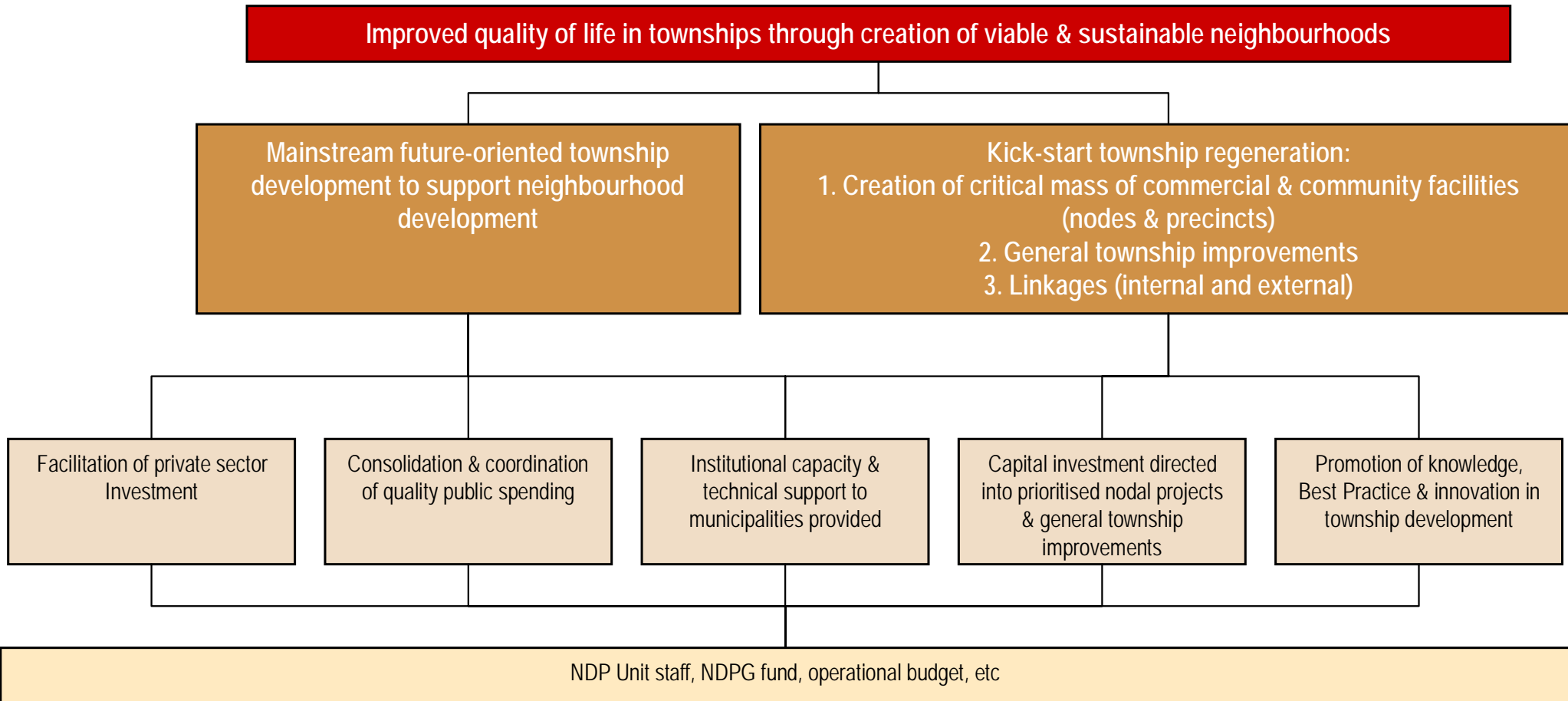


Programme Focus Areas

- Township areas
- Strategic spatial-economic development projects
 - With potential
 - With critical mass
- Land use restructuring
- Stimulating property markets
- Purchasing power retention
- Public sector investment as catalyst
- Leveraging non-governmental investment & partnerships
- Ensuring municipal championship
- Kick-starting township regeneration



