



# Human settlements



**SOUTH  
AFRICA**  
YEARBOOK  
2011/12

Government has set itself the target of making a positive impact on the quality of life of 500 000 households by 2014, by upgrading informal settlements. The upgrade will provide households with security of tenure and access to essential services in sites that are close to economic and other social amenities.

To meet its objectives of sustainable human settlements and improved quality of household life, the Department of Human Settlements has identified the following areas of priority:

- accelerated delivery of housing opportunities
- access to basic services
- more efficient land use
- an improved property market.

Between 1994 and June 2011, government built over three million homes for South Africans, giving shelter to over 13 million people.

Government's Rural Housing Project (RHP) remains a key intervention, and new initiatives are in the pipeline to accelerate the development of high-quality rural human settlements.

In February 2010, the Minister of Finance, Mr Pravin Gordhan, announced a new grant to support on-site water and sanitation infrastructure as part of the RHP. An initial R1,2 billion over three years has been made available for this purpose.

The Department of Human Settlements' budget for 2011/12 increased by 38% to R22,5 billion from 2010/11 and is expected to grow to R26,6 billion in 2013/14.

## Sustainable human settlements

By June 2011, the formalisation of 206 informal settlements had been completed. The number of informal settlements was reduced from 2 700 in 2009 to 2 450 in 2011.

Cabinet approved the Comprehensive Housing Plan (CHP) for the Development of Integrated Sustainable Human Settlements (Breaking New Ground [BNG]) that aims, among other things, to eradicate informal settlements in South Africa in the shortest possible time.

The BNG incorporates principles such as:

- integrating subsidised, rental and bonded housing
- providing municipal engineering services at a higher level and being applied consistently throughout the township
- providing ancillary facilities such as schools, clinics and commercial opportunities

- combining different housing densities and types, ranging from single-stand units to double-storey units and row houses.

The CHP provides for programmes that promote the development of the entire residential property market, including the development of low-cost housing, medium-density accommodation and rental housing; stronger partnerships with the private sector; social infrastructure; and amenities.

The plan also aims to change spatial settlement patterns by building spatially economical and socially integrated human settlements.

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 United Nation's (UN) millennium development goals (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.

As part of the CHP, government provides a 40-m<sup>2</sup> house with two bedrooms; a separate bathroom

In February 2012, President Jacob Zuma announced in the State of the Nation Address that from April 2012, people earning between R3 500 and R15 000 would be able to obtain a subsidy of up to R83 000 from provinces, to enable them to obtain housing finance from an accredited bank

At the Human Settlements Vision 2030 Youth Summit, held in July 2011, the indication was that the total eradication of the housing backlog would mean that 12,5 million people will be provided with homes by 2030. The summit gave the youth the opportunity to learn about the process towards home ownership, and how to access government grants, housing loan finance and bonds mortgages.

with a toilet, shower and hand basin; a combined living area and kitchen with wash basin; and a ready-board electrical installation where electricity supply is available in the township, to qualify-ing households earning less than R3 500 a month.

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 has 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.

Phase One of the Housing Demand Database has been completed, resulting in an integrated national database.

Progress made during 2011 included:

- Development on the N2 Gateway Project in the Western Cape being at different stages in each of the project areas. Considerable progress was made in providing bulk infrastructure, constructing houses, installing service connections to individual units and the handover of 7 887 houses by the end of 2011.
- The Zanemvula Housing Project that entails the upgrading of informal and formal settlements in the Soweto-on-Sea and Veeplaas areas, as well as greenfields housing developments in the areas of Chatty and Joe Slovo West in the Eastern Cape.
- 4 300 sites and 800 units in Duncan Village in the Eastern Cape.
- The initiation of the Lerato Park Housing Project in the Northern Cape.
- 5 500 units in the Khutsong Resettlement Project in Gauteng.
- Infrastructure and housing in the Klarinet Housing Project in Mpumalanga.
- The Emnambithi Urban Renewal Project in KwaZulu-Natal.
- 6 776 units in Grassland in the Free State.

