

SOUTH AFRICA YEARBOOK

2023/24

Human Settlements



Human Settlements

The Department of Human Settlements (DHS) is mandated, in terms of Section 3 of the Housing Act, 1997 (Act 107 of 1997) to establish and facilitate a sustainable national housing development process in collaboration with provinces and municipalities. In fulfilling its mandate, the department determines national policy and norms and standards for the development of housing and human settlements, prescribes national housing delivery goals, and oversees provincial and municipal performance outcomes against national targets.

To ensure an effective housing development process, the department funds, capacitates and supports provinces and municipalities in the implementation of human settlements projects. Over the medium term, the department will focus on promoting spatial integration and providing security of tenure by developing integrated human settlements, upgrading informal settlements, and providing affordable housing to low-income and middle-income households. The department aims to conclude the policy, programme and legislative review process to finalise the human settlements white paper and code over the MTEF period, which is expected to provide an overarching policy framework for the delivery of sustainable human settlements programmes. The department will also continue to support and facilitate capacity-building initiatives in provinces and municipalities to implement human settlements programmes and ensure that housing opportunities are delivered effectively.

Cabinet-approved reductions of R3.1 billion in 2024/25, R4 billion in 2025/26 and R6.7 billion in 2026/27 have been effected on the department's budget, but are unlikely to have a significant effect on performance. Despite these reductions, the department's budget is set to increase at an average annual rate of 1.6%, from R31.8 billion in 2023/24 to R33.3 billion in 2026/27.

This increase is mainly driven by transfers to provinces, municipalities and public entities, which are expected to account for 95.5% (R95.9 billion) of the department's total budget over the medium term. To fund the implementation of human settlements programmes through the human settlements development grant, the urban settlements development grant and the informal settlements upgrading partnership grant, among others, transfers are expected to increase at an average annual rate of 1.5%, from R30.4 billion in 2023/24 to R31.7 billion in 2026/27.

Housing

According to Statistics South Africa's General Household Survey of 2023, slightly more than eight-tenths (83,5%) of South African households lived in formal dwellings in 2023, followed by 12,2% in informal dwellings, and 3,9% in traditional dwellings. Households that lived in formal dwellings were most common in Limpopo (95,1%) and Mpumalanga (90,1%). Western Cape (19,2%) had the highest percentage of households that lived in informal dwellings, followed by

Gauteng (18,4%) and North West (17,1%). Traditional dwellings were most common in Eastern Cape (17,1%) and KwaZulu-Natal (10,3%).

About 83,0% of households in metropolitan areas lived in formal dwellings while 16,0% lived in informal dwellings. Informal dwellings were most common in Ekurhuleni (19,2%), Cape Town (18,9%), and Johannesburg (18,2%), and least common in Nelson Mandela Bay (6,3%).

Households that lived in rented dwellings were most common in Gauteng (37,8%) and Western Cape (27,8%), and least common in Eastern Cape (12,7%), Limpopo (15,0%), and Northern Cape (15,2%). Households that owned the dwellings they lived in, regardless of whether they have fully paid for it, were most common in KwaZulu-Natal (74,6%), Mpumalanga (72,1%), Northern Cape (71,2%) and Limpopo (71,0%). Only 46,4% of households in Gauteng, and 63,4% in Western Cape owned the dwellings they lived in. Nationally, 13,2% of households occupied the dwellings they were living in rent-free.

The percentage of households that received some form of government housing subsidy increased from 5,6% in 2002 to 12,0% in 2023. A notably higher percentage of female-headed households (14,4%) than male-headed household (10,1%) received subsidies. This is in line with government policies that give preference to households headed by individuals from vulnerable groups, including females, and individuals with disabilities.

About 9,7% of households that lived in subsidised dwellings either reported weak or very weak walls, or weak or very weak roofs. Responses vary across provinces. Households in Mpumalanga (respectively 16,1% and 13,6%) were generally least satisfied with the quality of walls and roofs, while those in Gauteng complained least about the state of their dwellings' walls (2,7%) and roofs (3,2%).

Developing integrated human settlements

To promote the development and delivery of spatially integrated human settlements, the department plans to finalise 15 integrated plans over the medium term to guide the implementation of projects within the 136 nationally declared priority development areas. In collaboration with provinces and municipalities, the department also expects to deliver 129 663 subsidised houses and issue 36 046 title deeds to beneficiaries from low-income households over the medium term.

