



**human settlements**

Department:  
Human Settlements  
REPUBLIC OF SOUTH AFRICA

# HUMAN SETTLEMENTS BUDGET VOTE SPEECH – IN CONTEXT

Hon L N Sisulu, MP | Minister of Human Settlements, Water and Sanitation



**Department of Human Settlements**  
**Budget Vote Speech – in Context**  
**21 July 2020**

**Policy Consolidations**

The Department of Human Settlements has been reviewing specific policy and programmatic aspects to more effectively respond to an evolving nature of the housing demand. Demand has become more segmented as our society matures and economic circumstances have shifted at household level.

The Comprehensive Plan for the Development of Sustainable Human Settlements anticipated this shift and already the Census 2011 showed that household sizes and structure had dramatically changed whereby the average household size was much smaller, thus impacting demand; and that one-person households constituted 27 % of the population and that two-person households constituted 19 % of the population.

Significantly that 24% of the urban population was in the age group of 20 to 29 and that an increasing proportion of the population, some 25%, now rented across income groups. Also that there was a dramatic growth of the gap market (between R 3500 and R 30 000) that was not in adequate housing.

The number of households now in informal settlements stands at 2.3 million (General Household Survey 2018).

In each of these specific policy and programmatic reform interventions, a series of amendments have been made, or are in the process of being reformulated, and in the instance of the Programme reform for Upgrading Informal Settlements, PHP, Zenzeleni/Own Build we are working in close collaboration with key NGOs and Community Based stakeholders in a policy Partnership.

The Department will refocus and prioritize its efforts to upgrade informal settlements. A majority of households in informal settlements (53%) earn on average between R 3500 and R15 000 which forces policy interventions to address the demographic, tenure and affordability shifts more head on.

We have begun the task of tackling programmes and approaches to addressing:

1. Different levels of affordability,
2. Emphasizing strategies to informal settlement development that encompasses own build or Zenzeleni and a re-emphasis of the Peoples Housing Process,
3. The mechanics of tackling rental across income streams of affordability and demand as a part of a lifecycle set of choices (single apartment when young graduating up the ladder of affordability, age, work and by family size).
4. We are also resetting the button on the most significant breakthrough that came with BNG, the Integrated Restructuring Development Programme to a holistic approach to project development, shifting from beneficiary linked subsidies to development finance type of funding architecture. This allows a blend of public Programme financing and supportive private sector investment possibilities in particular to the repositioning of the Human Settlements Finance Institutions into a Development Bank.

### **Catalytic Projects**

Catalytic projects such as Cosmo City informed BNG or became instigators of BNG's attempt at innovative financing across income streams to get better blend of public and private finance into the projects. Each of these projects have spurred Municipalities, Provinces, Developers and the Human Settlement Agencies into a series of carefully structured projects triggering secondary investments, allowing for mixed income developments and integrating the City. They also demonstrate forethought of coupled public and private investment decisions that have catapulted these as city development nodes.

Within a wider logic of multi-nodal points that drive the economic development of most of our major cities, these projects offer the DNA of a new way to finance housing and settlement making.

Cosmo City is now the immediate inner edge of the Smart City Initiative announced in the President's SONA 2020; Fleurhof is the bridge of the historical middle and working class divide in the Roodeport Node and the Main Reef Road Corridor has enabled a growing market in Meadowlands in Soweto; Cornubia is part of northern nodes driver linked to eThekweni King Shaka Airport. Savanna City emerges from the inventiveness of these projects and in turn offer the terms for a new housing and human settlements delivery architecture.

On 5 November 2019, additional proposed priority spaces were discussed and supported by MINMEC. These will be formally declared once they are finalized and fully consulted on.

## Celebrating 5 million Mark of housing Opportunities

In fulfilling our mandate and giving full title, my Department has made progress in delivering housing and human settlements opportunities. The Department has since 1994 delivered approximately 4.9 million housing opportunities, an incredible achievement by any international standard. Human settlements has changed the face of the country's landscape by focusing on security of tenure, quality of the houses, bringing people closer to places of work, and bringing to life the concept of an integrated human settlements.

