



**OFFICIAL
GUIDE TO**
South Africa
2020/21

HUMAN SETTLEMENTS

The Constitution of the Republic of South Africa of 1996 enshrines the right of everyone to have access to adequate housing; and makes it incumbent upon the State to take reasonable legislative and other measures within its available resources to achieve progressive realisation of this right.

The Department of Human Settlements (DHS) is mandated to establish and facilitate a sustainable process of housing development in collaboration with provinces and municipalities. This mandate is derived from Section 3 of the Housing Act of 1997.

The department's core responsibilities are to: determine national policy and national norms and standards for housing and human settlements development, set broad national housing delivery goals, provide funding resources to provinces and metropolitan municipalities, and monitor the financial and non-financial performance of provinces and municipalities against these goals. In executing these roles and responsibilities, the department also builds capacity for provinces and municipalities, and promotes consultation with all stakeholders in the housing delivery chain.

Over the medium term, the DHS planned to continue focusing on four priorities: facilitating the development of integrated human settlements, upgrading informal settlements, providing affordable rental housing, and providing affordable housing finance.

The DHS intends to promote local enterprises and to create job opportunities within the areas of building material manufacturing and supply, to support local small and medium business enterprises in the sector. Towards this end, the department will focus on the development and accreditation of building material manufacturers and suppliers. Through this process, the department will make use of unemployed graduates, especially those trained through the Human Settlements programme.

According to Statistics South Africa's (Stats SA) General Household Survey of 2019, 81,9% of all households resided in formal dwellings in 2019. Although the percentage of households that have received some kind of government subsidy to access housing has increased from 5,6% in 2002 to 13,7% by 2019, 12,7% of households still lived in informal dwellings. This could be attributed to the fact that rapid household growth and population relocation is making it very difficult to address existing backlogs in the face of fresh demands.

Slightly more than eight-tenths (81,9%) of South African households lived in formal dwellings in 2019, followed by 12,7% in informal dwellings, and 5,1% in traditional dwellings. Households that lived in formal dwellings were most common in Limpopo (95,2%) and Mpumalanga (89,6%). Approximately one-fifth of households lived in informal dwellings in Gauteng and Western Cape (both 18,7%) and North West (18,4%). Traditional dwellings were most common in Eastern Cape (23,0%) and KwaZulu-Natal (13,1%).

About 81,9% of households in metropolitan areas lived in formal dwellings, while 16,8% lived in informal dwellings. Informal dwellings were most common in the City of Cape Town (19,6%), Johannesburg (19,1%) and Ekurhuleni (18,4%), and least common in Nelson Mandela Bay (7,1%).

Facilitating the development of integrated human settlements

For the period ahead, the DHS will continue to review housing legislation and related policies to secure tenure, improve access to the housing market, transform spatial housing patterns, and create inclusive and mixed-use urban living spaces.

Investment will be redirected to support the creation of inclusive communities in 94 declared priority development areas, as informed by 75 integrated implementation plans that are set to be developed over the medium term.

In collaboration with provinces and municipalities, the department was also expected to deliver 270 000 subsidy housing units.

Upgrading informal settlements

In response to rapid urban migration and an increase in the number of informal settlements across South Africa, the department has created a dedicated Upgrading of Informal Settlements Grant Funding Framework exclusively set-up to address adequately the upgrading of informal settlement challenges in the country.

In 2021, the DHS planned to upgrade 679 informal settlements and metropolitan municipalities will target 344 informal settlements for upgrading.

Over the next few years an amount of about R10 billion has been ring-fenced to accelerate the upgrading of informal settlements. The rapid growth of informal settlements in all major cities and towns necessitated a review of funding frameworks.

The UN Habitat III Pretoria Declaration on Informal Settlement Upgrading, signed in South Africa in 2016, recognises that informal settlements challenge must be tackled through an integrated approach to sustainable urban development - taking into account the national policy frameworks, legal, financial resources and spatial issues.

Through an inclusive process, South Africa has made tremendous progress in implementing this policy by, among others:

- identifying and verifying informal settlements in the country by gathering real-time data and monitoring the growth patterns to have a better understanding for planning purposes. According to Stats SA, there are an estimated over 2 600 informal settlements in South Africa accommodating about 1.4 million households.

