



human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

NATIONAL HOUSING POLICY AND SUBSIDY PROGRAMMES

VISION

A nation housed in sustainable human settlements

MISSION

To facilitate an environment that provides sustainable human settlements



NATIONAL HOUSING POLICY AND SUBSIDY PROGRAMMES

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PART A

INTRODUCTION TO THE SIMPLIFIED GUIDE TO THE NATIONAL HOUSING CODE, 2009

1. BACKGROUND

The National Housing Code 2009 sets the underlying policy principles, guidelines and norms and standards which apply to Government's various housing assistance programmes introduced since 1994 and updated.

The purpose of this guide is to provide an easy to understand overview of the various housing subsidy instruments available to assist low income households to access adequate housing. The detailed description of the policy principles, guidelines, qualification criteria and norms and standards are available in the National Housing Code.

2. NATIONAL HOUSING POLICY CONTEXT

The South African Constitution, 1996 enshrines the right of everyone to have access to adequate housing and makes it incumbent upon the State to take reasonable legislative and other measures within its available resources to achieve the progressive realization of this right.

In response to this Constitutional imperative, Government has in terms of the Housing Act, 1997 (Act No 107 of 1997) introduced a variety of programmes which provide the poor households access to adequate housing. The policy principles set out in the White Paper on Housing aim to provide poor households with houses as well as basic services such as potable water and sanitation on an equitable basis.

The limited resources available from the fiscus however necessitate the provision of housing, security and comfort to all over time.

Ten years after the introduction of the housing programme in 1994, a comprehensive review was undertaken of the outcomes of the programme and the changes in the socio-economic context in the country. This led to the approval of the Comprehensive Plan for Sustainable Human Settlement commonly referred to as "Breaking New Ground" or "BNG", by Cabinet in September 2004.

While retaining the basic principles of the Housing White Paper, the Comprehensive Plan shifts the focus to improving the quality of housing and housing environments by integrating communities and settlements. It also sets new minimum standards for housing products improving privacy and sustainability by providing for the development of a range of social and economic facilities in housing projects. The Comprehensive Plan also focuses on Informal Settlement Upgrading to meet the Millennium Goals of the United Nations to improve the lives of slum dwellers.

In order to support the implementation of the Comprehensive Plan, housing departments in all spheres of government, as well as Housing Support Institutions have been extensively restructured.

Likewise, the National Housing Code 2000 has been substantially revised. The National Housing Code, 2009 is aimed at simplifying the implementation of housing projects by being less prescriptive while providing clear guidelines. The rest of this document contains a broad overview of the programmes in the National Housing Code.

It is important to note that in respect to all programmes which are not contained in the Housing Code, 2009 the rules of the National Housing Code, 2000 will apply.



PART B

OVERVIEW OF THE CURRENT NATIONAL HOUSING PROGRAMMES

1. INTEGRATED RESIDENTIAL DEVELOPMENT PROGRAMME

1.1 WHAT IS THE PROGRAMME ABOUT?

One of the key lessons learnt in the review of the outcomes of housing programmes since 1994 is that, owing to a variety of reasons, low income settlements continued to be located on the urban periphery without the provision of social and economic amenities, as in the Apartheid era.

Hence a new Programme has been introduced to facilitate the development of integrated human settlements in well-located areas that provide convenient access to urban amenities, including places of employment. The Programme also aims at creating social cohesion.

The Integrated Residential Development Programme (IRDP) provides for the acquisition of land, servicing of stands for a variety of land uses including commercial, recreational, schools and clinics, as well as residential stands for both low, middle and high income groups. The land use and income group mix will be based on local planning and needs assessment.

The IRDP can be undertaken in phases or in a single phase. The first phase could provide serviced stands, whereas the second phase provides for housing construction for qualifying low income beneficiaries and the sale of stands to persons who for various reasons, don't qualify for subsidies, and for commercial uses.

1.2 WHO WILL BE ASSISTED?

This Programme will benefit persons who:

- Lawfully reside in South Africa (i.e. citizen of the Republic of South Africa or in possession of a permanent residence permit). Certified copies of the relevant documents must be submitted with the application.
- Are legally competent to contract (i.e. over 18 years of age or legally married or legally divorced or declared competent by a court of law and sound of mind).
- Neither the applicant nor his or her spouse has previously benefited from government housing assistance;
- Have not owned fixed residential property; and
- Have previously owned fixed residential property but such a person may only qualify for the purchase of a vacant serviced site.

In addition to the above the following criteria must also be satisfied:

- Persons must be married or habitually cohabit;
- Single persons must have financial dependants;
- Single aged persons, disabled persons and military veterans without financial dependants may be assisted. Aged persons refer to, must comply with the criteria on the aged as defined by the Department of Social Development;
- Households must earn a monthly income in the range as annually approved; and
- Persons who have benefited from the Land Restitution Programme and who satisfy all other relevant criteria may also be assisted.

This Programme also provides for the creation of non-residential stands such as:

- Institutional stands e.g. police stations, schools and clinics;
- Business and commercial stands;
- Stands for not-for-profit community services e.g. churches and crèches/nursery schools;
- Stands for public use e.g. parks and community facilities etc.; and
- Special conditions apply to the sale and transfer of these stands.

1.3 IMPORTANT CONSIDERATIONS

Plans for projects undertaken within the scope of the IRDP must be based on approved housing chapters of Municipal Integrated Development Plans and priorities, and reservation of funds for project development agreed to between the MEC and the Mayors, in terms of the multiyear housing plan, developed as part of an approved IDP.

All procurement processes must comply with the prescripts of relevant legislation and be fair, equitable, transparent and competitive. To support and ensure compliance with procurement prescripts, three contracting strategies, or a combination thereof, are proposed in the guidelines.

1.4 HOW TO ACCESS THE PROGRAMME?

Municipalities will assume the role of a developer. The developer will submit a project application to the MEC making use of pro forma procurement documents, agreements, and/or contracts when applying for a project and the implementation thereof.

1.5 WHO ARE THE ROLE-PLAYERS AND DECISION-MAKERS?

The municipality assumes the role of the developer and applies for funding from the MEC. The municipality undertakes all planning and project activities. The MEC reserves and distributes funds and assesses and adjudicates various aspects of the project process and approves project applications.

2. UPGRADING OF INFORMAL SETTLEMENTS

2.1 WHAT IS THE PROGRAMME ABOUT?

Informal Settlements are common to most developing countries which undergo a process of rapid urbanisation and have limited resources to address the housing needs of all its citizens and in particular the poor, who flock to cities in search of a better life and future for their families.

Hence the Informal Settlement Upgrading Programme is one of the most important programmes of government which seeks to upgrade the living conditions of millions of poor people by providing secure tenure and access to basic services and housing.

Experience has shown that housing access to basic services, secure tenure and a house provides a springboard to households to improve their social and economic circumstances.

To ensure that fragile community survival networks are not compromised and to empower communities to take charge of their own settlements, one of the basic tenets of the programme is that beneficiary communities must be involved throughout the project cycle. All members of the community, also those who do not qualify for subsidies, are included.

The Programme therefore aims to bring about social cohesion, stability and security in integrated developments and to create jobs and economic well being for communities which did not previously have access to land and business services, formal housing and social and economic amenities.

2.2 WHO WILL BE ASSISTED?

This Programme will benefit all persons living in informal settlements who meet the following criteria:

- Households that comply with the Housing Subsidy Scheme qualification criteria;
- Households that exceed the maximum income criteria as approved by MINMEC, are also included subject to certain conditions;
- Households headed by minors, who are not competent to contract, may apply for housing benefits assisted by the Department of Social Development;
- Persons without dependants; and
- Persons who are not first-time home owners.
- Applications for the following people may be considered on a case-by-case basis:
 - Persons who have previously received housing assistance and who previously owned and/or currently own a residential property; and
 - Immigrants whose residence status is uncertain on the conditions prescribed by the Department of Home Affairs.

2.3 IMPORTANT CONSIDERATIONS

This Programme is aimed at the *in situ* upgrading of informal settlements. In circumstances where the terrain is not suitable for human settlement (owing to flooding, shallow undermining conditions etc.), residents may be relocated and settled elsewhere. This Programme only finance the creation of serviced stands. Beneficiaries may then apply for housing construction assistance through the other National Housing Programmes (eg. Individual subsidies, Enhanced People's Housing Process, Social Housing, etc.).

This Programme may be undertaken in three phases, focusing on community participation, planning, emergency services, basic services and housing construction as part of a final phase.

Social and economic amenities to enhance the sustainability of the upgraded settlement may also be provided through the Programme which provides funding for such amenities.

2.4 HOW TO ACCESS THE PROGRAMME?

Municipalities will identify informal settlements to be upgraded within their areas of jurisdiction, and apply to the Provincial Departments for funding for projects under this Programme. This will be undertaken in close collaboration with relevant communities.

Project funding will be based on the number of persons that qualify for assistance and funding may include funds to facilitate community participation and empowerment.

The Programme also provides funding for project management purposes.

2.5 WHO ARE THE ROLE-PLAYERS AND DECISION-MAKERS?

The projects will be undertaken on the basis of a partnership of cooperative governance between the relevant municipality, the Provincial Department, the National Department, the Department of Social Development (in respect of households headed by minors) and the Department of Home Affairs (in respect of establishing the residence status of immigrants).

Municipalities will fulfil the developer role.

The Provincial Departments can assist a municipality if the municipality lacks capacity, and can assume the role of developer if the municipality cannot meet the project commitments.

3. PROVISION OF SOCIAL AND ECONOMIC FACILITIES

3.1 WHAT IS THE PROGRAMME ABOUT?

Owing to backlogs in existing settlements and the need to prioritise those, authorities responsible for the provision of social and economic facilities, such as schools, clinics, community halls, recreational facilities and trading facilities, have not been able to provide facilities in most new housing projects.

In line with the policy to establish quality, sustainable human settlements, a programme has been introduced to fund primary social and economic amenities, where funding is not available from other sources.

3.2 WHO WILL BE ASSISTED?

The Programme provides assistance to all municipalities which do not have sufficient financial resources to provide such facilities. Municipalities have to demonstrate that the proposed facilities for which funding are sought will meet the basic requirements of the recipient communities and that no other funding sources are available from which they could be financed.

3.3 IMPORTANT CONSIDERATIONS

The Programme deals with the development of primary public, social and economic facilities within existing and new housing areas, as well as within informal settlement upgrading projects, in cases where municipalities are unable to provide such facilities.

Capital funding for the following facilities may be provided through the Programme:

- Medical care facilities;
- Community halls;
- Community park/playground;
- Taxi ranks;
- Sport facilities;
- Informal trading facilities; and
- Basic ablution facilities for the above.

To determine which facilities are required the municipality can undertake a needs assessment and audit of facilities in the area.

The ownership of all facilities developed through the Programme will vest in the municipalities who will also be responsible for the operation and maintenance costs of the facilities.

3.4 HOW TO ACCESS THE PROGRAMME?

Once the required facilities have been identified through the facilities audit/inventory and the needs assessment, municipalities will apply to the Provincial Department for funding for the provision of social and economic facilities or amenities.

Project funding will be based on the actual estimated cost of the project. The MEC is responsible for final approval of the project.

3.5 WHO ARE THE ROLE-PLAYERS AND DECISION-MAKERS?

Projects for the provision of Social and Economic facilities will be undertaken on the basis of a partnership of cooperative governance between the relevant municipality, the Provincial Department, and the National Department.

Municipalities will fulfil the developer role.

The Provincial Department can assist the municipality if the municipality lacks capacity, and can assume the role of developer if the municipality cannot meet the project commitments.

4. HOUSING ASSISTANCE IN EMERGENCY CIRCUMSTANCES

4.1 WHAT IS THE PROGRAMME ABOUT?

During the process of upgrading informal settlements, it may be necessary to temporarily re-house households while services are being installed or formal houses are being built on sites previously occupied by informal structures.