<b>Historical Delivery (HSDG) - 1994 To 2019/2020 To Jan 2020)</b>			
<b>Year</b>	<b>Serviced Sites Completed</b>	<b>Housing Units Completed</b>	<b>Other Subsidies</b>
<b>1994/95</b>	-	<b>60,820</b>	
<b>1995/96</b>	-	<b>74,409</b>	
<b>1996/97</b>	-	<b>129,193</b>	
<b>1997/98</b>	-	<b>209,000</b>	
<b>1998/99</b>	<b>12,756</b>	<b>235,635</b>	
<b>1999/2000</b>	-	<b>161,572</b>	
<b>2000/01</b>	<b>19,711</b>	<b>170,932</b>	
<b>2001/02</b>	-	<b>143,281</b>	
<b>2002/03</b>	<b>82,286</b>	<b>131,784</b>	
<b>2003/04</b>	<b>42,842</b>	<b>150,773</b>	
<b>2004/05</b>	<b>87,284</b>	<b>148,253</b>	
<b>2005/06</b>	<b>109,666</b>	<b>134,023</b>	
<b>2006/07</b>	<b>117,845</b>	<b>153,374</b>	
<b>2007/08</b>	<b>82,298</b>	<b>146,465</b>	
<b>2008/09</b>	<b>68,469</b>	<b>160,403</b>	
<b>2009/10</b>	<b>64,362</b>	<b>161,854</b>	

2010/11	63,546	121,879		
2011/12	58,587	120,610		
2012/13	45,698	115,079		
2013/14	48,193	105,936		
2014/15	49,345	94,566		
2015/16	52,349	99,904		
2016/17	56,886	89,186		
2017/18	50,309	86,006		
2018/19	48,034	77,721		
2019/20 (Q1 to Q3 & Jan '20)	36,823	50,933		
<b>Total EEDBS** Since 1994</b>			<b>373,872</b>	
<b>Total</b>	<b>1,197,289</b>	<b>3,333,591</b>	<b>373,872</b>	<b>4,904,752</b>

**\*\* EEDBS (Subsidy: Pre-1994 Govt Rental Houses transferred into Ownership)**

### **Title Deeds**

Out of the 818 000 backlog that consists the Title Restoration Project, 270 820 title deeds have been registered. What remains is the balance of 546 380 plus the new backlog of 646 842, created between 2014 and 2019.

The Minister and Deputy Minister spent a majority of Fridays handing over title deeds. The handing over of title deeds was not just about title but an urban land reform process where Human Settlements contributes to changing the land ownership patterns which have remained unchanged for decades.

What is evident is Provinces are not adhering to the provisions of the Code in the implementation of human settlements projects, and the registration of title deeds remains a challenge to providing

homeownership. Township establishment will be prioritised as the necessary precursor for titling and effective land administration.

## **Resale of Houses**

The Department has been engaging with various stakeholders including the City Support Programme of the National Treasury about the on-going challenge of selling of houses and perception that foreign nationals have been awarded houses. The stakeholders have agreed that this requires special institutional arrangements which will also provide a facility of dealing with the so-called dead assets that are not able to trade in the housing market.

The Department has been at pains in responding to issues that are raised by the Chapter 9 institutions (SAHRC and CGE) regarding the issue of special housing needs and gender-based violence. Women have been affected by this scourge without a solution. We will refocus our policies to ensure that there is provision for the vulnerable groups of our society and some form of special housing need and or a 2<sup>nd</sup> level housing. Section 2 of the Housing Act, 1997 (Act No. 107 of 1997) provides the General Principles for the housing development process. The principles emphasize the need to address the various housing needs of persons and/or households with special housing needs and who are unable to live independently in normal residential dwellings or require assistance in terms of a safe, supportive and protected living environment.

Of importance is the fact that the policy and guidelines for Housing Assistance to Households faced with Special Housing Needs (inter alia due to gender based violence, HIV Aids, Orphans, vulnerable children and Persons with intellectual and psycho-social disabilities) has been formulated and require approval after consultation with SALGA and the MECs.

This policy when approved will assist by providing shelter to the vulnerable groups including the victims of gender-based violence and enable them to begin to live meaningful lives that would be free of abuse. The Department will be setting up transactional support centers to assist it in terms of monitoring this and also assist in enforcing the sale restrictions clauses.

## **Priority Housing Development Areas**

### **Declaration of PHDA's**

On 5 November 2019, MinMec discussed the proposed priority spaces and supported it. Engagements with stakeholders in all nine Provinces were vigorous. This in some instances revealed that the government instruments are in alignment with each other whilst in some this



revealed that there is a need to align the instruments with the Provincial Growth Development Plans.

