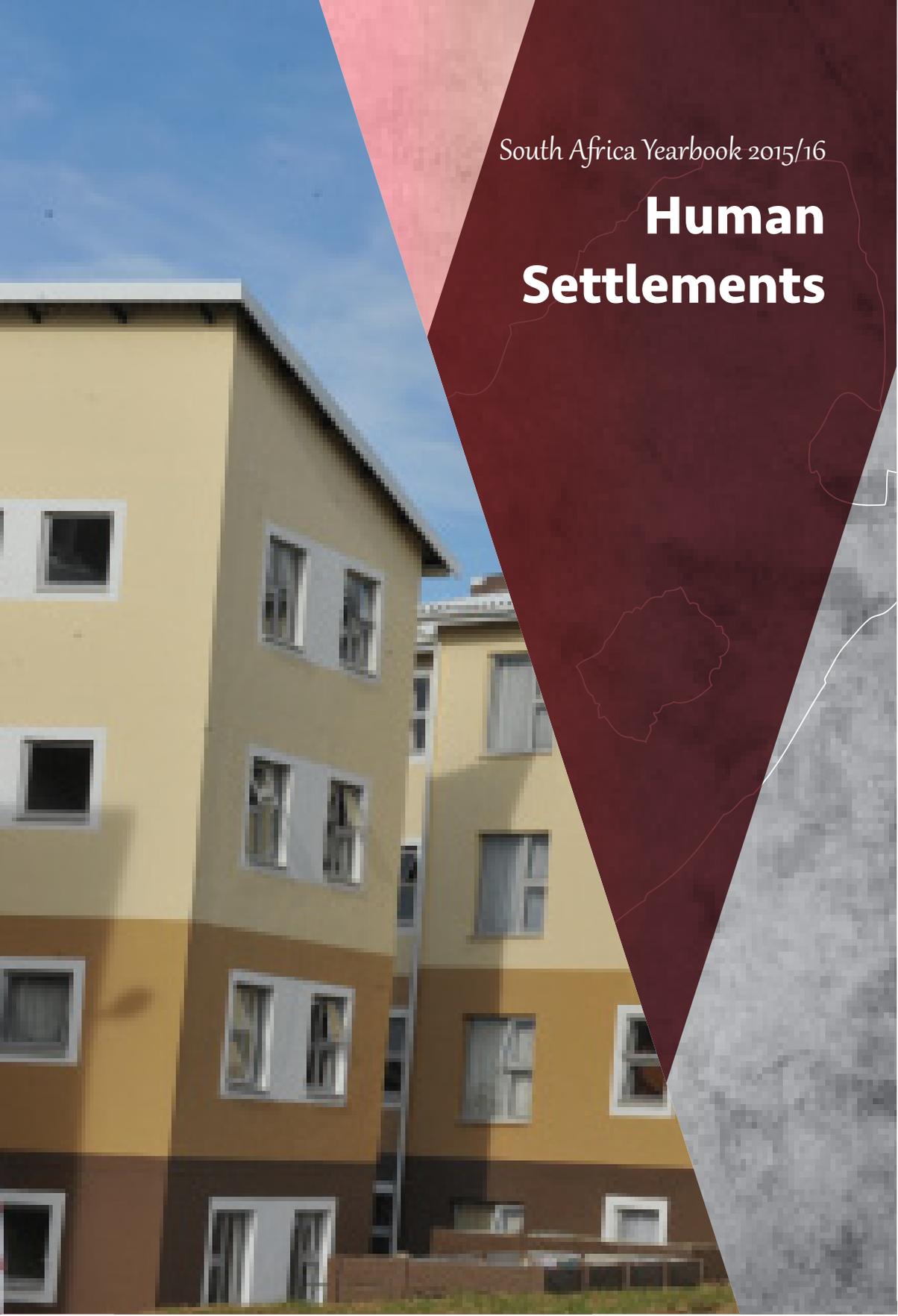


*South Africa Yearbook 2015/16*

# **Human Settlements**



The Department of Human Settlements (DHS) takes progressive steps towards achieving the vision of the National Development Plan (NDP) of transforming human settlements and the spatial economy to create more functionally integrated, balanced and vibrant urban settlements.

More specifically, the department planned to implement the human settlements reforms before 2019.

The reforms aim to ensure that poor households have adequate housing in better living environments, to support the development of a functional and equitable residential property market, and to improve institutional capacity and coordination for better spatial targeting.

Provinces, municipalities and the department's public entities are the implementing agents of national policy directives. They are responsible for delivering housing opportunities, funded by transfers from the department.

The DHS must, after consultation with provinces and municipalities, establish and facilitate a sustainable national housing development process by:

- setting broad national housing delivery goals;
- promoting consultation with all stakeholders in the housing delivery chain, including civil society and the private sector;
- determining national policy, including national norms and standards, in respect of housing and human settlements development;
- monitoring performance of provinces and municipalities against housing budgetary and delivery goals; and
- building the capacity of provinces and municipalities.

## Legislation and policies

Even though the name of the department changed in 2009 from Housing to Human Settlements, the department still draws its mandate from the Constitution of the Republic of South Africa of 1996 and section 3 of the Housing Act, 1997 (Act 107 of 1997).

