



Housing

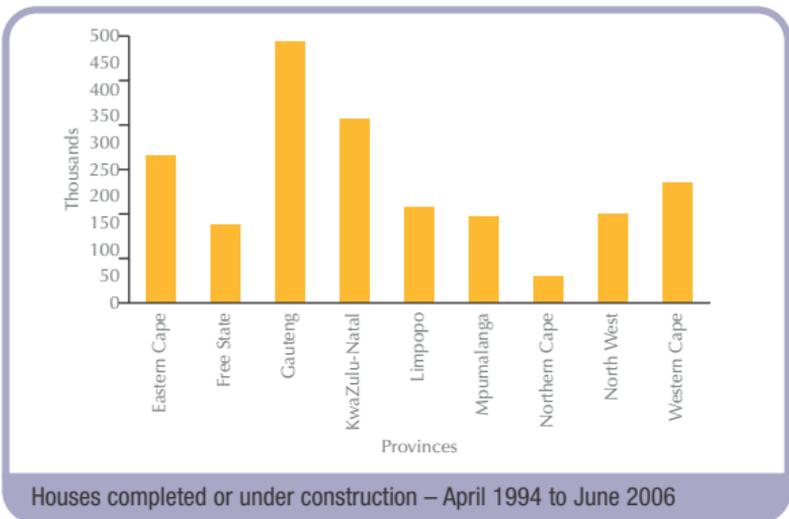
Access to housing and secure accommodation is integral to government's commitment to reducing poverty and improving the quality of people's lives.

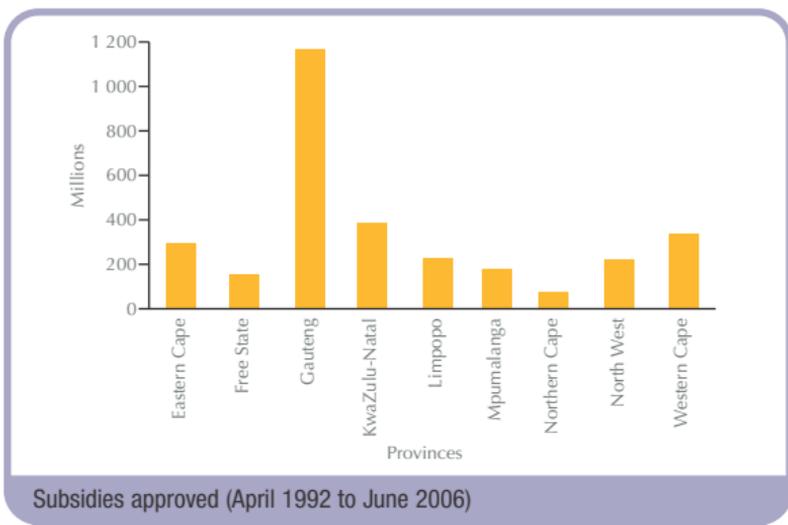
Funding

The Department of Housing's expenditure will increase from R4,2 billion in 2002/03 to R9,5 billion in 2008/09, representing an average growth rate of about 8% from 2002/03 to 2005/06 and accelerating to 21,5% from 2005/06 to 2008/09.

The Housing and Human Settlement Development Grant, representing transfers to provinces, has consistently taken about 93% of the total expenditure on the Vote. Expenditure on the grant would increase from R4,97 billion in 2006/07 to R8,7 billion in 2008/09.

The department completed 115 175 sites and 137 657 units in 2005/06, using 95% of the grant.





Government plans to spend R23 billion on subsidies for 500 000 housing units over the next three years, starting in 2006.

Comprehensive Housing Plan

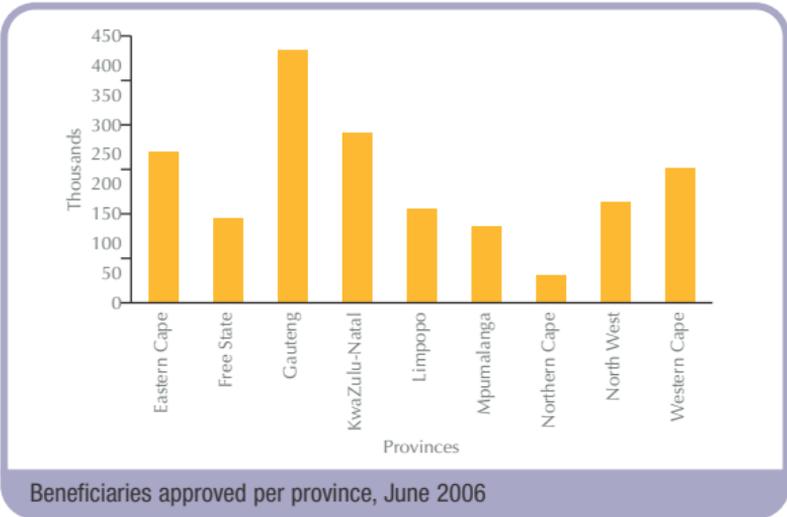
The Minister of Housing, Dr Lindiwe Sisulu, announced the Comprehensive Housing Plan for the Development of Integrated Sustainable Human Settlements in September 2004.

Cabinet approved the plan as a framework for housing programmes in the next five years, which aims to eradicate informal settlements in South Africa in as short a period as is physically possible.

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

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

Despite delivering 1 831 000 new subsidised houses between 1994 and March 2005, with another 57 065 sites serviced and



52 548 houses built between April and September 2005, the housing backlog continued to grow. To accelerate housing delivery, the department is simplifying the administration of housing subsidies by:

- collapsing the income-qualification categories so that qualifying households receive the same housing subsidy amount
- extending the reach of the housing programme by allowing households earning up to R7 000 a month (up from R3 500 per month) to qualify for housing subsidies
- upgrading informal settlements.