### **Co Investment**

NHFC has displayed a good track record of leveraging private sector investment in the sector on both the supply side and end-user side of the market. It partnered with Old Mutual to establish an off-balance sheet Fund called Housing Investment Partnership. Its contribution of R300m has to date leveraged R1.1 billion targeted to peak at R1.7 billion for end-user finance. The NHFC is working with SHRA and multilateral agencies to create an off-balance sheet financing instrument that that will continue to leverage private sector participation on the strength of the social housing grant in the MTSF and beyond.

This financing instrument is expected to inject new property management capabilities to the housing segment strengthen its maturity and performance. Over and above working with SHRA, NHFC is also working with HDA establish common areas of collaboration as enhancement to its project preparation role. NHFC is geared to finance IRDP projects that are ready for delivery, commercially viable and located in the PHDAs.

### **Township Renewal**

#### **Urban renewal Projects**

Urban renewal Projects remain a priority of the Department and have since been implemented by Provinces and Metropolitan Municipalities. A percentage of USDG has been allocated towards renewing the townships and creating a township economy. Moving away from dormitory settlements that is visible in most townships that have hostels and no social and economic facilities has been a huge challenge.

The Department has been able to upgrade some of the hostels that appear as dormitory units to community residential units. However, the cost of providing such units have been abnormally high due to demolition, refurbishment that required an overhaul, extensive maintenance, old infrastructure including units that are constructed using other inferior material used by the apartheid government (e.g. Asbestos material) and absence of uniform norms and standards to regulate the size and finishes which must be used.

An assessment of hostels has been made following the 2017 Human Settlement MinMec decision to merge the hostel new build and social housing and change the income of the social housing Programme to cover those beneficiaries that earn from R1500 – R15 000. This was made to ensure that there is reach in terms of the lower income bands.

## **Comprehensive Rental Policy**

In order to address the current rental issues, the Department will be consolidating all rental interventions and craft a comprehensive rental policy. Currently there is fragmentation in terms of the existing rental programmes. This is evidenced by the varying norms and standards for community residential units, social housing and other forms of rentals which includes backyard, local government and institutional rental. The gap has widened over the years without an appropriate policy intervention. This plus the decline in rental collection in the the social housing programme and few to no rental in the community residential units have exarcebated the problem. The ratio of rental default is at an alarming rate and in some instances such units have been maintained through some hidden subsidies that are paid by municipalities and provinces in some instances.

The reason for default in rental includes loss of income, influence by certain factions of the society linked to various factors such insufficient infrastructure, crime, dissatisfaction with government and quality of services.

## **Amendment of the Rental Amendment Act, 2014**

Date of effect of the Rental Amendment Act, 2014 (Act No. 50 of 1999), was amended. In terms of the Rental Amendment Act of 2014, the Department must ensure the Minimum Norms and Standards in respect of rental housing opportunities are developed and introduced. Although this covers all the various rental options, the National Department and the SHRA has made significant progress to date. The Minimum Norms and Standards will not only enhance the living conditions of numerous lessees, but also emphasis their rights it this regard.

The SHRA will be supporting DHS efforts in providing the educational material on the programmes and rental landscape needed at the support centres. However, the main work is done through the Municipal Support Programme whereby the SHRA will actively engage, assist municipalities in zoning and putting in place the measures to include social housing in these projects in these locations.

## **Inner City Renewal – PHDAs**

In recent years, central business districts (CBDs) have fallen into disrepair and face varying degrees of urban decay, with significant challenges such as derelict buildings, crime and grime, unregulated street trading, homelessness and a lack of infrastructure development and maintenance. The inner cities of South Africa need to be safe and secure as well as a conducive environment for people to live, do business and visit. Dense urban centers are the engine room of the economy and cities have responded by launching multi-billion-rand precinct plans.



Johannesburg, Tshwane, eThekweni as well as Cape Town have launched urban renewal precinct plans that seek to renew and sustain through re-investment in the urban infrastructure.

*These investments should ensure that the social and cultural fabric is not eroded as a result of gentrification.* The SHRA looks to work with municipalities in ensuring that affordable housing near areas of work and low-to-moderate income families benefit from these developments. A total of 6,524 units of a total value of (R1.95bn) are being considered for Social Housing in Inner cities.

To date, Inner City Social Housing Projects across the country: 839 units recently completed, 2084 units under construction, 17955 units approved and 1806 units in the pipeline (R490m).

