

Polokwane Housing Association  
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*"A Promise Delivered"*

**Enquiries:** Shimi Maimela

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**Date:** 18 July 2017

**Business Plan Advert: Ref no, PHA 02/2017**

Polokwane Housing Association is an entity of Polokwane Municipality wholly owned by the Municipality tasked with the responsibility of developing and managing rental housing units in the jurisdiction of Polokwane. The entity is hereby inviting quotations from different service providers for aligning the entity's business plan as per regulators findings. The two reports are attached for ease of reference( Entity's Business plan and Regulators findings).

The invitations must be send to no 35 Landros Mare Street in Polokwane, the closing date is 25th July 2017 at 12H00. Further enquiries can be directed to Shimi Maimela at 015 291 2314.

Yours Truly

A handwritten signature in black ink, appearing to read 'Shimi Maimela', written over a horizontal dotted line.

Shimi Maimela

Chive Executive Officer

# SHRA 5 YEAR / LONG TERM BUSINESS PLAN ASSESSMENT

Applicant: Polokwane Housing Association (PHA).

Applicant's year end: 31 March

Date: 7 March 2013 reviewed 19 February 2014

Business plan dates: 2012 - 2017

Documents assessed: PHA Long Term Strategic Plan 2012 - 2017

ASSESSMENT CRITERIA	CRITICAL CRITERIA	ASSESSOR COMMENTS
1. STRATEGIC FRAMEWORK	<ul style="list-style-type: none"> <li>Vision, Mission, Values, Guiding principles, organisational culture, strategic goal and KPIs.</li> </ul>	<p><b>Vision</b>                      "To be the premier of innovative and sustainable living"                       The vision of the organisation is well documented as it is supported by action plans for the pursuit of succession.</p> <p><b>Mission</b>                      "To deliver high quality, well managed, affordable homes that promote a lifestyle of self sufficiency for persons with diverse needs in partnership with stakeholders."</p> <p><b>Values</b></p> <ul style="list-style-type: none"> <li>➤ Innovation.</li> <li>➤ Efficiency.</li> <li>➤ Accountability.</li> <li>➤ Integrity.</li> <li>➤ Transparency.</li> <li>➤ Participation.</li> </ul>

		<p><b>Strategic objectives</b></p> <p>The strategic objectives have been distilled from the situational and SWOT analysis.</p> <ul style="list-style-type: none"> <li>➤ Improve community well-being.</li> <li>➤ Enhance revenue and asset base.</li> <li>➤ Build and strengthen strategic partnerships with stakeholders.</li> <li>➤ Improve administrative and governance capacity.</li> </ul> <p>Section 3.4 of the Strategic objectives page 22 includes a table illustrating the strategic objectives versus the strategic outcomes. Section 3.6, page 25 provides a more detailed strategic objective plan.</p> <p><b>Previous assessment:</b></p> <ul style="list-style-type: none"> <li>• The plan should include an organisational culture.</li> <li>• The plan can be enhanced more by providing for Guiding Principles and KPIs</li> </ul> <p><b>Assessment 2014</b></p> <ul style="list-style-type: none"> <li>• The concept of organisation culture is not understood and is not aligned to the organisation values.</li> <li>• The strategic goals are mostly internally focussed. There must be goals that take the external environment into account.</li> <li>• The goals are not measurable and therefore KPI's and thresholds have not been developed.</li> <li>• The goals do not reflect the results of the environmental analysis.</li> <li>• The annual business plan does not reflect the same strategic goals but introduces other strategic goals. This must be corrected and aligned.</li> </ul>
<p>2. INTRODUCTION</p>	<ul style="list-style-type: none"> <li>• Background, housing needs, achievements to date and challenges / problem to tackle</li> </ul>	<p><b>Background</b></p> <p>Thabatshweu Housing Company (PTY) Ltd, trading as Polokwane Housing Association was established in 2001, as a social housing institution and an entity of the CoP with the sole purpose to provide low-to middle-income rental housing through the government's policy of institutional housing. The target market for this service is individuals who earn between R3 500 and R7 500 per month. The entity was initially established as a Section 21 company (non-profit organisation) which was transformed into a registered company and emerged as PTY Ltd in line with the Section 84 of the Local Government Municipality Finance Management Act, Act 56 2003.</p> <p>The abovementioned background states that it targets households with a salary band of between R3 500 to R7 500, and that is not set according to SHRA's threshold of targeting households who earn between R1 500 to R7 500.</p>