- The Sectional Titles Schemes Management Act, 2011 (Act 8 of 2011), which provides for the establishment of bodies corporate to manage and regulate common property in sectional title schemes and the establishment of an advisory council to advise the Minister.
- The Community Schemes Ombud Service Act, 2011 (Act 9 of 2011), which could fundamentally change the lives of people living in high-rise flats, inner-city buildings, townhouse complexes and other gated communities. The Act establishes an ombud

service to resolve disputes emanating from within community schemes. The Act is aimed at addressing any problems and disputes among participants involving the control and administration of finances, facilities and behaviour.

- The Estate Agency Affairs Act, 1976 (Act 112 of 1976), the Finance-Linked Individual Subsidy Programme (FLISP) and the Mortgage Default Insurance are expected to address challenges associated with the upgrading of slums, access to basic services, accreditation of key municipalities and land acquisition for human settlements. The programme of improving property markets remains a major challenge.
- The Housing Act, 1997 (Act 107 of 1997), provides for, among other things, facilitating a sustainable housing-development process. For this purpose, it lays down general principles applicable to housing development in all spheres of government; defines the functions of national, provincial and local government in respect of housing development; and provides for the financing of national housing programmes.
- The Rental Housing Act, 1999 (Act 50 of 1999), defines the responsibility of government in respect of the rental housing market. It creates mechanisms to advance the provision of rental housing property and promotes access to adequate housing by working to ensure the proper functioning of the rental housing market. It furthermore provides for the establishment of rental housing tribunals. The Act gives tribunals the power to make rulings, which are deemed to be rulings of a magistrates' court in terms of the Magistrates' Courts Act, 1993 (Act 120 of 1993), and which are enforced in terms of the Act. The Act provides for the facilitation of sound relations between tenants and landlords and for this purpose, lays down general requirements relating to leases. Among other things, the Act prescribes that: leases may be oral or in writing; tenants can demand a written lease; the landlord must give the tenant a written receipt for all payments received by the landlord from the tenant; the landlord may require that the tenant pay a deposit before moving in; the balance of the deposit and interest must be refunded to the tenant by the landlord not later than 21 days after the expiry of the lease.
- The Rental Housing Amendment Act, 2007 (Act 43 of 2007), among other things, provides for rulings by rental housing tribunals, to expand the provisions pertaining to leases and

to extend the period allowed for the filling of vacancies in rental housing tribunals.

- The Social Housing Act, 2008 (Act 16 of 2008), aims to establish and promote a sustainable social housing environment. It defines the functions of the national, provincial and local spheres of government in respect of social housing. It provides for the establishment of the Social Housing Regulatory Authority (SHRA) to regulate all social housing institutions obtaining or having obtained public funds, and it allows for the undertaking of approved projects by other delivery agents with the benefit of public money. The DHS has taken steps to assist governance and regulatory processes through the promulgation of the Social Housing Act of 2008 and the establishment of the SHRA. The Act provides for the recognition and accreditation of social housing institutions. Provincial governments are given responsibilities to approve, allocate and administer capital grants, as well as administer the Social Housing Programme. Local governments are required to ensure access to land, municipal infrastructure and services for approved projects in designated restructuring zones. Local governments are also responsible for initiating the identification of these restructuring zones. The Act's major purpose is the establishment of the SHRA.

### Human Settlements Vision 2030

Human Settlements Vision 2030: On the Road to 2050 aims to provide houses and services in rural and urban areas. It focuses on the total eradication of backlogs of more than 2,1 million housing units, which translates to about 12,5 million people.

Under Vision 2030's framework, most South Africans will have affordable access to services and a quality environment; instead of living in isolation on the periphery of cities.

The DHS is a key player in the property market. A study found that of the six million registered residential properties in the Deeds Registry, 1,44 million were government-subsidised houses. This represents just less than a quarter of registered residential properties and could increase to 35% if the backlog in issuing title deeds is overcome.

The value of a title deed provides the following:

- protection of rights to a property
- asset security
- facilitation of entry of ordinary South Africans as players in both the property as well as the financial markets.

The Department of Human Settlements has delivered 4,3 million houses and housing opportunities since the dawn of democracy. These opportunities include over 2,8 million fully-subsidised houses, 121 784 social/rental housing, 6329 Financial Linked Individual Subsidy Programme and 986 608 serviced sites. This historic milestone has provided a roof for more than 20 million people. The national launch took place in Cosmo City, one of the integrated priority projects around the country which, in 2016, celebrated 10 years of existence.

What is least understood yet nevertheless a major contribution to asset formation by beneficiaries is that each time government facilitates the acquisition of a house, it comes with its own land.

Nationally, the houses were financially assisted by the National Housing Finance Corporation (NHFC) through FLISP, which gives all qualifying beneficiaries the certainty of being granted loans, bonds or mortgages by banks and other financial institutions.

The DHS has also been buying up high-rise buildings in inner cities, and refurbishing and transforming them from office space to rented family units. This form of social housing has become popular with young couples, students and single mothers.