We have resolved that,

- 5% of the Human Settlement Grant and Urban Settlement Development Grant will be invested in the urban and township renewal projects. This will include the provision of early childhood development centers as part of the socio-economic amenities Programme. This amount will also include ensuring that the cities are kept clean.
- The National Department will be announcing the full details of norms and standards that should be built throughout integrated residential developments, informal settlements and priority housing development areas.
- SHRA, HDA, Provinces and municipalities will support all efforts in providing the educational material on the various programmes and rental landscape needed at the support centres. However, the main work is done through the Municipal Support Programme.

## **Expropriation of Land**

### **Expropriation Bill**

The HDA and the Department participated in the Bill preparation process and ensured that the definition in the Expropriation bill was aligned to the Housing Development Agency Act and the Housing Act. The HDA Act includes landed property, which basically include building whilst the Housing Act, 1997 (Section 9(3) (a)) already allows for the expropriation of land by municipalities.

### **Land from SOEs**

An additional 1762 Ha owned by national state owned enterprise has been identified for release for Human Settlements development through the Inter-Ministerial Committee on land. In terms

of the IMC, all public owned land is reserved for land reform programmes including Human Settlements.

### **Expropriation of Land in Western Cape**

In 2009, there was a land availability agreement between HDA and Public works which gave land and this land was then taken by the Provincial Department and the land availability agreement was disregarded. The portions were for hospitals, community facilities. Public Works and HDA conducted an exercise of checking which was suitable the human settlements. The HDA has segmented all properties that are required for other uses other than human settlements. The remainder will be released.

In line with the three prongs of addressing the vexed issue of land reform for socio-spatial and economically integrated towns and cities we have taken a significant step in initiating a Land planning, policy, Programme and strategy for Human Settlements. This straddles the parliamentary process regarding the use of expropriation to fulfill wider social objectives of increased delivery of housing and integrating towns and cities, the Presidential Land Reform Panel Recommendations and the application of SPLUMA which has as a requirement that all three spheres develop Inclusionary Housing Policies, programmes and delivery modalities.

### **Human Settlements Development Bank**

The Department has finalized the drafting of the Bill on the establishment of the Bank. The business case has been enhanced and aligned. The Department is currently in consultation with the relevant stakeholders including but not limited to, National Treasury and the State Law Advisors before tabling the Bill before Cabinet for public comments. The Bill forms part of the Departmental Legislative Programme for 2020 as duly submitted to the leader of Government Business.

NHFC partnered with Old Mutual to establish an off-balance sheet Fund called Housing Investment Partnership. Its contribution of R300m has to date leveraged R1.1 billion targeted to peak at R1.7 billion for end-user finance.

NHFC / HSDB aims to address the lack of knowledge on this sector of the market for both the intermediaries and the end-user by playing an advisory, support, advocacy and educational role. HSDB aims to enable end users to gain access of affordable housing finance solutions that can be sustainably financed without compromising other household needs.

NHFC has a good track record of leveraging private sector investment in the sector on both the supply side and end-user side of the market.

## **Creating A Do-It-Yourself Culture**

During the 2019/2020 State of the Nation Address (SoNA), the President declared the implementation of the People's Housing Process (PHP) Programme very critical in the delivery of sustainable integrated human settlements. The President expressed the following: "*We will also be expanding the People's Housing Process Programme where households are allocated serviced stands to build their own houses, either individually or through community-led construction Cooperatives other participatory delivery vehicles*". This was followed by Minister's directive during the 2019/2020 Budget Vote wherein the Department was tasked to rebrand the PHP Programme to Zenzeleni.

During the 2019/20 financial, PHP has contributed immensely in the creation of integrated, sustainable human settlements. Through the implementation of the PHP Programme close to eight thousand (8 000) PHP units have been delivered and the following has been achieved:

- Cohesive communities/enhanced social capital
- Skills development
- Creation of (temporary) jobs
- Larger and better-quality units
- Facilitate access to community assets
- Success more at community and stakeholder level

The Department also implemented the PH programme utilizing the Cooperatives model.

During the reporting period, the Department was also instrumental in coordinating the registration and establishment of Cooperatives with support from the Department of Small Business Development.

The Department supported KZN Province in piloting delivery of PHP using Cooperatives model in Pietermaritzburg, the Vulindlela Rural PHP project. The project commenced in 2011 and will soon come to an end having delivered twenty-five thousand (25 000) PHP units within nine (9) Wards, thirteen (13) Construction Cooperatives were established and are fully operational and two thousand (2 000) jobs created.

