

SOUTH AFRICA
Yearbook
2021/22

Human Settlements



Human Settlements

In August 2021, President Cyril Ramaphosa announced the separation of the Ministry of Human Settlements from the Ministry of Water and Sanitation. This is because water is a far broader issue, impacting not only on human settlements, but also on agriculture, industry, mining and environmental management. The separation will enable a dedicated focus on ensuring that all South Africans have access to a secure and sustainable supply of water.

The Department of Human Settlements (DHS) is mandated to establish and facilitate a sustainable process of housing development in collaboration with provinces and municipalities. This mandate is derived from Section 3 of the Housing Act, 1997 (Act 107 of 1997). The department's core responsibilities are to determine national policy and national norms and standards for housing and human settlements development, set broad national housing delivery goals, provide funding resources to provinces and metropolitan municipalities, and monitor the financial and non-financial performance of provinces and municipalities against these goals. In executing these roles and responsibilities, the department also builds capacity for provinces and municipalities, and promotes consultation with all stakeholders in the housing delivery chain.

The DHS's mandate is integral to the effort of government to change the lives of South Africans for the better. This includes redressing the apartheid spatial and development patterns of social and racial exclusion. By building and augmenting the work already done in creating sustainable human settlements and improving the quality of life for all households, government intends to increase the contribution of the human settlement sector towards the achievement of the creation of a better life for all. From 1994 to the end of February 2022, the human settlements sector had delivered over 3.4 million housing units made up of stand-alone houses and units in multiple storey or multiunit buildings.

In addition, 375 949 Enhanced Extended Discount Benefit Scheme subsidies were granted and title deeds transferred to qualifying occupants of these pre-1994 government rental houses in order to promote home ownership and create assets for citizens. The National Development Plan (NDP) expresses the need for a systematic response to South Africa's entrenched spatial patterns that exacerbate social inequality and economic inefficiency. Priority 4 (spatial integration, human settlements and local government) of government's 2019 – 2024 Medium Term Strategic Framework (MTSF) is aimed at addressing this need.

The department's focus over the medium term will be on creating integrated and transformed human settlements, upgrading informal settlements, and providing affordable housing. To facilitate the pursuit of these focus areas and ensure its human settlements programmes are sustainable, the department will seek to fast-track its policy and programme review of the *1994 White Paper on Housing*, the National Housing Code and the Housing Act of 1997.

Integrated human settlements

The development of integrated human settlements is aimed at transforming spatial housing patterns in South Africa by creating more inclusive, denser, mixed-use urban areas while striving for a more functional housing market that adequately responds to both supply and demand for all levels of affordability and needs. The DHS is reviewing

housing legislation and related policies to transition from a narrow focus on housing alone to a more holistic view of human settlements.

The department plans to finalise 25 integrated plans over the medium term to guide the implementation of housing projects within the 94 nationally declared priority development areas. Over the MTEF period, the department will aim to deliver 180 000 subsidy housing units and issue 388 104 title deeds to beneficiaries from low-income households through an allocation of R44.3 billion to the human settlements development grant.

These projects will deliver a range of housing options and create inclusive communities within an improved spatial landscape to undo the legacies of race-based spatial planning. A further R23 billion over the MTEF period through the Urban Settlements Development Grant is earmarked for metropolitan municipalities to undertake bulk and related infrastructure projects. To fund these grants and similar programmes, allocations to the Integrated Human Settlements Planning and Development programme are expected to increase at an average annual rate of 3.6%, from R21.2 billion in 2021/22 to R23.6 billion in 2024/25.

According to Statistics South Africa's General Household Survey (GHS) of 2021, which was released in June 2022, slightly more than eight-tenths (83.6%) of South African households lived in informal dwellings in 2021, followed by 11.7% in informal dwellings, and 4.2% in traditional dwellings. Households that lived in formal dwellings were most common in Limpopo (96.3%) and Mpumalanga (89.8%).

Approximately one-fifth of households in Gauteng (17.0%) and Western Cape (17.3%) lived in informal dwellings. Traditional dwellings were most common in Eastern Cape (21.6%) and KwaZulu-Natal (9.3%).

