

Pocket Guide to South Africa 2016/17
Human Settlements



The Department of Human Settlements (DHS) derives its core mandate and responsibilities from Section 26 of the Constitution 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; and 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 (MTSF) guides the department's work over the medium term towards ensuring that poor households have access to adequate housing in better living environments, and that institutional capacity and coordination is improved.

Building on the 2004 Breaking New Ground Strategy, the DHS was expected to produce a new *White Paper on Human Settlements* by 2017/18. The document is intended to formalise the shift in the department's approach from providing housing to developing sustainable human settlements. Under the new approach, the state seeks to develop partnerships with the private sector, communities and individual households to deliver sustainable and affordable accommodation in close proximity to social and economic opportunities. When approved, the White Paper will form the basis of new human settlements legislation to replace the Housing Act of 1997.

The DHS's goal is to deliver over 1,5 million houses by 2019, as set out in the 2014-2019 MTSF. It also seeks to ensure, among other things, that poor households have access to adequate housing in better living environments.

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 NHBC 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. The department was expected to complete the strategic framework and legislation for the new institution by the end of 2017/18.

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.

Government Employees Housing Scheme (GEHS)

The Department of Public Service and Administration has partnered with the Public Investment Corporation (PIC) in terms of which the PIC, through its Developmental Investment Policy, has invested R11 billion in support of the GEHS Housing Finance Access Service to promote and increase home-ownership among public service employees.

Prior to the GEHS, over 954 000 employees received housing allowance of R900 per month, which increased to R1 200 with effect from 1 July 2015.

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 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.