Impact



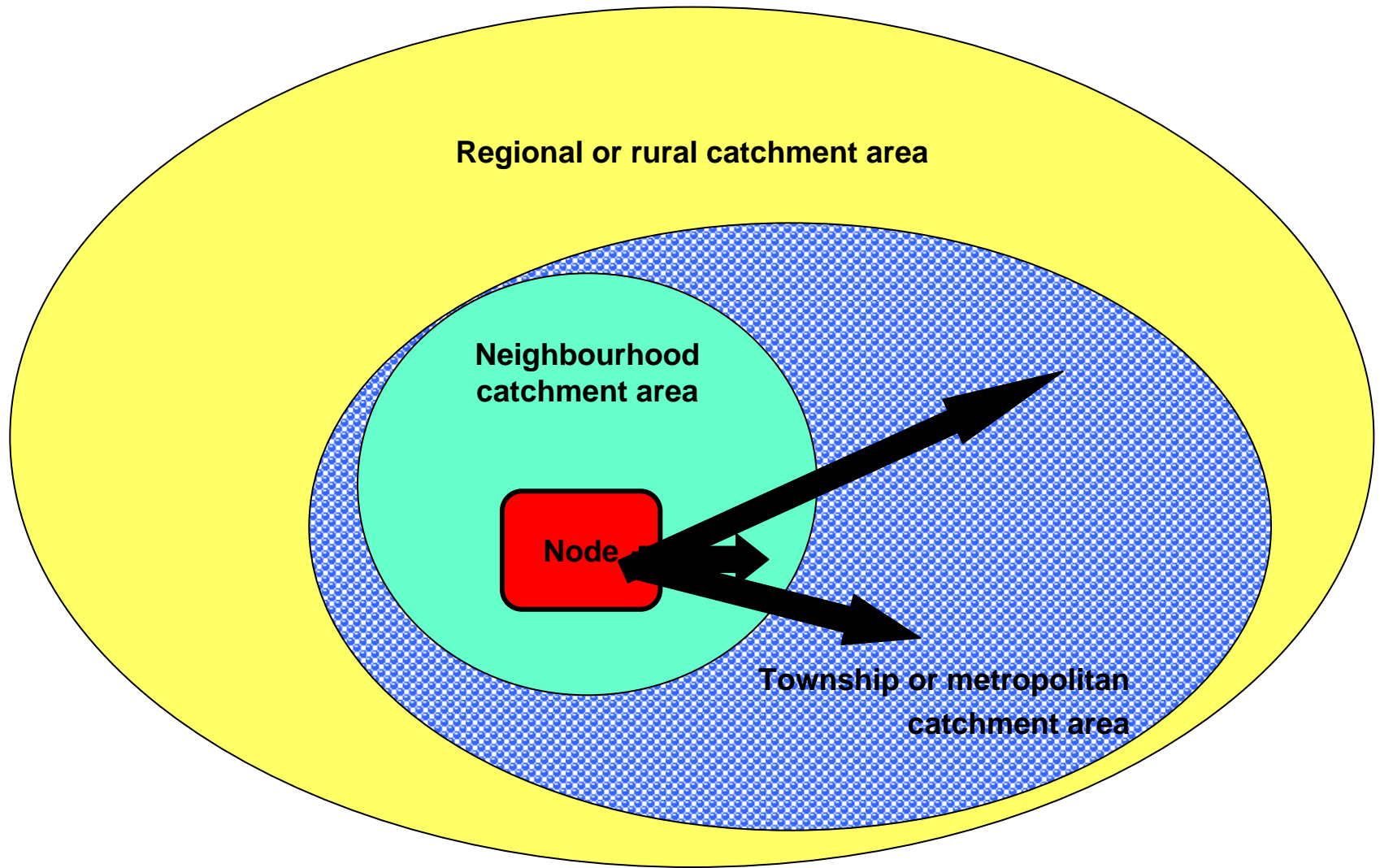


Grant Make-up

- Dual nature
- Technical Assistance
 - Township regeneration strategy development
 - Building capacity
 - Any feasibilities
 - Business case development
- Capital Grant
 - For any capital cost
 - As usually spent by councils
 - To make project happen
- To be used in conjunction with other grants that have a local government focus → 'synthesis'
- Own funding also important → it costs money to get money