About 83.4% of households in metropolitan areas lived in formal dwellings while 15.0% lived in informal dwellings. Informal dwellings were most common in Buffalo City (19.3%), Johannesburg (17.3%) and Cape Town (16.6%), and least common in Nelson Mandela Bay (5.6%).

According to the GHS, households that lived in rented dwellings were most common in Gauteng (30.6%) and Western Cape (23.9%) and least common in Mpumalanga (7.5%), Limpopo (8.4%) and Eastern Cape (8.5%).

By comparison, the largest percentage of households that lived in dwellings that were either paid off or being occupied rent-free were found in Limpopo (89.5%) and Mpumalanga (89.6%) while the smallest percentages were observed in Gauteng (57.2%) and Western Cape (59.5%).

Informal settlements upgrading

The DHS's plan to upgrade informal settlements is intended to provide security of tenure and basic services to poor and underserved households, with the prospect of state-assisted housing structures for those who meet the qualifying criteria. The sector will rely on participation from communities and community-based organisations to inform the planning and design of informal settlements as it implements the upgrades.

This will enable households to invest in their communities, especially those that do not qualify for full housing subsidies. An estimated R24.8 billion is allocated for the upgrading of informal settlements over the next three years in the Informal Settlements programme through the new informal settlements upgrading partnership grants.

In response to rapid urban migration and an increase in the number of informal settlements across South Africa, the Informal Settlements Upgrading Partnership Grant was established. The provincial allocation to the grant amounts to R12.3 billion over the MTEF period, and the allocation for metropolitan municipalities amounts to R12.5 billion.

These grants are expected to be used to upgrade and formalise 300 settlements in each year over the medium term; and deliver 180 000 stands with access to municipal services. As a result, spending in the Informal Settlements programme is expected to increase at an average annual rate of 4.3%, from R8.3 billion in 2021/22 to R9.1 billion in 2024/25.

The department's National Upgrading Support Programme assists provinces and municipalities with comprehensive planning for the upgrading of informal settlements. Upgrading in this sense entails a systematic improvement to living conditions through secure tenure, safe and reliable water and sanitation and adequate access to social services. A large part of this involves active community participation to enable meaningful engagement.

Through the programme, assistance will be provided to an estimated 900 informal settlements over the MTEF period, and 180 000 stands will be upgraded to have access to municipal services. The upgraded stands will be funded from the informal settlements upgrading partnership grant, which has an allocation of R26 billion over the MTEF period. Funding for these initiatives is within the Informal Settlements programme, in which spending is expected to increase at an average annual rate of 4.9%, from R8.4 billion in 2021/22 to R9.7 billion in 2024/25.

Affordable housing

The provision of affordable housing is an important aspect of supporting the housing market. As household incomes have increased over time, many have found themselves in a position where they earn too much to qualify for a full housing subsidy, but too little to qualify for a mortgage loan that matches income-related housing supply. The DHS is working to enhance affordable housing finance programmes to assist this growing segment by providing lump-sum deposits to qualifying beneficiaries to lower their monthly repayments.

Affordable housing broadly comprises rental and social housing programmes and affordable housing finance instruments. The department's planned review and update of social housing policy over the medium term is aimed at increasing the supply of rental and social housing stock. To this end, the department aims to deliver 25 000 affordable rental units in strategically located areas and 3 000 community residential units over the MTEF period.

To fund these initiatives, spending in the Rental and Social Housing programme is expected to increase from R936.8 million in 2021/22 to R1 billion in 2024/25 at an average annual rate of 3.6%. Approximately R2.8 billion of this amount over the medium term is earmarked for transfers and subsidies to the Social Housing Regulatory Authority to effect this investment in the social housing market.

The department will continue to assist low and middle income households that earn above the qualifying threshold to receive state-subsidised housing but below the qualifying threshold to secure a home loan. To address this unserved market, a targeted 12 000 finance-linked individual subsidies will be disbursed through the National Housing Finance Corporation in the form of lump-sum deposits that lower

monthly mortgage repayments for qualifying beneficiaries. To provide access to finance for affordable housing, spending in the Affordable Housing programme is set to increase at an average annual rate of 1.7%, from R588.8 million in 2021/22 to R619.5 million in 2024/25.

