

Housing and Human Settlements Development

*Presentation to:
The Select Committee on Finance*

**Provincial Budgets & Expenditure Review
15 November 2006**



housing

Department:
Housing
REPUBLIC OF SOUTH AFRICA

Presentation Outline

- 1. Human settlements policy priorities.**
- 2. Accreditation of Municipalities**
- 3. Performance: Housing Delivery Trends
and Expenditure**
- 4. Perspective on key challenges**

Creation of sustainable human settlements

- The housing programme is now oriented towards holistic development
- The whole community needs is the foundation for planning settlements – a shift away from the previous dispensation of focusing only on individual household
- The new approach seeks to deliver stands for all the needs in a community
- The underlying objective is to achieve integration of communities and neighbourhoods with access to development options for all
- Private sector role in the provision of finance to middle and higher income categories is enhanced

Institutional arrangements

- A comprehensive new planning dispensation has been developed
- It is based on the principle IDP's are the cornerstone for all planning initiatives
- It aligns provincial planning over the MTEF period with municipal IDP priorities
- The planning dispensation is also now simplified with the collapse of the Multi Year Housing Development Plans with the Treasury required Strategic Planning Framework

Integrated housing and human settlement development grant

- The concept of a phased development approached to housing projects has been introduced
- It is now possible to package projects according to the needs of the communities and to implement projects in a structured manner over the project life-cycle
- The new dispensation creates better opportunities to achieve BEE objectives by means of tailored contracting strategies
- It creates an environment for the delivery of quality housing as the subsidy amount is adjusted over the project life cycle of a housing project
- The funding arrangements also provides for the development of basic social and economic amenities

Improving the National Housing Subsidy Scheme

- Delivery of a new housing typology that will represent the concept of adequate housing is currently under consideration
- In line with the comprehensive plan we are designing a new house that marks a shift from the "RDP" house
- There will be more than one design type for the new houses
- The enhancement of the Housing Scheme to cater for the diversity of housing needs is an ongoing process. These initiatives include alternative tenure options, private rental provision schemes and higher density developments
- New technologies are also explored
- Pilot projects are currently underway in all provinces

Additional key issues from the Comprehensive plan

- **Collapsing of the subsidy bands:-** broader subsidy reach & better access to credit
- **Financed Linked Scheme:-** reaching income categories up to R7 000pm and harnessing private sector investment
- **Additional credit linked products:-** Loss limit insurance, rent to buy schemes, employer assisted schemes, social housing interest rate interventions, saving schemes
- **Redefine roles and responsibilities:-** Expand role of national department, redefine roles of provinces, intergovernmental coordination, municipal capacity building
- **Land release for Housing:-** special purpose vehicle
- **Job creation strategy:-** Labour intensive focus, capacity building, entrepreneur development, construction sector engagement, EPWP focus, emerging contractor support
- **Combating Crime:-** Investigation unit, redrafting the code to more flexible approach,
- **Housing support units:-** New implementation strategies
- **Vibrant secondary market:-** Remove resale barriers, improve market information and transactional support
- **Urban restructuring:-** social housing programme, medium density Hostels programme- CRU,
- **Rural needs:-** Farmworker programme, LRAD aligned programme, revised rural programme

Informal settlements

- Programme in place to upgrade informal settlements by 2014
 - Better quality and bigger dwellings
 - diverse housing products
- PHDs submit Business Plans aligned to the IDPs to demonstrate housing need and capability to deliver

Integrating neighborhoods

- Formulate housing programmes to redress previous planning practice
- Government and private sector, including banks and property developers, signed a Social Contract in September 2005
- Result is preparation of an inclusionary housing programme, which will
 - allow affordable housing to become an integral part of developments targeted for higher income groups
 - ensure that integration occurs at the economic and racial levels
 - allow for diverse communities to be created
 - ensure that poverty is not concentrated within certain communities
 - enable greater access to education and job opportunities
 - shape a diverse housing market and labour force
 - Bring the moderate income labour force closer to urban employers

Addressing 'redlining'