The Department also facilitated access to non-financial and financial support to the value of R14.5M through the Cooperatives Incentive Scheme (CIS) from the Department of Small Business Development for Cooperatives in Eastern Cape and Free State.

### **Future plans**

The National Development Plan (NDP) emphasizes the need for Government to partner with communities in the delivery of services. The People's Housing Process (PHP) Programme talks directly to this notion. PHP is one of the key human settlements' delivery programmes geared towards capacitating and creating socially cohesive communities who partner with government in the delivery of their own homes. This is in line Government's broad vision which emphasizes the need to "adopt a people-centered" service delivery approach". The aim of this approach is to create a more responsive and accountable communities that participate in the development of their own communities.

The Department will continue to explore the repositioning PHP in the upgrading of informal settlements.

The modalities of this model are being refined and will form part of proposals to National Treasury for the informal settlements upgrading grant funding. Housing delivery through PHP serves as a catalyst for numerous developmental benefits and community opportunities that contribute to the creation of more integrated, sustainable human settlements and improved housing citizenship. It is acknowledged that the current mode of housing delivery based on the awarding of tenders is unsustainable and therefore there is a need to increasingly promote the approach adopted in the People's Housing Process or self-help housing and to place more emphasis on the incorporation of the Cooperatives in the delivery of housing. In this regard, we will continue to empower our people/communities through the People's Housing delivery process and encourage meaningful participation of the beneficiaries in these projects.

### **Social Compacts with the Banks and a SA residential market**

As a response to our key sector stakeholders, we have revised the Finance Linked Individual Subsidy Programme (FLISP) policy instrument to scale up the delivery impact. Our key policy interventions include the upper income band adjustment from R15 000 to R22 000, meaning households earning between R3 501 and R22 000 will now qualify for FLISP subsidy on a sliding scale.

We have given NHFC R100m for FLISP for 2019/20 and the funds are already committed to deliver a total of 2 572 subsidies and R882m has been leveraged from financial institutions.

The July 2018 MinMec had discussed the principles for the revised FLISP policy and agreed that the Stokvel model should be explored and used together with the FLISP – Help me buy a Home.

### **Improving implementation of FLISP**

FLISP is part of the core efforts of the department in improving the functioning of the property markets and accelerating the delivery of housing in the affordable and gap housing market is part of my core business in this portfolio. For FLISP implementation, we are now responding to the Fourth Industrial Revolution (4IR), we are recalibrating the FLISP rollout modalities as under-performance was largely attributable to poor turnaround time due to a lack of a compatible software tool. We have developed a new system that will create seamless automated interface to reduce significantly the turnaround time.

### **The Fourth Industrial Revolution**

The Department has engaged with the South African National Space Agency (SANSA) through the Collaboration Agreement that was signed with Department of Science and Technology. SANSA is currently developing a geoportal for human settlement services. The collaboration agreement has further opened engagements with the Council for Scientific and Industrial Research that has now developed the Science, Technology and Innovation Road Map for the development of sustainable Human Settlements using innovative and transformative technologies.

Going forward Information and Communication Technology (ICT) Support to Business Roles and Responsibilities includes:

- Automate Sector-Wide performance planning, monitoring, Auditing and reporting processes.
- In this MTSF, the NHBRC's Research Unit is completing research in partnership with the University of Johannesburg. on impact of the 4<sup>th</sup> industrial revolution on the home building industry and to identify efficiencies being presented by this technological revolution for the benefit of both the Housing Consumers and Builders. At NHBRC we are continuously refining our regulation instruments and this currently involves a review of our inspection model to ensure a qualitative output that responds to our mandate of quality assurance in the home building industry. We commissioned a review of our inspection model, of which the first stage is completed. It proposes a strategy that pursues amongst others:
- Customer value proposition – which centers housing consumers against the intent of the NHBRC. This will bring housing consumers much closer to the NHBRC

- Leverage current processes, IT and staff. Taking advantage of the technological advances and strategic partnerships with municipalities identified as a cost-effective and efficient strategy towards achieving quality assurance in the homebuilding industry. Ownership of generated data improves the inspection process through maximum utilization of data analytics. Professionalization of the inspectorate discipline which will yield an efficient staff resource

## **Illegal Occupations and Evictions**

The Department has started a process of amending the Prevention of Illegal Eviction and Unlawful Occupation of Land Act.