Access to housing finance

Access to finance, especially for low and moderate-income households is still a challenge in South Africa. This can be attributed to affordability challenges, impaired credit records indebtedness plus reluctance of financial institutions to extend credit to low-income households. The current figures from the National Credit Regulator indicate that there is a perceptible decrease in banks' lending in the low-income housing market.

This is despite the fact as at the end of September 2021, the banking sector share of total credit granted accounted for a massive 83.6% (R133bn) followed by non-bank lenders at 6.5% (R10.36bn).

The mortgages share of total credit granted increased from R56.59 billion for the quarter ended June 2021 to R66.15 billion for the quarter ended September 2021. This growth of written mortgages is only observable for properties valued above R700 000.

The majority of mortgages granted remained in favour of individuals with a gross monthly income of greater than R15 000 per month for both rand values and number of accounts. Comparatively, the rand value of mortgage agreements granted increased by 16.91 % during the same period and this growth can be attributable to amongst other key factors a low-interest-rate environment.

The subdued economic activity and low business confidence impact the residential property market negatively. This trend suggests a need to channel the effort to the lower end of the market. Therefore, collaboration with finance providers and other stakeholders to find a solution to this problem is imperative.

Empowerment and transformation of designated groups

The construction sector still lacks transformation, which contributes to the inability of the majority of previously disadvantaged individuals to participate meaningfully in the mainstream economy. Cabinet has approved a framework for sector transformation which will enable the planning, budgeting, monitoring, evaluation and auditing of programmes targeting the designated groups.

The DHS through partnerships between provinces and entities has structured skills and enterprise development programmes within their transformation plans. In strengthening the capability of contractors to achieve efficiency and quality housing units, the NHBRC registers, who then undergo empowerment through the Emerging Home Builder Training Programme.

Legislation and policy

The mandate of the DHS is derived from the following legislative framework:

- Housing Act of 1997, which provides for the facilitation of a sustainable housing development process, and further lays down general principles applicable to housing development in all spheres of government, including defining the functions of national, provincial and local governments in respect of housing development;
- Estate Agency Affairs Board Act, 1976 (Act 112 of 1976), which provides for the establishment of an Estate Agency Affairs Board and

an Estate Agents Fidelity Fund, including the control of certain activities of estate agents in the public interest;

- Social Housing Act, 2008 (Act 16 of 2008), which provides for the establishment of the Social Housing Regulatory Authority, as regulator of all social housing institutions, and further defines the functions of national, provincial and local governments in respect of social housing;
- Prevention of Illegal Eviction and Unlawful Occupation of Land Act, 1998 (Act 19 1998), as amended, which provides for the prohibition of unlawful eviction and further provides procedures for the eviction of unlawful occupiers, including the repeal of the Prevention of Illegal Squatting Act, 1951 (Act 52 of 1951);
- Housing Consumers Protection Measures Act, 1998 (Act 95 of 1998), which makes provision for the protection of housing consumers and also provides for the establishment and functions of the National Home Builders Registration Council (NHBRC);
- Rental Housing Act, 1999 (Act 50 of 1999), which provides clear roles and responsibilities of government in respect of rental housing property and also makes a provision for promoting access to adequate housing through creating mechanisms for ensuring the proper functioning of the rental housing market;
- Public Finance Management Act (PFMA), 1999 (Act 1 of 1999), as amended, which secures transparency, accountability, and sound management of the revenue, expenditure, assets and liabilities of the institutions to which it applies.

The Act regulates financial management in the national government and provincial spheres of governments. It also assists in ensuring that all revenue, expenditure, assets as well as liabilities of those two spheres of governments are managed efficiently and effectively. The Act further provides for the responsibilities of persons entrusted with financial management in those two spheres of governments:

- Home Loan and Mortgage Disclosure Act, 2000 (Act 63 of 2000), which promotes the practice of fair lending by requiring disclosure by financial institutions of information regarding the provision of home loans. It also serves to establish an Office of Disclosure. The Act requires lenders to compile and disclose annual data on the demographic makeup and geographic distribution of housing-related loans;
- Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005), which serves to establish a framework for the three spheres of government to promote and facilitate intergovernmental relations among them. The Act also provides for mechanisms and procedures in order to facilitate the settlement of intergovernmental disputes among spheres of government;
- Housing Development Agency Act, 2008 (Act 23 of 2008), which serves to establish the agency and to provide for its functions and powers. It also outlines the roles of the agency, which is to facilitate the acquisition of land and landed property, in a way that complements the capacities of government across all spheres, and to fast-track land acquisition and housing development services for the purpose of creating sustainable human settlements;
- Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013), which provides a framework for spatial planning and land use management in South Africa. It specifies the relationship between the spatial planning and the land use management system and other kinds of planning. It also ensures that the system of spatial planning

and land use management promoted social and economic inclusion;