Areas close to townships, known as "no-man's land" that were used as buffer zones to separate black townships from white areas are being eradicated. The land is being used for housing with occupants being moved closer to cities.

New non-racial towns and cities are constantly being developed to fulfil the principle of a united people in non-racial residential areas.

### Integrated Urban Development Framework (IUDF)

South Africa's grand plan to change the face of urban development is set to create vibrant spaces that are geared towards inclusive living and growth in the country's towns and cities.

In April 2016, South Africa adopted the IUDF to steer urban growth towards a sustainable model of "compact, connected and coordinated towns and cities".

The IUDF provides a roadmap to implement the NDP vision for spatial transformation.

It addresses issues such as densification, the delivery of basic services, infrastructure development and rural-urban linkages. Through the plan, government aims to promote urban resilience, create safe urban spaces and ensure that the needs of the most vulnerable groups are addressed. The objective is to transform urban

spaces by:

- Reducing travel costs and distances
- Preventing further development of housing in marginal places
- Increasing urban density to reduce sprawling
- Improving public transport and the coordination between transport modes
- Shifting jobs and investment towards dense peripheral townships.
- Rapid urbanisation in Africa

According to the United Nations (UN), 54% of the world's population lives in urban areas and this will increase to 66% by 2050.

Continuing population growth and urbanisation will add two and a half billion people to the world's urban population by 2050.

The UN states that Africa is expected to be one of the fastest urbanising regions between 2020 and 2050.

### **Social Contract for Rapid Housing Delivery**

The Social Contract for Rapid Housing Delivery was conceptualised to support the implementation of government's Breaking New Ground (BNG) strategy, which was launched in 2004 with the aim to accelerate the delivery of housing as a key strategy for poverty alleviation.

Through partnership between the DHS, banking sector, private sector, non-governmental organisations and other stakeholders, the country witnessed the creation of more than 1.2 million housing units in five years. This followed a Social Contract for Rapid Housing Delivery signed in September 2005 during a Housing Summit.

In 2014, the department together with private sector partners and stakeholders recommitted and signed a Social Contract for the Development of Sustainable Human Developments and Improved Quality of Household Life.

Through the contract, the partners set an ambitious target to deliver 1.5 million housing opportunities in the next five years.

The partners, including the private sector, mining sector, banking sector; as well as national, provincial and local spheres of government, signed the contract during the National Human Settlements Indaba held in Johannesburg.

The signatories of the social contract, jointly undertook to work together to deliver 110 000 affordable housing opportunities for the gap market, 70 000 affordable rental opportunities, undertake 50 catalytic projects and install basic services and infrastructure in 2 000 informal settlements.

This formed part of their plan to ensure that by 2030 all South Africans live in adequate housing.

### **Inclusionary Housing Policy**

The New Economic Growth Path identified energy, transport, roads, water, communication and housing as key areas in its strategy to fast-track sustainable growth, employment and equity creation.

This was given a boost by the Presidential Infrastructure Coordinating Committee (PICC) and was a breakthrough in the effort to reverse the system of apartheid infrastructure and its spatial planning. The introduction of the PICC means the beginning of the end for government operating in silos.

Sanitation, which provides the most basic protection to the private dignity of citizens, is an internationalised programme through the UN millennium development goals (MDGs) as agreed to by all UN member states. In the PICC, this programme has been made a national priority. This is also one of the key recommendations of the Ministerial Sanitation Task Team's preliminary findings.

Private-sector developers, in collaboration with financial institutions, have undertaken several inclusionary housing initiatives.

These included housing projects in areas such as Bertrams and Cosmo City, Johannesburg; Olievenhoutbosch, Pretoria; Hlanganani, Springs; and Blythedale, outside Durban. Multiple housing projects that are designed as mixed-income housing developments ensure cross-subsidisation and achieve inclusive housing objectives.

### **Budget**

The DHS took progressive steps towards achieving the NDP's vision of transforming human settlements and the spatial economy to create more functionally integrated, balanced and vibrant urban settlements. More specifically, the department will be implementing the human settlements reforms in government's 2014-2019 medium term strategic framework. The budget was allocated as follows:

- Provinces: R59,1 billion
- Metropolitan Municipalities: R33,3 billion. Transfers are expected to grow at an average annual rate of 6,3% over the period to support the delivery of 1,495 million housing opportunities across the country by 2019.
- Catalytic projects: The main driver of delivery will be mixed use catalytic projects, led by the department's master spatial plan. A catalytic

project is a human settlements project that intends to initiate change away from isolated and segregated communities towards more spatially, socially and economically integrated communities. Thirty catalytic projects will be initiated by 2017/18, and the department expects to disburse R315 million to eight metropolitan municipalities as capacity funding towards packaging catalytic projects.

## **Subsidies and funding**

### **Finance-Linked Individual Subsidy Programme**

The South African Constitution enshrines the right of everyone to have access to adequate housing and makes it incumbent upon government to take reasonable measures to achieve this.

Amongst the many programmes, FLISP is specifically intended for the market segment whose income is inadequate to qualify for a home loan, but exceeds the maximum limit applicable to access government's 'free basic house' subsidy scheme. This market segment, generally known as the 'affordable/gap' market, earns between R3 501 and R15 000 per month.