This will be done using funds amounting to R42.1 billion from the human settlements development grant. A further R27.8 billion over the same period is allocated through the urban settlements development grant for metropolitan municipalities to implement bulk and related infrastructure projects.

To fund these conditional grants, allocations to the Integrated Human Settlements Planning and Development programme are expected to increase at an average annual rate of 5%, from R21.3 billion in 2023/24 to R24.6 billion in 2026/27.

Upgrading informal settlements

As a policy priority for the department, the upgrading of informal settlements is intended to provide households in these areas with secure tenure and access to basic services such as water and sanitation, lighting and refuse removal. In support of this, R101.9 million over the medium term is allocated for the provision of project-level technical support to continue to build capacity in provinces and municipalities towards developing comprehensive plans to upgrade informal settlements.

The department will augment internal capacity to run its capacity-building and sector support programmes by appointing professional resource teams for the upgrading of informal settlements and the provision of affordable rental housing. As a result, spending on consultants is expected to increase at an average annual rate of 21%, from R120.9 million in 2023/24 to R214.1 million in 2026/27.

Over the medium term, the informal settlements upgrading partnership grant will enable provinces and municipalities to upgrade and formalise a targeted 480 settlements and deliver 156 571 stands with access to municipal services. Funding for these interventions is within the Informal Settlements programme, in which spending is expected to decrease at an average annual rate of 8.3%, from R8.5 billion in 2023/24 to R6.5 billion in 2026/27, due to Cabinet-approved reductions on transfers to the grant.

Facilitating affordable housing

To create a functional residential property market, the department's affordable and social housing programmes provide housing finance and spatially integrated affordable rental housing options to low-income and middle-income households. The department plans to build 9 935 rental housing units in strategically located areas and deliver 2 128 community residential units at an estimated cost of R3 billion over the medium term in the Rental and Social Housing programme.

Spending in this programme is expected to increase at an average annual rate of 3.3%, from R933.3 million in 2023/24 to R1 billion in 2026/27. The Social Housing Regulatory Authority (SHRA) will continue to invest in the affordable rental housing market by providing a projected R2.4 billion in capital subsidies over the medium term through the consolidated capital grant.

Through this allocation, the authority will increase the supply of new rental housing stock, and disburse R77.4 million through the institutional investment grant to build capacity in the social housing sector. Through the National Housing Finance Corporation (NHFC), the department plans to help unserved segments of the housing market by providing a targeted 18 214 finance-linked individual subsidies to households that earn above the qualifying income level to get a full housing subsidy but not enough to qualify for housing finance.

Spending in the Affordable Housing programme is expected to decrease at an average annual rate of 1%, from R584.1 million in

2023/24 to R567 million in 2026/27, mainly as a result of Cabinet-approved reductions to the department's budget. This decrease is unlikely to negatively affect the programme's overall performance.

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 (EAAB) Act, 1976 (Act 112 of 1976), which provides for the establishment of an EAAB 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 SHRA, 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 of 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 (HDA) 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 Schemes Ombud Service (CSOS) 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.

Entities

Community Schemes Ombud Service

The CSOS was established in terms of the CSOS Act, 2011 (Act 9 of 2011) 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 focus on strengthening its regulation, dispute resolution, and education and training functions. By 2026/27, it plans to ensure that 80% of community scheme governance documents are registered and compliant with legislative frameworks and that 90% of all disputes are resolved through conciliation.

To contribute to reducing barriers to entry for the property market, the ombud plans to train 150 historically disadvantaged individuals to become scheme governance managing agents. Expenditure for these activities is within the regulation, and education and training programmes, which have a combined allocation of R552.9 million over the MTEF period, comprising 38% of the budget.

Total expenditure is expected to decrease at an average annual rate of 9.2%, from R632.7 million in 2023/24 to R474.1 million in 2026/27. This is mainly due to an expected decrease in the collection of community scheme levies and the discontinuation of the entity's operational transfer. To manage this, the entity will delay its expansion project in the administration programme and transformation initiatives in the education and training programme.

Levies paid by community schemes account for an estimated 86.8% (R1.3 billion) of the ombud's revenue over the period ahead. Revenue is expected to decrease in line with expenditure.

Property Practitioners Regulatory Authority (PPRA)

The PPRA was established in terms of the Property Practitioners Act of 2019. Its mandate is to regulate the conduct and activities of property practitioners when dealing with the marketing, promotion, management, sale, letting, financing and purchase of immovable property. The authority manages the Property Practitioners Fidelity Fund (PPFF) and provides education and training programmes to develop candidate and property practitioners.