Likewise it may be necessary to provide temporary housing relief to households in stress following natural or man made disasters (eg. where settlements have been destroyed by fire or houses have been rendered uninhabitable by storms and need to be repaired). In such cases the National Disaster Relief Fund renders the first line of Government assistance. The Emergency Housing Assistance Programme may then be used for temporary housing for disaster victims until such time as they can be provided with permanent houses.

4.2 WHO WILL BE ASSISTED?

This Programme will apply to emergency situations of exceptional housing need, such situations being referred to as “Emergencies”. The Programme will benefit all affected persons who are not in a position to address their housing emergency from their own resources or from other sources such as the proceeds of house insurance policies. The following households will qualify for assistance under this Programme:

- Households that comply with the Housing Subsidy Scheme qualification criteria;
- In certain cases households/persons with a monthly income exceeding the maximum income set for subsidisation as approved by MINMEC may also apply for assistance under this Programme;
- Households headed by minors, who are not competent to contract may benefit with assistance from the Department responsible for Social Development;
- Persons without dependants; and
- Persons who are not first-time home owners.

Applications from the following people may be considered on a case-by-case basis:

- Persons who have previously received housing assistance and who previously owned and/or currently own a residential property; and
- Immigrants whose residence status is uncertain on the conditions prescribed by the Department of Home Affairs.

4.3 IMPORTANT CONSIDERATIONS

Funding under the Programme will be made available to municipalities as grants for the provision of temporary aid and assistance will be limited to absolute essentials. Where possible, assistance under this Programme should be planned as the first phase towards a permanent housing solution.

Under no circumstances may the application of this Programme be justified to fund normal housing development projects, as provided for in the other National Housing Programmes.

Land identified for emergency housing should form part and parcel of the needs assessment and housing plan of each municipality as contained in the housing chapter of the Municipal Integrated Development Plan (IDP).

4.4 HOW TO ACCESS THE PROGRAMME?

Once a Municipality has identified a need for Emergency Housing, it will apply to the Provincial Department for funding for projects under this Programme. Communities may approach municipalities for assistance under this Programme.

The amount of the grant will be determined by the MEC based on the nature and extent of the emergency housing situation and a properly prepared project plan.

4.5 WHO ARE THE ROLE-PLAYERS AND DECISION-MAKERS?

The projects will be undertaken on the basis of a partnership of cooperative governance between the relevant municipality, the Provincial Department, and the National Department.

The developer role will be fulfilled by municipalities.

The Provincial Department can assist the municipality if the municipality lacks capacity, and can assume the role of developer if the municipality cannot meet the project commitments.

5. SOCIAL HOUSING PROGRAMME

5.1 WHAT IS THE PROGRAMME ABOUT?

Security of tenure remains one of the fundamental principles of housing policy. Where other programmes provide freehold tenure to households, there has been an increasing need for affordable rental units which provide secure tenure to households which prefer the mobility provided by rental accommodation.

Furthermore the Comprehensive Plan identifies the need to address the inequities of the Apartheid induced spatial frameworks of our cities and towns by promoting integration across income and population group divides. There is a need to provide especially poor households with convenient access to employment opportunities and the full range of urban amenities.

The Social Housing Programme therefore applies only to “restructuring zones” which are identified by municipalities as areas of economic opportunity and where urban renewal/

restructuring impacts can best be achieved. The Programme also aims at developing affordable rental in areas where bulk infrastructure (sanitation, water, transport) may be under-utilised, therefore improving urban efficiency.

5.2 WHO WILL BE ASSISTED?

The Programme provides for grant funding to establish, capacitate and capitalise social housing institutions which may develop, hold and administer affordable rental units within identified restructuring zones.

A precondition for receiving capital grants is that social housing institutions need to be accredited and also access own capital contributions.

5.3 IMPORTANT CONSIDERATIONS

A Social Housing Regulatory Authority will deal with the accreditation of Social Housing Institutions in terms of legislation and regulations.

Social housing projects need to demonstrate their viability in each specific settlement context, but always with the objective of achieving the goals of integration and restructuring.

Subsidy funding will be provided on a sliding scale based on the number of poor households accommodated subject to certain conditions.

Capacity building grants may be accessed to initiate, implement and operate viable institutions and projects.

It is important to note that the Institutional Subsidy Programme may be used to develop affordable rental housing outside restructuring zones.

5.4 HOW TO ACCESS THE PROGRAMME?

Each grant type has various accessibility requirements and is dealt with under the following headings:

- Primary purpose;
- Eligibility;
- Grant quantum;
- Application Procedures/Grant processes;
- Disbursement procedures; and
- Accountability Arrangements.

5.5 WHO ARE THE ROLE-PLAYERS AND DECISION-MAKERS?

The following institutions each have an important role to play in the implementation of Social Housing Projects:

- Social Housing Regulatory Authority;
- Municipalities;

- The Provincial Departments;
- The National Department;
- Delivery Agents; and
- National Housing Finance Corporation.

6. INSTITUTIONAL SUBSIDIES

6.1 WHAT IS THE PROGRAMME ABOUT?

Security of tenure remains one of the fundamental principles of housing policy. Where other programmes provide freehold tenure to households, there has been an increasing need for affordable rental units that provide secure tenure to households, which prefer the mobility provided by rental accommodation.

Owing to a variety of reasons the market has not provided adequate units in the lower end of the rental market.

As the Social Housing Programme focuses mainly on achieving urban integration and upgrading and is applicable only in declared restructuring zones, the need remains for a programme that will provide for affordable rental accommodation in other parts of settlements (Eg. as part of informal settlement upgrades where such settlements are not well located with regard to employment opportunities but where certain members of the community may need rental accommodation).

Hence an Institutional Housing Subsidy Programme has been introduced to provide capital grants to social housing institutions which construct and manage affordable rental units. The Programme also provides for the sale of units by the social housing institution after at least four years have lapsed.

6.2 WHO WILL BE ASSISTED?

The Programme will assist persons who:

- Lawfully reside in South Africa (i.e. citizens of the Republic of South Africa or persons who are in possession of a permanent residence permit). Certified copies of the relevant documents must be submitted with the application.
- Are legally competent to contract (i.e. over 18 years of age or legally married or legally divorced or declared competent by a court of law and sound of mind).
- Are not earning an income more than the amount provided for in the Programme funding schedules annually announced; and
- Are beneficiaries of the Land Restitution Programme and who satisfy all other relevant criteria.

6.3 IMPORTANT CONSIDERATIONS

Housing institutions need to meet certain criteria to qualify for the subsidy. These are:

- The institution must have legal status;
- The main object of applying for the subsidy must be the development and holding of immovable property for occupation;
- The institution must be financially viable;
- Institutions must make a financial contribution in addition to the subsidy; and
- Institutions will normally be required to own immovable property, although long-term leases may be found acceptable.

The institution must ensure that beneficiaries are granted secure tenure rights.

6.4 HOW TO ACCESS THE PROGRAMME?

Institutions who meet the designated criteria may apply to the MEC for an institutional subsidy in respect of a lease agreement, instalment sale or share-block agreement scheme. Qualifying beneficiaries then apply to the housing institution to occupy the rental stock.

Thereafter institutions need to conform to the requirements governing their accreditation and in doing so are required to submit regular progress reports to the Provincial Department.

6.5 WHO ARE THE ROLE- PLAYERS AND DECISION-MAKERS?

Housing Institutions apply to the MEC for the subsidy.

The MEC assesses an institution's application and if the application is acceptable, grants the subsidy to the institution.

The institution is responsible for the construction/provision of the rental stock and all maintenance of the said stock and to operate the stock in terms of the conditions of accreditation.

7. COMMUNITY RESIDENTIAL UNITS PROGRAMME

7.1 WHAT IS THE PROGRAMME ABOUT?

The need for affordable rental housing is witnessed by the large number of households and individuals who currently rent overcrowded and sub-standard but inexpensive accommodation in backyards and informal settlements.

Both the Social Housing and the Institutional Subsidy Programmes do not provide rental accommodation affordable to the very poor (and often informally employed) because of the high cost of multi-level units (and facilities provided) and the resultant high rental charges.

Likewise there is a need for a programme that will support the upgrading of government owned communal rental accommodation (hostels).

Hence, the Community Residential Units Programme (CRU) aims to facilitate the provision of secure, stable rental tenure for lower income persons/households. The Programme provides a coherent framework for dealing with the many different forms of existing public sector residential accommodation.

7.2 WHAT WILL THE PROGRAMME FUND?

The grant funding provided by the CRU Programme will be utilised for the development of the following public rental housing assets:

- Public hostels that are owned by Provincial Departments and municipalities;
- Hostels that have both a public and private ownership component due to historical reasons;
- Public housing stock that forms part of the “Enhanced Extended Discount Benefit Scheme” but which cannot be transferred to individual ownership and has to be managed as rental accommodation by the public owner;
- Publicly owned rental stock developed after 1994; and
- Existing dysfunctional, abandoned, and/or distressed buildings in inner cities or township areas that have been taken over by a municipality and funded through housing funds.

Apart from the above, the grant may also be utilised for the development of new public rental housing assets, if a viable opportunity to acquire and develop such new assets has been identified.

The grant includes funding for the capital costs of project development and future long-term capital maintenance costs.

7.3 IMPORTANT CONSIDERATIONS

This Programme will be used for the development of sustainable public rental housing assets. The housing stock funded by the CRU Programme should remain in public ownership and cannot be sold or transferred to individual residents.

Long-term capital or major maintenance funding can be accessed through the CRU Programme.

However, funding of operating costs has to come from the rental income collected by the owner.

7.4 HOW TO ACCESS THE PROGRAMME?

The CRU Programme will require both the Provincial Department and the municipality to audit all its existing housing stock and to identify areas of opportunity for the development of new public rental housing stock. Once the audit has been completed, the most appropriate development option should be selected, and the municipality will make application to the Provincial Department for approval and the inclusion of the project in the Province’s development programme.

7.5 WHO ARE THE ROLE-PLAYERS AND DECISION-MAKERS?

The projects will be undertaken on the basis of a partnership and cooperative governance between the relevant municipality, the Provincial Department and the National Department.

Municipalities or Provincial Departments may fulfil the developer role, depending on which of these entities is owner of the public housing asset.

8. INDIVIDUAL SUBSIDY PROGRAMME

8.1 WHAT IS THE PROGRAMME ABOUT?

This Programme provides access to state assistance where qualifying households wish to acquire an existing house or a vacant serviced residential stand, linked to a house construction contract through an approved mortgage loan. These properties are available in the normal secondary housing market or have been developed, as part of projects not financed through one of the National Housing Programmes.

The Programme encourages the growth of the secondary residential property market achieving an objective of the Comprehensive Plan for the Creation of Sustainable Human Settlements.

8.2 WHO WILL BE ASSISTED?

This Programme will assist persons who:

- Lawfully reside in South Africa (i.e. citizen of the Republic of South Africa or in possession of a permanent residence permit). Certified copies of the relevant documents must be submitted with the application.
- Are legally competent to contract (i.e. over 18 years of age or legally married or divorced or declared competent by a court of law and sound of mind).
- Have not previously benefited from government assistance; and
- Have not owned fixed residential property, except where the beneficiary has acquired a vacant serviced site from own resources and needs assistance to construct/complete a house that will comply with National Norms and Standards introduced by the Minister of Housing on 1 April 1999.
- Have previously owned an improved fixed residential property, such a person may only qualify for the purchase of a vacant serviced site.

In addition to the above, the following criteria must be satisfied:

- Persons must be married or habitually cohabit;
- Single persons must have financial dependants;
- Single persons without financial dependants; such as the aged, disabled and military veterans etc. may be assisted;

- Households must earn a monthly income in the range as annually approved; and
- Persons who have benefited from the Land Restitution Programme and satisfy all other relevant criteria may also be assisted.