- Finance-Linked Housing Subsidy Programme
 - assists beneficiaries to acquire ownership of existing improved residential property or vacant serviced residential stands, which are linked to house building contracts
 - households earning between R3 501 and R7 000 per month
 - must be used towards the payment of the deposit payable by the beneficiary to the financial institution
 - Decreases the principle mortgage bond amount payable by the beneficiary
 - caters for applicants who can afford loan finance
 - not linked to particular geographically defined areas, only to the ability of a person to make the repayments

Increasing our capability to deliver

- Inter-Ministerial Committee established
- Though Cluster System, co-ordination across sector departments
- Increased inter governmental dialogue
- Restructuring of National & Provincial Housing Departments undertaken to ensure adequate capacity
- Delivery Re-modelling completed

Monitoring

- Significant progress on development and finalisation of a Monitoring, Evaluation and Impact Assessment Framework
 - Provides set of indicators based on goals
 - Measures performance and results in respect of impact/ outcome/ output
 - Focus is on capacity building and collection of baseline data

Municipalities prioritized for Accreditation

Metropolitan Munics

- Cape Town ☆
- Ekurhuleni ☆
- EThekweni ☆
- Joburg ☆
- Nelson Mandela ☆
- Tshwane

Local Municipalities

- Buffalo City ☆
- Emalahleni (Witbank) ☆
- Rustenburg ☆
- Mangaung ☆
- Polokwane ☆
- Sol Plaatjie ☆
- !Khara Hais (Upington) ☆

Municipal Accreditation: Key Challenges

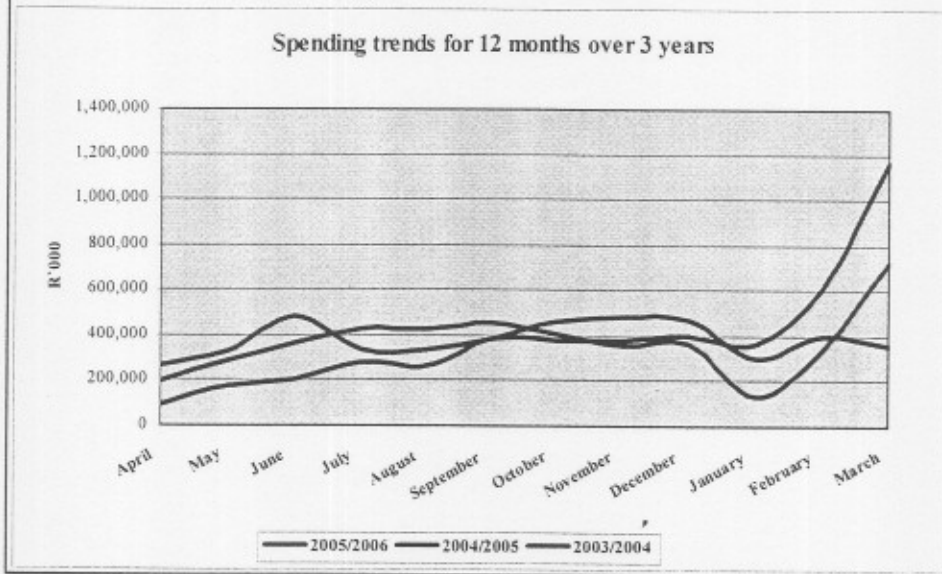
- Availability and readiness of key role players at all spheres of Government
- Acceptance and/or understanding of Accreditation imperatives by PHDs & Munics
- Failure/ non-compliance: DORA implications
- The complexity of Political interpretations and appreciation of changing roles

