

## HOUSING



Government aims to speed up the delivery of housing for the poor and have all South Africans accommodated in formally planned settlements by 2014.

## **Funding and delivery**

By December 2008, government had built 2,7 million houses – providing shelter for 13 million people free of charge.

## **Comprehensive Housing Plan**

Cabinet approved the Comprehensive Housing Plan for the Development of Integrated Sustainable Human Settlements and has a framework for housing programmes, which aims to eradicate informal settlements in South Africa in the shortest possible time.

It provides for comprehensive oversight by government in promoting the residential property market. This includes:

- developing low-cost housing
- providing medium-density accommodation and rental housing
- establishing stronger partnerships with the private sector
- providing social infrastructure and amenities.

The Comprehensive Housing Plan is being implemented through a pilot project in each province that will improve the living conditions of households in informal settlements. The informal-settlement upgrading projects provide for phased, area-based development, and fund community participation and project management as an integral part thereof. Eradicating or upgrading all informal settlements by 2014/15 is the prime target.

Key focus areas identified by the Comprehensive Housing Plan include:

- 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 barriers between the First-Economy residential property boom and the Second-Economy slump
- using housing as an instrument for developing sustainable human settlements in support of spatial restructuring
- diversifying housing products by emphasising rental stock.



The Breaking New Grounds (BNG) Programme is aimed at improving overall housing delivery.

A BNG house is a state subsidy house given to qualifying beneficiaries. BNG builds on existing housing policy articulated in the *White Paper on Housing* (1994), but shifts the strategic focus from simply ensuring the delivery of affordable housing to making sure that housing is delivered in settlements that are both sustainable and habitable.

Unlike the previous 20-34 square metre subsidy houses, the BNG house is 40 m<sup>2</sup> in size and has two bedrooms, a lounge, open-plan kitchen and fitted bathroom. The houses are also equipped with electricity. The BNG Programme is being implemented through the Informal Settlement-Upgrading Programme.

## Rental housing for the poor

About 1,8 million South African households in the middle- to lower-income groups live in rented accommodation as opposed to about 5,2 million households that own property. According to the *Development Indicators, 2008*, there has been an improvement in the income of the poorest, rising from R783 in 1993 to R1 032 in 2007.

There is a dire need for public rental housing for the poor, which the Department of Housing aims to address by means of various options.

The department has formulated an affordable rental-housing programme for people in the low-income bracket who may live in housing stock arising out of:

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

Policy exists that will allow for the increased allocation of housing units to ex-combatants and for Truth and Reconciliation Commission reparations on a preferential basis. Over the next five years, an average of 30% of subsidised units is expected to be allocated to this target group.

### Housing Development Agency

The Housing Development Agency Act, 2008 establishes the Housing Development Agency as a statutory body to ensure that the delivery of housing is facilitated. The Act provides for an agreement between the agency and a municipality where a council lacks the capacity to acquire, hold, develop and release land for residential or community development. Its main purpose is to address the:

- shortage of well-located land
- facilitation of the rapid development of sustainable human settlements
- supply of much-needed project-management capacity for government projects.

The agency will also assist in cutting red tape that prohibits the acquisition of suitable land, as well as in the approval of development both by government and the private sector.

The provincial housing departments will be responsible for assisting local authorities in developing their land-needs assessments and in co-ordinating individual municipal submissions into a provincial plan.

The agency is also expected to facilitate the rapid release of land, which is key to the implementation of the BNG Programme and will improve the efficient location of human settlements. The housing-delivery institutions Servcon and Thubelisha will be integrated into the agency.

### Capacity-building

The Department of Housing has undertaken several initiatives to support small housing enterprises and promote Black Economic Empowerment and gender mainstreaming.



### The N2 Gateway Project

The project entails the transformation of the informal settlements along the N2 outside Cape Town. This is the biggest housing project ever undertaken.



Government is piloting the integration of communities and different income groups, and auditing and updating the database of housing needs to ensure the list and choice of beneficiaries is credible, building human settlements with basic economic and social amenities and pursuing a new way of intergovernment relations.