Households in this segment, if buying a home for the first time, may apply for a FLISP subsidy. The subsidy attaches to the beneficiary and not to the property. This is used to decrease the mortgage bond and applies only to people who have never been assisted by government. It is disbursed as a once-off subsidy.

The programme handed over R700 million for the Marikana Housing Project, which is expected to yield 2 600 units upon completion.

By July 2016, 544 housing units had been completed. These included 252 units that were part of a community residential programme and another 292 houses which fall under the BNG project.

An estimated 70 000 finance-linked subsidies are expected to be disbursed to qualifying beneficiaries by 2019 through funding provided in the human settlements development grant.

FLISP's allocations made to provinces by the Human Settlements Development Grant (HSDG) was R71,6 million. The actual spending at the end of the financial year had been R35,5 million, with four provinces reporting no expenditure at all.

### **Housing subsidies**

A housing subsidy is a grant by government to qualifying beneficiaries to be used for housing purposes. The subsidy is either paid to a seller of a house or, in new developments, it is used

to finance the construction of a house that complies with the ministerial minimum norms and standards.

The house is then transferred to the qualifying beneficiary.

One of the DHS areas of responsibility in the delivery of human settlements relates to the bottom-most end of the market, where it provides housing subsidies to the poor.

This is where the bulk of the housing backlog exists, affecting mainly those who earn below R3 500 a month.

A total of 563 000 fully-subsidised housing units are expected to be built by 2019.

### **Individual subsidies**

An individual subsidy provides qualifying beneficiaries with access to housing subsidies to acquire ownership of improved residential properties (a stand or house) or to finance the acquisition of a serviced site linked to a house-building contract that is not part of an approved housing-subsidy project.

The latter option is only available to beneficiaries with access to housing credit. The subsidy amount of R84 000 comprises R6 000 for the raw land cost, R22 162 for internal municipal engineering services and R55 706 for the cost of constructing the top structure.

### **Consolidation subsidies**

This subsidy mechanism gives former beneficiaries of serviced stands, financed by the previous housing dispensation (including the Independent Development Trust's site and service schemes), the opportunity to acquire houses.

### **Institutional subsidies**

Institutional subsidies are available to qualifying housing institutions.

The subsidy is paid to approved institutions to provide subsidised housing on deed of sale, rental or rent-to-buy options.

This is done on condition that the beneficiaries may not be compelled to pay the full purchase price and take transfer within the first four years of receiving the subsidy. Institutions must also invest capital from their own resources in the project.

### **Subsidies for people with disabilities**

People with disabilities who qualify for a housing subsidy receive additional amounts to improve their houses with special additions such as paving and ramps to their doors, grab-rails in

bathrooms, and visible door bells for the deaf.

### **Enhanced Extended Discount Benefit Scheme**

The Enhanced Extended Discount Benefit Scheme promotes home ownership among tenants of state-financed rental stock, including formal housing and serviced sites.

The scheme is only available to beneficiaries who took occupation of such rented houses before 15 March 1991.

### **Rural subsidies**

These housing subsidies are available to beneficiaries who enjoy only functional tenure rights to the land they occupy. This land belongs to the State and is governed by traditional authorities.

These subsidies are only available on a project basis and beneficiaries are supported by implementing agents. Beneficiaries also have the right to decide how to use their subsidies, either for service provision, for the building of houses, or for a combination of these.

### **Farm resident subsidies**

The housing-subsidy programme for farm residents addresses the wide variety of housing needs of people working and residing on farms by providing a flexible package of housing models to suit the local context.

In most instances, the programme is applied where farm residents are required to reside close to their employment obligations and where the farm land is distant from the nearest town, rendering the settlement of the farm residents in town impracticable.

Farm residents play an important role in all aspects of their housing solutions regarding the selection of options, the design and implementation phase, as well as the ongoing management of the housing stock.

### **Human Settlements Development Grant**

The allocation for the HSDG for the previous year had been R17 billion. There had been a rollover of R289 million from the previous financial year, which had culminated in a total of R17,3 billion as the available amount.

The allocations had been transferred to provinces, which had spent R16,9 billion. With regard to the delivery performance of provinces, there had been a target of 45 652 sites, while the top structure target had been 105 796, and the overall target had been 151 448 structures. The provinces had delivered 143 911 overall.

### **Municipal Human Settlements Capacity Grant (MHSCG)**

The purpose of the MHSCG is to provide capacity to municipalities. It was a collaboration between the DHS, National Treasury, and the Department of Cooperative Governance and Traditional Affairs. It is aimed at providing assistance to municipalities due to an outcry for capacity and technical support.

The total budget allocation from the MHSCG to eight metropolitan municipalities for the 2015/16 financial year was R100 million and was divided as follows:

- Buffalo City: R9,253 million
- Nelson Mandela: R9,847 million
- Mangaung: R9,2016 million
- Ekurhuleni: R14,313 million
- Johannesburg: R16,505 million
- Tshwane: R12,831 million
- eThekweni: R14,342 million
- Cape Town: R13,703 million.

### **National Housing Finance Corporation**

The NHFC is one of several development finance institutions created by the government to improve the socio-economic challenges of the country.