Performance: Expenditure and Housing Delivery Trends

Expenditure Status 2005/2006

Provinces	2005/06							
	Voted	Provincial Roll over	Total Available	Year to date (1 April 2005 - 31 March 2006)				
				Transferred Funds	Spent by Provinces	Unspent funds	Spent as % of Total Available	Unspent as % of Total Available
R000	R000	R000	R000	R000	R000	R000		
Eastern Cape	581,218	26,057	607,275	581,218	607,719	-444	100%	0%
Free State	398,618	72,843	471,461	398,618	355,475	115,996	75%	25%
Gauteng	1,340,675	9,025	1,349,700	1,340,675	1,349,352	348	100%	0%
KwaZulu-Natal	799,659	-	799,659	799,659	815,603	-15,944	102%	-2%
Limpopo	397,650	59,265	456,915	397,650	372,776	84,139	82%	18%
Mpumalanga	321,123	17	321,140	321,123	262,071	59,069	82%	18%
Northern Cape	79,917	-	79,917	79,917	102,576	-22,659	128%	-28%
North West	467,880	141,915	609,795	467,880	615,411	-5,616	101%	-1%
Western Cape	456,740	76,509	533,249	456,740	533,248	1	100%	0%
Total	4,843,480	385,631	5,229,111	4,843,480	5,014,231	214,880	96%	4%

Expenditure trends: 3 year period ending 31 March 2006

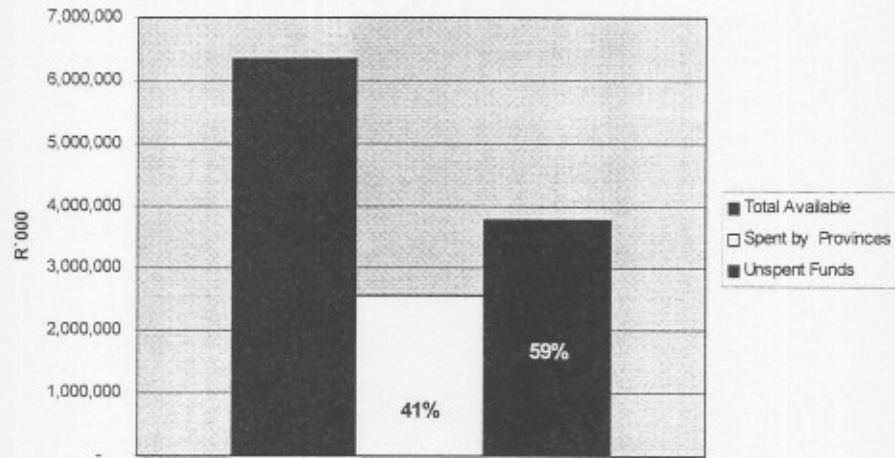


Expenditure Status: 2006/07 (as at 30 September 2006)

Provinces	2006/07								
	Voted	Year to date (1 April 2006 - 30 September 2006)							
	R000	Transferred Funds R000	Spent by Provinces R000	Variance Transferred & spent funds R000	Variance Total Available vs Spent R000	Transferred as % of total available	Spent as % of Total Available	Spent as % of Transferred Funds	Unspent as % of Transferred Funds
Eastern Cape	761,994	434,500	163,990	270,510	598,004	57%	22%	38%	62%
Free State	522,601	256,374	216,780	39,594	305,821	49%	41%	85%	15%
Gauteng	1,757,666	911,295	768,739	142,556	988,927	52%	44%	84%	16%
KwaZulu-Natal	1,048,375	535,643	394,535	141,108	653,841	51%	38%	74%	26%
Limpopo	521,331	286,733	194,790	91,943	326,541	55%	37%	68%	32%
Mpumalanga	421,002	172,271	120,201	52,070	300,801	41%	29%	70%	30%
Northern Cape	104,774	67,147	41,826	25,321	62,948	64%	40%	62%	38%
North West	613,405	338,418	310,985	27,433	302,420	55%	51%	92%	8%
Western Cape	598,800	360,000	362,225	-2,225	236,575	60%	60%	101%	-1%
Total	6,349,949	3,362,381	2,574,071	788,310	3,775,878	53%	41%	77%	23%

