



Chapter 14

Housing

Since the launch of the *White Paper on Housing* in December 1994, housing has undergone fundamental changes. More than a million housing opportunities have been created, providing more than five million poor people with secure tenure and safe homes. However, resource constraints and changing demographics now necessitate a more rigorous focus on quality, rather than the former quantity-driven approach. This has led to the Housing Strategy 2000, which promotes equitable access to housing opportunities for poor and previously disadvantaged persons.

It also systematises land release and development to relieve urbanisation pressures. It balances urban and rural development, counters housing fraud, and facilitates urban renewal, especially in inner cities. In future, more attention will be paid to monitoring and performance evaluation to assess the elements of the national housing strategy. Initially, housing policy placed too much emphasis on ownership, but it has been recognised that the lack of a coordinated rental housing policy is a shortcoming.

The Rental Housing Act, 1999 (Act 50 of 1999), and the Social Housing Foundation aim to establish institutions to manage

housing stock on a sustainable basis. The new strategy promotes access to housing through a people-centred approach. Accordingly, the People's Housing Process (PHP) receives prominence.

The National Housing Subsidy Programme is being revised to broaden its equity base, improve its business efficiency, focus financial assistance on real needs, and enhance urban and rural development. Confronting problems such as urban sprawl and backlogs, peripheral settlements and a lack of access to basic urban amenities, the Strategy treats the delivery of housing as a component of integrated development planning.

The Human Settlement Redevelopment Programme succeeds the Special Integrated Presidential Projects as a strategic intervention for urban renewal.

Estimates by Statistics South Africa show that 53,6% of South Africa's population lives in urban areas.

Recognising the need to align national, provincial and local budgets and planning processes, and budget coordination across national departments, this Programme of pilot projects was initiated in 1999. Its aim is to improve the quality of the urban environment and to address the legacy of dysfunctional urban structures, frameworks and imbalances. To achieve this, the Department introduced a system of multi-year housing development plans to be applied coherently across the three spheres of government. These plans are to be updated annually on a rolling basis. They have to take account of current housing needs and backlogs, as well

◀ According to the Minister of Housing's parliamentary media briefing in September 2001, self-building has proved to be one of the most effective strategies in producing quality housing. The majority of the 22 849 houses built by the Department and the Homeless Federation of South Africa through the People's Housing Process are of good quality and most of them are bigger than those delivered through pure subsidy grants.

as available resources, and on that basis prioritise needs across the various national housing programmes.

By May 2000, South Africa's housing backlog stood at three million houses. Although a range of parties provide housing, the Government is ultimately responsible for ensuring that housing opportunities are provided for all citizens.

Between 1994 and December 2000, some 1 129 612 houses had been delivered or were under construction, while 1 323 205 subsidies were allocated. Of the 1 323 205 subsidies allocated since 1994, 515 560 were allocated to female-headed households, bringing the number of subsidies allocated to women since 1994 to 36%. In 2000 alone, 58 914 (41%) of the total subsidies allocated were given to female-headed households.

By March 2001, the Government had spent R14 844 billion to deliver a total of 1 167 435 houses and 1 351 260 subsidies since 1994. It also spent R40 million in 15 areas in all the nine provinces in a human settlement programme.

Legislation and policy

Rental Housing Act, 1999

In September 1999, the Rental Housing Act, 1999 was passed in Parliament to ensure that more houses are provided for rental purposes and to regulate the behaviour of unscrupulous landlords so that tenants do not pay exorbitant rents.

It also provides for a special tribunal to mediate between landlords and tenants in the event of disputes. It outlaws the existing practice of evicting long-standing tenants from their homes without mediation.

The Act came into effect on 1 August 2000.

Home Loan and Mortgage Disclosure Act, 2000

The Home Loan and Mortgage Disclosure Act, 2000 (Act 63 of 2000), provides for the establishment of the Office of Disclosure and the monitoring of financial institutions serving the housing credit needs of communities.

It requires financial institutions to disclose information, and identifies discriminatory lending patterns. The Act is aimed at promoting equity and fairness in lending and disclosure by financial institutions, and was implemented in 2001.

The Act aims to encourage banks and financial institutions to grant home loans to all its clients. It compels banks and financial institutions to disclose annual financial statements so that their lending practices in respect of home loans can be monitored.

