

# **PROVINCIAL HOUSING PLAN**

## **Western Cape**

### **Situational Analysis**

Reference Module A

Overall Policy Environment

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## 1. INTRODUCTION

The Policy Environment section sets out the Government's national housing vision, the housing goal, basic points of departure and their fundamental principles. These dimensions set the tone for the understanding of existing policies.

At the most basic level, the housing policy must subscribe to the fundamental values, such as equality, human dignity, and freedom of movement and residence, which are contained broadly in the Bill of Rights in the Constitution.

The overall approach to housing in South Africa is defined by four dimensions:

- The vision defines a future point to which Government wishes to aim.
- The goal clarifies this vision in terms of real outcomes.
- The basic points of departure define the framework or environment in which government works, and the ideas, policies and legislation on which all of their operations must be based.
- The principles define the values in pursuing the vision and achieving the goal.

### 1.1 Purpose

The purpose of this section is to answer the question “where are we now” in the specific sphere of Housing Policy and to describe the Housing Policy Environment thereby setting the baseline for the Western Cape Provincial Housing Plan (WCPHP).

This section focuses on existing;

- Policy
- Legislation
- Planning Initiatives

at the three tiers of governance i.e.

- National
- Provincial
- Local (Municipal)

The aim of this assessment is to ensure that the eventual WCPHP fits into the national housing plans and also remains responsive to local government issues.

## 2. NATIONAL HOUSING POLICY

### 2.1 Introduction

The National Housing Code (Code) was issued on the 10 October 2000 by the Department of Housing. The Code provides the current status of National Housing.

This document will use the Code as the definitive source for that which is National, and will use the format of the Code as a guide for the layout of this document.

The Code is set out in four parts:

- National Housing Policy
- The Housing Act and the related administrative procedures
- National Housing Programmes
- New Developments

Despite the constraints in the environment and the limitations on the fiscus, the national housing vision must remain in the minds of all role players in the housing sector. This requires Government think broadly in terms of the approach to fulfilling their housing role. Acknowledgement is also required of the need for general economic growth and employment, and support is needed for the efforts and contributions of individuals who are seeking to meet their housing needs themselves.

The housing vision is confirmed in the Housing Act, 1997 (No. 107 of 1997). Within the Housing Act, “housing development” is defined as:

1(vi) “ the establishment and maintenance of habitable, stable and sustainable public and private residential environments to ensure viable households and communities in areas allowing convenient access to economic opportunities, and to health, educational and social amenities in which all citizens and permanent residents of the Republic 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 Policy is further reiterated in both the Urban and Rural Development frameworks.

In each of these documents, the environment within which a house is situated is recognised as being equally as important as the house itself in satisfying the needs and requirements of the occupants. Ultimately, the housing process must make a positive contribution to a non-racial, non-sexist, democratic and integrated society.

The goal within both urban and rural areas is to improve the quality of living of all South Africans. The emphasis must be on the poor and those who have been previously disadvantaged. To meet this goal in a manner that is viable and sustainable, it is understood that a range of interventions needs to be undertaken. These interventions then underpin Government's policy and strategy.

The table below sets out the urban and rural visions, as contained in the Urban and Rural Development Frameworks.

**Urban and Rural Visions**

<b>Urban Vision</b>	<b>Rural Vision</b>
<p>Urban settlements that by 2020 will be:</p> <p style="padding-left: 40px;">Spatially and socio-economically integrated, non-segregated, free of racial and gender discrimination, enabling people to make residential and employment choices to pursue their ideals.</p> <p style="padding-left: 40px;">Centres of economic, environmental and social opportunity where people can live and work in safety and peace.</p> <p style="padding-left: 40px;">Centres of vibrant urban governance, managed by democratic, efficient, sustainable and accountable metropolitan and local governments in close co-operation with civil society and geared towards innovative community-led development.</p> <p style="padding-left: 40px;">Environmentally sustainable, marked by a balance between quality built environment and open space; and between consumption needs and renewable and non-renewable resources. Sustainable development meets the needs of the present while not compromising the needs of future generations.</p> <p style="padding-left: 40px;">Planned for in a highly participative fashion that promotes the integration and sustainability of urban environments.</p> <p style="padding-left: 40px;">Marked by housing, infrastructure and effective services for households and business as the basis for an equitable standard of living.</p> <p style="padding-left: 40px;">Integrated industrial, commercial, residential, information and educational centres, which provide easy access to a range of urban resources.</p> <p style="padding-left: 40px;">Financed by government subsidies and by mobilising additional resources through partnership, more forceful tapping of capital markets, and via off-budget methods.</p>	<p>Rural settlements that by 2020 will ensure:</p> <p style="padding-left: 40px;">Much greater access for rural people to government support and information and to commercial services, with a more logical spatial network of towns, services, roads and transport systems serving both market traders and customers;</p> <p style="padding-left: 40px;">Close availability of water, sanitation and fuel sources, giving everyone more time for economic productivity and better health;</p> <p style="padding-left: 40px;">Dignity, safety and security of access for all, especially women, to useful employment, housing, and land, with people able to exercise control over their society, community and personal lives, and to invest in the future.</p>

Section 3(2)(b) of the Housing Act states that the Minister must set broad national housing delivery goals. In support of these national goals, the Minister must also facilitate the setting of provincial and, where appropriate, local government housing delivery goals.