- 341 units of the Morgan's Village III Affordable Housing Project in Mitchell's Plain, Cape Town.
- The Informal Settlement Upgrade Programme in Nelson Mandela, Joe Slovo, Phola Park and Chris Hani informal settlements and Ngangelizwe in the Eastern Cape. Phase One of this project will focus on the provision of interim services and planning for 6 600 units.
- Agreement to unblock eight housing development projects valued at over R85,7 million was reached between the North West Provincial Government and the Mahikeng Local Municipality for the construction of 2 481 housing units, including the building of 200 rental housing units.
- In total, 26 328 housing units have been completed, benefiting some 118 476 individuals in the Mabaso RHP, in KwaZulu-Natal.
- A housing project in Qolweni, Gaatjie, Bossiesgif and Pinetree in the southern Cape created denser settlement for people in the area. The high-density units are the first of their kind in the southern Cape. Higher-density settlements fulfil one of the department's strategic objectives of maximum use of resources and are important in creating integrated and sustainable settlements. The project will be developed in four phases, with Phase One (265 units) already completed. On completion it will consist of 1 420 units.
- Several mixed housing projects such as Lehae, Olieventhoutbosch, Lufhereng, Cosmos City, Chief Mogale and Chief Albert Luthuli, to relocate people from informal settlements, are being built in Gauteng.

## Human Settlements Vision 2030

In 2010, the concept and strategy of Human Settlements Vision 2030 was introduced. To suc-

Government plans to build 220 000 housing units annually between 2011 and 2014. By the start of the 2011/12 financial year, more than 8 000 human-settlement projects were already underway across the country.

The Housing Development Agency is fully operational, with the sole mandate to acquire land on behalf of government for human settlement. The target is to acquire 6 025 ha of land by 2014. This will provide for 500 000 housing units. The National Upgrading Support Programme has also been established and is expected to help municipalities with upgrading projects. In addition, the Department of Human Settlements has reached an agreement with the country's major banks to form a joint working team to explore aspects of housing finance.

ceed, Human Settlements Vision 2030 must be for and by the youth. The strategy concerns future rural settlements, urban centres, towns and cities. It also contributes to economic growth and job creation.

In June 2011, the Minister of Human Settlements, Mr Tokyo Sexwale, launched Youth Month's Youth Build Programme by handing over 76 houses that were constructed by youth volunteers during May 2011, in Molemole, Limpopo.

The Molemole initiative is part of Human Settlements Vision 2030, which says that "A child born in 2010 would be 20 years old in 2030 and deserving a place to live in an apartment, a flat, a house in the urban areas or in the countryside."

The key elements of Human Settlements Vision 2030 are:

- eradicating the housing backlog of more than 2,1 million units, housing about 12,5 million people
- laying out the department's budget to create more employment opportunities and contribute to increased economic growth and development through the roll-out of bulk infrastructure such as sanitation and water
- creating integrated community settlements encompassing facilities and amenities such as schools, hospitals, places of worship, sporting facilities and commercial and industrial areas within reasonable distances from residential areas
- using densification and inner-city high-rise strategies to harness economies-of-scale and thus house more people per square metre
- encouraging and facilitating the People's Housing Process (PHP), where residents can construct their own houses, making them less dependent on government
- eradicating ghettos, including backyard dwellers
- soliciting greater buy-in by the corporate sector as a partner of government, labour and community stakeholders in campaigns such as the Each-One-Settle-One Campaign launched in 2011.

## Legislation, policy and initiatives

The Department of Human Settlements has several legislative proposals in the pipeline to accelerate the achievement of ideal human settlements for the people, and strengthen the legal environment. These include:

The Department of Human Settlements hosted the Vision 2030 Indaba at the Nelson Mandela Metropolitan University in Port Elizabeth in October 2011.