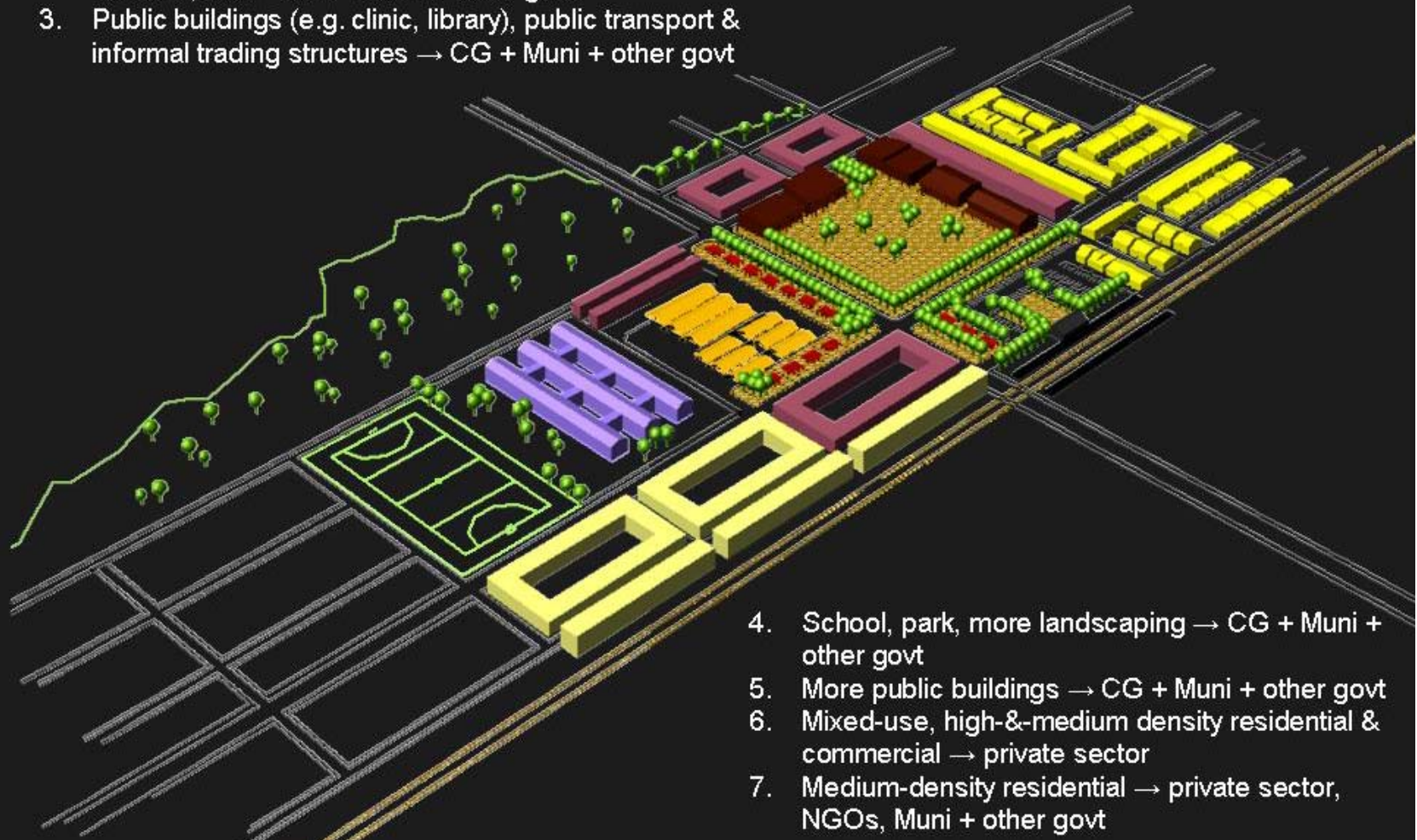
Nodes, Linkages & General Improvements





Conceptual Nodal Development

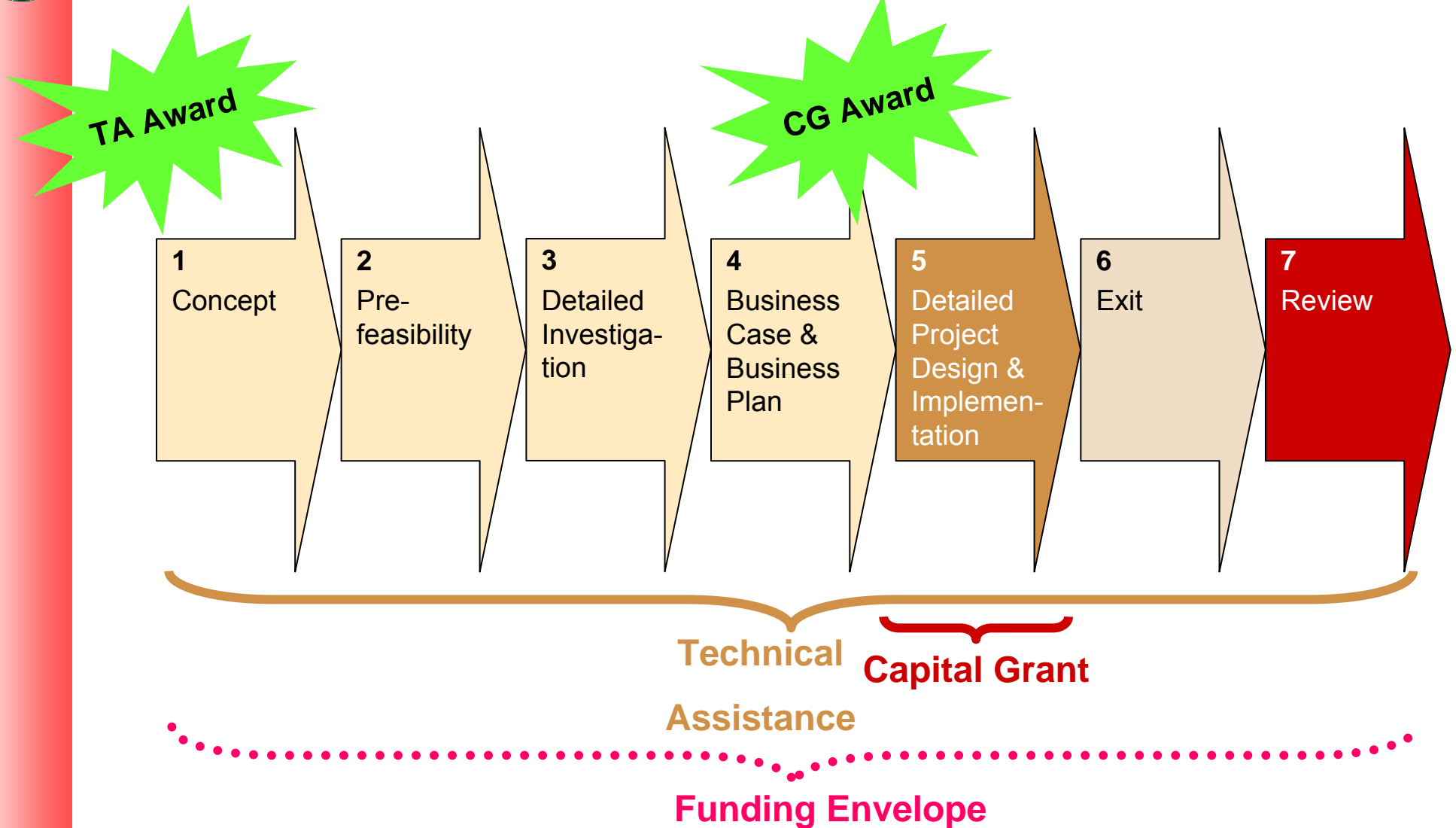
1. Township planning & layout (roads, rail, public transport, nodes, public spaces, precincts, economic demand analysis, other studies, detailed planning, etc.) & project management → TA + Muni
2. Public spaces & squares, paving, planting, street furniture, etc. → CG + Muni + other govt
3. Public buildings (e.g. clinic, library), public transport & informal trading structures → CG + Muni + other govt



4. School, park, more landscaping → CG + Muni + other govt
5. More public buildings → CG + Muni + other govt
6. Mixed-use, high-&-medium density residential & commercial → private sector
7. Medium-density residential → private sector, NGOs, Muni + other govt