The Act seeks to

- promote increased lending and disclosure by banks specifically for housing
- encourage reinvestment of financial resources by way of mortgages to the communities they serve
- eliminate discriminatory lending practices.

Housing Consumer Protection Measures Act, 1998

The Housing Consumer Protection Measures Act, 1998 (Act 95 of 1998), came into effect on 1 November 1999. According to the Act, residential builders have to register with the National Home-builders Registration Council (NHBRC) and are obliged to enrol all new houses under the NHBRC's Defect Warranty Scheme. The first phase of the Act came into effect on 4 June 1999, making the NHBRC a statutory body.

The aim of the Act is to protect home owners from inferior workmanship. Builders are responsible for design and material defects for three months, roof leaks for a year and structural defects for five years. NHBRC inspectors may assess workmanship during and after the building process.

It is now law for banks to insist on home-builder registration and enrolment prior to granting a mortgage loan or finance.

All new government-subsidised housing units enjoy protection against shoddy workmanship by housing contractors from April 2001. Through the Housing Consumer Protection Measures Act, 1998, these properties, which were built with a maximum R16 000 government housing subsidy grant,



now for the first time enjoy protection against structural defects.

Previously, this responsibility was placed on the shoulders of the poor because their properties did not qualify for such protection. The NHRBC provides that registered builders deliver within the minimum housing standards, which among others demand that houses should be 30 m² in size.

Housing Amendment Bill, 2001

The Cabinet approved an amendment to the Housing Act, 1997 (Act 107 of 1997), that will outlaw the sale of government houses for eight years. This is to curb the abuse of syndicates who buy the properties cheaply from beneficiaries and then sell them expensively. This legislation will give the Government the first option to buy in the event of a person wanting to sell. Such a person would not qualify for a State subsidy again.

The Bill proposes to rectify the current inefficiencies of State institutional arrangements in the Housing Act, 1997. It abolishes the South African and provincial housing development boards, transferring their powers, duties, rights and obligations to the members of the executive councils responsible for housing. The Bill also provides for the establishment of panels to advise the Minister and Members of the Executive Councils (MECs), and empowers the Minister to determine a procurement policy on housing development. Finally, the Bill puts in place regulatory measures to restrict the sale or alienation of State-subsidised housing.

Information

The National Housing Code was launched in October 2000, and will attempt to reduce the level of homelessness in South Africa.

For the first time in South Africa, everyone from Housing Department officials to private building contractors, and the beneficiaries of subsidised housing, can refer to a rule book which states clearly what their rights are.

The Code streamlines and provides for the equitable distribution of goods and services. The document sets out the vision for housing development in South Africa, but does not replace legislation and policies.

Interdepartmental Task Team on Environmentally Efficient Housing

The Task Team, responsible for promoting environmentally sound housing, achieved a number of milestones. A cost-savings study quantified the benefits of energy efficiency in housing. A feasibility study was undertaken to investigate a financing mechanism to support environmental efficiency in the housing sector. It worked in partnership with non-governmental organisations (NGOs) in the sector, and the Minister of Housing participated in a decision-makers' seminar on environmentally sound housing practices. The Department of Housing also completed its First Edition Environmental Implementation Plan in accordance with the National Environmental Management Act, 1998 (Act 107 of 1998).

Funding

For 2001/02, the Department received a total amount of R3 225,9 million to finance national and provincial housing programmes.

The allocation is made annually on the basis of a formula that takes into account the backlog of each province, the number of households in various income categories of the subsidy scheme, the ratio between urban and rural housing, and the performance of the relevant provincial government.

Another leg of the national housing subsidy policy was launched in April 1998. The People's Housing Process recognises the efforts and initiatives of those who prefer to build their own houses and are prepared to commit their resources, skills and energies to housing themselves.

It also provides technical, financial and other support for people wanting to build their own homes. Funding is administered through the provincial housing departments and managed by provincial housing development boards, while the People's Housing Partnership (PHP) Trust helps build the capacity to speed up delivery.

Capacity-building

The lack of capacity, which entails an efficient workforce and the installation of appropriate technology, equipment, and systems for monitoring, evaluation and reporting purposes, is one of the major constraints in housing delivery. The Department of Housing has embarked on numerous capacity-building initiatives. The aim of these initiatives is to enable national, provincial and local spheres of government to effectively administer national housing programmes by equipping them with the necessary knowledge and skills to perform their functions efficiently.