Meeting under the theme *Defining a New Path for Sustainable Settlements and Social Justice*, the indaba brought together about 300 delegates from academia and the public, private and non-governmental sectors.

The indaba aimed to refine and strengthen the Human Settlements Vision 2030 and develop a blueprint on how to deal with the many human-settlement challenges facing the country.

At the end of the indaba, the Minister of Human Settlements, Mr Tokyo Sexwale, handed over more than 800 houses to beneficiaries in Chetty.

- amendments to the Housing Act, 1997 (Act 107 of 1997), to align it to the ethos and principles that underpin the creation of sustainable human settlements
- the Land Use Management Bill.

In February 2011, the National Assembly passed the Sectional Titles Schemes Management Bill and the Community Schemes Ombud Service Bill, which could fundamentally change the lives of people living in high-rise flats, inner-city buildings, townhouse complexes and other gated communities.

These bills will contribute to good governance and improved administration of sectional titles and community schemes. They will also minimise the negative actions of some corporate bodies.

The Sectional Titles Schemes Management Bill 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 Bill will establish an ombud service to resolve disputes emanating from within community schemes. An increasing number of community schemes are being developed, where there is governance by the community involved, shared financial responsibility and common land and facilities. The Bill is aimed at addressing any problems and disputes among participants involving control and administration of finances, facilities and behaviour.

## Housing Act, 1997

The Housing Act, 1997 provides for, among other things, facilitating a sustainable housing-development process, and for this purpose lays down general principles applicable to housing development in all spheres of government; defines the functions of national, provincial and

The *First National Bank Property Barometer*, released in March 2011, showed property in more affordable metro areas, particularly former black townships, performed best in price growth in 2010.

The Major Metro Former Black Township House Price Index, with an average house price of R258 334, showed a 20% increase in the average value of homes traded in the fourth quarter of 2010.

The Affordable Area Index, which included areas from all former race classifications and with an average price of R375 219, grew by 11%.

The Middle Income Areas Index with an average house price of R730 064 grew by 9,1%. The High Income Areas Index showed that the average price of R1 105 750 grew by 8,8%.

The Top End Areas Index, with an average price of R1 908 986, was the weakest performer with growth of 7,7%.

local government in respect of housing development; and provides for the financing of national housing programmes.

Section Two of the Housing Act, 1997 compels all three spheres of government to, among other things, give priority to the needs of the poor in respect of housing development.

## Rental Housing Act, 1999 (Act 50 of 1999)

The Rental Housing Act, 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 proper functioning of the rental housing market.

It furthermore provides for the establishment of rental housing tribunals; defines the functions, powers and duties of such tribunals; and lays down general principles governing conflict resolution in the rental housing sector. The Act provides for the facilitation of sound relations between tenants and landlords and for this purpose lays down general requirements relating to leases. It repeals the Rent Control Act, 1976 (Act 80 of 1976), and provides for matters connected therewith.

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 Act gives tribunals the power to make rulings, which are deemed to be rulings of a magistrate's court in terms of the Magistrates' Courts Act, 1993 (Act 120 of 1993), and which are enforced in terms of the Act.

Cabinet approved the Rental Housing Amendment Act, 2007 (Act 43 of 2007), to, among other things, amend the Rental Housing Act, 1999 to further provide 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 amendment also substitutes certain definitions; extends the application of Chapter Four to all provinces; requires that the members of the executive council and local authorities establish rental housing tribunals and rental housing information offices respectively; and extends the power of the rental housing tribunals to rescind any of its rulings.

## Rental housing for the poor

The National Rental Housing Strategy, which was approved in 2008, provides for people in the low-income bracket who may live in housing stock arising out of:

- provision 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 that 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 demand for affordable and well-located rental accommodation. The Department of Human Settlements has developed a project pipeline with a mix of public-private sector rental stock, including the:

By August 2011, the Informal Settlements Upgrading Programme had exceeded its target by providing services in 52 383 sites against a target of 27 054 sites.