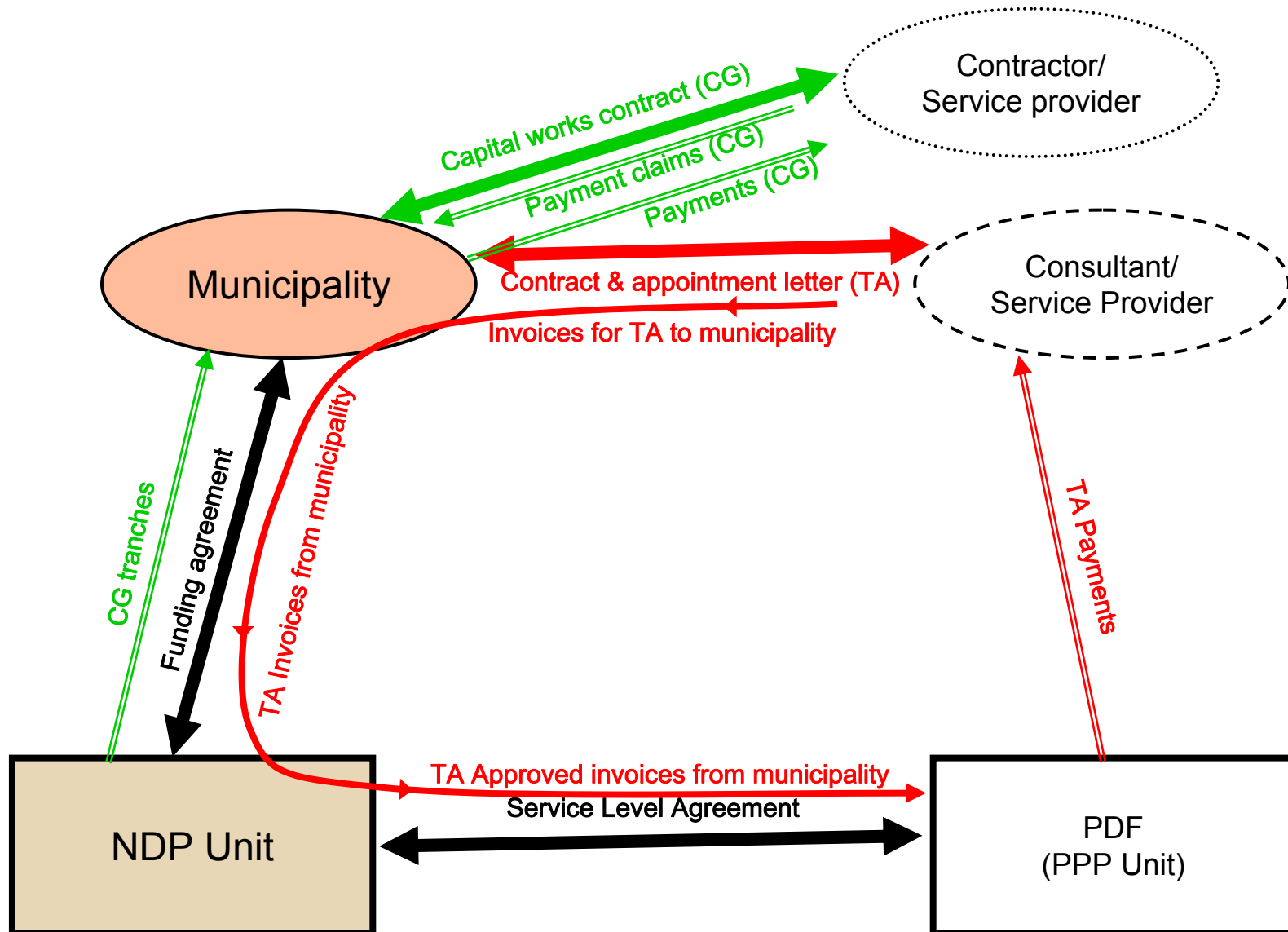


Project Stages & NDPG





Funding Flows





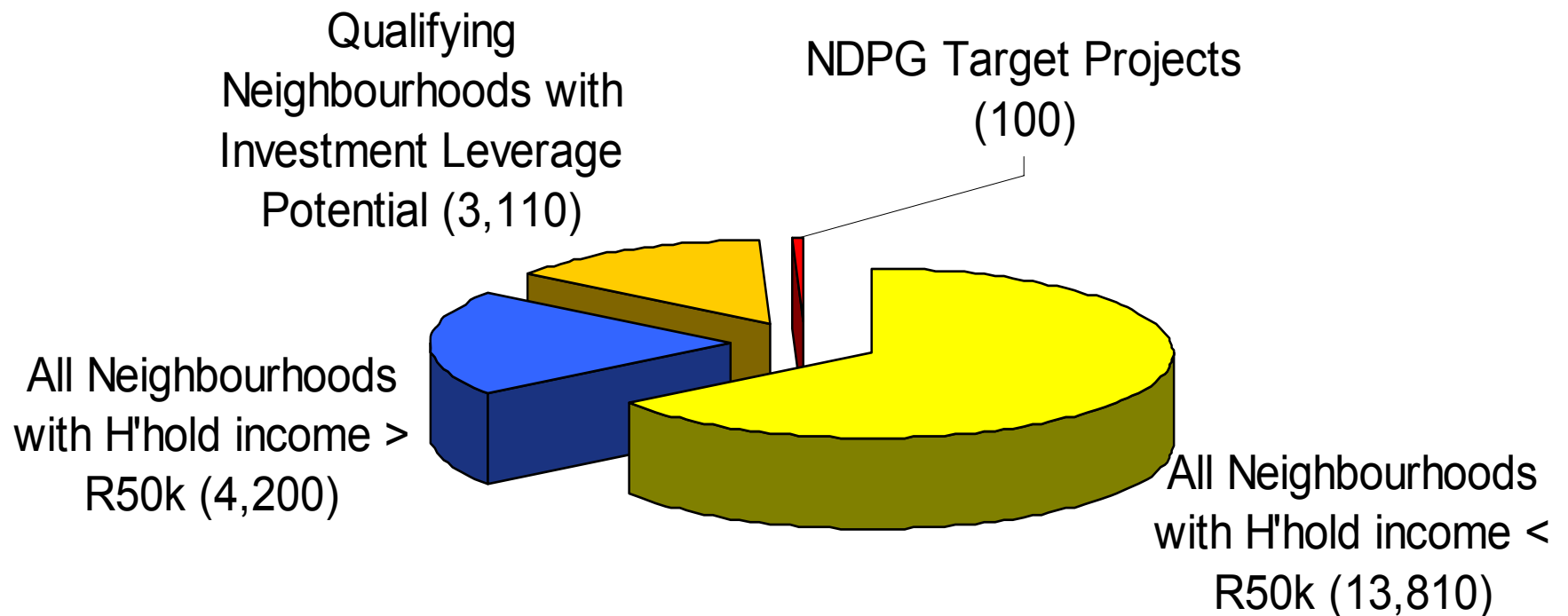
NDPG Criteria

- Basis of competition for NDPG
 - Township location
 - Council support
 - Partnership prospect with private sector
 - Alignment to national & provincial priorities
 - Larger catchment area → think big!
 - Potential for critical mass of commercial & community facilities & amenities
 - Readiness to implement
 - Sustainability at all life cycle stages
- Any criteria as amended by National Treasury



Demand for NDPG

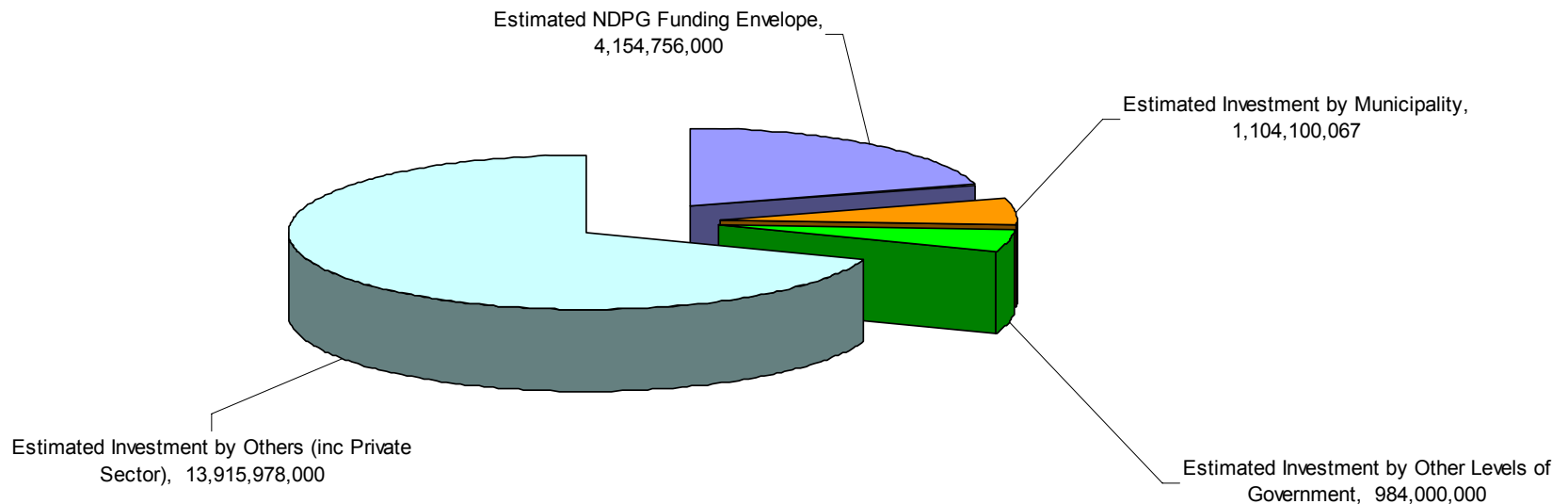
- Demand for NDPG outstrips supply
- 19,920 of 21,220 SA neighbourhoods qualify
- Top 76 townships = 24,4% of SA population