Since the entity transitioned from the EAAB to the PPRA in February 2022, the number of property practitioners who require a valid registration status and fidelity fund certificate to operate legally has significantly increased. As the authority is now responsible for 10 new categories of property practitioners recognised by the Property Practitioners Act of 2019, it plans to register 38 000 property practitioners on its database over the MTEF period.

This significant increase in registrations requires increased compliance and enforcement measures. As such, to safeguard the interests of consumers and enhance compliance standards, over the medium term, the authority plans to inspect 3 100 estate agencies and expand its education and training programmes to confer 6 000 professional designations to candidate property practitioners and 55 000 continuous professional development qualifications to property practitioners.

To effectively respond to the increased number of activities in the organisation, the authority plans to increase its number of personnel and invest in software and other intangible assets. To fund an increase in personnel from 141 in 2023/24 to 163 in 2026/27, spending on compensation of employees is set to increase from R117 million in 2023/24 to R151.5 million in 2026/27, accounting for an estimated 63.3% (R429.9 million) of the authority's budget over the period ahead.

To ensure the resilience and stability of the authority's ICT and network systems, the acquisition of software and other intangible assets is expected to result in expenditure of R56.5 million over the same period. As such, total expenditure is expected to increase at an average annual rate of 10%, from R181.5 million in 2023/24 to R241.4 million in 2026/27.

The authority expects to derive 61.9% (R440.1 million) of its revenue over the MTEF period through management fees for administering the Property Practitioners Fidelity Fund and examination fees for property practitioners. It will derive the remainder of its revenue through contributions from property practitioners.

Revenue is expected to increase at an average annual rate of 8.4%, from R194.2 million in 2023/24 to R247.6 million in 2026/27, mainly driven by additional fees and contributions from new property practitioners.

Property Practitioners Fidelity Fund

The PPFF is managed by the PPRA. The fund was established to protect the interest of the public from negligence on the part of property practitioners in dealing with real estate transactions. Expenditure is expected to increase at an average annual rate of 13.8%, from R75.1 million in 2023/24 to R110.9 million in 2026/27, due to increased management fees as a result of the additional categories of real estate practitioners introduced in the Property Practitioners Act of 2019. The fund derives its revenue through interest earned on trust accounts by property practitioners, and contributions from property practitioners. Revenue is expected to increase in line with expenditure.

Housing Development Agency

The HDA was established in terms of the Housing Development Agency Act of 2008. It is mandated to identify, hold, develop and release land for the development of integrated human settlements. The agency provides provinces and municipalities with project management, technical and land geospatial services.

Over the medium term, the agency will focus on acquiring and developing 3 000 hectares of well-located land for human settlements projects, and providing planning, management and technical support for the upgrading of 411 informal settlements to ensure secure tenure and access to basic services. It will also assist the department in finalising integrated plans for priority development areas.

Spending on these projects is within the built environment and operations programme, which represents 58.8% (R944.3 million) of the agency's budget over the period ahead. Due to the extensive need for professional expertise in the agency's work, compensation of employees accounts for an estimated 53.1% (R888.5 million) of total spending over the medium term.

To manage increased spending on compensation of employees, the agency plans to keep its number of personnel constant over the MTEF period. The agency will also spend a significant portion of its goods and services budget on consultants for them to acquire technical expertise to augment internal capacity for support services in municipal and provincial projects.

As such, spending on goods and services is expected to account for 46.7% (R735.4 million) of the agency's total spending over the medium term. Total expenditure is expected to increase at an average annual rate of 1.6%, from R541 million in 2023/24 to R566.8 million in 2026/27.

The agency expects to derive 48.1% (R798.8 million) of its revenue over the MTEF period through operational transfers from the department and the remainder through provincial projects and programme management fees. Revenue is expected to increase in line with expenditure.

National Home Builders Registration Council

The NHBC is a regulatory body in the home building industry established in terms of the Housing Consumer Protection Measures Act of 1998. It is mandated to protect the interests of housing consumers by providing warranty protection against structural defects in newly built homes. The council is also responsible for the establishment and enforcement of technical building standards in the home building industry.

The council's strategic focus over the medium term is on strengthening its regulatory function by registering 10 952 new home builders and renewing the registration status of 49 298 home builders. To enforce compliance with technical building standards, the council plans to conduct 88 770 inspections on all registered homes in the subsidy sector, and 96 100 inspections on all registered homes in the non-subsidy sector.