- Umlazi Community Rental Unit Programme in KwaZulu-Natal
- Brooklyn Social Housing Programme in Cape Town
- Amalinda Institutional Housing Subsidy in Buffalo City
- Cavendish Inner-City Private-Sector Rental in Johannesburg
- Zola Township Small-Scale Private Rental Stock for backyard dwellers in Gauteng.

All of these are aimed at creating 80 000 rental opportunities by 2014.

### **Social Housing Act, 2008 (Act 16 of 2008)**

The Social Housing Act, 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. It furthermore gives statutory recognition to social housing institutions and provides for matters connected therewith.

Over the years, the social housing sector has grown significantly, and has been the beneficiary of significant funding from government. It is, however, characterised by a patchwork of policies, findings and institutions that neither supports the growth of the sector nor allows for proper regulation and monitoring of funding and policy. For these reasons, the Department of Human Settlements has taken steps to assist governance and regulatory processes through the promulgation of the Social Housing Act, 2008 and the establishment of the SHRA, all framed by the approved Social Housing Policy.

The Act also provides for the recognition and accreditation of social housing institutions. In providing for specific functions and responsibilities for the three spheres of government, the Act requires that national government, among other things, create the kind of legislative, regulatory, financial and policy frameworks that will enable the sector to grow further.

Provincial governments are given responsibilities to, among other things, approve, allocate and administer capital grants, as well as admin-

In September 2011, the Department of Human Settlements introduced Mortgage Default Insurance. This ensures that home owners have shelter if they default on their repayments. It also assures financiers and bond lenders of returns in such a situation.

This is an example of a product tailor-made to take care of the housing finance needs of low- to middle-income households that may be overlooked by banks.

ister the Social Housing Programme and, for this purpose, approve any projects in respect thereof.

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, the body that in accordance with the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999), is, among other things, responsible for accrediting social housing institutions, administering and disbursing capital and institutional grants, and monitoring compliance with norms and standards through regular inspections.

It has powers to intervene in the affairs of social housing institutions, resolve maladministration issues and take remedial steps where necessary.

In April 2011, the SHRA launched the *Social Housing Accreditation Register* and issued accreditation certificates to 18 social housing institutions.

The issuing of certificates and the unveiling of the accreditation register is part of the SHRA's mandate to regulate social housing institutions and manage the investment programme for social housing.

Between 2008 and 2011, government spent more than half a billion rand on social housing and remained on course to achieve the target of 25 000 units set in the 2011 to 2013 period.

In 2010/11, R377,2 million was allocated to the SHRA.

### **Inclusionary Housing Policy**

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

These include housing projects in 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 inclusionary housing objectives.

## **Community Residential Unit (CRU) Programme**

The CRU Programme replaces the National Hostel Redevelopment Programme and the proposed Affordable Rental Housing Programme.

There are approximately 2 000 public hostels that need to be addressed by government. There are also 200 000 residential units owned by provinces and municipalities. The programme, therefore, provides a coherent framework for dealing with the many different forms of existing public-sector residential accommodation.

The CRU Programme aims to facilitate the provision of secure, stable rental tenure for lower-income individuals. The programme targets low-income individuals and households earning between R800 and R3 500 a month, who are unable to enter the formal private rental and social housing market.

The CRU Programme covers:

- 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.

## **Capacity-building**

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 Department of Human Settlements continues to assist provinces in ensuring effective and efficient implementation of the National Housing Programme.

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

The Department of Human Settlements has undertaken several initiatives to support small enterprises within housing and to promote Black Economic Empowerment (BEE) and gender mainstreaming.

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

## **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.

## **Housing subsidies**

A housing subsidy is a grant by government to qualifying beneficiaries for housing purposes. The subsidy is either paid to a seller of a house or, in new developments, the subsidy 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 Department of Human Settlements' 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.