8.3 IMPORTANT CONSIDERATIONS

The Programme provides access to funding for the following two categories:

Credit Linked Subsidies: In cases where the applicant can afford mortgage loan finance, the applicant may apply for a subsidy that is linked to credit from a financial institution; and

Non-Credit Linked Subsidies: In cases where the applicant cannot afford mortgage loan finance, the applicant may apply for a subsidy to acquire an existing house entirely out of the subsidy and may supplement this with other funds that may be available to him or her. Qualifying persons who bought vacant serviced stands from their own resources and need assistance to construct a house may also apply for Non-Credit Linked Subsidies.

8.4 HOW TO ACCESS THE PROGRAMME?

Non-Credit Linked subsidies are available to persons meeting the qualification criteria and who do not qualify for credit from a financial institution, as determined by the institution's lending criteria or who do not wish to access credit from a lender. The purchase of an existing house is therefore made solely from the subsidy amount awarded.

Credit Linked Subsidies can be accessed by persons who satisfy the qualification criteria for the subsidy, and who can access mortgage loans. The subsidies are administered on behalf of the MEC by the financial institutions who have concluded agreements with the MEC and who will act as agents for the MEC.

Upon approval of the subsidy application the Provincial Department will issue an irrevocable letter of undertaking or guarantee to the effect that the approved subsidy will be paid.

The approved subsidy amount will only be paid upon registration of ownership of the property in question in the name of the approved beneficiary or as agreed to between the MEC and the small scale contractor in the case of the Developer Driven Individual Subsidy mechanism.

8.5 WHO ARE THE ROLE-PLAYERS AND DECISION-MAKERS?

Credit Linked subsidies will be administered on behalf of the MEC by banks, financial institutions and other approved providers of credit ("the lenders") who have concluded agreements with the MEC and who will act as agents of the MEC. A list of lenders who concluded agreements with the MEC should be maintained to be available from the respective MEC.

Non-Credit Linked Subsidies:

Subsidy applications are submitted to the Provincial Department together with a conditional deed of sale for the relevant property for evaluation and acquiring the MEC's approval.

9. RURAL SUBSIDY: COMMUNAL LAND RIGHTS

9.1 WHAT IS THE PROGRAMME ABOUT?

Owing to the difficulty of defining rural and urban areas, the conventional wisdom tends to view human settlements on a continuum from major metropolitan urban agglomerations through various secondary settlements, to small towns and down to widely dispersed homesteads in remote areas. All are regarded as interdependent and fulfill different functions.

The various housing subsidy instruments need to cater for all these diverse circumstances. Bearing in mind the policy principle of tenure security, the subsidy instruments provide for assistance in all types of settlements along the continuum where freehold or rental tenure can be achieved.

However in areas of communal tenure (eg. where the Minister of Rural Development and Land Reform holds land in trust for communities) and where traditional leaders allocate land for settlement to households or persons, freehold tenure can in most cases not be easily secured. Hence it was necessary to develop a programme to assist households in areas with communal tenure to access housing subsidies.

The Rural Housing Programme only applies in areas of communal tenure and requires that tenure rights first be confirmed through the processes prescribed by the Minister of Rural Development and Land Reform.

Furthermore, subsidies are only available on a project basis but and be flexibly applied to meet real needs.

The Programme thus deals with the rules for housing subsidies for housing development on communal land registered in the name of the state or which will be held by community members subject to the rules or custom of that community. It is a pre-requisite for the allocation of subsidies under the Programme that a beneficiary community member provides proof of uncontested land tenure rights and qualifies for a new order tenure right on the portion of land allocated to him or her.

The housing subsidy may be utilised for the development of internal municipal services where no alternative funds are available, house building, upgrading of existing services where no alternative funding is available, the upgrading of existing housing structures or any combination of the said options.

This Programme adheres to the objective of the Comprehensive Plan for the Creation of Sustainable Human Settlements for a needs orientated rural development programme that caters for traditional technologies, appropriate funding mechanisms, and addressing the important issues of tenure security, livelihood strategies and the broader socio-cultural matters.

9.2 WHO WILL BE ASSISTED?

The Programme will assist persons who:

- Lawfully reside in South Africa (i.e. citizen of the Republic of South Africa or in possession of a permanent residence permit). Certified copies of the relevant documents must be submitted with the application.
- Are legally competent to contract (i.e. over 18 years of age or legally married or legally divorced or declared competent by a court of law and sound of mind).
- Have not previously benefited from government housing assistance; and
- Have not owned fixed residential property;

Certain conditions apply to the following groups:

- Persons who are married or habitually cohabiting;
- Single persons with financial dependants;
- Single persons without financial dependants;
- Disabled persons;
- Households with a monthly income in the range as annually announced;
- Persons who have benefited from the Land Restitution Programme;
- Persons classified as Military Veterans as confirmed by the SANDF; and
- Persons in polygamous unions may apply for a Rural subsidy. In such cases, where available, applicants must submit affidavits from the traditional leaders or the person who performed the marriage.

9.3 IMPORTANT CONSIDERATIONS

If a community has a recognised traditional council, the powers and duties of the land administration committee of the community is exercised and performed by the traditional council. Persons who qualify for new order tenure rights will qualify for housing subsidies under this Programme.

Benefits of the Programme will extend to persons who wish to obtain a housing subsidy and who have uncontested old order rights. Documentary proof of the rights granted to him/her must be provided with an application and in the case of the lack thereof it should include an affidavit providing details of the rights held in respect of the land and confirmation of the fact that the land has been occupied for a continued period of more than five years.

Subsidy amounts may include variations where applicable. For this purpose please refer to the Manual on the Adjustment of the Housing Subsidy Scheme Amount for Extraordinary Development Conditions in the Technical Guidelines Section.

9.4 HOW TO ACCESS THE PROGRAMME?

Funding under this Programme will only be available within the context of an approved housing development project and may not be accessed on an individual basis. The housing subsidies allocated to beneficiaries under this Programme are awarded to persons who enjoy informal land rights protected by the provisions of the relevant legislation. Subsidies under this Programme will only be approved if no other form of subsidy can be applied. It is a pre-requisite for project approval that the beneficiary community members must participate in all aspects of the housing development that is planned and will be undertaken.

9.5 WHO ARE THE ROLE-PLAYERS AND DECISION-MAKERS?

A traditional council must in terms of the Traditional Leaders and Governance Framework Act, 2003 (Act No 41 of 2003), co-operate with any relevant municipal ward committee and must meet at least once a year with its traditional community to give account of its activities and finances.

There are five role-players within this Programme namely:

- The National Department;
- The Provincial Department;
- Municipalities;
- Traditional Councils; and
- The Land Administration Committee (after the promulgation of CLaRA).

10. CONSOLIDATION SUBSIDY PROGRAMME

10.1 WHAT IS THE PROGRAMME ABOUT?

Before the introduction of the White Paper on a New Housing Policy and Strategy for South Africa in December 1994, a substantial number of households had received serviced sites in terms of state housing schemes instituted pre-1994.

In order to enable such households to access adequate housing, a consolidation subsidy has been introduced which provides for the completion of houses on the serviced sites. Therefore beneficiaries of such stands may apply under this Programme for further assistance to construct a house on their stands or to upgrade / complete their house they may have constructed from their own resources.

10.2 WHO WILL BE ASSISTED?

The Programme will assist persons who are:

- Legally competent to contract (i.e. over 18 years of age or legally married or legally divorced or declared competent by a court of law and sound of mind); and
- Who are owners of state financed vacant serviced stands. Neither the applicant nor his or her spouse may own any other property.

In addition to the above requirements, any applicant must comply with the provisions of the Programme funding schedule as annually announced and the general criteria, as linked to the benefits of the Programme.

10.3 IMPORTANT CONSIDERATIONS

The subsidy amount shall be used to cover the following:

- The costs pertaining to facilitation assistance to compile a project application;
- The costs pertaining to the registration of the beneficiary for subsidy purposes;
- The cost of project management and technical advice; and
- Construction cost of a house or the upgrading of an existing house.

10.4 HOW TO ACCESS THE PROGRAMME?

The developer being a municipality or a provincial department is responsible for the implementation of the consolidation project with the full participation of the beneficiaries. The process includes Stakeholder negotiations, the identification of beneficiaries through interviews and assisting beneficiary communities to register. A written project application is then to be submitted to the MEC and after approval an agreement is entered into between the developer and the MEC. Construction and building material is then purchased with a certificate of completion issued and payment of the subsidy.

10.5 WHO ARE THE ROLE-PLAYERS AND DECISION-MAKERS?

The developer is a municipality or provincial department. The MEC receives and adjudicates applications for consolidation subsidies.

The MEC may in specific circumstances and at his/her discretion grant exceptions to the eligibility criteria to beneficiaries applying for consolidation subsidies.

The developer is responsible for the overall implementation of the project, attends to the completion and submission of the application forms, administers subsidy payments and identifies the beneficiary community.

The developer may apply to the MEC for facilitation assistance.

11. ENHANCED EXTENDED DISCOUNT BENEFIT SCHEME

11.1 WHAT IS THE PROGRAMME ABOUT?

The policy framework and implementation guidelines for an Enhanced Extended Discount Benefit Scheme (EEDBS) were specifically formulated and implemented to support decisions made regarding the transfer of pre-1994 housing stock and is intended to stimulate and facilitate the transfer of public housing stock to qualifying occupants.

11.2 WHO WILL BE ASSISTED?

The Programme clearly defines qualifying beneficiaries as natural persons, who:

- Have a direct housing arrangement with the State;

- Have benefited from any of the housing subsidies, housing programmes or schemes outlined in the framework;
- Have an outstanding debt with the municipality or the Provincial Department in terms of the framework;
- Have previously been confirmed as competent to contract or, in the case of new contracts, considered to be competent;
- Have some form of legally binding contract with the relevant authority; and
- Is a de facto tenant, where the registered tenant cannot be found and the individual and/or household occupying the housing unit is not the registered beneficiary/tenant but can prove that she/he has either:
 - A contract with the legal owner/tenant, or
 - Where she/he can demonstrate that she/he has consistently taken on the responsibilities of a tenant and acted accordingly.

11.3 IMPORTANT CONSIDERATIONS

Persons receiving benefits of the EEDBS should not remain in situations more advantageous than those enjoyed by recipients of other housing subsidies and housing programmes. The aim of the EEDBS is to ensure that the majority of the occupants of public housing stock are provided with the opportunity to secure individual ownership of their housing units.

11.4 HOW TO ACCESS THE PROGRAMME?

Qualifying beneficiaries will apply for benefit under the Programme using an application form that will cover all categories of applicants.

Further forms would be provided for an Agreement of Sale to a tenant and for an “Acknowledgement of Debt” in cases where the historic cost or, balance of purchase price exceeds the subsidy or, where the transferee is not entitled to a subsidy.

11.5 WHO ARE THE ROLE PLAYERS AND DECISION MAKERS?

The EEDBS will be undertaken on the basis of a partnership of cooperative governance between the relevant municipality, the Provincial Department, and the National Department.

12. RECTIFICATION OF CERTAIN RESIDENTIAL PROPERTIES CREATED UNDER THE PRE-1994 HOUSING DISPENSATION

12.1 WHAT IS THE PROGRAMME ABOUT?

This Programme has been created to facilitate the improvement of state financed residential properties created through State housing programme interventions during the pre-1994 housing dispensation that are still in ownership of the public sector institution and/or that were disposed off to beneficiaries.

12.2 WHO WILL BE ASSISTED?

The Programme will apply to properties currently owned by a municipality and/or provincial government as well as individual persons. The application of the Programme is not subject to the profile of the household occupying the property or who owns the property.