There has been a continuous increase in the total number of disputes that are lodged with the Rental Housing Tribunals which assist to minimize the unnecessary evictions. In order to monitor the number of cases and track the patterns that goes with rental issues, the Department will be setting systems of monitoring the number of rental disputes and track evictions. A process of procuring a system of tracking evictions has commenced.

Discussions will be held with the Department of Justice and Constitutional Development and the Department of Rural Development and Land Reform. These discussions are aimed at formulating a joint project of setting up a system to track evictions since such evictions are reported at Court and also reported to the Department of Rural Development.

A policy dialogue of the amendment of PIE will be held during the 2020/21 financial year.

## **Fraud and Corruption**

We have set up a special investigations' unit. The Office of the Human Settlements Ombudsman has in the interim provided support to the Department on these matters.

The Department will be staffing and resourcing the special investigations unit with competent people who will assist us to deal with cases of fraud and corruption.

## **Improving the Development Mandate Of Entities**

The President during his state of the Nation Address has mentioned that several state owned enterprises are in distress, and our public finances are under severe pressure. The Department has done its level best to ensure that the boards are staffed with competent people.

The Department will be working on a project of re-focusing the functions of the entities. The Department had already commenced with a process of consolidating its entities that deals with human settlements finance. These are already operating as part of the NHFC (HSDB).

### **Social Housing and Student Housing**

Demand for social housing and student housing is overwhelming. Our Social Housing Programme has about R140bn worth of assets. This is remarkable. During his fourth State of the Nation Address, President Ramaphosa announced that R64bn of the R700bn from the Infrastructure Fund will be spent on social housing and student accommodation. The Department is ready to mobilise these funds through our blended large scale projects including student accommodation. The team is hard at work on the reformulation of the social housing policy and subsequent regulations to ensure policy implementation is aligned to these significant reforms. The Minister will be engaging with all the Human Settlements MECs at the MINMEC Forum to discuss the re-modelling of the social housing policy, the recalibration of the funding model to accommodate student housing and applicable norms and standards.

Through this Programme we will maximize leverage of government funding instruments by investing in 94 Priority Development Areas to address spatial transformation in line with the NDP and our 2020-2024 MTSF target. The table below provides details on the number of Social Housing Units that have been delivered to date.

<b>2007/8</b>	<b>2008/9</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014 – 2017/18</b>	<b>Grand total</b>
1 698	1 893	2 041	1 072	4 009	5 121	2 279	13 968	<b>32 081</b>

- Of those approved, currently under construction = 9 273
- Of those approved, under planning or yet to deliver units =12 477

### **Cost of Delivery**

There have been significant influences in the economic development in South Africa and the rate of unemployment has increased in 2019. The need for government to provide service delivery and housing remains a challenge in the face of rising costs of various building inputs. During this period, labour costs, materials, plant and fuel rose sharply and building costs in general have



risen rapidly during recent years. This has had serious implications for the delivery of housing and impacts on the ability to deliver our projected number of houses at our current housing subsidy quantum of R116 867-00, for the top structures only. The cost of delivering a house is likely to increase as well.

### **Environmental aspect and Cost of delivering housing**

The totality of living environment (ecosystem) has had a serious bearing on the delivery of human settlements, and as such the existing geological, locational, climatic, and spatial conditions has impacted on the cost of delivering housing and human settlements. For example, the Province of Kwazulu Natal is comprised of both high and low topographic areas which pushes up the cost of housing and infrastructure.

The Province of Western Cape has been severely affected by draught and strong winds which have exacerbated fires and created disasters. This also has an impact on the performance of the sector. Provinces of Gauteng and North West have a high prevalence of dolomite and has sink holes which also reduced the suitable land and increases the cost of construction. Other Provinces have locational problems which increases the cost of transporting material. Some have drier conditions which require use of more resources during the construction process. Informal Settlements areas because of their location and density are prone by fires and flooding.

The Spatial Land Use Management Act (SPLUMA) (2013) and the NDP (2011) emphasise spatial principles. Therefore, the need for intensive planning of all settlements to address sustainability of human settlements.

### **Informal Settlements**

The baseline evaluation done by the Department confirmed that there are 2700 informal settlements in South Africa. A majority of the Settlements are located in unsuitable land that is prone to housing emergencies. It is the plan of the Department to upgrade 300 informal settlements up to level 3 where we provide permanent engineering services and formalise the township.

As part of that the Department will classify informal Settlements into A- C categories. The A category is comprised of settlements that are ready for upgrading and can be upgraded in the current location. Category B is Settlements that are partly upgradable in the current location and require alternative land to deal with overflow. Category C is those Settlements that are not upgraded and require full relocation to alternative sites.