		<p><b>Housing needs</b> Not mentioned anywhere in the plan.</p> <p><b>Achievements to date</b> Not seen in the plan.</p> <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>➤ The organisation is faced with inadequate capacity to sustain the organisation and to smoothen their service trading.</li> <li>➤ Financial instability.</li> <li>➤ Partner dependence.</li> <li>➤ Defective rental sock.</li> <li>➤ Revenue collection management.</li> <li>➤ Poor customer relations.</li> <li>➤ HR capacity shortfalls.</li> </ul> <p><b>Previous assessment</b></p> <ul style="list-style-type: none"> <li>● The organisation must stipulate the density of households that is in need of their services as a Social Housing Institution.</li> <li>● The plan can also be enhanced by including their achievements to date in order to probe on their progression in achieving their set out objectives.</li> <li>● The organisation must at all times operate in a way in which the Regulatory would desire them to, according to legislations.</li> </ul> <p><b>Assessment 2014</b> The business overview is not a true reflection of the challenges and achievement of PHA. The source of information is not clear and this raises a concern around the credibility of the information presented.</p>
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<p>3. ORGANISATION</p>	<ul style="list-style-type: none"> <li>Ownership structure and Control</li> <li>Board of Directors (delegated authority, functions and responsibilities, subcommittees, composition, performance, King iii, new Companies Act, Code of Conduct, etc)</li> </ul>	<p>The plan does not account for Ownership structure and Control systems nor does it provide information pertaining to the Board of Directors.</p> <p>Formalise and submit to SHRA immediately.</p> <p><b>Assessment 2014</b></p> <ul style="list-style-type: none"> <li>The organisation chapter refers to legislation and guidelines that are dated.</li> <li>It does not analyse the suitability of the current board in terms of the required skills needed and any gaps if there are any.</li> <li>Delegated authority is not addressed.</li> <li>The plan indicates a number of board committees and the board charter indicates other board committees. This must be clarified.</li> <li>The board charter is supposed to, but does not, set out roles and responsibilities, deal with delegated authority and meeting procedures.</li> <li>It does not cover the key areas of the COC.</li> <li>The organisational performance management system is not described.</li> <li>There are contradictory statements relating to the current staff compliment.</li> </ul>
<p>4. SWOT / PESTLE ANALYSIS</p>	<ul style="list-style-type: none"> <li>SWOT (strengths, weaknesses, opportunities and threats)</li> <li>PESTLE (political, economic, social, technological, legal and environmental)</li> <li>Stakeholder analysis</li> </ul>	<p><b>SWOT</b> Section 2.2 consists a SWOT analysis that is profound and affirmative that makes emphasis on the fact that Polokwane Housing Association is the first Social Housing Institution in Limpopo.</p> <p><b>PESTLE</b> Not mentioned anywhere in the plan.</p>