In terms of the Housing Act, 1997, the Minister of Housing is obliged to support and strengthen the capacity of national, provincial and local governments. The role of the Department is to

- assist provinces to develop the administrative capacity required for the effective exercise of their powers and performance of their duties in respect of housing development
- support and strengthen the capacity of local governments to manage their own affairs, exercise their powers, and perform their duties in respect of housing development.

A draft framework for a housing capacity-building programme has been developed and approved by the Minister of Housing and provincial MECs for Housing (MinMEC). It aims to direct the development and implementation of capacity-building initiatives in two phases, namely to

- address the short-term capacity-building levels at national, provincial and local spheres through the transfer of knowledge and skills by means of working sessions and ongoing empowerment initiatives
- address the longer-term needs in respect of the training of housing managers, administrators and practitioners through classroom tuition.

In addition to training, capacity support is also rendered to provincial governments through housing delivery task teams. They were initially appointed to identify and address housing delivery bottlenecks, such as subsidy pro-

jects that were not performing.

As a result of the problems identified by the task teams, measures such as the Nomvula Project Management System and the Housing Project Programming Guide have been introduced. Ongoing support in the application of these measures will be rendered to provincial governments until they are self-sufficient. Management support was phased out in April 2000 and replaced with an information-management mechanism.

Housing subsidies

Individual ownership subsidies are allocated to help beneficiaries acquire ownership of fixed residential property (housing opportunities) for the first time. The Housing Subsidy Scheme currently provides six funding options to all eligible people in the income bracket of R3 500 per month or below.

New housing subsidy programmes were developed and enhanced including rental and social housing subsidies. Housing subsidy programmes were revised, including the project-linked subsidies, individual subsidies, consolidation subsidies, people's housing process, rural subsidies, institutional subsidies, hostel subsidies and special housing needs (e.g. people with Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS) or young, aged and disabled people). The Department also developed the phasing-out of subsidy subprogrammes to address the subsidies of the previous dispensation. It further developed implementation policies on rental housing and for the Human Settlement Development Programme. It addressed capacity needs in provincial and local government by training housing managers and administrators through classroom tuition. This programme was developed in collaboration with tertiary institutions.

The subsidy levels linked to household income from 1 April 1999 are as follows:

Household income (R)	Subsidy (R)
0 – 1 500	16 000
1 501 – 2 500	10 000
2 501 – 3 500	5 500



Project-linked subsidies

Project-linked subsidies give individuals the opportunity to own houses in projects approved by provincial housing development boards. From the introduction of project-linked subsidies until December 2000, 1 282 housing projects, representing 927 989 housing opportunities, were approved. Accordingly, the same number of project-linked subsidies has been reserved.

Individual subsidies

The individual subsidy affords people access to housing subsidies in order to acquire ownership of an existing property or a property in a project not approved by a provincial housing board. A person may also buy a serviced site and construct his or her own home. The individual subsidy can be used in two different ways:

- on a non-credit basis, where only the subsidy amount is used to acquire a property
- on a credit-linked basis, where a home loan is also obtained from a mortgage or non-traditional lender to buy a property.

Consolidation subsidies

Through the consolidation subsidy there were people who received housing assistance from government in the form of ownership of serviced sites, including serviced sites under the auspices of the Independent Development Trust. Before the inception of the Housing Subsidy Scheme those who received assistance may apply for a further benefit from the Government to improve their housing circumstances. The consolidation subsidy is granted for the provision or upgrading of a top structure on such a site. As from April 1999, the subsidy category is R8 000 for a monthly income up to R1 500.

Institutional subsidies

Subsidies are available to institutions creating affordable housing stock to allow eligible people to live in subsidised residential properties with secure tenure. The properties will often be rented, but tenure forms based on

share blocks, deeds of sale or full ownership are not excluded.

On an approved project, an institution is entitled to receive R16 000 for each residential property that will be occupied by qualifying beneficiaries. Cost recovery is required with respect to the management and administration of projects that receive institutional housing subsidy support.