The corporation is mandated to broaden and deepen access to affordable housing finance for low to middle income households by facilitating private sector lending for housing purposes.

The developmental financial focus of the NHFC is specifically about finding workable models on affordable housing finance for the low- and middle-income target market.

The NHFC was established in 1996, by the then National Department of Housing, to offer housing finance, project facilitation and technical assistance to private and public entities ensuring availability of housing stock for the target market.

As a means of sustaining its funding programmes, the NHFC searches for better ways to mobilise finance for affordable housing from sources outside the state in partnership with the broadest range of organisations.

The NHFC, in the affordable housing finance market sector, adopts a role of financier, facilitator and innovator; to ensure viable housing finance solutions and growth of sustainable human settlements.

The corporation's total budget for 2015/16 was R221,7 million.

## Rural Housing Loan Fund (RHLF)

The RHLF is a wholesale lending institution. Its main business is to raise money and lend it to retail credit intermediaries to provide repeat access to housing credit to low income rural households.

Structured loans are made to match the intermediary's underlying product profile, and are disbursed according to the following three criteria:

- draw-downs should be structured so that the RHLF's exposure is limited (a higher risk profile should be accompanied by a slower draw-down pattern to allow the RHLF to monitor the performance of the intermediary)
- draw-downs should be matched with the intermediary's disbursement of qualifying loans and should not allow the intermediary to build up extensive surplus funding
- the size of the facility and the draw-down schedule should be in line with the historical growth pattern of the intermediary and its capacity to manage growth, to avoid potential destabilising effects.
- the repayment period should match that of the end user.

A Pilot Loan is a venture-capital investment instrument designed by the RHLF to support retail lenders to explore new markets (such as informal earners or low-income households in un-served rural areas) and/or new products (such as alternative loan products with appropriate collection methodologies).

The fund was allocated R37,1 million.

## Role players

### Enhanced People's Housing Process (EPHP)

The EPHP is a government housing-delivery mechanism that supports households who wish to enhance their subsidies by building their own homes or organising between themselves, the building of their homes. The process allows beneficiaries to establish a housing-support organisation that will provide them with organisational, technical and administrative assistance.

The assistance includes training and guiding the beneficiaries in building their own homes. The subsidy is available to beneficiaries enjoying functional tenure rights to the land they occupy.

The land is normally in rural areas and belongs to the State and is allocated by the State and the authorities. Unlike the project-linked subsidy, where a contractor builds houses for a number of people, the EPHP allows people or beneficiaries

to build or organise the building of their homes.

The EPHP is a useful tool for community involvement.

In June 2016, government set itself a target to deliver six million houses and housing opportunities by 2019.

## Housing institutions

The department's support institutions play an important role in enhancing the norms and standards of housing, and making housing more accessible to all South Africans.

The institutions also facilitate the specific housing and housing-related needs of the market, in addition to the role that provincial governments and municipalities play. These institutions are accountable to the Executive Authority of the DHS.

The institutions are the National Home-Builders Registration Council (NHBRC), NHFC, NURCHA, the Social Housing Foundation, RHLF, the Housing Development Agency (HDA), Servcon Housing Solutions, SHRA and Thubelisha Homes.

## Stakeholder management

Increased operations through new partnerships would address the challenges of rapid urbanisation. The DHS has been at the forefront of addressing this challenge in South Africa.

The Chief Directorate: Stakeholder Management's primary objective is to mobilise sector stakeholders to partner with government to fast-track housing delivery.

The unit facilitates stakeholder engagement through various dialogue forums, which has led to collaboration in the implementation of the Social Contract for Rapid Housing Delivery and Rural Housing Contract, Stakeholder Engagement, Youth Build, Women's Build and the Govan Mbeki Housing Awards.

## Women in housing

The DHS is working on a range of measures which are geared to support women in human settlements and emerging contractors in the housing sector.

These measures will look at addressing issues such as access to bridging finance, credit, lack of skills and lack of supportive institutional arrangements within human settlements value chain.

The NHBRC Women Empowerment Programme, which was formed in partnership with the Gordon Institute of Business Science, comprises a developed and customised

programme for women entrepreneurs in the construction industry.

As part of the initiative, a hundred women who own construction-related businesses are taken through a 10-month programme that includes business skills training, mentorship, coaching, access to finance and new markets, as well as peer-learning opportunities.

Training and modules are customised based on the particular challenges and requirements of the industry. They also include practical support that facilitates application of the lessons learned throughout the programme.

### **National Home-Builders Registration Council**

The mandate of the NHBRC is to protect the interests of housing consumers by providing warranty protection against defined defects in new homes, and to regulate the home-building industry in terms of the Housing Consumers Protection Measures Act of 1998. The council provides training and capacity building to promote and ensure compliance with technical standards in the home building environment.

The council's strategic goals will be to improve stakeholder interaction and market accessibility for housing consumers, to enhance the entities position to:

- provide quality services to housing consumers and home builders
- make better use of technological building solutions
- provide training and building capacity in the home building sector.

### **Youth Build**

The Youth Build SA Programme is a community based national youth service initiative that integrates academic achievement, work experience, social action, leadership development, and personal transformation in a single project for volunteers.