Where properties have been transferred to beneficiaries, only the original beneficiary will be assisted. However, the MEC will have the discretion to extend the benefits of the Programme in exceptional cases on the merits of each individual case, eg. heirs of deceased beneficiaries.

12.3 IMPORTANT CONSIDERATIONS

The main objective of the Programme would be the improvement of municipal engineering services where inappropriate levels of services were delivered and the renovation and/or upgrading, or the complete reconstruction of dwellings that are severely structurally compromised.

The MEC may prescribe minimum technical norms and standards to accommodate the special circumstances that may exist in each project and/or area.

Minimum technical norms and standards are not applicable to the demolition and reconstruction of buildings in a new location due to inappropriate location and/or township layout and design.

12.4 HOW TO ACCESS THE PROGRAMME?

The Provincial Departments will on an annual basis set aside funds for the Programme from the annual housing funding allocation received from the Minister as part of the Conditional Grants.

Provincial Departments would apply the Programme in the most deserving or emergency cases so as not to put a strain on government resources.

12.5 WHO ARE THE ROLE-PLAYERS AND DECISION-MAKERS?

The projects will be undertaken on the basis of a partnership of cooperative governance between the relevant municipalities, the Provincial Department, and the National Department.

The MEC will assume the decision-making authority for the approval of project funding applications.

13. HOUSING CHAPTERS OF AN INTEGRATED DEVELOPMENT PLAN

13.1 WHAT IS THE PROGRAMME ABOUT?

An Integrated Development Plan (IDP) is a single, inclusive strategic plan for the development of a Municipality that links, integrates and coordinates plans and takes into account proposals for the development of the Municipality, aligns resources and capacity of the Municipality with the implementation of the plan, complies with the requirements of the Municipal Systems Act, 2000 (Act 32 of 2000) and is compatible with national and

provincial development plans and planning requirements binding on the Municipality in terms of legislation.

Housing planning is included in this process through the formulation of a Housing Chapter in the IDP. This Programme provides guidelines for the inclusion of housing planning in integrated development planning processes and suggests an approach to the formulation of Housing Chapters in IDPs. The Programme will also provide assistance to all municipalities which do not have sufficient financial and/or human resources for the undertaking of Housing Chapters of IDPs.

The successful implementation of housing chapters in IDPs is essential for the following reasons:

- It contributes to the overall spatial development and integration objectives of the Municipality by facilitating the proper use of housing investment by the Government; and
- It contributes towards the development of sustainable human settlements by providing for an IDP integration phase to ensure inter-sectoral agreement on integrated programmes.

13.2 IMPORTANT CONSIDERATIONS

The Programme contains guidelines on how housing planning can be integrated with existing IDP processes through existing IDP structures by means of compilation of Housing Sections of Integrated Development Plans.

The new planning dispensation requires Provincial Departments to rely on IDPs only when allocating funding. Projects that are not indicated in the Municipal IDPs will therefore in future not be funded from the National Housing Programmes.

The most important aspect of the Housing Chapter of the integrated development planning process is the identification and appointment of the “Housing Voice”. The Housing Voice represents a person/persons who will champion housing issues in the IDP and ensure that the Housing Chapter of the IDP addresses the Housing Planning Needs of the Municipality and Province. The Housing Voice is critical to ensure that housing issues are prioritised in an IDP and integrated with other Municipal Programmes to ensure the achievement of Sustainable Human Settlements.

13.3 HOW TO ACCESS THE PROGRAMME?

Municipalities will have to apply for funding and the amount of funding to be released for compilation of Housing Chapters of IDPs depends on the type of support required. Funding will be made available under this Programme to access outside capacity (appoint consultants) where dedicated capacity does not exist. Where dedicated housing planning/integrated development planning capacity, with the ability to perform strategic housing planning functions, already exists, funding for this purpose will not be provided.

Municipalities must apply for funding on an annual basis since the type and level of support required will change as capacity increases and the development of housing chapters for IDPs is improved.

13.4 WHO ARE THE ROLE-PLAYERS AND DECISION-MAKERS?

The roles and functions of national, provincial and local government are based on the principles of co-operative governance and subsidiary and the creation of partnerships between the different spheres of government.

Municipalities are responsible for compiling a Housing Chapter in their IDP that reflects housing concerns and priorities. However, the Provincial Department may assume the responsibility of the Municipality in cases where a Municipality is not able to fulfill its obligations under the Programme.

14. OPERATIONAL CAPITAL BUDGET (OPS/CAP)

14.1 WHAT IS THE PROGRAMME ABOUT?

Government has recognised a need for implementation assistance at the provincial level to achieve its housing development goals. A framework for a funding mechanism to assist provincial governments in this regard has been implemented with the express purpose of providing for the appointing of external expertise by a Provincial Department to supplement the capacity required for housing delivery.

14.2 WHICH PROGRAMMES WILL BENEFIT?

Emphasis will be placed on, but not limited to, supporting the following Programmes:

- The Informal Settlement Upgrading Programme;
- Projects that facilitate the creation of integrated sustainable human settlements;
- The provision of primary social and economic amenities; and
- The unblocking of stalled projects.

14.3 IMPORTANT CONSIDERATIONS

In considering an application for funding through the Programme, the Accounting Officer of the relevant Provincial Department must consider the scope of the project for which funding is being sought and particular information relating to the specific Programme.

In the administration and management of the Programme funding, the Accounting Officer must adhere to the provisions of the applicable annual Division of Revenue Act (DORA).

Where a National Housing Programme (eg. Informal Settlement Upgrading Programme) provides funding for project management purposes, such allowances may not be increased through the application of the OPS/CAP Programme.

The allocation of funding under the Programme must be in accordance with an appropriate procurement system and steps must be taken to prevent misappropriation of funds.

The objectives and policy principles of the Programme must be adhered to.

14.4 WHO ARE THE ROLE-PLAYERS AND DECISION-MAKERS

This Programme will be undertaken by the National Department and the Provincial Departments, the latter will be the key role player and decision maker in its implementation

The relevant Provincial Department will be responsible for monitoring, evaluating and reporting on the Programme.

15. ENHANCED PEOPLE'S HOUSING PROCESS

15.1 WHAT IS THE PROGRAMME ABOUT?

The People's Housing Process is a government housing support programme that assists households who wish to enhance their houses by actively contributing towards the building of their own homes. The process allows beneficiaries to establish a housing support organisation that will provide them with organisational, technical and administrative assistance. Training and guidance on how to build houses are also supplied. Participation in the process is regarded as a contribution towards the achievement of their housing opportunities and the compulsory requirement for a financial contribution is thus not applicable. Participation has the benefit of:

- a saving in labour costs;
- avoiding payment of a profit element to developers; and
- optimising control and decisions regarding the housing product to be delivered.

15.2 WHO WILL BE ASSISTED?

This Programme will assist persons who:

- Lawfully reside in South Africa (i.e. citizen of the Republic of South Africa or in possession of a permanent residence permit). Certified copies of the relevant documents must be submitted with the application.
- Are legally competent to contract (i.e. over 18 years of age or legally married or divorced or declared competent by a court of law and sound of mind).
- Have not previously benefited from government assistance; and
- Have not owned fixed residential property, except where the beneficiary has acquired a vacant serviced site from own resources and needs assistance to construct/complete a house that will comply with National Norms and Standards introduced by the Minister of Housing.
- Have previously owned an improved fixed residential property, such a person may only qualify for the purchase of a vacant serviced site.
- Persons must be married or habitually cohabit;

- Single persons must have financial dependants;
- Single persons without financial dependants; such as the aged, disabled and military veterans etc. may be assisted;
- Households must earn a monthly income in the range as annually approved; and
- Persons who have benefited from the Land Restitution Programme and satisfy all other relevant criteria may also be assisted.

In addition to the above, the following criteria must be satisfied:

15.3 IMPORTANT CONSIDERATIONS

The EPHP is a community driven process and it must be noted that the housing process is phased over time. The programme is not oriented towards delivery at scale over limited time frames. The programme requires skilful technical expertise to assist, train and guide the house building processes. The achievement of quality housing products remains a fundamental objective. Community contribution is broadly defined and is not limited to a labour contribution (sweat equity) only. The programme may apply in a variety of development circumstances such as in informal settlement upgrading projects, rural housing developments and “Greenfield” developments.

15.4 HOW TO ACCESS THE PROGRAMME?

The benefits of the programme are only available on a project basis. Community members must establish appropriate community groupings to facilitate representation and decision-making.

15.5 WHO ARE THE ROLE-PLAYERS AND DECISION MAKERS

The main role players are the Community Based Organisation (CBO) that will represent the beneficiaries. The Community Resource Organisation that will provide technical and administrative assistance to the CBO, the municipality and the provincial department responsible for human settlements.

16. FARM RESIDENTS HOUSING ASSISTANCE PROGRAMME

16.1 WHAT IS THE PROGRAMME ABOUT?

This housing assistance programme provides capital subsidies for the development of engineering services- where no other funding is available, and adequate houses for farm workers and occupiers in a variety of development scenarios. The Programme attempts to address the wide variety of housing needs of people working and residing on farms by providing a flexible package of housing models to suit the local context.

The programme application is always considered with circumspect due to the potential of the injudicious creation of unsustainable farm worker settlements that might distort existing settlement patterns and increase municipal service delivery burdens.

In most instances, the programme will be applied where the farm residents are required to reside close to their employment obligations and where the farm land is distant from the

nearest town, rendering the settlement of the farm residents in the town impracticable.

Due to the rural context and the inability of most municipalities to deliver the required services, the farm owner is regarded as a key service delivery agent under the programme. The farm owner will have the options to provide formal rental accommodation on his or her land for the residents on the farm or may decide to subdivide the farm into small subsistence agriculture holdings and transfer such to the relevant residents. The farm owner may act as the implementing agent under both options by providing the required basic water and sanitation services and to construct the houses.

Where the farm land is subdivided, the beneficiaries may establish a legal entity through which it could decide to undertake the housing development on the basis of a People's Housing Process or may elect to appoint the provincial Government or a private sector developer to undertake the development.

The farm owner may also decide to provide a portion of the farm to a housing institution for the provision of rental units on the farm.

The Farm residents will play a fundamental important role in all aspects of their housing solutions both in regard to the selection of options, the design and implementation phase as well as the ongoing managements of the housing stock.

In addition the programme will provide access to housing goods and services to persons registered as labour tenants by the Department of Rural Development and Land Reform and who are assisted under the LRAD programme to acquire farm land in ownership.

16.2 WHO WILL BE ASSISTED?

The Programme will assist:

- Farm residents that comply with the general Housing Subsidy Scheme qualification criteria;
- Single farm residents without financial dependants;
- The aged and disabled farm residents;
- Farm residents classified as military veterans;
- Farm residents classified as disabled; and
- Labour tenants registered with the Department of Rural Development and Land Reform.

16.3 IMPORTANT CONSIDERATIONS

Funding available under the Programme will only be available for the provision of basic water and sanitation services as an option of last resort. Such services must be financed from other funding resources.

The farm owner will be obliged to enter into a written agreement with the MEC that will regulate the roles and responsibilities of the parties. The farm owner will be obliged to authorise the MEC to register a pre-emptive right and a preferential claim over the title

deed of the farm land in terms of which the state investment on the farm is protected and that will provide for a structured exist mechanism.

The farm owner must conclude written rental agreements with the beneficiaries of the housing subsidy units. The rental to be charged, if any, may not include a component to redeem the subsidy capital provided to the farmer or housing institution as the case may be.

Person's land rights, secured in terms of land rights legislation, may not be affected through the application of the programme.