Relocation assistance

The Government's initiatives to stabilise the housing environment resulted in the development of a relocation assistance mechanism. It provides an alternative to defaulting borrowers who were three months in arrears on 5 June 1995, and where the rehabilitation of their mortgage loans was not affordable.

The relocation instrument provides for the conclusion of a rental arrangement for a defined period to stay on the relevant property, pending relocation to an affordable property. The Government provides assistance in the form of a relocation assistance grant, equal to the subsidy for which a person would normally qualify, while banks provide a mortgage loan that the individual can afford. The process has been commonly termed 'rightsizing'.

By December 2000, relocation assistance had been approved to enable 1 692 beneficiaries to acquire affordable housing. A shortage of alternative housing is, however, delaying progress. In an effort to alleviate this problem, the company managing the initiative, Servcon Housing Solutions (Pty) Ltd, was given the opportunity to establish a housing construction entity. The construction company will focus on the building of houses to accommodate beneficiaries who wish to relocate to affordable houses.

Discount Benefit Scheme

The Discount Benefit Scheme promotes home-ownership among tenants of State-financed rental stock, including formal housing and serviced sites. In terms of the Scheme, tenants receive a maximum discount of up to R7 500 on the selling price of a prop-

erty. Often the discount equals the selling price of the property, which is then transferred free of charge to the tenant. Some one million households qualify for assistance under the Discount Benefit Scheme. By December 2000, a total of 377 720 beneficiaries had received their title deeds through the Scheme.

Housing institutions NHBRC

In March 2001, the Minister of Housing appointed a 14-member board of the NHBRC.

In 1999, the NHBRC, previously a company established under Section 21 of the Companies Act, 1973 (Act 61 of 1973), began to administer the Housing Consumers Protection Measures Act, 1998. In April 2001, the Act was extended to all new government-subsidised housing schemes.

According to this Act, anyone who is in the business of home-building must be evaluated by and registered with the NHBRC. Re-evaluations are then undertaken every year. Every new home built by registered home-builders must be enrolled with the NHBRC. Under the previous NHBRC, this applied to homes with a selling price below R250 000. However, the Act obliges all homes, irrespective of selling price, funding option or form of tenure, to be enrolled, even when an architect has been appointed.

The Act obliges all home-builders to warrant that the

- home will be fit for habitation
- home will be built in a workmanlike manner

- home will be built according to plans and specifications approved by the relevant municipality and in accordance with the NHBRC's technical requirements
- builder will rectify, at his/her cost, any defects occurring and notified within 90 days of occupation, caused by a failure of design, workmanship or materials
- builder will rectify any roof leak occurring and notified within 12 months of occupation, caused by a failure of design, workmanship or materials
- builder will rectify any major structural defects occurring and notified within five years of occupation.

Housing projects built under the Government's Capital Housing Subsidy Scheme will also fall within the scope of the Act.

The *Home-building Manual* gives precise details of the minimum technical requirements for all home-builders, and guidelines and tips on how they can be met.

Significant home-builder education is included in the Manual, and the NHBRC has indicated a significant improvement in site construction quality through the use of the Manual.

The NHBRC utilises a defect-preventative inspection service to try to ensure that all home-builders are following the guidelines laid down in the Manual.

The Act allows these inspectors full access to sites and all reasonable information from the home-builder, such as plans and specifications, that allow them to perform their duties.

Most home-builders have accepted the principles of housing consumer protection encompassed by the Act. It prohibits a home-builder from receiving any payments (other than the initial deposit) unless the home is enrolled. Where this has not been the case, the NHBRC has been compelled to take disciplinary action against defaulting home-builders.

By May 2001, 600 home-builders had been deregistered, with a further 300 suspended pending further action.

The NHBRC provided a mediation service for about 1 516 site conciliations between

Information

The Social Sector Integrated Service Plan is aimed at transferring State-financed properties to beneficiaries, utilising a capital discount on the selling price of the outstanding balance in respect of the deed of sale transactions. Some 370 250 families have received ownership through this programme. In Gauteng, the Mayibuye Rapid Land Release Programme has been initiated to respond to the growing need for land for low-cost housing. The aim of this Programme is to release land for settlement as a complementary strategy to other existing housing programmes. The Department will seek to extend this Programme to other provinces.



housing consumers and home-builders, where defects had been reported and not attended to. Some 6 550 formal written complaints had been recorded of which 4 818 had been finalised. Over 120 000 homes have been enrolled under the scheme by 9 561 home-builders registered by the NHBRC. However, 3 513 of these have since left the building industry.