NDPG Projects

- R9bn total investment → Round 1
- Imminent Round 2 approval of 20 more projects → R4.2bn NDPG commitment
- 20% of portfolio in rural areas
- Target 100 projects within 12 months





NDPG Will Not Support

- Not housing (but yes to planning as commercial development opportunity)
- No MIG-type projects
- No tourism projects → unless ...
- LED → no make-and-bake & grow-and-sew
- 2010
- No direct contributions to private sector
- No projects already completed
- No ad hoc, isolated initiatives
- If not submitted by municipality
- If not in line with IDP
- If no council resolution
- If not in a township



Application Process

- Select NDPG Coordinator (costs money to get money!)
- Brainstorm concept → no detail → that's what TA is for!
- Fill in form (www.treasury.gov.za/ndp for NDPG Toolkit) → attach map
- Round 3 → closes **20 September at 12h00!**
- Evaluation & shortlisting → end October
- Verification → end November
- Awards → end January 2008
- Support to municipalities on request
 - Treasury
 - Directors



Njoli Square Overview

- Township project → Kwazakhele in PE (NMM)
- NDPG funding by new NDP Unit
 - Supporting community development
 - Leveraging private sector investment
- Only significantly advanced project in NDP portfolio of 55 projects
- New town centre
 - 254,000 people
 - Low incomes
 - High unemployment
 - Sense of place



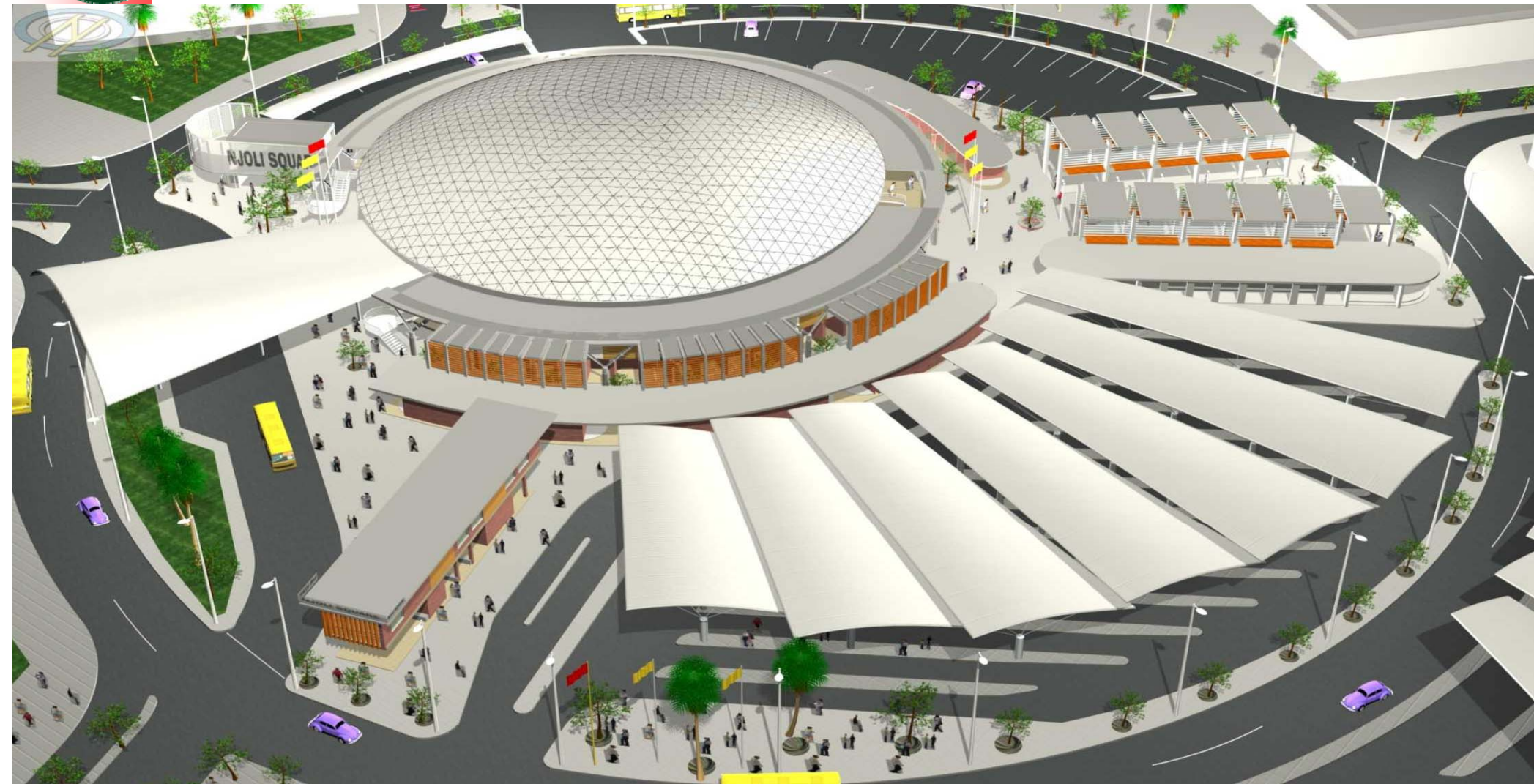


Project Snapshot

- Objectives
 - Iconic → civic pride
 - World class facility
 - Urban renewal catalyst
- Public transport facility → Khulani corridor
- Home for social & civic functions
- Platform for SMME development
- Stimulus for private sector investment
- Sustainable and flexible