16.4 HOW TO ACCESS THE PROGRAMME

Funding under the Programme will be made available by the provincial government, who will invite farm owners and beneficiaries to apply for funding reservation from time to time. Project applications must be submitted to municipalities for recommendation to the MEC. The provincial department will assess and evaluate all applications and once approved by the MEC, will inform the applicant of the decision, where after the required contractual commitments will be concluded. The MEC and the implementing agent will also agree on the basis upon which the approved subsidy funding will be released.

16.5 WHO ARE THE ROLE PLAYERS?

The most important role player is the farm owner who will in most cases act as the implementing agent, either for the development of the rental stock on the farm or on behalf of the beneficiaries of subdivided farm portions.

The municipalities will support project applications, approve building plans and may deliver water and sanitation services. In cases where labour tenants are to assisted the municipality will act as implementing agent.

A housing institution may approach the farm owner and conclude a long term lease for access to the land and the provision of rental stock on the farm.

The provincial department will be responsible for the reservation of funding for the programme and will evaluate and approve project applications.

The provincial Land Redistribution offices of the Department Rural Development and Land Reform will play an important coordination role in regard to application by municipalities to access funds for housing development projects for registered labour tenants



PART C

TECHNICAL PROVISIONS AND GENERIC PROVISIONS

1. INTRODUCTIONS

The implementation of National Housing Programmes is directed through the specific provisions contained in each Programme. In addition a set of technical provisions has been provided to ensure the achievement of certain minimum levels of standards and specifications in respect of the housing products to be delivered through the Programmes.

Certain generic provisions also apply to the Programmes that need to be taken into account when planning housing assistance measures.

Furthermore this part of the National Housing Code includes the Variation Manual for the adjustment of development costs, the guidelines for the Extended Public Works Programme, a brief section on the multi year planning process, the Housing Subsidy Scheme and the Monitoring, Evaluation and Impact Assessment Strategy for the Housing sector.

2. THE GENERIC PROVISIONS

2.1 THE MAIN ELIGIBILITY CRITERIA

2.2 SECURITY OF TENURE

Security of tenure remains a fundamental principle of the National Housing Programmes. All beneficiaries of a housing assistance programme must acquire secure tenure either in the form of ownership, leasehold, deed of grant or formal rental arrangements and related non-ownership forms of tenure.

2.3 THE HOUSING SUBSIDY QUANTUM

The Housing Subsidy Quantum will annually be announced by the Director-General of the National Department.

2.4 VALUE-ADDED TAX

In terms of a ruling by the former Commissioner of Inland Revenue, housing subsidies fall within the definition of “transfer payments” as contemplated in the Value Added Tax Act, 1991 (Act No. 22 of 1991) and is subject to VAT at a rate of zero percent (0%).

2.5 BENEFICIARY CONTRIBUTIONS

Certain beneficiaries of the housing assistance measures are required to contribute towards their housing products as a pre-requisite for access to housing subsidies. This contribution can be achieved by making a financial contribution or an “in kind” contribution by participating in the construction phase of the house.

2.6 HIDDEN SUBSIDIES

Government remains committed to the principle that housing subsidies must be equitably applied. All other national Government Subsidies must be transparently acknowledged, declared and discounted against the housing subsidy. Any other subsidies must be approved by the appropriate authority and transparently declared.

2.7 NATIONAL NORMS AND STANDARDS FOR THE CONSTRUCTION OF STAND ALONE RESIDENTIAL DWELLINGS

The Minister of Housing has, with effect from 1 April 1999, introduced National Norms and Standards for the construction of stand alone houses. All houses constructed through application of the National Housing Programmes must at least comply with these norms and standards.

These National Norms and Standards apply with the National Building Regulations and the house building prescripts of the National Home Builders Registration Council (NHBRC).

Each house to be constructed through the National Housing Programmes must have a gross floor area of at least 40 square metres. In addition each house must be designed on the basis of:

- Two bedrooms;
- A separate bathroom with a toilet, a shower and hand basin;
- A combined living area and kitchen with wash basin; and
- A ready board electrical installation if electricity is available in the project area.
- The National Norms and Standards furthermore provide minimum technical specifications, including environmentally efficient design proposals.

2.8 THE VARIATION MANUAL

This manual provides the details for special precautionary measures that may be required due to extraordinary development conditions. It contains all the relevant extraordinary development conditions supported by locational maps as well as special design specifications required by each condition to ensure that a quality housing product is delivered to the beneficiaries.

The Variation Manual is applied to increase the standard housing subsidy amount to enable developers to implement special designs and precautionary measures. These extraordinary conditions apply to:

- Erodibility of soil;
- Hard excavation;
- Dolomite;
- Expansive clays;

- Collapsing sands;
- Compressible soils;
- Mining subsidence;
- Seismic Activity;
- Topography of the site;
- The Southern Cape Coastal Condensation Area; and
- The location of the project.

In addition to the above the Variation Manual also provides for additional funds to improve houses according to the needs of disabled persons to promote their independence. It applies inter alia to persons with walking disabilities, the deaf and individuals who make use of wheelchairs.

The National Norms and Standards furthermore provide minimum technical specifications, including environmentally efficient design proposals.

2.9 THE EXTENDED PUBLIC WORKS PROGRAMME (EPWP)

The EPWP gives effect to Government's commitment to address unemployment and increase economic growth.

As the housing sector represents a substantial contributor towards employment creation and economic growth the housing programme has been aligned with the objectives of the EPWP.

This section in the Code provides guidelines to ensure that the EPWP comes into its own through the application of the National Housing Programmes.

2.10 THE HOUSING SUBSIDY SYSTEM

The National Housing Programmes are administered through the Housing Subsidy System (HSS) and all beneficiaries who received housing subsidies are recorded on the National Housing Subsidy Database to ensure that no person access the assistance measures twice.

The Housing Subsidy System is managed by the National Department but is used by Provincial Departments and accredited municipalities to administer housing projects and subsidy applications.

The system provides various tools to aid project planning and management.

2.11 THE MULTI YEAR PLANNING FOR HUMAN SETTLEMENT DEVELOPMENT

In terms of the provisions the Public Finance Management Act (PFMA), 1999 and regulations issued by the National Treasury, all provincial departments must develop and maintain strategic Multi year plans comprising a five year strategic plan, a three year annual plan and annual operational plans.

To assist Provincial Departments to comply with the aforementioned obligations, a multi-year housing planning model has been developed.

The details of the model are available from the National Department upon request.

2.12 MONITORING, EVALUATION AND IMPACT ASSESSMENT STRATEGY

In line with the Government's emphasis on government wide monitoring and evaluation, the National Department has developed a strategy to enable it to comply with the set requirements.

The purpose of the housing sector Monitoring and Evaluation Strategy is to:

- Monitor and evaluate the results of the implementation of the National Housing Programme;
- Provide a basis for decision-making regarding the enhancement of existing programmes;
- Promote accountability; and
- Ensure that best practices are documented and inform new developments.

The Monitoring and Evaluation Strategy is administered by the National Department and further details are available from this Department.



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POLICY CONTEXT

ACRONYMS

Accelerated and Shared Growth Initiative – South Africa	ASGI-SA
National Department responsible for Human Settlement	ND
Enhanced People's Housing Process	EPHP
Expanded Public Works Programme	EPWP
Growth, Employment and Redistribution Strategy	GEAR
Housing Development Agency	HDA
Integrated Development Plans	IDPs
Monitoring, Evaluation and Impact Assessment	MEIA
National Home Builders Registration Council	NHBRC
National Urban Reconstruction and Housing Agency	NURCHA
Non-Governmental Organisation	NGO
People's Housing Process	PHP
Reconstruction and Development Programme	RDP
Provincial Department responsible for Human Settlement	PD

LEGEND

These information boxes contain definitions.

DEFINITIONS

These information boxes contain additional information for further explanation.

ADDITIONAL INFORMATION

1. INTRODUCTION TO THE POLICY CONTEXT

Section 26 of the Constitution of the Republic of South Africa, 1996, enshrines the inalienable right to housing, as follows:

- “(1) Everyone has the right to have access to adequate housing.
- (2) The State must take reasonable legislative and other measures within its available resources, to achieve the progressive realisation of this right”.

Since 1994, there have been numerous policy and statutory developments in order to give effect to the new approach to housing. These include the Reconstruction and Development Programme (RDP) of 1994; the Growth, Employment and Redistribution (GEAR) Strategy of 1996; the Accelerated and Shared Growth Initiative – South Africa (ASGI-SA) of 2005, and the Housing Act, 1997 (Act No. 107 of 1997). The two fundamental documents which give content to the National Department’s mandate are the New Housing Policy and Strategy for South Africa: White Paper, 1994 and the Comprehensive Plan for the Development of Sustainable Human Settlements, 2004.

South Africa’s current housing policy is rooted in the 1994 Housing White Paper. The fundamental policy and development principles introduced by the Housing White Paper remain relevant and guide all developments in respect of housing policy and implementation (See Chapter 2 of Part 2 of the Code, 2009 for an overview of the Housing White Paper.

A comprehensive review of the outcomes of Government’s housing programmes from 1994 to 2004, led to the introduction of the Comprehensive Plan for the Development of Sustainable Human Settlements (2004), a broad policy framework for the medium to longer term, paving the way for significant policy and strategy shifts. These are discussed in Chapters 3 and 4 of Part 2 of the Code, 2009.

Owing to rapid changes in the socio-economic environment policy is continuously evolving.

2. AN OVERVIEW OF THE HOUSING WHITE PAPER

2.1 INTRODUCTION TO THE WHITE PAPER

The White Paper, which was published in December, 1994, contains the fundamental principles of Government’s housing policy to achieve the housing vision.

2.2 FRAMEWORK FOR THE NATIONAL HOUSING POLICY: A VISION FOR HOUSING IN SOUTH AFRICA

The housing vision is the establishment of viable, socially and economically integrated communities, situated in areas allowing convenient access to economic opportunities, as well as to health, educational and social amenities in which all South Africans will, on a progressive basis, have access to:

- a) Permanent residential structures with secure tenure ensuring internal and external privacy and providing adequate protection against the elements; and

b) Potable water, adequate sanitary facilities and domestic energy supply.

The housing vision is underpinned by principles of sustainability, viability, integration, equality, re-construction, holistic development and good governance. South Africa's housing policy and strategy must contribute to a non-racial, non-sexist, democratic integrated society. The goal is to improve the quality of living of all South Africans with an emphasis on the poor and those who cannot independently satisfy their basic housing needs.

2.3 FRAMEWORK OF THE NATIONAL HOUSING POLICY

The following major pieces of legislation and policy documents are essential for an understanding of Government's approach to housing policy development and implementation:

- The Constitution of the Republic of South Africa Act, 1996
- The Housing Act, 1997 (Act No. 107 of 1997)
- The Public Finance Management Act (Act No. 1 of 1999)
- The Municipal Finance Management Act (Act No. 56 of 2003)
- The Division of Revenue Act (Act No. 7 of 2003)
- The Growth, Employment and Redistribution Strategy (GEAR), 1996
- The Expanded Public Works Program (EPWP)
- The Reconstruction and Development Programme (RDP)
- The Accelerated & Shared Growth Initiative in South Africa (ASGI-SA)
- The White Paper and policy frameworks pertaining to local government and the public service.

This section gives an overview of national policy as contained in the Housing White Paper. However the other abovementioned supplementary policies and legislation also play an important role in informing and supplementing South Africa's Housing Policy.

2.3.1 GOVERNMENT'S MANDATE

Government's human settlement development mandate emanates from the Constitution, 1996. It is therefore Government's duty to work progressively towards ensuring that all South Africans have access to secure tenure, housing, basic services, materials, facilities and infrastructure on a progressive basis. Government will have to apply legislative, administrative, financial, educational and social measures to fulfil its housing obligations.

2.3.2 GOVERNMENT'S APPROACH

In interpreting and implementing the policy and programmes, the fundamental principles as contained in the White Paper on Housing must be borne in mind.