		<p><b>Stakeholder analysis</b> Not seen in the plan.</p> <p><b>Previous assessment</b></p> <ul style="list-style-type: none"> <li>• The plan needs to provide for a PESTLE analysis to probe on its macro environment challenges and how to halt or minimise them.</li> <li>• The plan will contain more content with the inclusion of Stakeholder Analysis.</li> </ul> <p><b>Assessment 2014</b></p> <p><b>The SWOT analysis:</b></p> <ul style="list-style-type: none"> <li>• It does not contain a true reflection of the strengths and the threats. It must be redeveloped.</li> </ul> <p><b>The Pestle analysis:</b></p> <ul style="list-style-type: none"> <li>• E: Should cover interest rates, inflation, affordability, utility costs, income and employment.</li> <li>• S: The results of this analysis must be tailored to the demand profile of the SH market.</li> <li>• T: Must include aspects related to building technologies and maintenance and tenant and property management systems.</li> <li>• L: Must analyse what impact it will have on the delivery of SH and for PHA as an organisation.</li> <li>• E: Must be redone and must include issues around materials and systems that can be deployed for the project development and systems for the ongoing management of the properties, such as waste and water recycling.</li> </ul> <p><b>Stakeholder analysis:</b></p> <ul style="list-style-type: none"> <li>• The results must be incorporated into the strategic goal related to stakeholder relationships as well as the institutional arrangements in the capacitation chapter.</li> </ul>
<p><b>5. MARKET ASSESSMENT</b></p>	<ul style="list-style-type: none"> <li>• Demand</li> <li>➢ Housing affordability analysis</li> <li>➢ Tenure preferences</li> <li>➢ Socio-economic analysis</li> <li>➢ Present market situation</li> <li>➢ Identification of target market</li> <li>• Supply</li> <li>➢ Supply analysis</li> <li>➢ Identification of and competitor analysis</li> </ul>	<p><u>Demand</u></p> <p><b>Housing affordability analysis</b> Not mentioned in the plan.</p> <p><b>Tenure preference</b> Not seen anywhere in the plan.</p> <p><b>Socio-economic analysis</b> Not seen.</p> <p><b>Present market situation</b> Not seen.</p>

		<p><b>Identification of the target market</b> The organisation's target market is individuals who earn between R3 500 and R7 500 per month.</p> <p><u>Supply</u> Not seen anywhere in the plan.</p> <p><b>Previous assessment</b></p> <ul style="list-style-type: none"> <li>• The organisation must submit a market analysis plan.</li> </ul> <p><b>Assessment 2014</b> PHA must submit a full market assessment that includes:</p> <ul style="list-style-type: none"> <li>• Demand <ul style="list-style-type: none"> <li>○ Housing affordability analysis</li> <li>○ Tenure preferences</li> <li>○ Socio-economic analysis</li> <li>○ Present market situation</li> <li>○ Identification of target market</li> <li>○ Housing needs.</li> </ul> </li> <li>• Supply <ul style="list-style-type: none"> <li>○ Supply analysis</li> <li>○ Identification of and competitor analysis.</li> </ul> </li> </ul>
<p><b>6. PRODUCTS AND SERVICES</b></p>	<ul style="list-style-type: none"> <li>• Product <ul style="list-style-type: none"> <li>➤ Pricing</li> <li>➤ Product orientation</li> <li>➤ Product positioning</li> <li>➤ Location</li> </ul> </li> <li>• Services <ul style="list-style-type: none"> <li>➤ Client relationship</li> <li>➤ Tenant Consultation</li> <li>➤ Community development</li> <li>➤ Tenant Communication</li> </ul> </li> </ul>	<p>Not availed, include it in the plan and submit to SHRA immediately.</p> <p><b>Assessment 2014</b></p> <ul style="list-style-type: none"> <li>• The product offering must be presented in terms of densities, unit typologies linked to the rental pricing options, location of projects etc.</li> <li>• The product pricing must be amended to include the rent pricing method and must be linked to the types of units to be provided.</li> <li>• The plan must describe how the product will be positioned against other rental housing providers.</li> <li>• The services offered must be organised into tenant and property management services outlining the</li> </ul>