Bird's Eye View



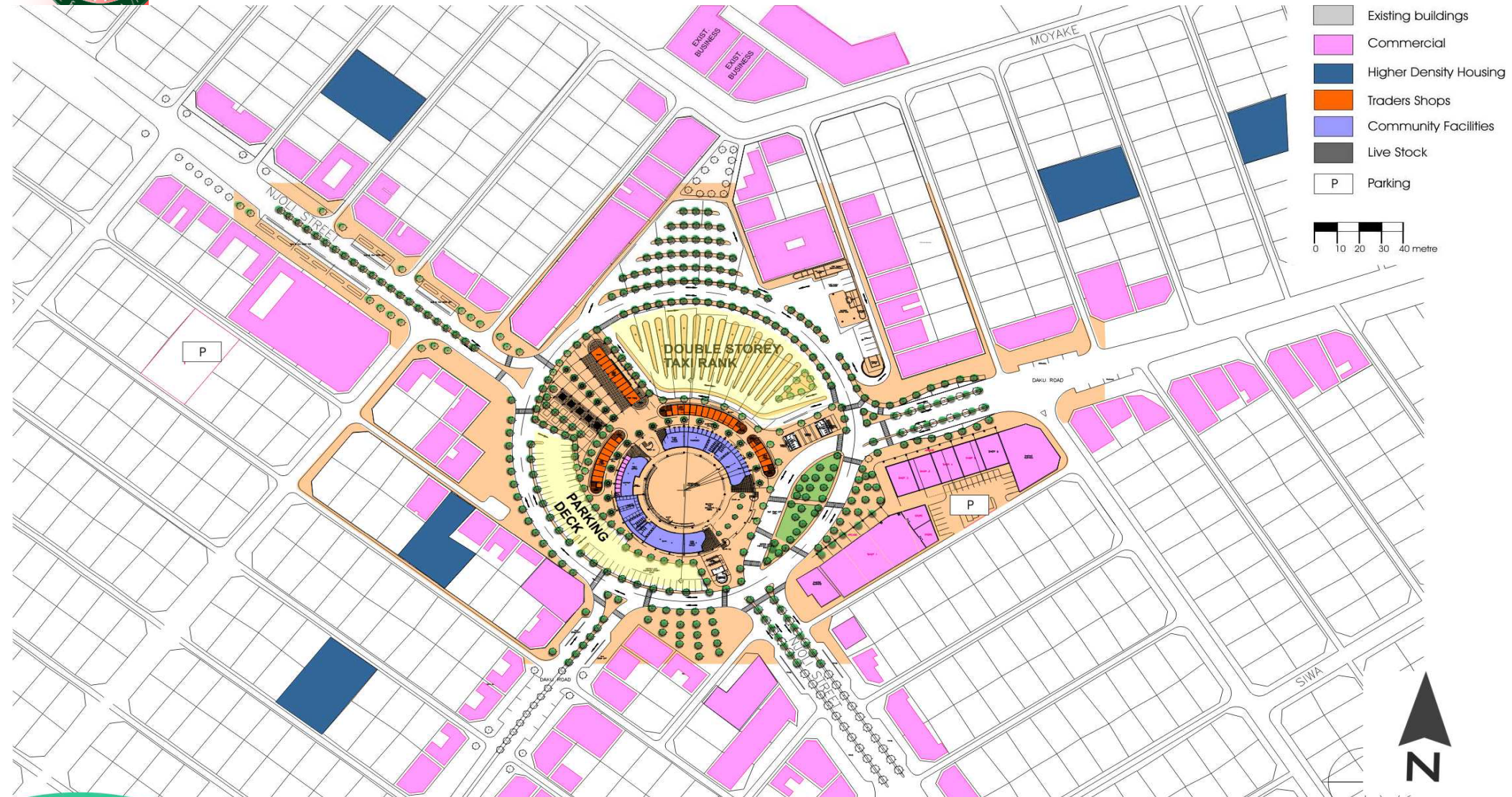


Project Components

- EAA
- Taxi rank
- Retail development
- Land parceling (some housing relocation)
- Civic functions
- Informal trade facilities
- Council offices
- Parking
- Place-making elements



