



# HOUSING COMMITMENTS

DESCRIPTION	AMOUNT
Total commitments as on 1 April 2006	656 424 445
Less: Commitments in terms of <b>PHP</b>	34 389 178
Less: Commitments <b>Blocked Projects</b>	262 345 740
Commitments: <b>Running Projects</b>	359 689 527

•The Department had embarked on a programme to complete incomplete housing units. In terms of Xhariep District Municipalities 167 units were identify and in Lejweleputswa District Municipality 468 units.

•The Department is also in the process of investigating individual blocked projects in co-operation with Thubelisha Homes.



## *Background*

The Department has been experiencing serious housing delivery challenges resulting in under expenditure of the Housing Fund whilst being over committed contractually. The quality of houses in the province is at times also not up to standard due to the lack of technical skills as well as ineffective project and financial management processes.





## *External Challenges*

- ❑ Lack of approved township registers in the Province
  - 997 General Plans comprising 415 345 erven are in formerly Black areas
  - Of these
    - 518 General Plans comprising 199 683 erven **do have** township registers
    - 479 General Plans comprising 215 662 erven **do not have** township registers
- ❑ Non existence of fully fledged Housing Divisions in municipalities
- ❑ Illegal occupation of land (squatting)
- ❑ Lack of technical expertise (Building Inspectors)
- ❑ Multiplicity of numbers for site identification
- ❑ Lack of alignment and integration of housing projects with the Integrated Development Plans





## *External Challenges (continued)*

### ⊕ **Quality of Housing**

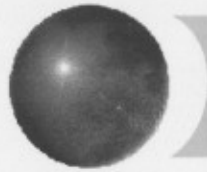
- ❑ Non adherence to Provincial Norms and Standards by Developers. (e.g. poor workmanship)
- ❑ Limited funds for project monitoring,
- ❑ Rectification of incompleted houses
- ❑ Rectification of defective houses.

### ⊕ **Housing Support Organisations**

- ❑ Pseudo developers masquerading as Housing Support Organizations,
- ❑ Upfront payment of subsidy amounts into the Housing Support Organizations' trust account,
- ❑ Insufficient administration and management,
- ❑ Incomplete Housing projects and compromising on norms and standards,
- ❑ Insufficient monitoring by professional teams,
- ❑ Insufficient support by municipalities







## *External Challenges (continued)*

- ⊕ Small Medium and Micro Entrepreneurs
  - ⊠ Lack of bridging finance due to stiff requirements from financial institutions ,
  - ⊠ Monopoly and conniving by manufacturers and material suppliers e.g. non compliance with SABS Material,
  - ⊠ Inadequate capacity,
  - ⊠ Failure by professionals to render effective service e.g. engineers & Conveyancers,
  - ⊠ Lack of support to SMMEs' by municipalities.
- ⊕ Implementation of EPWP guidelines in Housing





## *Interventions by the department*

- ❖ Facilitated opening of Township Registers in Municipalities where they were not opened
- ❖ Consumer Education programme established
- ❖ The Drafting of Ranking criteria for all Developers and Assessment of Professionals
- ❖ Facilitation of compilation of the Housing Sector Plans for 20 municipalities





## *Way forward*

- ❖ **The following is the 'Turn-Around' Strategy that is intended to address the challenges facing housing delivery in the Free State Provincial Government:**
  - ❖ Regarding subsidy allocation, only the MEC of Local Government and Housing can allocate subsidies by virtue of powers vested in him.
  - ❖ There will be no further allocation of subsidies under the Peoples Housing Process (PHP) until existing irregularities shall have been rooted out. Law enforcement agencies will be called in and law will take its course.
  - ❖ The department in consultation with local municipalities will agree on which contractors within their areas of jurisdiction will be awarded housing tenders





## *Way forward (Continued)*

- ❖ No further unsolicited proposals will be entertained by the department. The department will publicly call for proposals and tenders, which will be awarded in consultation with the municipalities using the reviewed IDP's of the affected municipality. Housing, infrastructure and spatial development components within the department will work in an integrated manner to ensure proper and adequate consultation on priority projects.
- ❖ Contractors will be subjected to the department's criteria of ranking, probity checks and vetting







## *Way Forward (Continued)*

- ❑ An effective contract management system will be put in place which will contain penalty clauses to be strictly enforced. Under-performing contractors will be black-listed while performing contractors will be allowed to complete housing projects left incomplete by under performing contractors.
- ❑ Unfinished houses stand out like a sore thumb, thus the department is finalizing the Roll-Out Programme intended to complete incomplete houses
- ❑ Recommend to Municipalities to establish dedicated housing divisions,





## *Way forward (Continued)*

- ❑ Department will meet with Professionals to secure performance contracts with them
- ❑ Consultative meetings with all housing stake holders in districts quarterly
- ❑ Acquire relevant and up to date Information Systems,
- ❑ Department to align and implement a strategy on EPWP





## *Conclusion*

- The 'Turn-Around Strategy' was adopted by the Free State Provincial Government and the Department is currently in the process of implementing the strategy.





**I thank you!!**