- Community Scheme Ombud Service Act, 2011 (Act 9 of 2011), which serves to provide for the establishment of the Community Schemes Ombud Service and to provide for its mandate and functions. The Act also provides for a dispute resolution mechanism in community schemes;
- Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), which establishes a legislative framework for the promotion of black economic empowerment (BEE) and empowers the relevant Minister to issue codes of good practice and to publish transformation charters for key sectors. The Act further establishes the BEE Advisory Council;
- Expropriation Act, 1975 (Act 63 of 1975), which serves to provide for the expropriation of land and other property for public and certain other purposes;
- Development Facilitation Act, 1995 (Act 67 of 1995), which facilitates and speeds up the implementation of the Reconstruction and Development Programme and projects;
- Less Formal Township Establishment Act, 1991 (Act 113 of 1991), as amended, which provides for shortened procedures for the designation, provision and development of land and for the establishment of township for less formal forms of residential settlement;
- National Environment Management Act (NEMA), 1998 (Act 107 of 1998), as amended, which protects ecologically viable areas representative of South Africa's biological diversity and its natural landscapes and seascapes in a system of protected areas. The Act places a responsibility on the department to adhere to sustainable development and conservation principles;
- Sectional Titles Management Act, 2011 (Act 8 of 2011), which provides for the establishment of body corporates to manage and regulate sections and common property in sectional titles schemes and for that purpose to apply rules applicable to such schemes. It further requires the body corporates to establish a sectional titles schemes management advisory council; and
- Division of Revenue Act, 2018 (Act 14 of 2018), as amended, which provides for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for various financial years. It also makes a determination of each province's equitable share and allocations to provinces, local government and municipalities from national government's equitable share and the responsibilities of all three spheres pursuant to such division and allocations.

Budget

The DHS's budget allocation for 2020/21 was R31.7 billion. Expenditure is expected to increase at an average annual rate of 3.9%, from R31.7 billion in 2021/22 to R35.5 billion in 2024/25. The department's expenditure is largely allocated towards funding human settlements programmes across provinces, municipalities and public entities.

To this effect, transfers and subsidies to grants and entities account for an estimated 97.1% (R100.1 billion) of the department's budget over the MTEF period. The department will fill only critical vacant posts over the period ahead and rely on natural attrition and retirement to

remain within the expenditure ceiling for compensation of employees. As a result, spending on compensation of employees is set to increase at an average annual rate of 0.8%, from R410.9 million in 2021/22 to R421.3 million in 2024/25.

Entities

Community Schemes Ombud Service (CSOS)

The CSOS is mandated to provide dispute resolution services for community schemes; monitor and control the quality of all governance documentation for sectional title schemes; and take custody of, preserve and provide public access to scheme governance documentation.

Over the medium term, the ombud will continue to focus on registering community schemes and assessing scheme governance documentation. It plans to invest R137.2 million over the MTEF period towards the procurement of systems to improve financial management and operational efficiencies.

Although targets for registering community schemes have been revised downwards because of the difficulties in finding schemes that are willing to register voluntarily, the ombud still expects to register 4 500 community schemes over the MTEF period. In carrying out its dispute resolution functions, the ombud will strive to resolve 85% of all disputes through conciliation, which is considerably less expensive than litigation.

The ombud expects to break even in each year over the MTEF period. Expenditure is set to increase at an average annual rate of 2.5%, from R300.8 million in 2021/22 to R323.9 million in 2024/25. Over the MTEF period, the ombud expects to derive 7.3% (R75.7 million) of its revenue through transfers from the department and 78.3% (R824.5 million) through levies from community schemes.