The amount allocated to grants for the poor in 2010/11 totalled R15 billion, rising to R17,9 billion in 2013/14.

About a fifth of South African households live in state-subsidised homes, according to Statistics South Africa's *General Household Survey* (GHS), released in May 2011.

At the time of the survey, 18,9% of South African households lived in state-subsidised dwellings.

According to the report, 13% of respondents had at least one household member on a waiting list for a Reconstruction and Development Programme house. In 2010, as in preceding years, female-headed households (11,1%) were more likely to receive a housing subsidy than male-headed households (8,8%).

The proportion of people living in informal dwellings appears unchanged between 2002 and 2010, at 13%.

The GHS was conducted in July, August and September 2010 in face-to-face interviews with 25 635 households.

### **Integrated Residential Development Programme (IRDP)**

The IRDP provides for the acquisition of land; servicing of stands for a variety of land uses, including commercial, recreational, 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 assessments.

The IRDP can be undertaken in several phases or in one single phase. The first phase could provide serviced stands, whereas the second phase provides for housing construction for qualifying low-income beneficiaries and the sale of stands to persons who, for various reasons, don't qualify for subsidies; and/or the disposal of other stands such as those for commercial uses.

### **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 who access housing credit.

More single women are buying homes in South Africa, with the number rising significantly over the last four years. According to mortgage company ooba, the ratio of women to men in single-person home-loan applications increased from 36,53% in January 2007 to 46,94% in 2011. Single-person applications made up 49,65% of applications, compared to joint applications.

An amount of R305 million was set aside to build more than 5 000 houses across Mpumalanga in 2011/12. The project was part of the provincial Comprehensive Rural Development Programme, which includes the People's Housing Process.

This programme was enhanced by aligning the quantum of the grant available under the programme with the actual current delivery cost of a house of 40 m<sup>2</sup> on a serviced stand. The subsidy amount is R84 000. The amount 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.

The revised subsidy amount is expected to improve beneficiary access to mortgage finance and is available on a first-come first-served basis.

### **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, 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 will 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.

### **Discount Benefit Scheme**

The 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**

In 2011, a new housing-subsidy programme for farm residents was approved. The programme attempts to address 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 will be applied where the 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 the town impracticable.

Farm residents will play an important role in all aspects of their housing solutions with regard to the selection of options, the design and implementation phase, and the ongoing management of the housing stock.

### **Finance-Linked Subsidy Programme (FLISP)**

Government introduced the FLISP to assist first-time home buyers who earn between R3 501 and R7 000 per month to obtain a home loan. 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 the State. It is disbursed as a once-off subsidy.

### **People's Housing Process**

The PHP 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 organ-

isation 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 given by the State and the authorities. Unlike the project-linked subsidy, where a contractor builds houses for a number of people, the PHP allows people or beneficiaries to build or organise the building of their homes.

The PHP is a useful tool for community involvement. Savings resulting from beneficiary participation in the building of their own homes and the material used may result in homes that are bigger and of better quality than contractor-built houses.

### **Stakeholder management**

The private sector is a vital partner that must be engaged if the world's cities are to be achieved sustainably.

A further challenge is to increase operations through new partnerships to address the daunting challenges of rapid urbanisation.

The Department of Human Settlements 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 (SCRHD) and Rural Housing Contract, Stakeholder Engagement, Youth Build, Women's Build and the Govan Mbeki Housing Awards.

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

The SCRHD was signed in September 2005 during the Housing Indaba in Cape Town. The contract was signed by the then Department of Housing, provincial housing departments, national housing institutions and private stakeholders that form part of the supply value chain in the delivery of housing.

The SCRHD aims to be a structuring device for steering interdependent activities into a new bargaining context so that all of the activities in the wider sector co-produce desirable outcomes such as:

- more sustainable human settlements
- social equality, economically efficient and effective settlements
- environmentally sensitive built environments with reduced carbon footprints.