Urban Renewal Plan

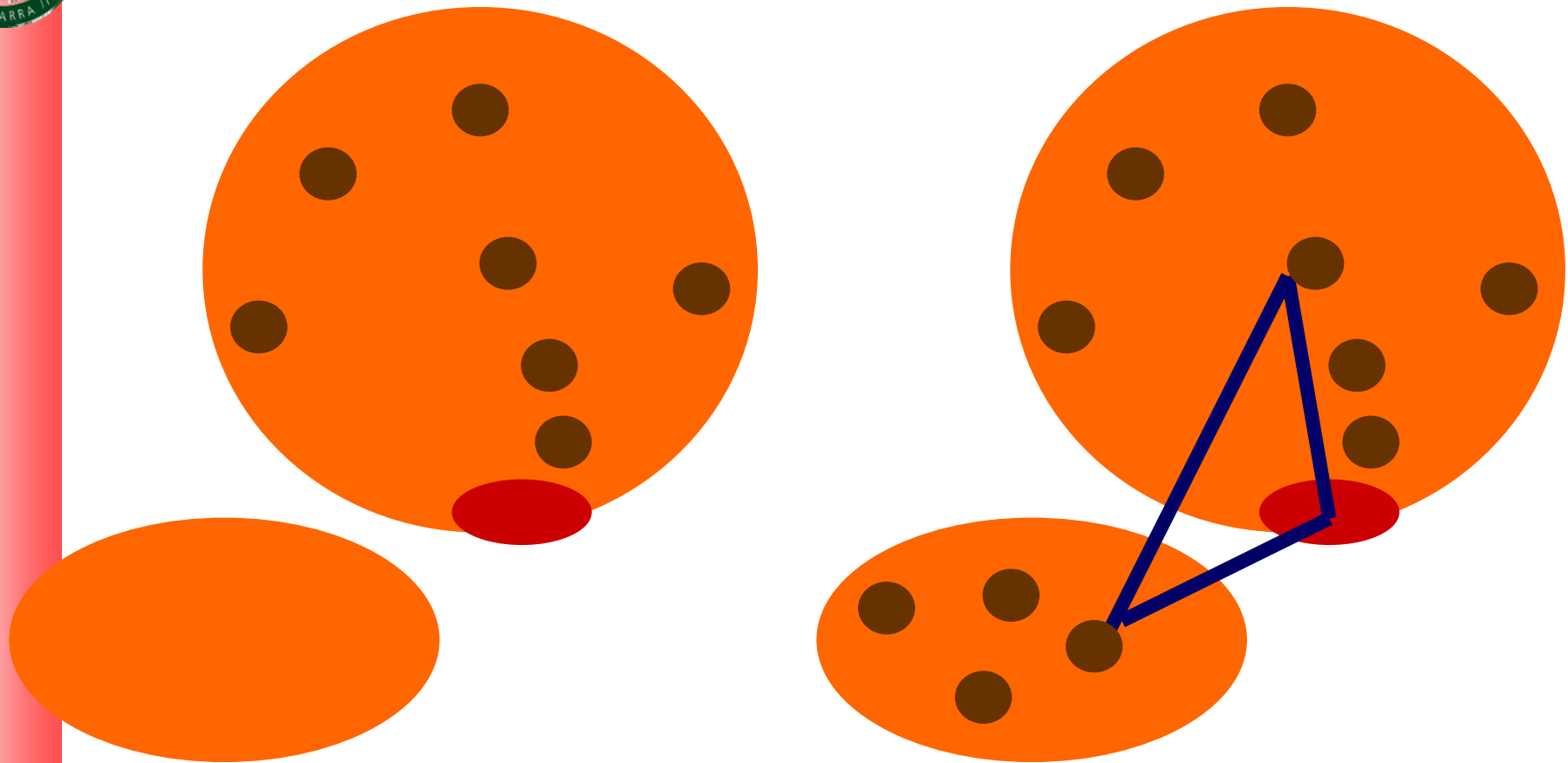




Soweto

BEFORE

AFTER

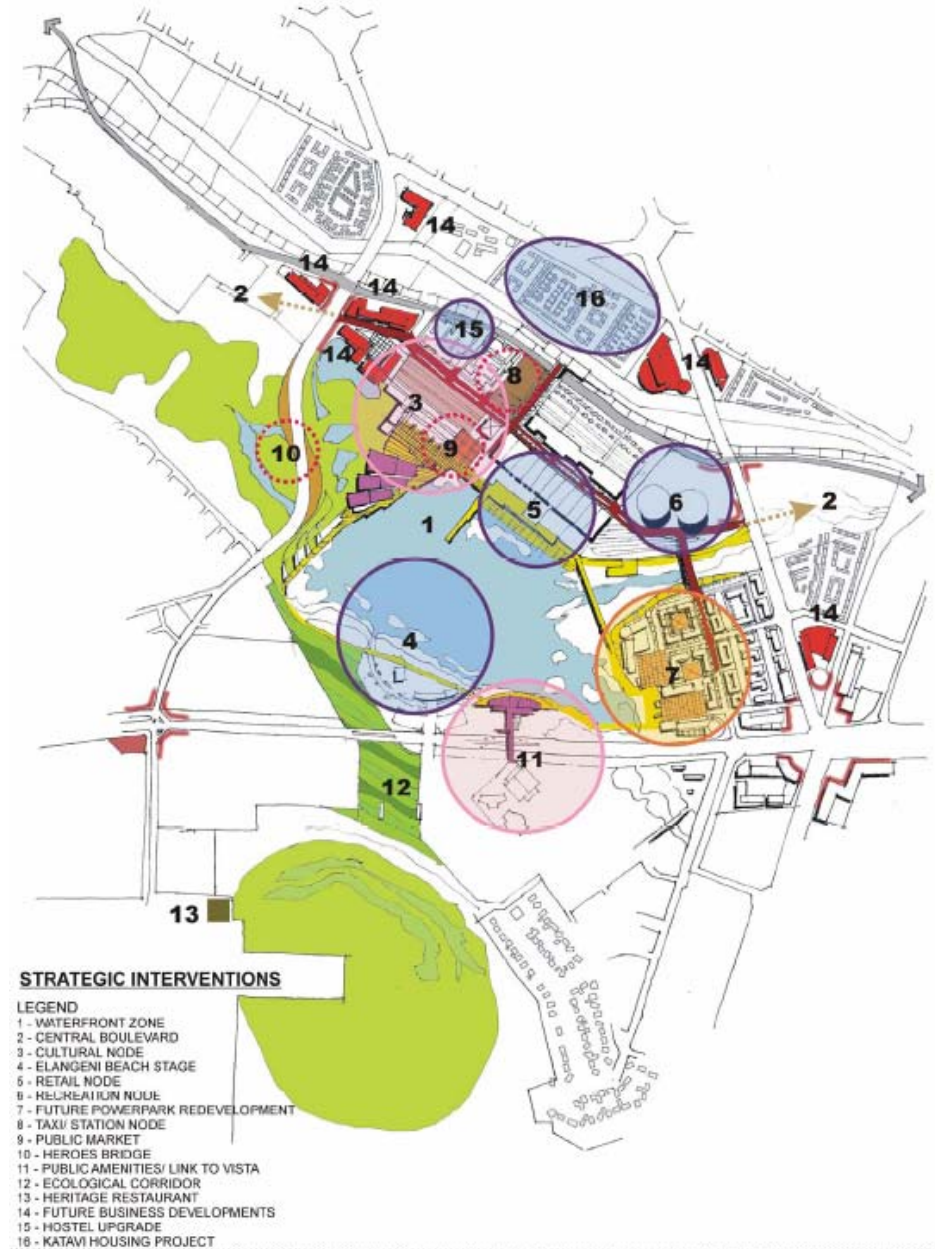


A Soweto with its own nodes, well linked to the rest of the city economy: bringing jobs closer to people & people closer to jobs