2.3.2.1 POLICY APPROACHES TO THE WHITE PAPER, 1994

The Housing White Paper, 1994, sets out Government's broad housing policy and strategy on the basis of 7 key strategies. Housing policy has since evolved and implementation has proceeded. The 7 key strategies are:

Stabilising the housing environment

In order to ensure maximum benefit of state housing expenditure and mobilising private sector investments, this strategy aims to create a stable and effective public environment and to lower the perceived risk in the lower income housing market by ensuring that the rule of law is upheld, thus creating a market place which is conducive to the provision of credit to the low income housing sector.

Mobilising housing credit

The unlocking of private sector housing credit is regarded as a fundamental requirement for ongoing improvement of the housing circumstances of households who qualify for mortgage finance. Linked to the unlocking of private sector credit, is the requirement for savings by households. This strategy seeks to promote saving by the lower income housing sector so that they may contribute towards the improvement of their own housing and, most importantly, that they may establish creditworthiness in order to gain access to housing finance in the future.

Providing subsidy assistance

The Housing Subsidy Scheme assists those who cannot independently satisfy their own basic housing needs. Capital subsidy assistance is granted to low-income households to enable them to access a minimum standard of accommodation. The strategy to provide subsidy assistance has resulted in a variety of National Housing Programmes. The housing subsidy funding is complimented by various other grants available from government departments other than the ND.

Supporting the Enhanced People's Housing Process (EPHP)

The EPHP aims to facilitate the establishment or directly establishing a range of institutional, technical and logistical housing support mechanisms to enable communities to, on a continuous basis, improve their housing circumstances. It involves the establishment of institutions and organisations that support communities who are unable to make any monetary contribution towards their housing needs through savings, or by accessing housing finance. Communities are supported to build their own housing. Once they have built their houses the increased value of their property will enable them to have an asset to leverage finance in the market place.

Rationalising institutional capacities

This strategy envisages the need to create a single transparent housing process and institutional system. The culmination of the strategy is the Housing Act, 1997 which has been in effect since 1 April 1998. The Act establishes a new institutional framework and clearly defines housing roles and responsibilities in the public sector.

Capacity building is a key element for the creation of an enabling environment at national, provincial and municipal spheres within which the regulators and implementers could fulfil their respective roles. This entails the introduction of appropriate legal and policy frameworks, the establishment of an effective and efficient workforce, and the installation of appropriate technology, equipment and systems for monitoring, evaluation and reporting purposes. The National Capacity Building Program aims to ensure that PDs and municipalities have the capacity to carry out their housing functions.

Facilitating the speedy release and servicing of land

To meet the ever growing demand for housing and to achieve Government's goals relating to housing development, land which is appropriate for housing must be speedily released and serviced. Government has therefore introduced measures to simplify and speed up the processes of land identification, release and servicing.

The Development Facilitation Act, 1995 (Act No. 67 of 1995) is the most comprehensive Act promulgated to deal with the issue of land release and servicing. The ND overall approach to land delivery policy is one of promoting adherence to the principles for land development as set out in Section 3 of the Development Facilitation Act, 1995.

The Housing Development Agency (HDA) will facilitate the speedy release of well located land for human settlement in pursuance of Government's goal of social, economic and spatial integration.

Coordinating government investment in development

Human settlement creation requires coordinated and integrated action by a range of players in the public and private sector.

The coordination of state investment in development seeks to maximise the impact of state investment and careful planning, so that investment in one aspect of development supplements another. Furthermore integrated human settlement creation requires public/private partnerships between developer and housing finance institutions and government.

Broadly, coordinated and integrated development is addressed within Government's Growth, Employment and Re-distribution Strategy

(GEAR). The Expanded Public Works Programme (EPWP) covers all spheres of government and is aimed primarily at reducing unemployment by providing work and training in areas which are socially useful. The EPWP also provides a logical framework which assigns roles to the various spheres of government and facilitates cooperation between these spheres. The Accelerated & Shared Growth Initiative – South Africa (ASGI-SA) works within the framework of the abovementioned policies and recognises the marked improvement and prospects of further improvement in South Africa’s economy. ASGI-SA therefore aims to accelerate growth by investing further in infrastructure development and education and leveraging the first economy in order to develop, and ultimately eliminate, the second economy.

2.4 FUNDAMENTAL PRINCIPLES OF HOUSING POLICY DEVELOPMENT AND IMPLEMENTATION

The Constitution, 1996 is the supreme law of the land and all housing policy must comply with the Bill of Rights. Section 26 of the Constitution states that “everyone has the right to have access to adequate housing” (on a progressive basis).

The policy principles as contained in the White Paper on Housing are fundamental to the achievement of this right.

2.4.1 PEOPLE-CENTRED DEVELOPMENT AND PARTNERSHIPS

Government’s human settlement creation policy is primarily facilitative. Through the provision of subsidies and through the creation of appropriate institutional frameworks and support structures, Government seeks to create an enabling environment in which the human settlement process is people-centred and partnerships can thrive. Government alone cannot meet the housing challenge and partnerships are essential to delivering adequate housing in South Africa. It is envisaged that:

- The human settlement process will generate broad based support and involvement on the part of all key players in order to maximise the mobilisation of resources to meet the housing challenge;
- With a human settlement process which is people-centred and enables partnerships to thrive, an environment can be created in which all role players share in the risks associated with human settlement creation and in the rewards of improved housing opportunities, a more vibrant housing market and the realisation of the housing vision; and
- The human settlement process will be participatory and decentralised allowing effective response to priorities and opportunities at the local level and enabling all role players to contribute their skills, labour, creativity, financial and other resources to the housing process.

2.4.2 SKILLS TRANSFER AND ECONOMIC EMPOWERMENT

The housing programmes have the potential to contribute greatly to Government's broader goals of social and economic upliftment of communities. Housing policies and strategies must therefore support community participation in the housing process thereby facilitating skills transfer and economic empowerment. This entails a focus on consumer education, as well as development of private institutions that are committed to providing support and training.

2.4.3 FAIRNESS AND EQUITY

Government's human settlement policy must promote fairness and equity among all South Africans and achieve equal and equitable access to housing opportunities, goods and services. Within the framework of fairness and equity, Government must also acknowledge the existing diversity of our society and respond accordingly. All functional policies and strategies should accommodate the complexities of the upgrading and redevelopment of human settlements in order to create sustainable human living conditions for residents within the context of a broader community. Government policies and subsidy programmes should accommodate the special needs of the youth, the disabled, the aged, single parent families without formal tenure rights, inhabitants of hostels and other persons with special housing needs. This must occur within a framework that gives appropriate attention to these needs in both urban and rural contexts.

2.4.4 CHOICE

The right of the individual to freedom of choice in the process of satisfying his or her own housing needs is recognised. At the same time, it is recognised that people should be able to access and leverage resources on a collective basis. Government should promote both the right of the individual to choose and encourage collective efforts by people to improve their housing circumstances.

2.4.5 TRANSPARENCY, ACCOUNTABILITY AND MONITORING

Transparency is key to guard against inequitable systems, in which some segments of the population benefit more than others. Coupled with transparency, systems that monitor our progress and ensure accountability are equally important.

It is imperative that the housing sector is led and supported by a single national policy and administration which is accountable in a tangible, measurable manner, to achieve broad-based targets, which are properly quantified through the applicable governmental structures at central, provincial and local sphere. It must facilitate coordination between various sectors so as to minimise conflict over demands on scarce resources and create an environment in which all role players meet their respective obligations.

2.4.6 SUSTAINABILITY AND FISCAL AFFORDABILITY

The human settlement creation process must be economically, fiscally, socially, financially and politically sustainable in the long term. This implies balancing end-

user affordability, the standard of housing, the number of housing units required, and the fiscal allocations to human settlement creation. A policy which attracts non-government investment and which promotes a vibrant and competitive housing market is essential to sustain the human settlement creation process. The policy must also deal sensitively and responsibly with the impact of human settlement development upon the environment.

3. A NEW FOCUS: FROM THE PROVISION OF HOUSING TO THE ESTABLISHMENT OF SUSTAINABLE HUMAN SETTLEMENTS

Based on experiences gained through the implementation of the 1994 Housing White Paper, it became clear to Government that there was a need to integrate the existing policy framework and concomitant programmes with the significant policy shift from the provision of housing only to the establishment of sustainable human settlements. To give effect to the above, the Comprehensive Plan for the Development of Sustainable Human Settlements was approved by Cabinet in 2004. The Comprehensive Plan has been vigorously implemented and a number of policy, legal and institutional amendments have ensued.

4. AN OVERVIEW OF THE COMPREHENSIVE PLAN FOR THE DEVELOPMENT OF SUSTAINABLE HUMAN SETTLEMENTS

4.1 INTRODUCTION AND BACKGROUND

4.1.1 BACKGROUND

The Comprehensive Plan was approved in September 2004 as a framework for the development of sustainable human settlements over the next decade. The Comprehensive Plan is Government's medium term housing programme. It is based on the principles contained in the 1994 White Paper, such as providing citizens with a permanent residential structure with secure tenure, potable water, adequate sanitation facilities, and domestic energy supply, and outlines the strategies to achieve the Government's overall housing aim. The goal is to address the housing needs of the people, within the context of the broader socio-economic needs, resulting in sustainable human settlements.

The Comprehensive Plan is supplemented by seven business plans:

- Stimulating the Residential Property Market;
- Spatial Restructuring and Sustainable Human Settlements;
- Social (Medium-Density) Housing Programme;
- Informal Settlement Upgrading Programme;
- Institutional Reform and Capacity Building;
- Housing Subsidy Funding System Reforms; and
- Housing and Job Creation.

4.1.2 WHY DO WE NEED CHANGE?

The Housing White Paper, 1994 focused on stabilising the environment and transforming the racially based financial and institutional framework (inherited from the previous Government), while at the same time establishing new strategies to address the housing backlog.

Since 1994, however, important socio-economic, demographic and policy shifts have occurred which necessitated the introduction of new, innovative and needs-oriented strategies to achieve the creation of sustainable human settlements. These strategies are based on Government's broader developmental goals, which are:

- Creating quality living environments;
- Broadening tenure options;
- Building an integrated, non-racial society;
- Unblocking delivery constraints;
- Building capacity; and
- Rooting out corruption¹.

4.1.2.1 HOUSING DEMAND

The demand for Government assisted housing in South Africa has changed significantly in the past five years. This is due to:

- Population growth;
- Particularly large increase in the number of households;
- Continuing high rates of urbanisation; and
- Continuing high unemployment.

4.1.2.2 HOUSING SUPPLY

From the inception of the National Housing Programmes in 1994 more 2.2 million houses were delivered. Housing development is still challenged by the following:

- The lack of affordable, well-located land for low cost housing has resulted in the housing programmes largely extending existing areas that had been developed for low-income housing in the past, often located at the urban margins and with weak prospects of integration. These extensions to existing low-income settlements have generally lacked amenities necessary for a decent quality of life, mainly because of the lack of funding and poor alignment of budgets;
- National policy and provincial funding allocations have not always been able to effectively respond to the changing nature of demand caused by rapid urbanisation;

1. The Presidency. 2004. State of the Nation Address by President Thabo Mbeki. February

The Presidency. 2004. State of the Nation Address by President Thabo Mbeki. February

- The number of subsidies required is expected to increase, resulting in an additional burden on the national fiscus;
- The lack of institutional and sector capacity to deliver housing; and
- The inability of beneficiaries of housing subsidies to afford municipal services and taxes, creating the view by municipalities that such housing projects are liabilities.