By May 2001, the NHBRC had spent a total of R2 million repairing 80 defective homes, with a further 38 homes in the pipeline for possible repair. The Act stipulates that any enrolled home with a major structural defect will be repaired by the NHBRC where the builder no longer exists or fails to honour the warranty obligations. Over 133 818 homes enrolled by the NHBRC no longer had a builder to stand by their warranty.

National Housing Finance Corporation (NHFC)

The NHFC's programmes made a significant impact on housing development.

Of the R1 billion approved, some R741 million was disbursed.

This translated into 416 905 user loans granted and 62 240 new housing units built.

Broader access to housing finance

In ensuring the broadening of access to housing finance, in both urban and rural areas, the NHFC programmes have increased the number of start-up or emerging retail lenders from 11 to 44.

Financial results

The year 2000 showed a sharp rise in the cost-to-income ratio from 12,3% in the previous year to 15%.

This is due to the appropriate capacitating of the NHFC in line with the growth of its business.

The NHFC continued to implement enhanced risk-management processes to deal with the difficulties experienced due to the tough economic environment and high level of interest rates in late 1998 and early 1999.

Gateway Home Loans (GHL)

GHL was launched in April 1999 as a subsidiary of the NHFC. It seeks to create significant housing opportunities for low and moderate-income households through an effective secondary home loan process.

External involvement

The NHFC plays a significant role in the Presidential Jobs Summit Housing Pilot Project and has been instrumental in the formation of the Micro Finance Regulatory Council, the body that oversees the regulation of the microlending industry.

It is well positioned to continue to pioneer, adapt and make a significant and affordable housing delivery to low and moderate-income families.

Social Housing Foundation (SHF)

Established with an initial government grant of R4,5 million, the SHF was launched in November 1997. Originally run as a unit of the NHFC, the SHF now operates under an independent board and the NHFC is represented.

An agreement with the Housing Institutions Development Fund (HIDF) provides for funding in return for services by the SHF to the HIDF and its clients.

National Urban Reconstruction and Housing Agency (NURCHA)

NURCHA is a Presidential Lead Project established to facilitate low-income housing projects.

It is a tax-exempt, non-profit Section 21 company, registered in May 1995. Operational expenses are funded by an allocation from the South African Government and a grant from the Open Society Institute in New York, United States.

Objectives

NURCHA seeks to facilitate housing delivery in the short to medium term by helping to remove obstacles in specific housing projects. It supports projects and programmes which create housing for people eligible for the Government Capital Subsidy, and directs the

bulk of its assistance to projects focusing on households with an income of below R1 500 per month.

Guarantees for bridging finance

Developers and contractors involved in low-income housing often experience difficulty raising sufficient finance for projects. NURCHA offers guarantees to institutions that will make bridging finance loans available to housing projects evaluated and approved as viable projects.

Numerous projects around the country have used these guarantees to raise finance that would otherwise not have been facilitated without issuing guarantees.

End-user finance guarantees

NURCHA offers guarantees to financial institutions to extend credit to people who can afford to repay small housing loans, but who currently do not meet the banks' existing lending criteria. Rental and savings-linked credit is of particular interest to NURCHA. By June 2001, NURCHA had signed guarantees to the value of R171,1 million and raised R290,5 million working capital finance. This facilitated 69 965 housing units.

Joint Venture Development Fund (JVDF)

This is a government-created fund participating in the development of large-scale housing projects, producing housing costing between R20 000 and R60 000.

The JVDF will invest up to 70% of the required project financing in joint ventures established between the Fund and private-sector partners able to contribute to the balance of the equity. NURCHA acts as the manager of the Fund, packaging projects and advising the JVDF's Board.

Servcon Housing Solutions

Servcon was relaunched in April 1998 following the signing of the Record of Understanding (RoU) by the Minister of Housing and the Banking Council. Servcon's mandate has been expanded and a period of up to eight years has been granted to dispose of the

portfolio of properties in its possession and non-performing loans.

