



OFFICIAL GUIDE TO SOUTH AFRICA 2017/18

Human Settlements

The Department of Human Settlements (DHS) derives its core mandate and responsibilities from Section 26 of the Constitution of the Republic of South Africa of 1996 and Section 3 of the Housing Act of 1997, read in conjunction with approved policies and chapter 8 of the National Development Plan (NDP).

This allows the DHS, in collaboration with provinces and municipalities, to establish and facilitate a sustainable national housing development process. The department does this by: determining national policy and national norms and standards for housing and human settlements development; setting broad national housing delivery goals, and monitoring 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, including civil society and the private sector.

The DHS is committed to the NDP's vision of transforming human settlements and the spatial economy to create more functionally integrated, balanced and vibrant urban settlements by 2030.

Outcome 8 (sustainable human settlements and improved quality of household life) of government's 2014-2019 medium-term strategic framework is aligned with this vision and guides the work of the department, as well as its commitment to improving institutional capacity and coordination across government.

The NDP sets out a human settlements trajectory proposition that, 'by 2050 visible results from effectively coordinated spatial planning systems shall have transformed human settlements in South Africa into equitable and efficient spaces with citizens living in close proximity to work with access to social facilities and essential infrastructure'.

It also envisages that by 2030, measurable progress towards breaking apartheid spatial patterns would be achieved. This places a responsibility on the department to ensure that the apartheid geography and the fractured housing and land markets are dealt with.

The department is focusing on ensuring that poor households have access to adequate housing in better living environments and creating a functional housing market. It was expected to invest in catalytic projects across South Africa that involve mixed use, mixed income and integrated human settlement developments aimed at providing spatially, socially and economically integrated communities.

According to Statistics South Africa's (Stats SA) General Household Survey (GHS) 2017, between 2002 and 2017, the percentage of households that lived in formal dwellings and whose dwellings were fully owned showed similar percentage, while the percentage of partially owned dwellings declined from 15,3% to 8,8%. About 13,1% of households had 'other' forms of tenure arrangements in 2017.

Slightly over eight-tenths (80,1%) of South African households lived in formal dwellings in 2017, followed by 13,6% in informal dwellings, and 5,5% in traditional dwellings. The highest percentage of households that lived in formal dwellings were observed in Limpopo (91,7%), Mpumalanga (86,9%), and Northern Cape (86,0%). Approximately one-fifth of household lived in informal dwellings in North West (19,9%), and Gauteng (19,8%).

At the time of the survey, 13,6% of South African households were living in 'RDP' or state-subsidised dwellings. Some residents have, however, raised concerns about the quality of subsidised houses and 10,2% said that the walls were weak or very weak while 9,9% regarded the dwellings' roofs as weak or very weak.

The DHS was also expected to upgrade informal settlements and provide affordable rental housing, outstanding title deeds to beneficiaries of state-subsidised housing and temporary shelter to people affected by housing emergencies such as fires. The upgrading of informal settlements is intended to provide households with secure tenure and access to basic services

such as water and sanitation. Through the Upgrading of Informal Settlements Programme, 67 548 households were upgraded in partnership with provinces and municipalities in 2017/18.

Human Settlements Vision 2030

Housing the poor was an ingredient of the department's three-part response to the State's Vision 2030 Strategy. "Gap housing" is a term that describes the shortfall or gap in the market between residential units supplied by the State and houses delivered by the private sector.

The gap housing market comprises people who typically earn between R3 500 and R15 000 per month, which is too little to enable them to participate in the private property market, yet too much to qualify for state assistance.

Gap housing is a policy that addresses the housing aspirations of people such as nurses, firefighters, teachers and members of the armed forces, who earn between R3 000 and R15 000 per month and therefore do not qualify for RDP houses and do not earn enough to obtain home loans.

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

Social housing

A key model for the delivery of affordable housing is social housing, which provides medium density, affordable, rental housing to low and middle income households. Social housing contributes to transforming urban spatial patterns as it promotes integration and densification in close proximity to economic and social amenities.

The DHS's social housing programme is largely funded through the restructuring capital grant, which is transferred from the Housing Development Finance programme to be administered by the Social Housing Regulatory Authority (SHRA).