Orlando eKhaya

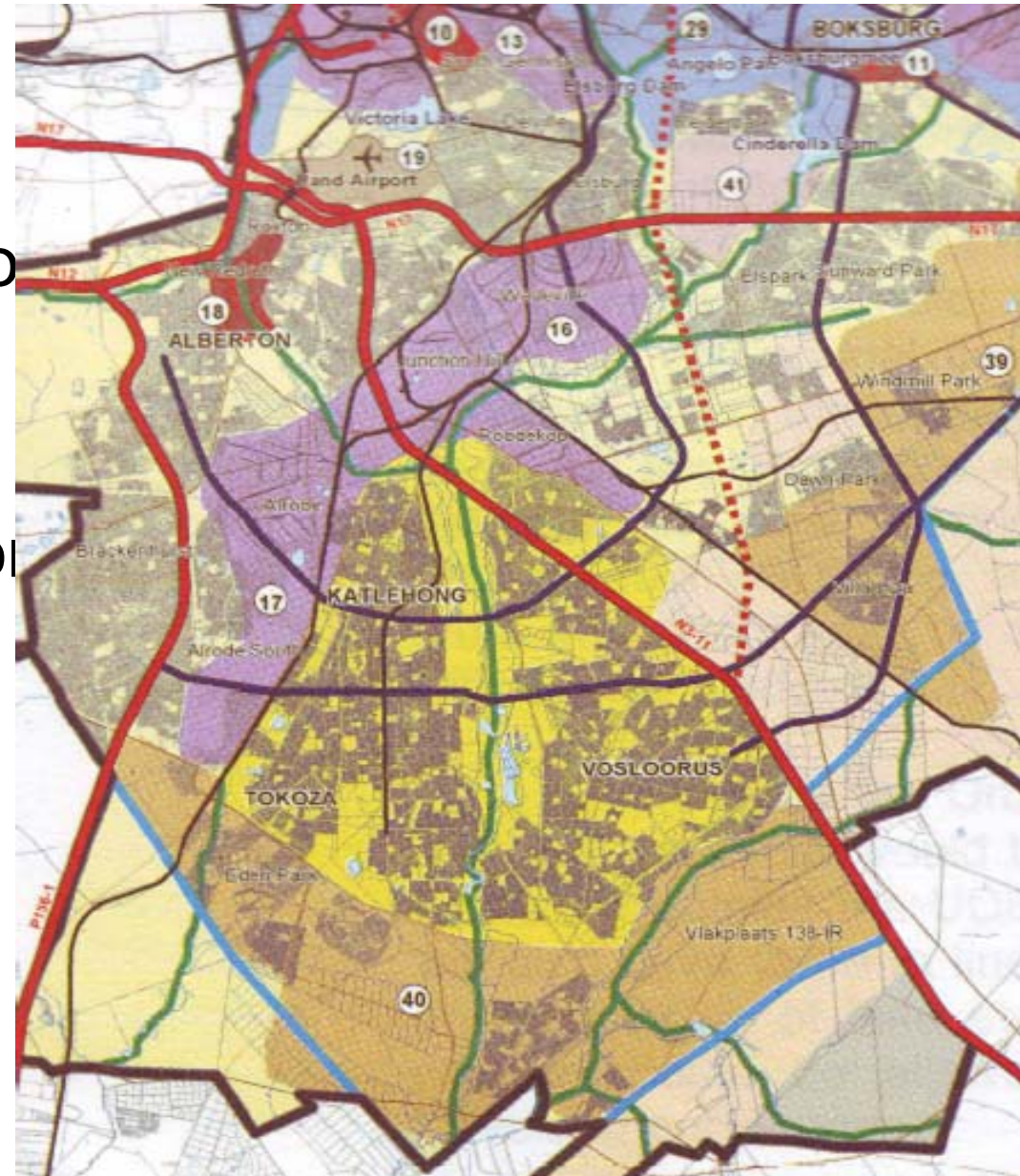
- One project of many in Soweto
- Precinct approach
- High leverage of private sector investment





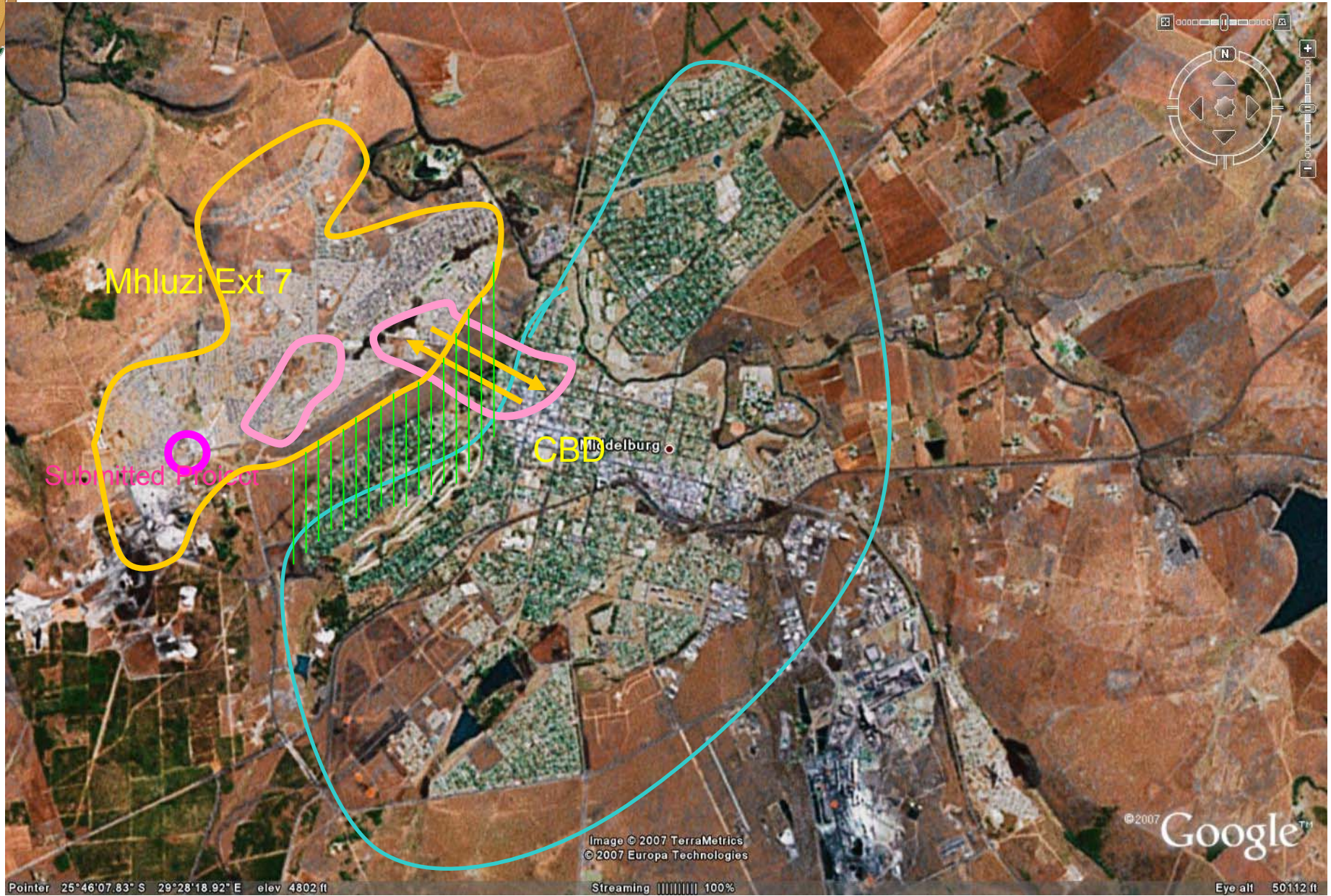
Ekurhuleni

- Number of subregions
- Nodal project per region
- E.g. Reiger Park & Palm Ridge
- But also opportunity for a package of regeneration plans





Mhluzi





Questions....