The cut-off date for the inclusion of properties in Servcon's portfolio was extended from 31 May 1995 to 31 August 1997. Out of an original portfolio of 33 319 properties Servcon now has 23 203 properties. It had signed 19 467 agreements by the end of April 2001.

Certain improvements have been made to the rehabilitation programme on offer. The programme now includes the following elements:

- rental option: rental starts at less than half of a bond instalment and increases over a three- to four-year period
- repurchase or loan rescheduling option
- rightsizing programme (assistance to relocate to affordable accommodation)
- assistance to the aged and disabled
- assessment of and adjustment for structural defects.

Where people refuse to join the programme they face normal legal action, including eviction. For the period up to 31 December 2000, some 5 231 instructions had been given to obtain eviction orders. There were 1 551 evictions attempted of which 429 were not successful, thus a 72% success rate.

Thubelisha Homes

Thubelisha Homes was established in 1998 as an independent legal entity and registered as an association incorporated under Section 21.

This was as a result of negotiations on the enhancements to the RoU that was signed in October 1994 between the Government (Department of Housing) and the Association of Mortgage Lenders (now the Banking Council). The enhancements called for a 'special purpose vehicle' to facilitate the acquisition and disposal of rightsizing houses in terms of the RoU, to qualifying beneficiaries on the Servcon programme. Rightsizing can be described as the process to assist households who have previously defaulted on their mortgage loans from the banks to relocate to more affordable housing if they cannot afford to remain in their existing house. They are



permitted to occupy their existing homes temporarily whilst paying a predetermined and affordable rental to Servcon. A relocation subsidy (equal to the capital subsidy) is available to assist in the purchase of the new house.

Relocation assistance

The Government provides relocation assistance in terms of the subsidy manual via the provincial housing development boards. Relocation subsidies are available in any of the following formats: institutional, project-linked, individual or credit-linked.

Objectives

Thubelisha's objectives include

- determining the nature and scale of demand, including the type, cost and location of housing options required, for households that have signed rightsizing agreements with Servcon
- securing funding to finance rightsizing of housing stock and utilising this funding to assist with operational shortfalls
- procuring or developing appropriate rightsizing stock
- evaluating and approving clients, and granting credit to those who qualify
- selling the houses to clients under cost-effective and appropriate terms
- effectively communicating Thubelisha's role to all key stakeholders and obtaining their support for the rightsizing programme.

Modus operandi

A list of priority areas is agreed on annually with Servcon. These areas are largely determined by two factors:

Information

At the launch of the Thubelisha Housing Project in Mpumalanga in August 2000, the Minister of Housing, Ms Sankie Mthembu-Mahanyele, helped destitute families of retrenched Sasol employees by moving them out of bond houses, which they could no longer afford, to low-cost homes. These families received affordable homes backed by the Government's subsidy grant and their own properties based on the security of tenure.

- Servcon's success in signing rightsizing agreements with their clients
- political imperatives or sensitivities in a particular area.

Servcon revisits every client who has previously signed a rightsizing agreement, and gets the client to complete a questionnaire with updated information. The questionnaire is then passed on to Thubelisha.

By December 2000, Thubelisha had received 1 390 priority area questionnaires. Once Thubelisha receives the questionnaire, it implies that the client has reconfirmed his/her acceptance of the rightsizing programme and is in good standing with Servcon regarding rental payments.

Thubelisha engages with the client to complete all necessary documentation for the subsidy application. The completed documents are then sent to the relevant provincial housing development boards for approval of the relocation subsidies. The completion of subsidy applications is proving to be difficult, as many of the communities are still resisting the Servcon/Thubelisha programme.

A range of houses between 30 m² and 40 m² in size will generally be offered to the clients, depending on their affordability. Clients who qualify for credit will be able to purchase a larger house under an instalment sale agreement. Stands are secured either in existing projects, infill sites or Thubelisha's own Greenfields projects.

Servcon estimates that at least 60% of their portfolio will ultimately require rightsizing. This equates to approximately 20 000 units.

South African Housing Fund

The South African Housing Fund aims to provide adequate funds to enable provincial governments to establish and maintain habitable, stable and sustainable residential environments.

This includes the provision of

- permanent residential structures with secure tenure and privacy, and which provide adequate protection against the elements
- potable water, adequate sanitation facilities and domestic electricity supply.