The areas of focus broadly take account of the department's mandate. These focus areas are:

- social cohesion
- planning and development
- financing human settlements
- neighbourhood design: building communities (through spatial and physical articulation).

## Women in housing

As a result of initiatives such as the Women's Build and the Women in Housing Indaba, women's participation in the construction industry is projected to significantly increase to reach the 50% target for female-owned projects in housing construction by 2014, including disabled women and youth.

National Women Build is a Letsema housing construction project, which was launched in 2005 in Gauteng. Since then, the project has been hosted by different provinces where houses have been built for vulnerable and marginalised women to commemorate one of the largest demonstrations in the country's history, when thousands of women marched to the Union Buildings in Pretoria in 1956 to protest against the pass laws.

National Women Build seeks to promote the spirit of volunteerism as well as public-private partnership.

The organisation now known as Khuthaza has been operating as Women for Housing since 1995. Khuthaza, meaning "encourage" in Zulu, is a non-profit company supporting the development of women in the housing and construction sectors.

Khuthaza encourages the entrance of women into the built environment sectors and the development of thriving careers and businesses. It supports government initiatives relating to housing and infrastructure delivery, the maintenance and growth of the construction industry and Broad-Based BEE.

In August 2011, Minister Sexwale handed over a house to a 102-year-old woman in Brandfort, in the Free State.

The handover was part of 55 houses built by women as part of the commemoration of the 1956 Women's March.

The Drommedaris Brooklyn Social Housing Project was launched in March 2011. This R75-million Social Housing Project in Cape Town was designed to take advantage of the city's proposed Bus Rapid Transit routes.

The project is part of the Department of Human Settlements' social housing initiative, which aims to provide accommodation for people who do not qualify for government-subsidised houses and also cannot access mortgage loans from banks.

It is an example of the department's Social Housing Strategy to deracialise and transform the inner cities, revitalise strategic nodes of development and address economic, social and spatial dysfunctionality.

## Youth Build

The Youth Build SA programme integrates academic achievement, work experience, social action, leadership development and personal transformation in a single project. It was piloted in Ivory Park, Midrand, in Gauteng and will be rolled out to other parts of the country.

Its components include:

- education and skills development
- leadership and service
- counselling and support services
- exit opportunities.

The five-year project will see:

- 1 000 young people trained in various related skills
- 10 small businesses created
- 10 scholarships awarded.

The estimated cost of the project is R31 million.

Celebrating Youth Month in June 2011, the Department of Human Settlements called on the South African youth to join the department in accelerating the delivery of sustainable human settlements. The Minister of Human Settlements launched Youth Month activities in Modimolle in Limpopo. Youth volunteers constructed 76 houses in four weeks in the province.

## National Housing Awards

The Govan Mbeki Housing Awards is an annual event celebrated during the first week of October. Its purpose is to encourage and motivate all stakeholders in the housing industry to harness human and other resources in accelerating housing delivery.

The awards seek to honour outstanding performance by role players in the housing value chain, including developers, building contractors, the banking sector, community-based organisations, the mining sector, building-material suppliers and professional associations.

A housing project next to the Happy Valley township in Cape Town is expected to provide about 1 460 dwellings. The development will include construction of bulk services at a cost of R204 million. Construction of services started in June 2011 and the project is expected to be completed by March 2013.

## Housing institutions

The department's support institutions play an important role in enhancing the norms and standards of housing, as well as making housing more accessible to all South Africans. They also facilitate the specific housing and housing-related needs of the market, in addition to the role provincial governments and municipalities play. These institutions are accountable to the Executive Authority of the Department of Human Settlements.

The institutions are the National Home-Builders Registration Council (NHBRC), National Housing Finance Corporation (NHFC), National Urban Reconstruction and Housing Agency (Nurcha), Social Housing Foundation (SHF), Rural Housing Loan Fund (RHLF), the Housing Development Agency (HDA), Servcon Housing Solutions, the SHRA and Thubelisha Homes.