The National Youth Development Agency (NYDA) implements the following two types of Youth Build projects in support of this programme:

- The comprehensive model where 100 youth, all of them volunteers, spend between eight and 12 months in class and on site learning the construction trade using the Youth Build model which is adopted from Youth Build International.
- A model is done in partnership with the DHS where volunteers are recruited within identified communities, orientated by NYDA and then sent straight to site to build houses. When they

complete the houses, they go into training with the NHBRC for six weeks. The NYDA then prepares volunteers to look for jobs or start their own businesses based on the skills they would have acquired through Youth Build.

The difference in the two approaches is that on the first one, the NYDA can fund the project up to 100% and the second one is mostly funded by the DHS.

The volunteers are empowered with house-construction skills such as bricklaying, plastering and plumbing.

In June 2016, 40 volunteers built 200 BNG houses in Khunwana Village, North West, as part of the 1976 Youth Build SA Programme which was allocated R200 million.

More than 1 400 young South Africans are enrolled in 13 Youth Build programmes. Apart from the DHS, other key partners include municipal governments, Technical and Vocational Education and Training centres, the Sector Education and Training Authority; and private sector companies.

After seven years of experience in managing Youth Build programmes, the NYDA is working on opening a Youth Build school to strengthen education outcomes, improve private sector links, and provide professional development to Youth Build teams around the country.

The agency's strategic re-orientation prioritised the expansion of Youth Build to 50 communities with the goal of engaging 5 000 to 7 000 young people each year.

### **National Human Settlements Youth Accord**

The youth accord was the outcome of the National Human Settlements Youth Summit held in Johannesburg, in December 2014, to discuss government housing programmes aimed at empowering young people while mobilising them to support government and the department's priorities in the next five years.

Key to the DHS priorities is the delivery of 1,5 million housing opportunities by 2019 with special focus on the elderly, child-headed households and military veterans.

The programme aims to see youth getting training in different construction fields and the running of small businesses while gaining experience at catalytic projects across the country.

In August 2015, about 200 National Human Settlements Youth Accord brigades arrived in Thaba 'Nchu, Free State, from the Eastern Cape for character-building training.

The training programme partly focuses on

principles of nation-building, voluntarism and patriotism.

The long-term aim is to create a crop of builders and construction workers who are well supported and sustained through coaching and mentorship.

### **National Urban Reconstruction and Housing Agency**

NURCHA provides bridging finance to contractors building low to moderate income housing, infrastructure and community facilities, and provides account administration and support services.

The corporation works in partnership with all role-players in these markets to maximise the development of sustainable human settlements.

NURCHA was established as a Presidential Lead Project in 1995, in partnership with the Open Society Institute.

The institution's strategic focus is to provide bridging finance to contractors building low to moderate income housing, infrastructure and community facilities, and provides account administration and support services.

Finance is provided directly to established contractors while a separate, specialised intermediary channel is used to provide finance to emerging contractors, resulting in the normalisation of risks associated with this market segment by the traditional financial institutions.

In this regard, intermediaries assist the emerging contractors with a range of construction support services.

NURCHA seeks to:

- maximise options to finance the construction of housing facilities and infrastructure
- extend the housing market
- promote synergy and cooperation between public and private sectors
- use NURCHA loans to contribute to the emergence of a new generation of successful, black-owned construction companies.

Between 2014 and 2015, NURCHA had approved 14 bridging finance loans amounting to R78 million to women contractors.

The Vulindlela Rural Enhanced People's Housing Process in Taylors Halt, just outside Pietermaritzburg, started a programme to build 25 000 human settlements to the value of R2.1 billion. The project is based on community contribution, partnerships and leveraging of additional resources. About 2 000 full-time employment opportunities were created and 13 community owned cooperatives established through the project. The cooperatives own a quarry on-site, transport operations, concrete block-making facilities, door-making and other construction-related firms. The block-making facility produces 6 000 blocks a day.

The approved loans would enable the construction and completion of 7 328 housing units and serviced stands between 2015 and 2016. The agency's total budget for 2015/16 was R112,6 million.

### **Social Housing Regulatory Authority**

The SHRA is mandated to regulate the social housing sector, and to ensure a sustainable and regulated flow of investment into the social housing sector.

This is in order to support the restructuring of urban spaces through capital grant provision to accredited social housing institutions.

The authority's total budget for 2015/16 was R1 billion.

### **Housing Development Agency**

The HDA is mandated to identify, acquire, hold, develop and release state and privately-owned land for residential and community purposes and to create sustainable human settlements.

The agency provides project-management expertise in human-settlement projects and facilitates the development of projects through accelerated and innovative project packaging.

The agency's total budget for 2015/16 was R278,9 million.

### **The Community Schemes Ombud Service**

The Community Schemes Ombud Service is mandated to provide a dispute resolution service for community schemes; to regulate, monitor and control the quality of all sectional title schemes' governance documentation; and to take custody of, preserve and provide public access to scheme governance documentation. The ombud's 2015/16 budget was R41 million.