Housing funds for national housing programmes are budgeted for and appropriated in the South African Housing Fund programme. From 2000/01, the funds are allocated through the conditional grant mechanism to the nine provinces in accordance with the provisions of the Housing Act, 1997. Housing funds are now reflected in the revenue funds and expenditure appropriations of provinces, enhancing provincial accountability. The allocation to the provinces is according to a formula based on equity, taking into account the housing backlog and income profile of each province.

The conditions attached to the funds are based on the provisions of the Housing Act, 1999 and will be agreed upon between the Department and the provinces. The Department developed guidelines to facilitate the process of transferring funds from the Housing Fund to provinces and to guide reporting processes in terms of the Housing Act, 1997, the Public Finance Management Act, 1999 (Act 1 of 1999), and the Division of Revenue Act, 2000 (Act 16 of 2000).

The aims of the housing subsidy assistance scheme have largely been met. Introduced in

1994 on a project-linked basis only, the scheme evolved into a comprehensive instrument providing an array of housing subsidies to a broad spectrum of beneficiaries. It allows several tenure options on an individual or group basis in urban areas.

The scheme's successes include the approval of approximately 1,17 million housing subsidies between April 1994 and December 2000. During the same period, 1,12 million housing units were built. Approximately 65 000 consolidation subsidies were approved for houses on serviced sites from the previous dispensation.

People's Housing Process

The National Housing Policy: Supporting the People's Housing Process was adopted by MinMEC: Housing in May 1998. The Policy focuses on poor families living in both urban and rural areas, using capital subsidies to allow people to build their own homes.

It also assists people to obtain access to technical, financial, logistical and administrative support to build their own homes, on either an individual or a collective basis.

More than 7 000 houses have been delivered through the People's Housing Process, benefitting more than 35 000 family members.

Information

The Government relocated approximately 3 500 Alexandra residents, particularly on the banks of the Jukskei River, in February 2001 to prevent the spread of cholera. The total cost of this plan was R35 million. Once the first phase of relocation is completed, the Jukskei River flood plains and riverbed will be redeveloped and rehabilitated. The intention is to transform the area into a community amenity with recreational facilities for Alexandra residents.

Information

The Minister of Housing has instituted two housing projects in KwaZulu-Natal to shelter AIDS orphans and people living with AIDS, at a cost of R2,5 million. The projects are located at God's Golden Acre in Khayelihle and Lily of the Valley in KwaZulu-Natal Midlands. These projects are being managed by a Section 21 company until the Department of Housing takes over. The AIDS housing project caters for people whose homelessness is linked to their affliction.

PHP Trust

The main objective of the PHP Trust is to build capacity at all levels to support the People's Housing Process as a means of implementing the National Housing Programme.

The Programme focuses mainly on poor communities, and consists of five components, namely:

- advocacy, promotion and creation of a critical mass of support for the PHP
- development of technical skills and associated developmental support at all levels
- streamlining of operational procedures for the delivery of land, finance and infrastructure
- facilitation and promotion of housing support centres or initiatives
- assistance to local organisations.



Special Presidential Projects for Urban Renewal

The Special Integrated Presidential Project for Urban Renewal was identified as one of the first Presidential Lead projects.

The aim of the Project was to kick-start development in major urban areas, focusing on violence-torn communities and those in crisis.

It was developed to ensure an integrated approach to the provision of infrastructure, housing, community and recreation facilities and job opportunities. It aimed to transform previously disadvantaged communities and create sustainable and habitable living environments.

In addition, the Project was seen as an ideal opportunity to promote the business-planning concept and to give provincial governments the opportunity to improve coordination.

Several such projects with 31 communities have been identified as beneficiaries. The projects are:

- Eastern Cape: Duncan Village and Ibhayi
- Free State: Thabong
- Gauteng: Katorus
- KwaZulu-Natal: Cato Manor
- Mpumalanga: Masoyi and Siyabuswa
- Northern Cape: Galeshewe
- Northern Province: Mahwelereng
- North-West: Molopo River Basin
- Western Cape: Integrated Service Land Project in the Cape Metropolitan Area.