Estate Agency Affairs Board

The board is mandated to regulate, maintain and promote the conduct of estate agents, issue fidelity fund certificates, and prescribe the standard of education and training for estate agents, and prescribe the standard of education for the profession. The board is also responsible for investigating complaints lodged against estate agents, managing the Estate Agents Fidelity Fund, and issuing and renewing Estate Agents Fidelity Fund certificates.

The board's focus over the medium term will be on improving regulatory compliance within the sector, and the quality of the education and training programmes it offers. Over the MTEF period, the board aims to inspect 830 estate agencies to enforce compliance and renew 203 219 fidelity fund certificates. The board will also continue to contribute to the development of a functional and equitable residential property market through its transactional support programme, which provides access to housing finance by reducing transactional costs for buyers and sellers in the affordable housing market.

To carry out these activities, the board's expenditure is expected to increase from R168.7 million in 2021/22 to R181.6 million in 2024/25 at an average annual rate of 2.5%. The board derives its revenue through levies and contributions from estate agents, examination fees, and management fees for the administration of the Estate Agency Fidelity Fund. Revenue is expected to amount to R545.3 million over the MTEF period.

Estate Agents Fidelity Fund

The Estate Agency Affairs Board is responsible for managing the Estate Agents Fidelity Fund. The fund was established to protect the interests of the public from negligence on the part of estate agents in dealing with real estate transactions. The fund generates revenue through administrative fees, interest earned on trust accounts and recovered claims. The fund's budget is set to increase from R94.6 million in 2021/22 to R105.1 million in 2024/25, at an average annual rate of 3.6%.

Housing Development Agency

The agency is a mandate to identify, acquire, hold, develop and release state-owned and privately owned land for residential and community purposes. The agency provides project-level technical assistance, and land geospatial and project management expertise in housing development projects.

Over the medium term, the agency's focus will be on providing provinces and municipalities with support and technical assistance in providing a targeted 764 informal settlements with bulk infrastructure connections to basic municipal services. It also plans to acquire and release 1 050 hectares of well-located land for housing and related projects over the MTEF period.

The agency expects to break even in each year over the medium term, with revenue and expenditure set to increase from R539.7 million in 2021/22 to R544.4 million in 2024/25, at an average annual rate of 0.3%. The agency expects to derive 46.2% its revenue over the MTEF period through transfers from the department, and 49.9% through the fees it charges provinces and municipalities for projects, and management and professional fees.

National Home Builders Registration Council

The NHBRC is mandated to represent the interests of housing consumers by providing warranty protection against defined defects in new homes, and to regulate the home-building industry. It also council provides warranty protection against poor workmanship in newly built homes, ensures that technical standards for the building process are upheld, and offers training to capacitate the home-building industry.

Over the medium term, the council will continue to focus on regulating and enforcing compliance with building industry standards. In its efforts to regulate the industry, the council intends to enrol 151 996 subsidy homes and 127 098 non-subsidy homes over the MTEF period. As the council's compliance monitoring policy requires that multiple inspections be conducted on a home throughout the construction period, it aims to carry out 267 722 subsidy home inspections and 175 150 non-subsidy home inspections over the medium term.

The council's expenditure is expected to increase at an average annual rate of 3.7%, from R855.1 million in 2021/22 to R954.4 million in 2024/25. It generates revenue through fees charged for enrolment, registration, renewal and technical services. Revenue is expected to increase at an average annual rate of 4.2%, from R1.5 billion in 2021/22 to R1.6 billion in 2024/25.

National Housing Finance Corporation

The NHC is mandated to provide access to affordable housing finance for low-income and middle-income households by leveraging private sector funding to finance housing developments and create affordable

housing stock. To carry out this mandate, it leverages funds from the private sector to finance a range of affordable housing projects.

The corporation's focus over the medium term will be on accelerating the provision of access to affordable housing by disbursing 10 874 finance-linked individual subsidies to first-time home buyers and providing differentiated loan products to retail intermediaries, developers and contractors in the rental housing market.

In line with these objectives, spending is set to increase at an average annual rate of 16.7%, from R687.5 million in 2021/22 to R1.1 billion in 2024/25, mainly driven by disbursements towards strategic projects and finance-linked individual subsidies.

Social Housing Regulatory Authority

The authority is mandated to regulate the social housing sector, and subsidise affordable rental housing units for low-income to middle-income households. To achieve this, the authority provides capital grant subsidies to accredited social housing institutions and regulates all social housing institutions and their social housing units.