### **The National Human Settlements Land Inventory (NaHSLI)**

The NaHSLI and the Land and Property Spatial Information System are fully developed and operational.

NaHSLI is a comprehensive, multidimensional catalogue of habitable land. NaHSLI presents a national tool based on the geospatial analysis of the natural, regulatory, structural and social environment context within which a habitable land profile for South Africa is being developed.

It facilitates the identification of suitable, available, accessible land that can be used to earn a livelihood, thereby demarcating non-habitable land and risk-prone areas and informing potential users where human settlements

could be located best.

NaHSLI also provides insight into the development potential of habitable land and lends itself to the functions of choice, governance and sustainability.

In total, seven implementation protocols have been signed and further agreements are under negotiation with a number of municipalities and provinces.

### **The Estate Agency Affairs Board (EAAB)**

The EAAB regulates, maintains and promotes the standard of conduct of estate agents and issues Estate Agents Fidelity Fund certificates. It is also mandated to prescribe the standard of training of estate agents, investigate complaints lodged against estate agents as well as to manage and control the Estate Agents Fidelity Fund.

The board's budget was R123,3 million.

### **Resources**

One of the major constraints in housing delivery is the lack of capacity in terms of an efficient workforce and the installation of appropriate technology, equipment and systems for monitoring, evaluation and reporting purposes.

The DHS continues to assist provinces in ensuring effective and efficient implementation of the National Housing Programme.

The strategy and guidelines for capacity building, and guidelines for provincial housing-capacity business plans, have been developed.

The DHS undertook several initiatives to support small enterprises within housing and to promote BEE and gender mainstreaming.

Based on extensive consultation with stakeholders in the construction and housing industry, the department developed a framework for emerging contractor support that resulted in a support programme that focuses on training emerging contractors.

### **Programmes and projects** **Sustainable human settlements**

Sustainable human settlements and improved quality of household life are defined by:

- access to adequate accommodation that is suitable, relevant, appropriately located, affordable and fiscally sustainable
- access to basic services such as water, sanitation, refuse removal and electricity
- security of tenure irrespective of ownership or rental, formal or informal structures
- access to social services and economic opportunities within reasonable distance.

### **Strategic Integrated Project 7 (SIP7)**

The SIP7 is part of the 17 SIPs contained in the Presidential Infrastructure Plan.

They incorporate a range of economic and social infrastructure projects and cover all nine provinces with the emphasis on poorer regions.

Investment in rail, water pipelines, energy generation and transmission infrastructure have been identified for Limpopo.

SIP7 focuses on 12 of the country's major cities in Gauteng, the Eastern Cape, KwaZulu-Natal, the Free State, North West and the Western Cape.

The cities include major metropolitan municipalities such as Johannesburg, Ekurhuleni and Tshwane in Gauteng, Buffalo City and Nelson Mandela Metro in the Eastern Cape, eThekweni in KwaZulu-Natal, Cape Town in the Western Cape and Mangaung in the Free State.

The cities were chosen because of their demographic and economic significance. They will be given implementation powers, with the PICC expected to exercise an oversight role.

In Gauteng, some of the projects that are in operation include the implementation of the Bus Rapid Transit (BRT) System in the province's three metropolitan cities. Tshwane is expected to spend more than R1,6 billion on its BRT System.

Johannesburg finalised plans for a major rehabilitation of Diepsloot and Ivory Park townships, including the construction of clinics, schools and community libraries.

About R45 million has been set aside to turn Ekurhuleni into an aerotropolis – a new urban form where cities grow around airports, connecting workers, suppliers, executives and goods to the global marketplace.

An amount of R2 billion has been earmarked for a new rail link connecting Cape Town International Airport and the city centre while in other provinces such as the Eastern Cape and KwaZulu-Natal, the focus will be on expanding ports and rail services.

### **Bucket Eradication Programme**

The objective of the Bucket Eradication Programme is to eradicate all bucket toilets across the country. The budget for the programme was R975 million for the 2015/16 financial year.

At the end of February 2016, the bucket system was eradicated in Britstown, Springbok and Petrusville in the Northern Cape. It was also eradicated in Kanana in North West and Fauriesmith in the Free State.

By then, 2 261 structures had been completed in the Eastern Cape, 124 in North West, 6 377 in Northern Cape and 6 974 in Free State.

The cost of these units was in line with the industry guidelines on infrastructure service delivery unit costs of approximately R9 000 for a single pit, R12 000 for a double pit and R15 000 for water-borne sanitation.

Expenses related largely to reticulation, material, civil works, geotechnical expenses and project management fees.

### **Comprehensive Housing Plan (CHP)**

The CHP for the Development of Integrated Sustainable Human Settlements (Breaking New Ground) is aimed at eradicating informal settlements in South Africa in the shortest possible time.

It incorporates principles such as:

- integrating subsidised, rental and bonded housing
- providing municipal engineering services at a higher level, applying them consistently throughout townships
- providing ancillary facilities such as schools, clinics and commercial opportunities
- combining different housing densities and types, ranging from single-stand to double-storey units and row houses.

The CHP is being implemented through informal settlement-upgrading pilot projects in each province.