These projects include the provision of housing and hostel upgrading, infrastructure upgrading (such as roads and the provision of electricity and street lighting), and the provision and upgrading of social infrastructure. The projects include child-care facilities, schools, clinics, sports fields, libraries, police stations, centres for the aged, post offices and playgrounds.

Information

More than 1 000 Northern Province homes destroyed by floods in February 2000 had been rebuilt by November 2000. The target was to restore 15 000 houses by March 2001. Close to 42 000 homes and buildings collapsed in the province as a result of the floods.

The Department's restoration budget was R240 million.

Providing areas for markets, community gardens and skills training creates opportunities for business development.

These activities are planned and implemented in an integrated manner to ensure sustainable and habitable living environments.

A total amount of R1,88 billion was budgeted for a five-year period for the implementation of the Project. Some R570 million was spent during 1998, compared with R1 037 million spent between 1994 and the end of 1997.

Expenditure on the programme was concluded during 1999 with a total amount of R736 million spent.

Housing and Urbanisation Information System (HUIS)

HUIS is a data warehouse with decision support facilities, and it interfaces with and gathers data from various governmental and private-sector sources.

The System facilitates the development of specific human settlement indicators to identify trends that will be taken into consideration during decision-making. These indicators consist of internationally-agreed yardsticks to measure performance, evaluate conditions and make policy changes based on scientific observations.

Certain infrastructure information has also been accumulated.

A macroeconomic model likewise provides for making predictions for decision-making purposes in respect of funding and the provisioning of shelter to the poor. The data warehouse also provides a database on housing expertise that is useful for establishing communication within the housing fraternity.

Interfaces with the databases of provinces and other departments involved with the provisioning of housing-related services are established as and when their information systems become operational.

Future system development initiatives include upgrading and integration of the National Housing Subsidy Database, the Depart-

ment's participation in the Council for Scientific and Industrial Research's Integrated Development Information System that will provide access to data and information at local government level, and the transfer of the abovementioned systems to the State Information Technology Agency for maintenance purposes.

Settlement policy and urban development

In response to the President's prioritisation of the urban renewal programme, the Department has led the way with the implementation of the Alexandra Urban Renewal Programme. Some R3,5 million was used for a feasibility study and planning the work. In Kwa-Mashu in excess of R20 million has been allocated for redevelopment over two years through the Department's Human Settlement Redevelopment Programme.

In June 1996, South Africa made a commitment at the Habitat II Conference in Istanbul, Turkey, to implement the Habitat Agenda. The Agenda is the guiding international policy for Human Settlements.

The Department of Housing is charged with the responsibility of coordinating the implementation of the Agenda. In order to do this, national policies that support the principles and the vision of the programme should be in place.

The Urban Development Framework is essentially the key policy document that will guide the implementation of the Habitat Agenda in South Africa. Besides the Framework, the Department of Housing has taken the opportunity offered by the Global Urban Observatory, and initiated an Urban Indicators Programme and a local Best Practices Strategy.

The Minister of Housing launched the African Solutions Network, a website hosted by the Department of Housing, which features

- information about the African Solutions Conference and others in the region which deal with issues relating to sustainable development
- contact details for individuals and organisations active in the field of sustainable human settlements development in the region
- a database of relevant good practices
- information on technologies, building materials and practices, which supports sustainable human settlements development
- links to relevant research databases to source the latest research relating to sustainable human settlements.

The African Solutions Network also provides links to other websites and resources on the Internet. Another initiative driven by the Department which relates to Habitat II is the Environmentally Sound Low-cost Housing Task Team. The Team has been tasked with promoting environmental efficiency in the housing sector, and is currently working on the development of standards and guidelines, incentive programmes, a financing mechanism and general awareness-raising initiatives.

In preparation for the United Nations General Assembly Special Session on the Implementation of the Habitat Agenda (Istanbul+5), the Department prepared a *South African Country Report on Sustainable Human Settlement*, approved by Cabinet in October 2000. As an input to this process, Germany, Brazil, Singapore and South Africa collaborated in the Urban 21 initiative. The outputs of this initiative were four regional conferences on sustainable development (including the African Solutions Conference hosted by the departments of Housing, and Environmental Affairs and Tourism in March 2000) and a World Conference on the Urban Future in Berlin in July 2000.



Acknowledgements

Department of Housing

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Suggested reading

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