## **Affordable Housing and Government Employees Housing Scheme**

The Department has revised the Finance Linked Individual Subsidy Programme (FLISP) based on policy intervention to cater for household that earn from 3500 to R22 000 per month. The enhancement also includes the alignment of the FLISP with the Government Employees Housing Scheme (GEHS)). GEHS is not a programme of the Department but a service benefit for public servants.

This scheme was established in terms of Resolution 7 of 2015 to promote home ownership for low to middle income earners (i.e. levels 1-10). Remarkable progress has been made since the passing of the resolution. The GEHS office is under Department of Public Service and Administration (DPSA) and has managed to set up the project management office, the housing, advisory services and customer care centre to engage beneficiaries, lenders on loans and subsidies.

The Department in partnership with the DPSA, National Housing Finance Cooperation ( NHFC) and other stakeholders have refined the operating model for greater alignment and created an automated process which reduces the turnaround time and provide access for affordable housing initiatives at a touch of a button in one delivery point.

## **Inclusionary housing**

Several inclusionary housing initiatives have been undertaken by private sector developers in collaboration with the financial institutions and we can already see the positive integrative impact of the Inclusionary Housing Programme, for example, in the City of Cape Town and the Johannesburg Metro.

These initiatives have assisted the sector to restructure the urban landscape and make the urban environment accessible to the poor who were historically excluded from living close to these economic opportunities. In addition, we have harnessed the efforts of private sector developers to augment our housing delivery and our Inclusionary Housing Policy is being subjected to extensive consultations with the relevant and affected stakeholders. This includes Metros that have already implemented their own Inclusionary Housing Policy but are still in need of guidance from the National Department. This Programme will contribute significantly the transformation of exclusivity of certain suburbs to human settlements occupied by an assortment of income categories.

This policy also makes provision for the utilization of government owned land and proactive engagements between the private sector and Government who will affect mutually beneficial Public Private Partnership arrangements. While Local Authorities will largely be responsible for

the implementation of the Inclusionary Housing Programmes, the National Department will articulate the desired outcomes, set direction, provide certain incentives and specify certain key parameters to be followed.

### **Suitability of Units allocated to Designed Groups**

It has been identified that some disabled beneficiaries occupy houses that are not compliant with the latest regulations specifically part S of the SANS 10400.

During this MTSF period the sector will develop a module of Persons with Disabilities for the Beneficiary Management and HSS, to enable implementers to capture household information beforehand and ensure that housing units are suitable for the PwD households.

### **Provision of Houses and Empowerment and Transformation of Designated Groups**

Cabinet has approved a framework for gender planning, budgeting, monitoring, reporting and auditing. The Department is beginning to intensify its efforts in line with the framework.

2020 MTEF Budget Allocations:

Impact of Special Adjustment budget on Economic Classification

Economic classification R`000	Voted Funds	Special Adjustments budget impact	Adjusted Appropriation
Economic classification R`000	Voted Funds	Special Adjustments budget impact	Adjusted Appropriation
<b>Current payments</b>	<b>R 947 706</b>	<b>-R 28 500</b>	<b>R 919 206</b>
Compensation of employees	R 433 490	R 0	R 433 490
Goods and services	R 514 216	-R 28 500	R 485 716
<i>Which consist of: Consultants: Business and advisory services</i>	211 223	-R 23 500	R 187 723
<i>Travel and subsistence</i>	59 234	-R 5 000	R 54 234
<b>Transfers and subsidies</b>	<b>R 30 373 603</b>	<b>-R 2 232 439</b>	<b>R 28 141 164</b>
Provinces and municipalities	R 28 934 117	-R 2 828 439	R 26 105 678
Departmental agencies and accounts	R 1 428 013	R 600 000	R 2 028 013
Foreign governments and international organisations	R 3 395	R 0	R 3 395
Households: Scholarship Programme (Non Employees)	R 8 078	-R 4 000	R 4 078
<b>Payments for capital assets</b>	<b>R 3 607</b>	<b>R 0</b>	<b>R 3 607</b>
Machinery and equipment	R 3 607	R 0	R 3 607
Software and other intangible assets	R 0	R 0	R 0