These projects provide for phased, area-based development, and emphasise community participation and social and economic development as an integral part of housing projects. The goal of upgrading all informal settlements by 2014/15 is aligned to the UN MDGs to improve the lives of 100 million slum dwellers worldwide.

The CHP focuses on:

- accelerating housing delivery as a key strategy for poverty alleviation
- using housing provision as a major job-creation strategy
- ensuring that property can be accessed by all as an asset for wealth creation and empowerment
- leveraging growth in the economy, combating crime and promoting social cohesion
- using housing development to break down barriers between the first-economy residential property boom and the second-economy slump
- using housing as an instrument for the development of sustainable human settlements in support of spatial restructuring
- diversifying housing products by emphasising rental stock.

The department developed and launched a number of instruments to guide the implementation of the comprehensive plan in all three spheres of government.

These include the monitoring, evaluation and impact-assessment policy and implementation guidelines, and the operating system for the policy and guidelines.

The department also initiated a project-monitoring process to measure the performance of provincial housing departments against targets set in their business plans, to identify constraints and assist with addressing them swiftly.

### **Rental housing for the poor**

The National Rental Housing Strategy, which was approved in 2008, provides for people in the low-income bracket and living under the following conditions:

- provisions made by previous departments
- public-sector hostels for housing migratory labour in the previous dispensation
- municipal rental stock that has not been transferred to the households who inhabit the units, and which will continue to be used as rental accommodation because of the low economic status of the households
- new high-rise housing stock to be built for the specific purpose of accommodating low-income households in rental accommodation.

Many job seekers in urban areas require rental accommodation. There has been an increased public hostels owned by provincial housing departments and municipalities

- “grey” hostels that have both private and public ownership
- public housing stock that cannot be transferred and has to be managed as rental accommodation
- post-1994 newly developed public residential accommodation owned by provincial housing departments and municipalities
- dilapidated, derelict and dysfunctional buildings.

Units provide secure and stable rental tenure for lower-income earners. Potential tenants are selected according to specific criteria such as, they must be a South African citizen, not an owner of any property in the municipality, earn between R1 600 and R3 500 per month (gross income), not owe the municipality any services money, pass an affordability check, and they must be a major to be able to sign the legal documents.

### Emergency housing

The main objective of this programme is to provide temporary housing relief to people in urban and rural areas who find themselves in emergency situations, such as when:

- their existing shelters have been destroyed or damaged
- their prevailing situation poses an immediate threat to their lives, health and safety
- they have been evicted or face the threat of eviction.

Assistance involves prioritising funds from the provincial housing allocations to municipalities to accelerate land development, and the provision of basic municipal engineering services and temporary shelter.

### Government Employees Housing Scheme (GEHS)

In May 2016, an initiative to help low-earning public servants to purchase homes was launched. The GEHS is meant to service 1,3 million public servants who earn too little to qualify for a bond.

Civil servants already qualified for a R1 200 housing subsidy if they owned their property but this did not help employees who earned too little to qualify for a home loan.

In terms of a Public Service Coordinating Bargaining Council resolution, the programme included advice to employees on home ownership options and how to go about renting to buy.

The GEHS would help employees with their finance applications, facilitate access to housing subsidies, and help negotiate favourable lending terms with financial institutions.

### Integrated Residential Development Programme (IRDP)

The IRDP provides for the acquisition of land, servicing of stands for a variety of land uses, including commercial and recreational purposes, schools and clinics, as well as residential stands for low-, middle- and high-income groups. The land use and income-group mix is based on local planning and needs assessment.

### Social Housing Regulatory Authority

Social housing is a rental or cooperative housing option, which requires institutionalised management. Social housing is provided by accredited SHIs or in accredited social housing projects in designated restructuring zones. Social housing provides good quality rental accommodation for the upper end of the

low-income market (R1 500 – R7 500).

The primary objective of urban restructuring is creating sustainable human settlements. Social housing is not just about building houses; it is also about transforming residential areas and building communities.

An additional 27 000 households are expected to be living in affordable social rental units by 2019. Over the medium term, 16 204 such units were expected to be built, funded through the restructuring capital grant of the SHRA and the provincial institutional subsidy.

### International relations

The South African Government is party to the UN MDGs, which provide for the significant improvement in the lives of at least 100 million slum dwellers by 2020.

In addition to these conventions, South Africa adheres to the following declarations under the UN Habitat programme: the Vancouver Declaration on Human Settlements of 1976, the Istanbul Declaration on Cities and other Human Settlements of 1996 and the Habitat Agenda of 1996, the focus of which is to address the plight of persons without adequate housing.

### Community Scheme Ombud Service (CSOS)

The CSOS provides an alternative, impartial and transparent service for the resolution of unresolved disputes in community schemes. Established in terms of the Community Scheme Ombud Service Act, 2011 (Act 9 of 2011) the CSOS regulates the conduct of parties within community schemes and ensures their good governance.

The CSOS is classified as a Schedule 3A public entity in terms of the Public Finance Management Act and its executive authority is vested in the Minister of Human Settlements. In terms of Section 38 of the CSOS Act, any person in a community scheme may apply to the CSOS, if such a person is a party to or is materially affected by a dispute, for mediation and adjudication.