4.1.2.3 CHALLENGES IN DELIVERY

Housing delivery has been constrained by:

- The withdrawal of large construction groups from the low-cost market due to a variety of reasons. Capacity gaps in the low-cost housing sector in respect of construction, project management, financial management and subsidy administration further constrain delivery;
- The slow and complex process of identification, acquisition and release of land in terms of the revised procurement framework;
- Differences in interpretation and application of the policy, for example, the difference of opinion on issues such as beneficiary contributions; and
- Capacity constraints in the implementation of programmes, in the use of new planning principles, in acquiring affordable land and in sustaining a dedicated group of officials. These constraints exist in all spheres of government but are especially prevalent in municipalities.

CAPACITY: The ability to perform or produce.

4.2 NEW HOUSING VISION AND THE OBJECTIVES OF GOVERNMENT

The Comprehensive Plan, with its emphasis on sustainable human settlements, reinforces the vision of the ND, to promote the achievement of a non-racial, integrated society through the development of sustainable human settlements and quality housing.

Within this broader vision, the ND is committed to meeting the following specific objectives:

- Accelerating the delivery of housing as a key strategy for poverty alleviation;
- Utilising the provision of housing as a major job creation strategy;
- Ensuring that land and housing can be accessed by all as an asset for wealth creation and empowerment;
- Leveraging growth in the economy;

- Combating crime, promoting social cohesion and improving the quality of life for the poor;
- Supporting the functioning of the entire single residential property market to reduce duality within the sector by breaking the barriers between the first economy residential property boom and the second economy's property slump; and
- Using housing delivery as an instrument for the development of sustainable human settlements, in support of spatial restructuring.

The strategies and mechanisms that have been put in place in order to achieve these objectives are discussed in greater detail in the remainder of this document.

4.3 COMPREHENSIVE PLAN FOR THE CREATION OF SUSTAINABLE HUMAN SETTLEMENTS: STRATEGIES AND MECHANISMS TO ACHIEVE THE OBJECTIVES OF GOVERNMENT

The following nine strategies are currently being implemented and are discussed in more detail in the following sections:

- Supporting the entire residential housing market;
- Moving from housing to sustainable human settlements;
- Applying existing housing instruments;
- Adjusting institutional arrangements within government;
- Building institutions and capacity;
- Enhancing financial arrangements;
- Creating jobs and providing housing;
- Building awareness and enhancing information communication; and
- Implementing systems for monitoring and evaluation.

4.3.1 SUPPORTING THE ENTIRE RESIDENTIAL HOUSING MARKET

4.3.1.1 COVERING THE ENTIRE RESIDENTIAL HOUSING MARKET

The Government's human settlement programme will be extended to cover both the primary and secondary residential property markets. A new subsidy programme has been introduced to assist medium-income households, earning between R3 501 and R7 000 per month, to access housing credit. As a result, more South Africans will gain access to the State housing financial assistance programmes. In addition, the focus of the programmes shift to a more community or area needs approach, which departs from the previous individual housing subsidy beneficiary focus.

4.3.1.2 PROVIDING INDIVIDUAL HOUSING SOLUTIONS

Housing delivery has until recently consisted largely of individual ownership detached houses on individual stands, often situated in distant locations with limited social and economic infrastructure.

SOCIAL AND ECONOMIC INFRASTRUCTURE: The basic facilities for social or economic activities. Social infrastructure would include parks, community halls etc. Economic infrastructure would include trading spaces, taxi facilities etc.

The Comprehensive Plan envisages a departure from this individual ownership only option towards a more holistic approach based on actual needs. Provision is now being made for higher density rental tenure based options, it accommodate the middle income households and will provide access to business and community amenity space and facilities.

4.3.1.3 INCREASING PRIVATE SECTOR PARTICIPATION

One of the aims of the Comprehensive Plan is to improve the partnership between Government and the private sector. The new Housing Subsidy Scheme structure which provides for a range of contracting strategies to accommodate local development requirements create new opportunities for private sector participation in the housing delivery process.

To this end the following strategies have been developed and actions taken:

- The Housing Subsidy Scheme has been enhanced to accommodate local development circumstances;
- Access to housing finance has been improved (see 4.3.1.4. below);
- Project management support has been enhanced by:
 - The provision of operational capital;
 - The outsourcing of planning, engineering, project management and social facilitation to ensure delivery in the short term (which will depend on the capacity across government and will not be the same everywhere); and
 - The transfer of skills and training by private sector teams to public sector employees who will increasingly have to take on the responsibilities for ensuing delivery; and
- The envisaged employer-assisted housing scheme has been developed.

4.3.1.4 PROVIDING HOUSING FINANCE

Access to housing finance is vital to the development of the primary and secondary housing markets. The Comprehensive Plan's strategies envisage the following initiatives to assist lenders to meet their Financial Sector Charter commitments:

- **Funding for Social Housing:** A new National Housing Programme has been introduced to provide funding to social housing institutions for capacity building, operationalising the institutions and capital for developing housing stock;
- **Loss limit insurance:** Government intends to investigate the introduction of a risk sharing mechanism with financial institutions to limit the lender's exposure to loss in the event of default;
- **Fixed interest rates:** The Department will work with the financial sector to investigate and formulate solutions to address the negative effects of unstable interest rates on mortgage lending;
- **New product development:** A significant number of the population do not have formal employment and levels of income necessary to access medium to long term mortgage loans. Alternatives linked to savings or insurance products, which generate cash endowments are to be developed together with the Financial Sector; and
- **The monitoring of lending trends of financial institutions through the Office of Disclosure established in terms of the Home Loan and Mortgage Disclosure Act, 2000 (Act No. 63 of 2000), will provide the basis for further interventions if required.**

4.3.1.5 CREATING LINKS BETWEEN THE PRIMARY AND SECONDARY RESIDENTIAL PROPERTY MARKETS

One of the focus areas of the Comprehensive Plan is to ensure the development of a single well-functioning residential property market that links the current primary and secondary markets. This is to be achieved through the following:

The National Spatial Development Perspective provides guidelines for infrastructure investment and development spending. The Draft National Urban Strategy is a vision for South Africa where towns and cities will be spatially and socially inclusive, well-designed and environmentally friendly.

Supporting individual housing demand

The success of growing a secondary housing market is dependent upon people's access to funds to acquire property. The National Department has introduced an Individual Non-Credit Linked Subsidy which will only be available to purchase existing improved residential properties.

Removing the barriers to housing trade

Section 10A of the Housing Act, 1997 (Act No. 107 of 1997) restricts the sale of government-subsidised properties for a period of eight years. An amendment to decrease this period to five years is envisaged to further enhance the growth of the secondary housing market and to provide a more equitable dispensation regarding the on-selling of houses, especially in cases where beneficiaries are required to relocate due to employment arrangements.

Strengthening the role of municipalities

Many municipalities do not currently have sufficient capacity to fulfil their housing functions. As their capacity improves, municipalities will be expected to play a greater role in the creation of sustainable human settlements, based on approved Integrated Development Plans (IDPs) developed in conjunction with the community they serve.

Access to title

In order to transfer the balance of free-standing public owned rental housing stock to the beneficiaries, a renewed application of the Enhanced Extended Discount Benefit Scheme is required.

4.3.2 FROM HOUSING TO SUSTAINABLE HUMAN SETTLEMENTS

In the report entitled “*Towards a 10 year Review*”,

prepared by the Presidency, poverty is said to have three dimensions: income, human capital (services and opportunity) and assets.

SUSTAINABLE HUMAN SETTLEMENTS: Well-managed entities in which economic growth and social development are in balance with the carrying capacity of the natural systems on which they depend for their existence and result in sustainable development, wealth creation, poverty alleviation and equity.

Housing can alleviate asset poverty, by providing a fixed capital asset to the poor which will enable them to leverage finance.

In order to achieve the goal of integrated, sustainable human settlements the following policy strategies and programmes have been introduced:

4.3.2.1 UPGRADING OF INFORMAL SETTLEMENTS

In order to be able to meet the UN Millennium Goals and in support to the upgrading of informal settlements a new tailor-made programme was introduced in 2004. It provides (*in situ*) upgrading of informal settlements, utilise existing land and infrastructure, and will facilitate community participation in the redevelopment. It also provides for the resettlement of communities in the event that *in situ* upgrading is not desirable or feasible.

4.3.2.2 ENHANCING THE RANGE OF HOUSING TYPOLOGIES

One of the Government's aims is to integrate previously excluded groups into city life and its benefits. The Comprehensive Plan includes the following initiatives to achieve this:

- **Densification policy:** Suitable policy changes are needed to allow densification of areas, including planning guidelines, property taxation interventions, zoning, subdivision strategies and consolidation schemes;

DENSITY: The number of people living in a given area
Densification: The process of making the area denser.

- **Inclusionary housing:** The Government may introduce a policy, backed by legislation to regulate the development of residential areas to ensure the establishment of integrated human settlements; and
- **Fiscal incentives:** The Department, together with the National Treasury, will investigate the possibility of incentives to promote densification and disincentives to discourage urban sprawl.

FISCAL: Describing government expenditure or finances.

4.3.2.3 IMPROVING SPATIAL PLANNING

Improved coordination and alignment are required between the different planning instruments and economic policies. There is a need to develop a single planning authority and/or instrument in order to provide macro level guidance on the development of sustainable human settlements.

4.3.2.4 IMPROVING THE LOCATION OF NEW HOUSING PROJECTS

To achieve spatial restructuring, there should be greater intervention in land markets. The Comprehensive Plan proposes the following:

- **Accessing well-located state-owned and parastatal land:** This strategy is to release well-located public land for housing development;

PARASTATAL: A company which is owned entirely or partly by Government, eg. Telkom or Eskom.

- **Acquisition of well-located private land for housing development:** A plan will be developed together with the Department of Rural Development and Land Reform to finance and guide the acquisition of private land for housing. Private land will only be acquired where there is no appropriate state-owned land;

- Funding for land acquisition: Funding for the acquisition of land will no longer be a part of the housing subsidy, but will be funded separately; and
- Fiscal incentives: The ND, together with the National Treasury, will consider fiscal incentives (and disincentives) to promote the development of well-located land for housing purposes.

4.3.2.5 RENEWING INNER CITY AREAS

Housing plays a vital role in the renewal of decaying urban areas. Increasingly, inner-city renewal has focused on commercial and high-income property development, which excludes low-income households. Hence the Comprehensive Plan:

- Encourages social (medium-density) housing: Social housing may be used to upgrade and rehabilitate existing residential buildings and convert office and other buildings for housing use as part of urban renewal initiatives; and
- Proposes to increase effective demand: With the financed linked subsidy system for medium-income earners, there will be a greater demand for existing, well-located (urban) property:
- The changes to the Individual Housing Subsidy Programme will also enable beneficiaries to participate in the secondary housing market in inner-city areas; and
- The merging of the three subsidy income categories and standardisation of the subsidy amount have increased access to housing assistance and created more opportunities to households in the income groups above R1 500,00 per month to access credit and buy properties.

4.3.2.6 DEVELOPING SOCIAL AND ECONOMIC INFRASTRUCTURE

The Comprehensive Plan highlights the importance of establishing sustainable human settlements which provide more than just housing and also caters for a range of social and economic opportunities. Hence, the plan proposes:

- A new Programme to fund the development of primary social and community facilities and basic economic infrastructure. In areas where other funding is not available the Programme provides funds to municipalities for the development of community halls, parks, sports grounds, informal trading areas and taxi ranks; and
- That municipalities will be responsible for the maintenance of the facilities so created.

4.3.2.7 IMPROVING HOUSING AMENITY

Settlements need to be designed appropriately to ensure improved availability. This will be done through:

- Enhancing settlement design through the inclusion of professionals in the planning and design stages to ensure sustainable and environmentally efficient settlements;
- Enhancing housing design: In rural areas, there is a need to increase the effectiveness of the housing interventions and incorporate traditional technologies and indigenous knowledge, while in urban areas a new housing typology has replaced the previous stereotype of “RDP” houses; and
- Addressing housing quality through programmes to rectify the poor quality of houses built before the introduction of National Norms and Standards and the NHBRC Warranty Scheme.

