



OFFICIAL GUIDE TO SOUTH AFRICA 2019/20

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.

The 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 is aimed at addressing this need.

To give effect to these guiding policies, the DHS will focus on four priority areas over the medium term: facilitating the development of integrated human settlements, upgrading informal settlements, providing affordable rental housing, and providing affordable housing finance.

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 need.

The department is reviewing housing legislation and related policies to transition from a narrow focus on housing alone to a more holistic view of human settlements. Integrated housing developments are funded mainly through the urban settlements development grant and the human settlements development grant, both in the Integrated Human Settlements Planning and Development programme.

The department is expected to deliver mixed-use, mixed-income and integrated settlements, through housing and infrastructure subsidies delivered through provinces, municipalities and public entities such as the Housing Development Agency (HDA).

Upgrading informal settlements

According to Statistics South Africa's (Stats SA) 2019 *General Household Survey* (GHS), slightly more than eight-tenths (81,9%) of South African households lived in formal dwellings in 2019, followed by 12,7% in informal dwellings, and 5,1% in traditional dwellings.

Households that lived in formal dwellings were most common in Limpopo (95,2%) and Mpumalanga (89,6%). Approximately one-fifth of households lived in informal dwellings in Gauteng and Western Cape (both 18,7%) and North West (18,4%). Traditional dwellings were most common in Eastern Cape (23,0%) and KwaZulu-Natal (13,1%).

About 81,9% of households in metropolitan areas lived in formal dwellings, while 16,8% lived in informal dwellings. Informal dwellings were most common in the City of Cape Town (19,6%), Johannesburg (19,1%) and Ekurhuleni (18,4%), and least common in Nelson Mandela Bay (7,1%).

Affordable rental housing

The DHS is committed to providing rental and social housing to support the affordable housing market, which requires flexibility in tenure in a dynamic and changing economic environment.

To accelerate the delivery of well-located, affordable rental and social housing, the department plans to provide capital subsidies to accredited social housing institutions through the Social Housing Regulatory Authority to lower the cost of construction for developers and the cost of occupation for tenants.

Households that lived in rented dwellings were most common in Gauteng (35,3%) and Western Cape (25,9%) and least common in Eastern Cape (11,8%) and Limpopo (12,5%).

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 (85,9%) and Eastern Cape (84,7%) while the smallest percentages were observed in Gauteng (52,4%) and Western Cape (58,7%).

Affordable housing finance

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 mortgage repayments.

Housing entities

The department's housing entities include the:

- **National Housing Finance Corporation**, which is a development finance institution and its principal mandate is to broaden and deepen access to affordable housing finance for low-income to middle-income households by facilitating private-sector lending for housing.
- **National Home Builders Registration Council**, which protects and represents the interests of housing consumers by providing warranty protection against defined defects in new homes and regulates the homebuilding industry. The council also provides training and capacity building to promote and ensure compliance with technical standards in the home-building environment.
- **Estate Agency Affairs Board**, which regulates, maintains and promotes the conduct of estate agents. The board is also responsible for managing and controlling the Estate Agents Fidelity Fund, issuing Estate Agents Fidelity Fund certificates, prescribing the standard of education and training for estate agents, and investigating complaints lodged against estate agents.
- **HDA**, which identifies, acquires, holds, develops and releases state-owned and privately owned land for residential and community purposes. The agency is also responsible for managing housing development projects for the creation of sustainable human settlements.

- **Social Housing Regulatory Authority**, which regulates the social housing sector to ensure a sustainable flow of investment into accredited social housing projects in restructuring zones.

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.

Stats SA's 2019 GHS shows that the percentage of households that received some form of government housing subsidy increased from 5,6% in 2002 to 18,7% in 2019. A notably higher percentage of female-headed households (23,1%) than male-headed household (15,5%) 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.