The grant was expected to reach R1 billion by 2018/19 to fund the delivery of 17 333 social housing units, contributing to achieving the target of an additional 27 000 social housing units by 2019.

Housing entities

The department's housing entities include the:

- **National Home Builders Registration Council (NHBRC)**, which represents the interests of housing consumers by providing warranty protection against defined defects in new homes and to regulate the home building industry. The NHBRC also provides training and capacity building to promote and ensure compliance with technical standards in the home-building environment.
- **Community Schemes Ombud Service**, which provides a dispute-resolution service for community schemes; monitors and controls the quality of all governance documentation relating to sectional title schemes; and takes custody of, preserves and provides public access to scheme governance documentation.
- **Estate Agency Affairs Board**, which regulates, maintains and promotes the conduct of estate agents; issues certificates from the Estate Agents Fidelity Fund; prescribes the standard of education and training for estate agents; investigates complaints lodged against estate agents, and manages and controls the Estate Agents Fidelity Fund.
- **Housing Development Agency**, which identifies, acquires, holds, develops and releases state-owned and privately owned land for residential and community purposes; and project manages housing developments for the creation of sustainable human settlements.

- **NHFC**, which broadens and deepens access to affordable housing finance for low- to middle-income households by facilitating private-sector lending for housing purposes.
- **National Urban Reconstruction and Housing Agency (NURCHA)**, which provides bridging finance to contractors building low to moderate income housing, infrastructure and community facilities.
- **Rural Housing Loan Fund (RHLF)**, which facilitates access to housing credit to low income rural households by providing wholesale finance through a network of retail intermediaries and community-based organisations.
- **SHRA**, which regulates the social housing sector, and ensures a sustainable and regulated flow of investment into the social housing sector in order to support the restructuring of urban spaces by providing capital grant to accredited social housing institutions.

The DHS was expected to finalise the consolidation of the NHFC, NURCHA and RHLF into a single human settlements development finance institution. Once established, the new institution is expected to provide more effective access to affordable housing finance.

Subsidies

A housing subsidy is a grant by government to qualifying beneficiaries for housing purposes. One of the DHS areas of responsibility in the delivery of human settlements relates to the bottom-most end of the market, where it provides housing subsidies to the poor. This is where the bulk of the housing backlog exists, affecting mainly those who earn below R3 500 a month.

According to Stats SA's GHS 2017, the percentage of households that received some form of government housing subsidy increased from 5,6% in 2002 to 13,6% in 2017.

A slightly higher percentage of female-headed households (17,3%) than male-headed household (11,0%) 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.

Government Employees Housing Scheme (GEHS)

The GEHS was established in 2015/16 as part of resolutions adopted by government and labour representatives at the Public Service Coordinating Bargaining Council. The scheme is intended to assist public service officials on salary levels 1 to 10 with collateral for access to home loans and home ownership.

The scheme was established in response to the housing finance and access gap that exists with households in the monthly bracket of R3 500 and R15 000, who continue to remain underserved and excluded from accessing home loans in spite of their regular income and relatively secure employment.

People's Housing Process (PHP)

The PHP is people-driven and beneficiaries have a say in the process and can decide what type of housing should be built. It aims to deliver better human settlement outcomes based on community contribution and partnerships.

National Housing Needs Register (NHNR)

The NHNR is a central database that offers households the opportunity to register their need for adequate shelter by providing information about their current living conditions, household composition and to indicate the type of housing assistance they require from government.

Households are also able to update their information to ensure that their details are relevant to their current situation. Records of households that have registered their need on other systems/ waiting lists are received from provincial human settlement departments and municipalities.

The records received by the DHS are validated before being added to the NHNR. The NHNR has the functionality that ensures that the allocation of housing opportunities that are created through the various programmes contained in the National Housing Code is done in a fair, transparent and auditable manner. This is done by selecting households from relevant geographical areas based on the agreed criteria, such as age, preference, employment and income status.

National Upgrading Support Programme (NUSP)

Through the NUSP, the DHS aims, amongst others, to promote incremental upgrading and strengthen capacity of government and professional practitioners to implement community-based upgrading.

The NUSP was expected to provide project level technical support to 119 municipalities over the medium term for planning the upgrading of informal settlements.