Over the medium term will be on improving access to affordable housing. To this end, the bulk of its total expenditure over the period ahead is expected to be on providing 25 000 rental units through disbursements from the consolidated capital grant. It will also aim to use disbursements from the institutional investment grant to enhance capacity in the sector by supporting 40 institutions per year to improve efficiencies within social housing institutions. Expenditure is expected to increase from R857.6 million in 2021/22 to R964.1 million in 2024/25, at an average annual rate of 4%. The authority derives all its revenue through transfers from the department, amounting to a projected R2.8 billion over the MTEF period.

Programmes and funding

Finance-Linked Individual Subsidy Programme

The 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. Among government's many programmes, the 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.

With effect from 2022/23 financial year, FLISP will also extend to non-mortgage housing finance facilities, and accordingly, the subsidy may be used in combination with one of the following products and situations:

- Housing loans granted or guaranteed by a pension and provident fund.
- Unsecured housing loans from any registered lender.
- Housing loans granted or guaranteed by cooperative- or community based savings scheme.
- FLISP can be used in combination with individual own resources or

savings.

- Housing loans supported by employer-based schemes such as Government Employees Housing Scheme or private sector employer assisted housing schemes.
- Housing loans supported by Permission-to-Occupy issued by government or recognised traditional authority.
- With effect from 1 April 2022, the FLISP quantum range increases by between 7.2% and 10%. This change is expected go a long way in enhancing affordability of home loans as households will be able to put in higher deposits for their home loans or cover other housing acquisition or building costs.

In May 2022, the DHS established a national war room to improve the speed and quality of housing delivery. The National Human Settlement War Room team is tasked to, among other things:

- coordinate efforts, monitor and fast-track the implementation of diverse projects across provinces;
- coordinate support of various entities and consolidate reporting to the war room;
- provide project tracking tools to monitor and to report to the war room;
- identify strategic partners that could assist to unblock challenges in project implementation; and
- create an enabling environment for cooperative governance in line with Intergovernmental Relations Act, 2005 (Act 13 of 2005).

Rental and Social Housing

Social housing provides medium density rental housing to low-income households. The programme promotes the provision of affordable rental housing, monitors the performance of the Social Housing Regulatory Authority and develops capabilities in the rental housing sector through intergovernmental collaboration and evidence-based research.

Over the medium term, work under the programme will include promoting the delivery of affordable rental housing by conducting research, and developing policies and programmes as and when required, strengthening cooperation and collaboration by facilitating intergovernmental forums and stakeholder partnerships on an ongoing basis, and accelerate the provision of affordable rental housing by providing capital and operational funding to the Social Housing Regulatory Authority to deliver 18 000 social housing units and monitoring and evaluating the financial and non-financial performance of affordable rental housing programmes and projects on a monthly and quarterly basis.

Since the last adjustment of the qualification criteria in 2018, tenants have been struggling to pay their rentals due to inflation and substantial increases in utility costs. Government has revised the bands for households earning from R1 850 to R22 000 gross monthly income for people to qualify as opposed to the previous range of R1 500 to R15 000. This is expected to align with the broader definition of affordable housing programmes such as FLISP.

Integrated Human Settlements Planning and Development

The programme manages the development of policy, planning and research in the creation of sustainable and integrated human settlements, oversees the delivery of the Integrated Residential

Development Programme, and coordinates intergovernmental partnerships with stakeholders.

Over the medium term, work under the programme will include accelerating the delivery of spatially integrated housing and human settlements development by transferring and monitoring the Human Settlements Development Grant and Title Deeds Restoration Grant to provinces, the Urban Settlements Development Grant to metropolitan municipalities, and undertaking research and developing housing and human settlements policies and programmes.

It will also promote planning coordination and strengthen intergovernmental cooperation across and within different spheres of government by providing support to provinces and municipalities in the development of 57 integrated implementation plans over the medium term and facilitating intergovernmental forums and stakeholder partnerships on an ongoing basis.

A number of areas around South Africa are affected by natural disasters, such as floods, thunderstorms and fires. In most cases, those who are affected require alternative shelter immediately and others want to repair the damage to their homes as soon as it is possible. Government has noted response systems to such disasters had some shortcomings, which include inflexible funds allocation, which leads to shortage of funds to cover the disaster victims in totality or taking long long to respond time, which worsens the status of the victims.