By mid-2006, the Comprehensive Housing Plan that will improve the living conditions of 103 000 households in informal settlements was being implemented through a pilot project in each province. The informal-settlement upgrading projects provide for phased, area-based development and fund community participation and project management as an integral part of housing projects. Eradicating or upgrading all informal settlements by 2014/15 is the prime target.

With the N2 Gateway Project, the biggest housing project ever undertaken, government is piloting the integration of communities and different income groups; auditing and updating the database of

In his Budget Speech on 15 February 2006, the Minister of Finance, Mr Trevor Manuel, announced the scrapping of transfer duties for houses costing less than R500 000. However, transfer duties of 5% will be payable on properties between R500 00 and R1 million.

housing needs to ensure the list and choice of beneficiaries is credible; building human settlements with basic economic and social amenities; and pursuing a new way of intergovernmental relations.

The project aims to build 22 000 units. The first phase of 705 units was ready at the end of August 2006, when Minister Sisulu announced that 30% of all units would go to backyarders and 70% to residents of informal settlements in Langa, Gugulethu, Bonteheuwel, Bokmakierie and Nyanga who had applied.

Another priority of the department is the Cosmo City Project in Johannesburg, where 441 families occupied their houses in December 2005. Other pilot projects in the provinces to which funds have been directed are Soweto-on-Sea in Port Elizabeth where 37 000 units are expected to be built, and Winnie Mandela in Tembisa where 8 206 units are to be built.

Key focus areas identified by the Comprehensive Housing Plan include:

- accelerating housing delivery as a key strategy for poverty alleviation
- using housing provision as a major job-creation strategy
- ensuring that property can be accessed by all as an asset for wealth creation and empowerment
- leveraging growth in the economy, combating crime and promoting social cohesion
- using housing development to break barriers between the First Economy residential property boom and the Second Economy slump

- using housing as an instrument for developing sustainable human settlements in support of spatial restructuring
- diversifying housing products by emphasising rental stock.

Rental housing for the poor

About 1,8 million South African households in the middle- to lower-income groups live in rented accommodation as opposed to about 5,2 million households that own property. At national level, 45% of households earn between R0 to R800 per month, while 45% of households at metropolitan level fall within the R801 to R3 200 income bracket.

Nationally, 71,14% of households rent accommodation and 71,76% of people renting in metropolitan areas live in formal structures. Black households are the largest percentage of renters followed by coloured renters. The demand for rental housing nationally was expected to increase by about 105 670 units per year until 2006 in the middle-to-lower income groups.

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

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

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

This policy framework was presented to management in July 2006 before being taken through the consultative processes.

Breaking New Ground (BNG) Programme

To ensure quality, innovation and choice, the National Home-Builders Registration Council (NHBRC) and Absa ran an innovation hub competition in which all registered home builders and contractors who use alternative building technologies exhibited them in Rosslyn, outside Pretoria.

During the competition, 17 show houses were completed, proving that quality houses can be built with the current subsidy of R36 000. Houses built under the BNG Programme were expected to be between 40 m² and 45 m² in size and would allow for a two-bedroom house with a bathroom, kitchen and dining room.

Capacity-building

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

Based on extensive consultation with stakeholders in the construction and housing industry, the department has developed a framework for supporting emerging contractors. Through the NHBRC, R10 million has been set aside to develop a pool of housing entrepreneurs who will enhance delivery of low-cost housing. By August 2006, tenders for Construction Education and Training Authority-accredited service-providers had been issued and the NHBRC had trained 1 740 emerging home builders, of which 610 (35% of the total) were women.

The NHBRC has committed R7 million to training the youth through the National Youth Service Project, which aims to support nation-building by involving young people in delivering crucial government services.

To give female contractors better access to housing projects, the department has ring-fenced 10% of provincial housing departments' allocations to projects undertaken by female developers or contractors. In 2005, provincial government departments allocated 288 housing-development projects worth R1,9 billion countrywide to emerging female contractors.

Delivery partners

The Department of Housing collaborates with various organisations towards breaking new ground in housing delivery.

- The National Housing Finance Corporation is now a housing bank and was expected to deliver at least 25 000 units in 2006/07.
- By the end of 2005/06, the National Urban Reconstruction and Housing Agency – a partnership between the Government and the Open Society Institute of New York – had financially supported the building of 153 897 houses.
- As a joint venture between the Department of Housing and the Council of South African Banks, Servcon Housing Solutions managed non-performing loans (NPLs) and properties-in-possession (PIPs) in areas where normal legal processes had broken down. By 28 February 2006, Servcon had normalised 32 233 properties, completing its mandate. By early 2006, plans were being initiated to transform Servcon into a land-acquisition vehicle.
- Thubelisha Homes, a not-for-profit company, helps the owners of PIPs or NPLs to relocate to more affordable homes. Thubelisha was appointed project manager and implementing agent of the N2 Gateway Project.
- Another not-for-profit company, the Social Housing Foundation, aims to build capacity for social housing institutions.

- The Rural Housing Loan Fund's main purpose, as a wholesale lending institution, is to enable retail institutions to provide loans to low-income earners to finance housing in rural areas.

Subsidies

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

- Consolidation subsidy
- Individual subsidy
- Project-linked subsidy
- Institutional subsidy
- Relocation assistance
- Discount benefit scheme
- Rural subsidies
- People's Housing Process.