		key aspects of each.
7 RISK MANAGEMENT	<ul style="list-style-type: none"> <li>● Identification, Assessment, Response and Controls</li> <li>➤ External and internal risks</li> <li>➤ Risk type</li> <li>➤ Degree of control</li> <li>➤ Risk Management strategy</li> <li>➤ Risk management policies/procedures</li> </ul>	<p>Not mentioned in the plan.</p> <p><b>Assessment 2014</b> PHA must show how the risk assessment results are used to inform the strategic goals and programmes.</p>
8. PROJECT DEVELOPMENT PLAN	<ul style="list-style-type: none"> <li>● Land</li> <li>● Project Packaging</li> <li>● Delivery schedule</li> <li>● Costs</li> <li>● Funding resources</li> <li>● Greenfields, acquisition, refurbishments or conversions</li> <li>● Procurement</li> <li>● Quality control</li> <li>● Maintenance (long-term)</li> </ul>	<p>Not seen in the plan.</p> <p><b>Assessment 2014</b> A project development plan must be submitted.</p>
9 SERVICE		



<p>DELIVERY PLAN</p>	<ul style="list-style-type: none"> <li>● Property Management</li> <li>➤ Maintenance strategy/plan/budget</li> <li>➤ Facilities management</li> <li>➤ Utilities</li> <li>➤ Rent administration</li> <li>➤ Outsourcing</li> <li>● Tenant management</li> <li>➤ Training/education</li> <li>➤ Complaints management</li> <li>➤ Communication</li> <li>➤ Consultation</li> <li>➤ Committees</li> <li>➤ Community development</li> <li>➤ Satisfaction and post-occupancy surveys</li> <li>➤ Exit interviews</li> </ul>	<p>Not seen in anywhere in the plan, submit to SHRA immediately.</p> <p><b>Assessment 2014</b> The property and tenant management plan must be presented in terms of deliverables, key actions, timeframes, responsibilities and budgets on an annual basis over the five years.</p>
<p>10 CAPACITATION PLAN</p>	<ul style="list-style-type: none"> <li>● Organisational development</li> <li>● Human Resource</li> <li>● Senior management</li> <li>➤ Organisational design (structure)</li> <li>➤ Staffing (link with capacitation plan)</li> <li>➤ System, policies and procedures (including review and update)</li> <li>➤ Performance management system</li> </ul>	<p>Not availed.</p> <p><b>Assessment 2014</b></p> <ul style="list-style-type: none"> <li>● The capacitation plan must show how PHA will ensure that its MOI is compliant with the Companies Act of 2008.</li> <li>● The planned organisation design and structure must be aligned to the project development plan (its growth strategy), it must make provision for the client services function and it must streamline its non core or core support functions. It must also show that the structure is financially viable.</li> <li>● The resourcing section must address the institutional arrangements required with strategic stakeholders and it</li> </ul>

	(organisation, staff and Board of directors) ➤ Resourcing (strategic partners, stakeholders)	must make provision for office and office infrastructure.
11 INTERNAL MANAGEMENT	<ul style="list-style-type: none"> <li>• ICT / BIS (Business Information System)</li> <li>• Information (collect data, store data, process data, information, decision and action)</li> <li>• Databases</li> <li>• Communication</li> <li>• Document management</li> <li>• Strategic planning</li> <li>• Internal controls</li> </ul>	<p>Not mentioned in the plan.</p> <p><b>Assessment 2014</b></p> <ul style="list-style-type: none"> <li>• The ICT/BIS element must be amended to make provision for tenant or client services management.</li> <li>• The document management system must address archiving.</li> <li>• The communication strategy must include an organisation wide communication strategy.</li> <li>• The internal controls strategy must be included.</li> </ul>
12 FINANCIAL PLAN	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Income and expenditure</li> <li>• Cash flow projections</li> <li>• Financial model for project development</li> <li>• Equity / investment</li> <li>• Long-term financial forecast</li> <li>• Budgets</li> </ul>	<p>Previous assessment: Not seen anywhere in the plan.</p> <p><b>Assessment 2014</b></p> <p>A proposed budget for the three years from 2012/13 to 2015/16 has been submitted. This contains operating budget and capital budget figures. The financial plan needs to be enhanced with details on:</p> <ul style="list-style-type: none"> <li>○ The development costs and expected timing of the costs;</li> <li>○ The source, timing and terms of grant, donor and debt funding;</li> <li>○ A forecast balance sheet;</li> <li>○ A forecast cash flow projection.</li> </ul>

The applicants Five-Year Strategic Plan is **not approved** for the following reasons:

The plan lacks content. Polokwane Housing Association should go back and redraft their plan.