**Impact of Special Adjustment budget on Conditional Grants and transfers to institutions**

<b>Conditional Grants and transfers to institutions R'000</b>	<b>Voted Funds</b>	<b>Special Adjustments budget impact</b>	<b>Adjusted Appropriation</b>
<b>Grants</b>	<b>R 28 934 117</b>	<b>-R 2 828 439</b>	<b>R 26 105 678</b>
Human Settlements Development Grant	R 16 620 732	-R 1 728 439	R 14 892 293
Urban Settlements Development Grant	R 11 281 871	-R 1 100 000	R 10 181 871
Provincial Emergency Housing Grant	R 294 899	R 377 823	R 672 722
Municipal Emergency Housing Grant	R 158 792	R 0	R 158 792
Title Deeds Restoration Grant	R 577 823	-R 377 823	R 200 000
<b>Entities</b>	<b>R 1 428 013</b>	<b>R 600 000</b>	<b>R 2 028 013</b>
Social Housing Regulatory Authority: Operational	R 69 378	R 0	R 69 378
Social Housing Regulatory Authority: Institutional Investment	R 22 428	R 0	R 22 428
Social Housing Regulatory Authority: Consolidated Capital Grant	R 725 747	R 0	R 725 747
Social Housing Regulatory Authority: Affordable Rental Debt Relief	R 0	R 300 000	R 300 000
Community Schemes Ombuds Services	R 23 675	R 0	R 23 675
Housing Development Agency	R 237 100	R 0	R 237 100
National Housing Finance Corporation: FLISP	R 334 250	R 0	R 334 250
National Housing Finance Corporation: FLISP support	R 15 435	R 0	R 15 435
National Housing Finance Corporation: Affordable Rental Debt Relief	R 0	R 300 000	R 300 000
<b>Total</b>	<b>R 30 362 130</b>	<b>-R 2 228 439</b>	<b>R 28 133 691</b>

Human Settlements Development Grant (HSDG) – Revised/Adjusted allocation for 2020/21

Provinces	Column A		
	2020/21 Main Allocation	Adjustment	2020/21 Adjusted Allocation
	R'000	R'000	R'000
Eastern Cape	1 803 294	(191 210)	1 612 084
Free State	950 798	(100 817)	849 981
Gauteng	4 625 448	(490 454)	4 134 994
KwaZulu-Natal	3 379 057	(358 294)	3 020 763
Limpopo	1 060 622	(112 462)	948 160
Mpumalanga	1 081 044	(114 627)	966 417
Northern Cape	319 888	-	319 888
North West	1 493 031	(158 312)	1 334 719
Western Cape	1 907 551	(202 265)	1 705 286
Unallocated			
<b>Total</b>	<b>16 620 733</b>	<b>(1 728 441)</b>	<b>14 892 292</b>

**USDG – Revised/Adjusted Allocation for 2020/21**

Metros	Column A		
	2020/21 Main Allocation	Adjustment	2020/21 Adjusted Allocation
Buffalo City	761 354	(74 233)	687 121
Nelson Mandela	903 720	(88 114)	815 606
Mangaung	754 593	(73 574)	681 019
Ekurhuleni	1 967 505	(191 835)	1 775 670
Jo'burg	1 848 287	(180 211)	1 668 076
Tshwane	1 602 161	(156 213)	1 445 948
eThekweni	1 962 647	(191 361)	1 771 286
Cape Town	1 481 604	(144 459)	1 337 145
<b>Total</b>	<b>11 281 871</b>	<b>(1 100 000)</b>	<b>10 181 871</b>



**Title Deeds Restoration Grant Revised/Adjusted Allocation**

Provinces	Column A		
	2020/21 Main Allocation	Adjustment	2020/21 Adjusted Allocation
	R'000	R'000	R'000
Eastern Cape	64 254	(42 014)	22 240
Free State	33 860	(22 140)	11 720
Gauteng	164 795	(107 755)	57 040
KwaZulu-Natal	106 146	(69 406)	36 740
Limpopo	37 790	(24 710)	13 080
Mpumalanga	38 483	(25 163)	13 320
Northern Cape	11 383	(7 443)	3 940
North West	53 160	(34 760)	18 400
Western Cape	67 952	(44 432)	23 520
Unallocated			
<b>Total</b>	<b>577 823</b>	<b>(377 823)</b>	<b>200 000</b>



## human settlements

Department:  
Human Settlements  
REPUBLIC OF SOUTH AFRICA

# BUDGET VOTE SPEECH – IN CONTEXT

Hon L N Sisulu, MP

Minister of Human Settlements, Water and Sanitation