## National Home-Builders Registration Council

The NHBRC was established in terms of the Housing Consumers Protection Measures Act, 1998 (Act 95 of 1998, as amended), to represent the interests of housing consumers by providing warranty protection against defined defects in new homes and to regulate the home-building industry.

The council is providing training and capacity-building to promote satisfactory levels of technical standards in the home-building environment.

The NHBRC achieved a number of operating targets during 2010/11:

- registering 3 650 home-builders against the target of 3 000
- enrolling 31 458 homes against a set target of 37 000
- commencing a review of the Housing Consumers Protection Measures Act, 1998 to address misalignments with other legislative prescripts, such as the PFMA, 1999 and the Consumer Protection Act, 2008 (Act 68 of 2008).

In July 2011, the NHBRC launched the Legacy Project, which aims to provide homes to the elderly, child-headed families and the disabled.

In September 2011, the Department of Human Settlements handed over houses to some beneficiaries who were registered on provincial and city housing lists. Four areas allocated by government were set aside to build eight double-storey 60-m<sup>2</sup> homes.

The Legacy Project's achievements formed part of the 12th International Housing and Home Warranty Conference.

## National Housing Finance Corporation

The NHFC was established in 1996 as a development finance institution to search for new ways to mobilise finance for housing from sources outside the State.

The corporation provides wholesale finance and acts as a fund and risk manager. The organisation has been incorporated as a company with share capital in terms of the Companies Act, 1973 (Act 61 of 1973, as amended).

The institution is mandated to make housing finance accessible and affordable for low- to middle-income households.

The NHFC disburses development finance through wholesale, commercial and retail businesses units. The retail business, which was introduced in 2009/10, was scaled down due to funding constraints.

The NHFC experienced tough trading conditions during 2010/11 as the building and construction sector struggled to recover following the economic downturn. Lower volumes of finance applications were received compared to previous years.

The core business of the NHFC is expected to be refocused in future to facilitate increased and sustained lending contributions by the private sector.

## Social Housing Foundation

SHF, a Section 21 company, was established in 1996. It aims to develop a sustainable social housing sector by providing policy support, social-housing research, technical support, coordination support, as well as monitoring and evaluation services to various public and private stakeholders.

A plan has been developed to guide the closure of the SHF over the Medium Term Expenditure Framework. During 2010/11, the SHF continued with the implementation of the closure plan.

The institution managed the disbursement of the Restructuring Capital Grant through the Interim Social Housing Programme (ISHP), while the SHRA was being established.

With the operationalisation of the SHRA in 2010/11, functions and staff attached to the functions, as well as the assets of the ISHP, were transferred to the SHRA.

### **Rural Housing Loan Fund**

The RHLF was established in terms of Section 21 of the Companies Act, 1973. It acts as a wholesale provider of development finance to retail financial intermediaries for the disbursement of housing credit to low-income rural households, thereby supporting government's effort to expedite housing delivery.

The number of new loans disbursed by the institution to retail intermediaries increased from 33 112 in 2009/10 to 41 297 by the end of March 2011.

The value of loan disbursements increased from R161 million in 2009/10 to R224 million in 2010/11, reflecting the effective application of the additional capital injection of R49,5 million by the Department of Human Settlements.

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

Nurcha was established as a Presidential Lead Project in 1995, in partnership with the Open Society Institute, as a Section 21 company in terms of the Companies Act, 1973.

The institution's strategic focus is on financing building contractors in the housing industry, specifically subsidised, affordable housing and related community infrastructures, differentiating between established and emerging contractors.

Finance is provided directly to established contractors while a separate, specialised intermediary channel is used for the provision of finance to emerging contractors, resulting in the normalisation of risks associated with this market segment by the traditional financial institutions. In this regard, the intermediaries assist the emerging contractors with a range of construction-support services.