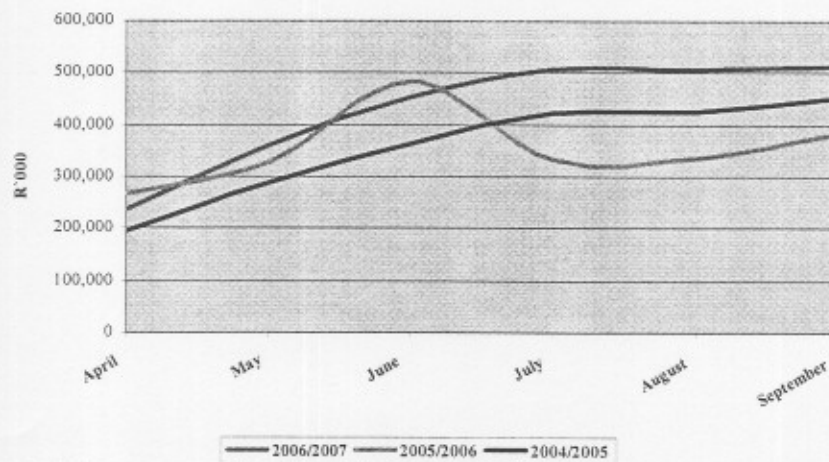
Expenditure Status 30 September 2006

Analysis of expenditure for the period ending 30 September 2006



Expenditure trends: 3 years to 30 September 2006

Spending trends for 6 months over 3 years



Delivery : Serviced sites and housing units completed

Prov	2005/06			2006/07 until Sept 06		
	Number of units in progress	Number of units completed	Total	Number of units in progress	Number of units completed	Total
EC	2,951	16,874	19,825	2,857	5,783	8,640
FS	2,901	17,635	20,536	300	4,860	5,160
GP	35,901	23,409	59,310	17,262	11,699	28,961
KZN	14,271	21,601	35,872	3,384	6,070	9,454
LP	24,840	21,973	46,813	6,487	6,301	12,788
MP	597	14,389	14,986	58	4,961	5,019
NC	3,374	5,293	8,667	637	1,192	1,829
NW	21,070	14,445	35,515	15,855	11,972	27,827
WC	9,270	2,040	11,310	11,437	8,771	20,208
Total	115,175	137,659	252,834	58,277	61,609	119,886

- Total number of housing units completed and under construction from 1994 up to 30 Sept 2006 is **2,2 million!**

Delivery : Subsidies represented by approved projects

PROV	Total number of subsidies						
	02/03	03/04	04/05	94/95 to 04/05	05/06	06/07	1994/95 to Sept 06
EC	16,849	20,811	13,882	278,008	2,189	5,134	285,331
FS	17,510	15,039	14,089	131,133	8,770	2,126	142,029
GP	404,432	39,086	54,045	1,082,147	56,373	37,073	1,175,593
KZN	23,437	43,397	42,776	351,625	13,766	3,750	369,141
LP	18,223	32,681	17,503	178,487	27,456	100	206,043
MP	7,861	2,341	340	156,174	1,153	1,464	158,791
NC	4,161	7,452	1,763	48,466	812	1,903	51,181
NW	1,790	7,570	23,543	177,831	14,778	13,640	206,249
WC	32,952	8,143	77,354	306,543	12,449	10,443	329,435
Total	527,215	176,520	245,295	2,710,414	137,746	75,633	2,923,793

Housing Delivery Challenges

- Lack of
 - Suitably located land for housing purposes
 - infrastructure provision
 - Municipal priorities for MIG funding not aligned with housing needs
 - Inadequate funding for bulk infrastructure
- sustainable human settlements are planned in design of township layouts, but difficult to achieve because :
 - no alignment of priorities between departments
 - little inter-departmental coordination and collaboration in the roll out of the delivery of the integrated human settlement

Housing Delivery Challenges (cont...)

- lack of sufficient delivery capacity at all levels of government
- Changing and increasing demand for housing
- Urbanisation and migration on the rise
- Lack of alignment of planning instruments (IDPs / Housing Delivery Plans/ PGDS etc) – undermines integration of neighborhoods
- Insufficient integration and planning by sector departments with Human Settlement priorities (e.g. MIG/ Social Amenities etc)