To address this, government has introduced new directives applicable to provincial departments and municipalities. They include a 24-hour turnaround period for the assessments of disaster and fast-tracking of repairs through a voucher system. With regards to financing, provinces and metros are now allowed to utilize available funds from the Human Settlements Development Grant, the Urban Settlement Development Grant and the Informal Settlements Upgrading Partnership Grant to intervene to address challenges faced by victims of a natural disaster.

Informal Settlements

The programme provides policy, planning and capacity support for the upgrading of informal settlements, and oversees the implementation of the Informal Settlements Upgrading Programme. Over the medium term, work under the programme will include accelerating the provision of security of tenure, basic services and related infrastructure by managing the transfer of the Informal Settlements Upgrading Partnership Grant to municipalities and provinces, undertaking evidence-based research and developing responsive policies, and supporting provinces and municipalities through the National Upgrading Support Programme.

Affordable Housing

The programme facilitates the provision of affordable housing finance, monitors market trends and develops research and policy that respond to demand. It also oversees housing finance entities reporting to the Minister of Human Settlements. Over the medium term, work under the programme will include strengthening cooperation and collaboration by facilitating intergovernmental forums and stakeholder partnerships.

It will also accelerate the provision of affordable housing finance by providing capital and operational funding to the National Housing

Finance Corporation for the administration of the FLISP, researching and developing policies and programmes that promote the provision of affordable housing finance for households as and when required, and monitor and evaluate the financial and non-financial performance of affordable housing programmes and projects.

Housing subsidies

A housing subsidy is a grant given 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's 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.

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.

Housing Development Finance Programme

The grant funds the delivery of housing and human settlements programmes, and manages all matters related to improving access to housing finance and developing partnerships with the financial sector. Its objectives are to:

- manage the performance of provinces and municipalities by monitoring the expenditure and non-financial performance of human settlements development and housing programmes on a monthly and quarterly basis;
- accelerate the delivery of housing and human settlements by providing funding from the Human Settlements Development Grant, the Urban Settlements Development Grant and transfers to public entities on a scheduled ongoing basis;
- improve access to housing finance by collaborating with the private sector and related entities to develop mechanisms to increase market penetration and provide loans to low- and middle-income households on an ongoing basis; and
- ensure equal access to housing finance through monitoring the lending practices of the financial sector by publishing an annual report on mortgage finance.

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 doorbells for the deaf.

Enhanced Extended Discount Benefit Scheme

The 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, building houses or 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 grant reflects the conditional allocation transferred to all provinces for the delivery of housing projects, as per the National Housing Code.

Rural Housing Loan Fund

The Rural Housing Loan Fund is a wholesale lending institution. It is mandated to facilitate access to housing credit to low-income rural households by providing wholesale finance through a network of retail -intermediaries and community-based organisations.

International relations

South Africa is party to the United Nations (UN) Millennium Development Goals, 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:

- Vancouver Declaration on Human Settlements of 1976; and
- 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 people without adequate housing.

World Urban Forum (WUF)

The WUF was established by the UN to ensure that member states and the world responds to ensure proper and sustainable management of urbanisation in towns and cities across the globe. The matters which receive attention include eradicating the ill effects of urbanisation, such as poverty, unemployment, inequality, and managing the negative consequences of climate change on communities.

It brings together government leaders, Ministers, mayors, diplomats, members of national, regional and local government, non-governmental and community organisations, professionals, academics, grassroots leadership of women and youth, to debate and propose solutions to ensure proper, working, equitable and sustainable livelihoods for households and people living in urban areas.

The forum also advises the Executive Director of the UN-Habitat and the UN-Habitat's Governing Council on key issues that should inform the work of UN Habitat and all key stakeholders in the field of human settlements and urban development.

The 11th session of the WUF was held from 26 – 30 February 2022 in Katowice, Poland. It was under the theme: "Transforming our Cities for a Better Urban Future", providing greater insights and clarity on the future of cities based on existing trends, challenges and opportunities, as well as suggesting ways cities can be better prepared to address future pandemics and a wide range of other shocks.