The project will see the development of about 30 000 dignified dwellings at sites along a 30-km stretch of the N2, from District Six to Joe Slovo, Netreg, New Rest and Boys Town to Delft.

By May 2008:

- 4 500 temporary relocation units had been built
- 705 rental apartments were fully occupied at Joe Slovo
- First National Bank was developing an affordable bonded show village at Joe Slovo phase two and another 850 of these homes at Delft
- contractors had started with earthworks ahead of the construction of a Breaking New Ground (BNG) show village of 55 homes
- Delft was a hive of activity, with about 1 000 BNG homes already allocated to beneficiaries at Symphony, where the finishing touches were being applied to 1 400 new homes.

The National Home-Builders' Registration Council (NHBRC) was established in terms of the Housing Consumer Protection Measures Act, 1998. The council aims to protect the interests of housing consumers and to regulate the home-building industry. Government has established national institutions to facilitate the specific housing and housing-related needs of the market, in addition to the role provincial governments and municipalities play. The Department of Housing'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.

The institutions are the NHBRC, the National Housing Finance Corporation (NHFC), the National Urban Reconstruction and Housing Agency (Nurcha), Servcon Housing Solutions, Thubelisha



Homes, the Social Housing Foundation (SHF), the South African Housing Fund, the People's Housing Partnership Trust and the Rural Housing Loan Fund (RHLF).

### **Delivery partners**

The revenue of the NHFC is derived from interest and service charges for its wholesale lending and financial services.

- The NHFC's mandate has been expanded to enable the institution to directly lend to low- and medium-income end users. A new business model for the corporation has been developed and approved for implementation.

By September 2008, final steps regarding the transformation of the NHFC were being implemented in the context of a government-wide review of development finance institutions. The NHFC's offering of end-user finance for home ownership targets 8 000 loans in townships and "sterile" areas.

- In 2008/09, the Nurcha continued financing contractors in the subsidy housing, credit-linked housing and community infrastructure subsectors.
- Servcon Housing Solutions (Pty) Ltd is a private company established in terms of the Companies Act, 1973, as a product of the Record of Understanding between government (Department of Housing), the Banking Association of South Africa and participating financial institutions.
- Thubelisha Homes, a not-for-profit company, helps the owners of properties in possession or non-performing loans to relocate to more affordable homes. Thubelisha was appointed project manager and implementing agent of the N2 Gateway Project.
- Another not-for-profit company, the SHF, aims to build capacity for social-housing institutions. It is expected that the SHF will be consolidated under the new Social Housing Regulatory Authority, as envisaged by the new social Housing Bill.
- The RHLF's main purpose, as a wholesale lending institution, is to enable retail institutions to provide loans to low-income earners to finance housing in rural areas.



## Subsidies

A government housing subsidy is a grant provided by government to qualifying beneficiaries for housing purposes. Government does not give beneficiaries cash. The grant is used only for acquiring housing goods and services or the provision of complete houses that comply with the minimum technical and environmental norms and standards.

The following subsidies exist:

- Consolidation Subsidy
- Individual Subsidy
- Project-Linked Subsidy
- Institutional Subsidy
- Relocation Assistance
- Discount Benefit Scheme
- rural subsidies
- People's Housing Process.



The South African Housing Subsidy Scheme subsidised quantum amounts for the period 1 April 2008 to 31 March 2009 in respect of a 40-m<sup>2</sup> house.

Individual and project-linked subsidies	Top structure funding	Own contribution	Product price
R0 – R1 500 R1 501 – R3 500	R43 506 R41 027	None R2 479	R43 506 R43 506
Indigent: Aged, disabled and health-stricken R0 – R3 500	R43 506	None	R43 506
<b>Institutional subsidies</b>			
R0 – R3 500	R41 027	Institution must add capital	At least R43 506
<b>Consolidation subsidies</b>			
R0 – R1 500 R1 501 – R3 500	R43 506 R41 027	None R2 479	R43 506 R43 506
Indigent: Aged, disabled and health-stricken R0 – R3 500	R43 506	None	R43 506
<b>Rural subsidies</b>			
R0 – R3 500	R43 506	None	R43 506
<b>People's Housing Process</b>			
R0 – R3 500	R43 506	None	R43 506