4.3.3 EXISTING HOUSING INSTRUMENTS

4.3.3.1 THE INFORMAL SETTLEMENT UPGRADING INSTRUMENT

A more responsive State housing delivery programme will assist in ensuring the progressive *in situ* upgrading of informal settlements. The upgrading process will follow an *in situ* approach.

The programme caters for local development circumstances. Upgrading projects will be implemented through a partnership between National and Provincial Governments and Municipalities. The programme will require the support of the Departments of Home Affairs, Basic Education, Public Works, Cooperative Governance and Traditional Affairs, Water and Environmental Affairs, and Health.

4.3.3.2 ENHANCED PEOPLE’S HOUSING PROCESS (EPHP)

A redirection of the PHP: The EPHP provides beneficiaries with a greater choice on how to use their subsidies. The EPHP introduces:

- A redefinition of the nature, focus and content of PHP to achieve better agreement, understanding of the roles and responsibilities and other elements of the programme;
- A new funding mechanism for EPHP; and
- New and improved institutional support arrangements.

4.3.3.3 STRENGTHENING THE SOCIAL HOUSING INSTRUMENT

The new Social Housing Programme focuses on the need to deliver housing with an emphasis on flexibility and to accommodate mobility of community members. The Programme includes the following:

- Redefining the concept of Social (Medium-Density) Housing: It is

essential that social housing typologies be conceptualised broadly to ensure the inclusion of all income groups. Social housing must be understood to accommodate a range of housing product designs to meet spatial and affordability requirements. Social housing products may accordingly include multi-level flats or apartments for higher income groups (incorporating beneficiary mixes to support the principle of integration and cross-subsidisation); cooperative group housing; transitional housing for destitute households; communal housing with a combination of family and single room accommodation with shared facilities; and community residential units;

- A new funding mechanism for social housing: A new funding mechanism has been developed where each project will be designed and costed separately around the actual needs;
- Building institutional capacity within the social housing sector: Some social housing institutions will have to be enhanced and further capacitated to deliver and manage the housing stock. To achieve this a Social Housing Regulatory Authority is being established to administer accreditation processes and to undertake monitoring of the development progress of social housing institutions that wish to apply for capital grants.

4.3.3.4 ENHANCING THE RURAL HOUSING PROGRAMMES

There is a need to address the urban bias caused by the existing housing programmes. The Comprehensive Plan aims at:

- Developing a Rural Housing Programme that deals with a range of rural development issues such as tenure security and the roles of local administration and governing authorities;
- Improving the traditional technologies and indigenous knowledge related to housing delivery and construction; and
- Developing appropriate funding mechanisms.

The holistic approach will cater for areas where households only enjoy functional tenure security and housing provision for farm residents.

4.3.4 ADJUSTING INSTITUTIONAL ARRANGEMENTS WITHIN GOVERNMENT

4.3.4.1 BUILDING CAPACITY AND EXPANDING THE ROLE OF MUNICIPALITIES

Building municipal capacity will equip municipalities to assume responsibility for housing development in their areas of jurisdiction. The Comprehensive Plan includes the following strategies:

- The accreditation of municipalities: In order to be accredited, municipalities have to demonstrate their capacity to plan, implement,

and maintain both projects and programmes. Municipalities will be required to:

- Establish housing units with enough staff to carry out project requirements;
 - Establish cross-sectoral Sustainable Human Settlements Planning Committees;
 - Submit complete inventories of land owned by municipalities, including land suitable for low-cost housing; and
 - Submit a council resolution indicating the willingness of the municipality to meet the Department's anti-corruption, monitoring and reporting requirements.
- Building municipal capacity: There is a need to develop a programme for capacity building in the housing sector; and
 - Housing and municipal IDPs: The development of Housing Chapters of IDPs is advocated to ensure that housing needs assessments, as well as the identification, surveying and prioritisation of informal settlements, are included in each IDP. Government will provide assistance to municipalities to achieve the realisation of Housing Chapters in their IDPs.

4.3.4.2 TRANSFORMING NATIONAL AND PROVINCIAL INSTITUTIONS

As institutional capacity improves, particularly at municipal sphere, the Comprehensive Plan envisages that the roles of the ND and PDs will increasingly change to policy formulation, monitoring and facilitation. In addition, a review of national housing institutions will be undertaken to improve efficiency and create a better relationship between the institutions, their clients and communities.

4.3.4.3 STRENGTHENING INTER AND INTRA-GOVERNMENTAL COORDINATION

The Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005) establishes the framework for the three spheres of government to promote and facilitate intergovernmental relations and provides mechanisms and procedures to facilitate the settlement of intergovernmental disputes. The Comprehensive Plan represents the new policy dispensation which requires greater participation between the spheres of Government to deliver on housing needs. The Multi-Year Housing Development Planning Strategic Framework will achieve this through:

- Integrated development and budget planning: IDP instruments, Provincial Housing Development Plans and the National Housing Development Plan must be combined and simplified;

- Intergovernmental coordination: There is a need for increased cooperation and information sharing between the ND, PDs and Municipalities; and
- Bilateral cooperation: There needs to be increased cooperation between the National Department, the Social Cluster partner departments and the other entities of Government.

In order to improve inter and intra-governmental coordination, the National Department aims to streamline and align various complementary budget and development planning processes.

4.3.5 BUILDING INSTITUTIONS AND CAPACITY

The Comprehensive Plan does not only focus on education and training, but also focuses on issues within organisations such as institutional support, systems and procedures, training and adequate resourcing. The Comprehensive Plan recommends capacity building for the following institutions:

- Municipalities: Initially focusing on metropolitan municipalities;
- Social Housing Institutions: A new establishment grant scheme will provide support through the Social Housing Regulatory Authority;
- PHP Institutions: The existing framework for institutional support for PHP will be revised;
- Financial Institutions: This strategy includes a consumer education and support campaign to improve financial literacy of low-income earners; and
- Communities: Government needs to respond to the capacity building needs of communities to ensure that they can constructively engage in all aspects of their redevelopment.

4.3.6 ENHANCING FINANCIAL ARRANGEMENTS

The following changes will be made to the present Housing Subsidy Scheme:

4.3.6.1 RESTRUCTURING THE SUBSIDY INSTRUMENT

The existing subsidy system has already been amended in the following manner:

- Merging of subsidy bands: The previous three subsidy bands have been merged to provide a uniform subsidy amount;
- Extending the subsidy limit: The subsidy scheme has been extended to households earning between R3 501 and R7 000; and
- Inflation linking the subsidy: The subsidy amounts are annually adjusted to ensure that products conforming to the National Norms and Standards can be delivered.

4.3.6.2 ADJUSTING BENEFICIARY CONTRIBUTIONS AND CRITERIA

The following applies:

- Beneficiary contributions: The current subsidy scheme provisions were adjusted to the effect that persons earning below R1 500, the disabled, health stricken and the aged are not compelled to pay the financial contribution; and
- Adjusting beneficiary criteria: The qualification criteria for subsidies have been made more flexible for people with diverse needs, such as in respect of social housing, persons with emergency housing needs, and households living in informal settlements, etc.

4.3.6.3 IMPROVING THE FLOW OF FUNDING

The Comprehensive Plan focuses on the following elements:

- Accredited municipalities: As funding will flow directly from the National Government to accredited municipalities, transactions costs will be saved;
- Operational costs: Accredited municipalities receive operational funding support from the ND for the administration of the housing programmes and the envisaged municipal housing units;
- Enhancing cash flow management: The ND has developed an Enhanced Progress Payment System which reviews existing payment cycles to private developers; and

The National Urban Reconstruction and Housing Agency (NURCHA) was formed in 1995 to help low-income families access housing finance.

- Bridging finance: The ND will collaborate with NURCHA and private financial institutions to develop mechanisms for enhanced provision of bridging finance access for emerging contractors.

4.3.6.4 ERADICATING FRAUD, CORRUPTION AND MALADMINISTRATION

The ND has implemented the following measures to curb corruption:

- The establishment of a Special Investigative Unit to deal with fraud, corruption and maladministration; and
- The establishment of a toll-free whistle blowing hotline.

The ND will also strengthen the legislative framework relating to corruption.

4.3.7 CREATING JOBS AND PROVIDING HOUSING

The Comprehensive Plan includes the following strategies directed at employment creation:

- Job Creation Strategy through the installation of infrastructure, building of houses and social/economic infrastructure, and the management and maintenance of housing stock;
- The Expanded Public Works Programme, led by the Department of Public Works involves all Government Departments. The Programme targets unemployed and unskilled people, and provides them with employment and skills training whilst working on Government projects;
- Labour-intensive construction methods will be used in the provision of housing;

LABOUR-INTENSIVE: Using more people than machinery in construction to create more jobs.

- An assessment will be done to identify work activities which could be made more labour-intensive;
- Employment opportunities created through the on-site production of building materials; and
- Capacity-building to implement and manage labour-intensive housing programmes. There is also a focus on training of local contractors.

4.3.8 BUILDING AWARENESS AND ENHANCING COMMUNICATION

The awareness, information and communication processes will be expanded to focus on the broader residential market and emphasise community mobilisation. Within this context, the following strategies will be implemented:

4.3.8.1 IMPROVING MARKET INFORMATION AND TRANSACTIONAL SUPPORT

Lower income earners largely do not have access to property market information and transactional support. To address this, the Comprehensive Plan envisages strategies that focus on:

- Estate agents and property brokers: The ND will encourage the participation of estate agents and property brokers in low income communities; and
- Municipalities: The ND, together with local municipalities and local private sector bodies, will establish housing information 32 centres. These centres will offer housing availability and subsidy information, application facilities, and housing consumer protection resources.

4.3.8.2 MOBILISING COMMUNITIES

It is important that communities and the beneficiaries of government housing programmes are mobilised to assist the ND in implementing the Comprehensive Plan. Processes that will be implemented include:

- A communication strategy: A comprehensive mobilisation and communication strategy will be developed to clarify the intentions of the policy and to raise awareness on the implications of the policy; and
- A “Letsema” campaign: A “Letsema” campaign will be launched to encourage communities to work together to improve each other’s lives.

4.3.8.3 STRENGTHENING THE PEOPLE’S CONTRACT

Communities and community-based organisations should be mobilised to engage more effectively with the housing programmes. In order to bring government housing programmes closer to the community, community development workers have been appointed. Their functions include the following: to create awareness, provide consumer education, undertake assessments and surveys, handle complaints, and to provide after hour support to communities. This is done in consultation and collaboration with PDs, Municipalities and ward committees.

4.3.9 IMPLEMENTING SYSTEMS FOR MONITORING AND EVALUATION

The ND has introduced the following interventions to enhance data collection, management information, monitoring and evaluation and performance management:

- The monitoring of housing subsidy and expenditure data: A strategy has been developed to improve data input and interpretation; and
- Performance management: A comprehensive housing sector monitoring, information and reporting system based on key performance indicators, has been developed; and
- Monitoring, Evaluation and Impact Assessment Policy (MEIA): This sets the basis for the development and implementation of the system within the ND. The purpose of this policy is:
 - To outline the broad activities to be carried out in relation to the development and implementation of the MEIA system; and
 - To outline the administrative arrangements to support the implementation of such a system.

CONCLUSION

Building progressively on the Constitution, 1996 and the 1994 Housing White Paper, the Comprehensive Plan provides the enabling environment for the coordinated implementation of the South Africa's core human settlement creation objectives by the three spheres of Government, civil society and the private sector. The tailor made government programmes, found in Part Three of the National Housing Code 2009, are the next building blocks in the provision of sustainable human settlements.





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