Due to the labour-intensive nature of the council's work, compensation of employees accounts for an estimated 66.6% (R2 billion) of total expenditure over the MTEF period, increasing at an average annual rate of 3%, from R622.5 million in 2023/24 to R680.2 million in 2026/27. To contain expenditure on compensation of employees, the council will maintain its number of personnel at 610 over the medium term.

Total expenditure is also expected to increase at an average annual rate of 3%, from R934.5 million in 2023/24 to R1 billion in 2026/27. The entity derives its revenue through fees for home enrolment, registrations and renewals; fees for technical services; and interest and dividends earned on the warranty fund. Revenue is expected to increase at an average annual rate of 3.6%, from R1.5 billion in 2023/24 to R1.6 billion in 2026/27, mainly due to a projected steady increase in building activity in the non-subsidy sector.

National Housing Finance Corporation

The NHFC was established as a development finance institution in 1996 and is listed as a schedule 3A public entity in terms of the Public Finance Management Act of 1999. Its primary mandate is to provide access to affordable housing finance for low-income to middle-income households by leveraging private sector funding to finance housing developments and create affordable housing stock. The corporation also administers the finance-linked individual subsidy programme.

Over the medium term, the corporation will continue to focus on increasing access to affordable housing finance to intermediaries such as social housing institutions, retail financial intermediaries that provide micro loans for home improvements, and developers and emerging contractors who invest in affordable rental housing stock.

It also plans to extend partnerships with financial institutions and non-traditional lenders to create differentiated loan products to expand the reach of affordable housing finance to different segments within the affordable rental market. As the corporation leverages more

funds from the private sector, it expects to increase its loan book from R4 billion in 2023/24 to R4.2 billion in 2026/27. To further increase access to affordable housing finance, the department has revised the finance-linked individual subsidy programme policy to extend to non-mortgage housing products.

The subsidy now applies to housing finance alternatives such as: unsecured loans through retail intermediaries, loans from community-based schemes, rent-to-buy options and the augmentation of personal savings to purchase non-bonded homes. As such, the corporation expects to disburse a targeted 10 270 subsidies to first-time home buyers over the MTEF period.

This subsidy has a total allocation of R1.3 billion over the period ahead, comprising an estimated 39% of the corporation's budget. Total expenditure is expected to increase nominally, at an average annual rate of 0.2%. The corporation expects to derive 62.5% (R2.2 billion) of its revenue over the MTEF period through transfers from the department and interest on loans.

It will derive the remainder of its revenue through income from its controlled entities (the corporation's subsidiaries), rental properties and management fees. Total revenue is expected to decrease nominally, at an average annual rate of 0.1%.

Social Housing Regulatory Authority

The SHRA's legislative mandate, as set out in the Social Housing Act of 2008, is to invest in, capacitate and regulate the social housing sector. To achieve this, the authority administers a sustainable flow of capital subsidies to build affordable rental housing units for low-income to middle-income households, provides capacity-building and support initiatives, and regulates all social housing institutions.

The authority's focus over the medium term is on improving access to affordable housing by increasing the supply of new rental housing stock. In giving effect to this, the authority aims to deliver 9 935 social housing units over the MTEF period through the consolidated capital grant, which provides subsidies to reduce the capital cost of constructing rental units and reduce rental costs for tenants.

The SHRA will continue to build capacity within the sector by disbursing the institutional investment grant, which is allocated R77.4 million over the medium term to assist a targeted 120 social housing institutions to become fully operational, accredited entities that deliver affordable rental units.

The authority expects to accredit 355 social housing institutions over the medium term, while the total number of regulated social housing units is expected to reach 56 234 by the end of the MTEF period. Total expenditure is expected to increase at an average annual rate of 1.7%, from R897.7 million in 2023/24 to R943.4 million in 2026/27. The authority derives all its revenue through transfers from the department. Revenue is expected to increase in line with expenditure over the medium term.

Programmes and funding

Finance-Linked Individual Subsidy Programme (FLISP)

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 aimed 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 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.

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 SHRA 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 SHRA to deliver 18 000 social housing units and monitoring and evaluating the financial and non-financial performance of affordable rental housing programmes and projects monthly and quarterly. 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 HSDG 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.

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 NHFC 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 monthly and quarterly;
- accelerate the delivery of housing and human settlements by providing funding from the HSDG, 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.