25 JULY 2014
SOCIAL HOUSING WORKSHOP:
THE ROLE OF THE PROVINCIAL GOVERNMENT IN SOCIAL HOUSING
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1. Background

- The Department of Human Settlements both nationally and provincially have a mandate to deliver adequate housing. In terms of section 26 of the Constitution of the Republic of South Africa of 1996, everyone has a right of access to adequate housing. Furthermore, in terms of section 26(2), the state must take reasonable legislative and other measures within its available resources to realize this progressive right.

- As part of this mandate, the Department also provides housing opportunities through the provision of affordable rental housing to the low income market through the Social Housing and Institutional Subsidy programmes. In rolling out some of these programmes, the department has encountered challenges due to various factors (including the lack of capacity in the industry) which has resulted in slow delivery on rental housing as follows:
<table>
<thead>
<tr>
<th>Programme</th>
<th>Audited/ Actual Performance</th>
<th>Targets</th>
<th>Medium Term Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional Subsidy (Number of subsidies approved)</td>
<td>0</td>
<td>104</td>
<td>47</td>
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<tr>
<td>Social Housing Programme (Number of units completed)</td>
<td>0</td>
<td>1,604</td>
<td>437</td>
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The main objectives of the social housing programme are:

a. to contribute to the national priority of restructuring South African society in order to address structural, economic, social and spatial dysfunctionalities thereby contributing to gvt’s vision of an economically empowered, non-racial and integrated society living in sustainable human settlements.

b. Secondly, it is to improve and contribute to the overall functioning of the housing sector and in particular the rental sub-component thereof, especially insofar as social housing is able to contribute to widening the range of housing options available to the poor.

The social housing programme is key to the achievement of urban restructuring (hence restructuring zones).
The Minister of Human Settlements (Hon Lindiwe Sisulu) in her budget speech announced that 1.5mil housing opportunities will be delivered within the next 5 years.

Furthermore, within the next 12 months, each province will launch an integrated human settlement Ministerial project that will deliver a minimum of 10 000 houses and 5 000 service stands over five years. This will include 20% rental units (2 000), 20% gap housing (2 000), 30% BNG houses (3 000), 10% social housing (1 000) and 20% (2 000) serviced sites for employer assisted housing.
## 2. Challenges and Interventions Underway

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<th>Challenges</th>
<th>Interventions Underway</th>
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| 1. Lack of a pipeline of projects that are ‘ready’ for implementation in Social Housing and CRU | • KZN Rental Housing Strategic Plan launched in May 2013 which seeks to guide the province and has identified a list of 47 projects consisting of 25 406 (15 769 CRU and 9 637 Social Housing) Units over the next 5 years  
• Pipelines being refined for readiness through the appointment of service providers to undertake studies that would qualify projects as ‘feasible’ and make them ready for implementation (shorten timeframes for pre-implementation studies) |
| 2. Lack of adequate suitable delivery agents for social housing and lack of funding from financial institutions (Social Housing + Institutional Subsidy) | • Partnering with private agents that have the financial capacity to deliver on social housing  
• Engagements being set up with financial institutions to come on board with funding for institutions |
## 2. Challenges and Interventions Underway

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<td>3. The slow process in the declaration of Provincial Restructuring Zones for social housing development</td>
<td>• Engagements with the national dept on an ongoing basis</td>
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<td></td>
<td>• High-level intervention is being sought</td>
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3. Purpose

The purpose of this presentation is to highlight the role of the Provincial Dept of Human Settlements in the delivery of social housing.
4. Policy and Legislation

We are governed by 3 policy documents namely:

1. The Social housing Act
2. The Social Housing Policy
3. The National Housing Code

5. The Role of the Provincial Gtv

The provincial government provides a provincial regulatory and legislative framework in which provincial housing priorities may be addressed and in which SHIs and municipalities have to operate. This provincial framework is aligned to the national framework. The province is responsible for approving, allocating and administrating all rental housing subsidies, including the institutional subsidy. The province works closely with municipalities in identifying the development of new rental housing projects (identification of projects, making resources available to make projects possible, etc). The province then allocates the subsidy, while the municipality has to provide services like water and electricity. Furthermore, in case of a conflict between SHIs or other delivery agents and a municipality, the province has a mediating role.
The Role of the Provincial Gtv cont’d (Social Housing Act)

• Every provincial government, through its MEC, must—
  a. ensure fairness, equity and compliance with national and provincial social housing norms and standards;
  b. ensure the protection of consumers by creating awareness of consumers’ rights and obligations;
  c. facilitate sustainability and growth in the social housing sector;
  d. mediate in cases of conflict between a social housing institution or other delivery agent and a municipality, if required;
  e. submit proposed restructuring zones to the Minister;
  f. monitor social housing projects to ascertain that relevant prescripts, norms and standards are being complied with;
  g. approve, allocate and administer capital grants, in the manner contemplated in the social housing investment plan, in approved projects;
The Role of the Provincial Gtv cont’d (Social Housing Act)

h. ensure that the grant approval process is conducted efficiently;

i. administer the social housing programme;

j. develop the capacity of municipalities to fulfill the roles and responsibilities.
The Role of the Provincial Gtv cont’d (Social Housing Policy)

• Receive project applications from delivery agents and decide on extent of top-ups
• Ensure compliance with national and provincial social housing norms and standards.
• On an annual basis develop a social housing programme and associated business plan and submit to National government for approval and funding
6. The Nature of the Institutional Subsidy

- It provides a fixed amount of subsidy in respect of all households complying with the provisions of the Programme funding schedule as annually approved by the Director General;

- Pays the subsidy out in the name of the institution and not in the name of the beneficiary; and

- Does not necessarily provide the beneficiary with the individual ownership or immediate ownership.
Prior to applying for an institutional subsidy, delivery agents (as per SHRA) must check that their institution qualifies for the subsidy. This is determined by the legal status of the institution and its main aim, how it relates to the residents, the tenure arrangements permitted and so on. When applying for the subsidy per project, the following steps must be followed:
How to Apply for the Institutional Subsidy cont’d

• Prepare a project application;

• Submit the project application to the provincial Department of Human Settlements; and

• Submit the standard required agreements.

• When the application has been approved, an agreement is entered into outlining how the subsidy will be paid and what will happen once an installment sale, share block or lease agreement has been concluded.
THANK YOU