- establishing Provincial Forums on Upgrading of Informal Settlements in all nine provinces. The forums facilitate alignment of upgrading processes with all municipalities and monitor progress in implementation and knowledge exchange with various stakeholders in each province.
- entrenching an understanding of informal settlement upgrading among practitioners and public representatives through a 13-module course called Introduction to Informal Settlement Upgrading that unpacks the critical processes required for undertaking informal settlement upgrading.
- rolling out an intensive capacity development programme to all provinces, municipalities, civic organisations and communities.
- ensuring that the majority of informal settlements have access to municipal services such as water and waste removal.
- implementing various methods for security of tenure, such as a Letter of Occupation to informal settlement dwellers. This affords the dweller the opportunity to engage in economic activity and entrenches government's commitment to dignity for all South Africans.
- establishing Community of Practice to engage with civic organisations and academia to share good practice, exchange knowledge and disseminate information.

Government strives to establish viable, socially and economically integrated communities, situated in areas that allow convenient access to economic opportunities, health, education and social amenities, and to which all South Africa's people will have access on a progressive basis.

Providing affordable rental housing

To improve the functioning of the rental housing market, the department expects to provide 18 000 affordable rental units and 7 200 community residential units.

Despite budgetary reductions, the Social Housing Regulatory Authority (SHRA) will continue to invest in the affordable rental housing market by providing capital subsidies over the medium term through the Consolidated Capital Grant, and operational support grants through the Institutional Investment Grant.

Providing affordable housing finance

The DHS provides housing finance for households that earn too much to qualify for a full housing subsidy but too little to qualify for a mortgage loan. The department will provide a targeted 12 000 subsidies that serve as lump-sum deposits to lower monthly mortgage repayments for qualifying beneficiaries.

Housing entities

The DHS's housing entities include the:

- **National Housing Finance Corporation (NHFC)**, which was established as a development finance institution in 1996 and is mandated to provide access to affordable housing finance for low-income and middle-income households by leveraging private sector funding to finance housing developments and create affordable housing stock. In the affordable housing sector, the NHFC plays a multiple role as an innovator, financier and facilitator by ensuring viable housing finance solutions; sustainable human settlement growth and engagement of relevant partnerships. The NHFC has been tasked to administer, and facilitate delivery and access to the Finance-Linked Individual Subsidy Programme (FLISP) which provides poor and low to middle-income households with access to adequate housing. Qualifying households for this subsidy are those that in the gap market; those that do not qualify for a fully subsidised house and at the same time they do not qualify for mortgage loan from the banks.

To be considered for a FLISP subsidy, you must:

- have pre-approved home loan from a South African lender;
 - have a monthly household income of between R3 501 and R22 000 (single/joint);
 - never have benefitted from a government housing subsidy scheme before;
 - be a South African citizen or legal permanent resident with a South African barcoded ID;
 - be at least 18 years old and competent to legally contract;
 - married/divorced/co-habiting/single with financial dependants; and
 - be a first-time property owner.
- **National Home Builders Registration Council**, which was established in terms of the Housing Consumers Protection Measures Act of 1998 and is mandated to represent the interests of housing consumers by providing warranty protection against defined defects in new homes, and to regulate the home-building industry. It also provides training and capacity building to promote and ensure compliance with technical standards for building homes.
 - **Estate Agency Affairs Board**, which was established in terms of the Estate Agency Affairs Act of 1976 and is mandated to regulate, maintain and promote the conduct of estate agents, issue fidelity fund certificates, and prescribe the standard of education and training for estate agents. The board manages and controls the Estate Agents Fidelity Fund, and investigates complaints lodged against estate agents. In line with its aim to encourage individuals at

the lower end of the property market to enter into formal property transactions and use immovable property as a store of wealth, the board was expected to also provide technical support to reduce the cost of transacting for estate agents and agencies who buy and sell properties in the affordable housing market.

- **Housing Development Agency (HDA)**, which was established in terms of the HDA Act of 2008 and is mandated to identify, acquire, hold, develop and release state-owned and privately owned land for residential and community purposes; and manage housing development projects for the creation of sustainable human settlements. The agency also provides provinces and municipalities with project, technical and land geospatial services related to housing developments.
- **SHRA**, which was established in terms of the Social Housing Act of 2008 and is mandated to regulate the social housing sector, and subsidise affordable rental housing units for low-income to middle-income households. The SHRA aims to achieve 30 000 housing units by the end of 2024.