During 2010/11, Nurcha continued disbursing finance to contractors for the development of

sustainable human settlements through three programmes, namely the:

- Subsidy Housing Programme
- Affordable Housing Programme
- Community Facilities and Infrastructure Programme.

Trading conditions were worse than anticipated as the recovery of the building and construction industry lags behind the recovery of the economy in general, following the economic downturn.

Nurcha, in partnership with Future Growth Asset Management, won the 2010 Africa Investor Investment Awards in the Social Infrastructure Deal of the Year Category in acknowledgement of the role they played in the development of rural areas.

### **Housing Development Agency**

The HDA was established in terms of the HDA Act, 2008 (Act 23 of 2008), in April 2009. Its purpose is to identify, acquire, hold, develop and release state- and privately owned land for residential and community purposes and for the creation of sustainable human settlements.

The agency is required to facilitate the acquisition of land in a way that supplements the capacities of government across all spheres.

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

The lack of funding for the acquisition of land impedes the agency's ability to fast-track the development of human settlements with the provision of land. However, the HDA managed to identify 33 000 ha of state-owned land suitable for human-settlement development in 2010/11. In 2011, applications were submitted to the custodian departments to effect the release of the land for development.

The National Human Settlements Land Inventory (NaHSLI) and 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 and 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 best located.

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 HDA's sole mandate is to acquire land on behalf of government for human settlement. The target is to acquire 6 025 ha by 2014. This is expected to provide for 500 000 housing units.

### **Servcon Housing Solutions**

Servcon Housing Solutions was established in 1995 as a result of the Record of Understanding entered into between the then Department of Housing, representing government, and the Banking Council, representing participating banks.

It was established in terms of the Companies Act, 1973 and mandated to provide exclusive management services effective from April 1998, with respect to a documented ring-fenced portfolio of 33 310 properties comprising properties in possession and non-performing loans worth R1,277 billion from April 1998 to March 2006.

In 2006, the shareholders represented by the Banking Council and the then Department of Housing parted in terms of the sale of shares and claims agreement.

During 2010/11, Servcon Housing Solutions continued with the implementation of a closure plan, as approved by the executive authority.

### **Social Housing Regulatory Authority**

The Social Housing Act, 2008 provides for the establishment of the SHRA. The Act provides for the disbursement of three types of institutional investment grants, namely:

- project acquisition and feasibility grants
- pre-accreditation grants
- general capacity-building grants.

The main objective of the SHRA is to regulate and support the social housing sector to accelerate the delivery of social housing stock through the investment programme.

The SHRA began operations in 2010/11 and focuses on the building of necessary operational capacity, systems, policies and controls to deliver on its mandate.

The Interim Social Housing Programme, previously administered by the SHF in the absence of the SHRA, was transferred to the SHRA during 2010/11.

### **Thubelisha Homes**

Thubelisha Homes, a Section 21 company, was established in June 1998 as a special-purpose financial vehicle to create housing stock for clients of Servcon Housing Solutions. As a result of the agreement between government and the banks to subsidise the transfer of properties to all of the remaining Servcon clients, the relocation programme has been effectively discontinued. Accordingly, Thubelisha's mandate has been reviewed in line with the objectives of the department's comprehensive housing plan. Thubelisha has been repositioned to provide provinces and municipalities with technical assistance to unblock stalled housing projects and prepare fast-tracked housing projects to respond to emergency housing circumstances.

### **International relations**

There has been visible participation in African Ministerial Conference on Housing and Urban Development (AMCHUD). South Africa was the AMCHUD Secretariat for the last six years, handing over to Kenya at AMCHUD IV in Kenya in April 2012.

In April 2011, the department participated at the UN Habitat Governing Council held in Kenya. Rapid urbanisation remains a major challenge in developing countries. More than 70% of the world population will live in cities by 2050.

The department has a memorandum of understanding with the Netherlands on housing co-operation.

## Acknowledgements

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