- The organisation culture must be developed and must be aligned to the organisation values.
- The strategic goals must be redeveloped to consist of internal and external goals and must be a reflection of the environment analysis after it is redone, and it must be measurable and include the setting of KPI's and thresholds.
- The annual business plan must reflect the strategic goals of the strategic plan and must be programmed accordingly.
- The business overview must be redeveloped to reflect a realistic and credible overview of the achievements and challenges for PHA and the sector as a whole.
- The organisation chapter must be amended as follows:
  - The contradictory statements around the current staff compliment must be corrected.
  - Any reference to outdated policy, legislation and guidelines must be corrected.
  - The required skills on the board must be outlined and the current skills must be evaluated against the required skills.
  - Address the issue of delegated authority.
  - The board charter and the strategic plan must indicate the current board committees and these must be the same.
  - The explanation of the board charter must include the roles and responsibilities and the meeting procedures.
  - The Code of Conduct section must include a brief explanation of the key elements of the COC.
- The strengths of PHA must be corrected to reflect the current realities. The threats of the SWOT analysis must be redeveloped to include critical aspects related to rent boycotts, high utility costs, affordability/low disposable incomes, and increasing interest rates.
- The PESTLE analysis must be enhanced to include:
  - E: Should cover interest rates, inflation, affordability, utility costs, income and employment.
  - S: The results of this analysis must be tailored to the demand profile of the SH market.
  - T: Must include aspects related to building technologies and maintenance and tenant and property management systems.
  - L: Must analyse what impact it will have on the delivery of SH and for PHA as an organisation.
  - E: Must be redone and must include issues around materials and systems that can be deployed for the project development and systems for the ongoing management of the properties, such as waste and water recycling.
- The stakeholder analysis results must be incorporated into the strategic goal related to stakeholder relationships as well as the institutional arrangements in the capacitation chapter.
- A full market assessment must be undertaken that includes:

- Demand
  - Housing affordability analysis
  - Tenure preferences
  - Socio-economic analysis
  - Present market situation
  - Identification of target market
  - Housing needs.
- Supply
  - Supply analysis
  - Identification of and competitor analysis.
- The product offering must be presented in terms of densities, unit typologies linked to the rental pricing options, location of projects etc.
- The product pricing must be amended to include the rent pricing method and must be linked to the types of units to be provided.
- How the product will be positioned against other rental housing providers.
- The capacitation plan must show how PHA will ensure that its MOI is compliant with the Companies Act of 2008.
- The planned organisation design and structure must be aligned to the project development plan (its growth strategy), it must make provision for the client services function and it must streamline its non core or core support functions. It must also show that the structure is financially viable.
- The services offered must be organised into tenant and property management services outlining the key aspects of each.
- PHA must show how the risk assessment results are used to inform the strategic goals and programmes.
- The property and tenant management plan must be presented in terms of deliverables, key actions, timeframes, responsibilities and budgets on an annual basis over the five years.
- The resourcing section must address the institutional arrangements required with strategic stakeholders and it must make provision for office and office infrastructure.
- The ICT/BIS element must be amended to make provision for tenant or client services management.
- The document management system must address archiving.
- The communication strategy must include an organisation wide communication strategy.
- The internal controls strategy must be included.
- The financial plan needs to be enhanced with details on:
  - The development costs and expected timing of the costs;
  - The source, timing and terms of grant, donor and debt funding;

- A forecast balance sheet;
- A forecast cash flow projection.

No Annual Business Plan for the 2014/15 year has been submitted.

An Operational Plan has been submitted, but it is part of the long-term strategic plan.