Government's goal is, subject to fiscal affordability, to increase housing delivery on a sustainable basis to a peak level of 350 000 units per annum until the housing backlog is overcome. It is expected that this process may take several years. Realisation of the goal relies on government ensuring that its implementation systems in all three spheres of government can accommodate the budget allocation and delivery programme.

## **2.2 Framework of the National Housing Policy: Basic Points of Departure (Code, Part 1)**

The housing policy must operate within a framework, set by a hierarchy of policy. At a broad level, the most significant of these policies is the Constitution of the Republic of South Africa, 1996. With regard to housing, the Housing Act is critical. All housing policy must at least operate within the framework set by these two pieces of legislation. Basic points of departure are set in this framework as well as other pertinent policies of Government. The following therefore underlie the points of departure:

- Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)
- Housing Act, 1997 (Act No. 107 of 1997)
- Reconstruction and Development Programme (RDP)
- Growth, Employment and Redistribution (GEAR) strategy
- Housing White Paper
- Urban Development Framework
- White Papers and policy frameworks pertaining to local government and the Public Service.

The programmes and provisions contained in each of these documents, as well as the principles behind them, are fundamental to both policy development and its implementation.

These contributors to the framework in which housing policy operates form the basic points of departure, and are summarised briefly below.

### *2.2.1 The Constitution : Relevance to Housing*

The Constitution of the Republic of South Africa, 1996 is the supreme law of the country. It is the basis of all activity in the Republic of South Africa. This means that any law or conduct that is inconsistent with the Constitution is invalid, and that the obligations that it imposes must be fulfilled. Housing policy must therefore conform to what is contained within the Constitution.

In the context of post-apartheid South Africa, it is significant that on the basis of the Constitution, national housing policy as contained within this Code applies equally to the total geographic area of the Republic of South Africa.

At a most basic level, the constitution defines the fundamental values, such as equality, human dignity, and freedom of movement and residence, to which the housing policy must subscribe – these notions are contained broadly in the Bill of Rights, of the Constitution.

Two components of the constitution are especially relevant to housing:

- the specific right to have access to adequate housing, as enshrined in section 26 of the Constitution; and
- the powers of national, provincial and local governments with respect to housing activities are framed by the concept of “concurrent competence” and developmental local government.

A provincial legislature has concurrent competence with Parliament for making laws for the province with regard to all matters that fall within the functional areas defined in Schedule 4 of the Constitution. These include housing, as well as areas relevant to housing, such as consumer protection, public transport, regional planning and development, and urban and rural development.

A provincial law will prevail over the national law except where:

- The national law deals with a matter that cannot be regulated effectively by provincial legislation.
- The national law deals with a matter that, to be performed effectively, requires to be regulated or co-ordinated by uniform norms or standards, frameworks or policies, that apply generally throughout South Africa.
- The national law is necessary for the maintenance of national security; economic unity; the protection of the common market in respect of the mobility of goods, services, capital and labour; the promotion of economic activities across provincial boundaries; the promotion of equal opportunity or equal access to government services; or the protection of the environment.
- The provincial law materially prejudices the economic, health, or security interests of another province or the country as a whole, or impedes the implementation of national economic policy.

At the local level, the Constitution provides that national and provincial governments must assign to a municipality, by agreement and subject to any conditions, the administration of matters such as housing if:

- a matter would be administered most effectively locally
- the municipality has the capacity to administer it.

Furthermore, a municipality has executive authority in respect of, and has the right to administer a range of matters that fall within the functional areas defined in Part B of Schedule 4 and Part B of Schedule 5 of the Constitution. These include building regulations, municipal planning, electricity and gas reticulation, and water and sanitation services.

Provincial governments are constitutionally responsible for supporting municipalities in the carrying out of their housing responsibility. National and provincial governments have the legislative and executive authority to ensure that municipalities carry out their functions effectively. It is the responsibility of national and provincial governments to support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions.

A critical policy challenge for the governance of housing is to facilitate the maximum devolution of functions and powers to provincial and local government spheres, while at the same time, ensuring that national processes and policies essential to a sustainable national housing development process are in place.



### 2.2.2 *The Housing Act: Roles and Responsibilities*

The Housing Act, No. 107 of 1997, determines roles in respect of devolution, and defines key national and provincial responsibilities with respect to empowerment at the provincial and local spheres of government.

The Constitution clearly states that government broadly, has a fundamental role and responsibility to implement policies and strategies that will ensure that all South Africans have access to adequate housing on a progressive basis. The Constitution does not, however, define the specific roles of the three spheres of government in meeting this directive. In response to this need, the Housing Act, No. 107 of 1997 was promulgated, reflecting consensus among national government, the nine provincial governments and organised local government at national level, on their respective roles in respect of housing development. The principle behind the allocation of roles as defined in the Act is that government functions should be performed at the lowest possible sphere, closest to the people.

Given this, the broad roles for each sphere of government are as follows:

- National government must establish and facilitate a sustainable national housing development process.
- Provincial government must create an enabling environment, by doing everything in its power to promote and facilitate the provision of adequate housing in its province within the framework of national housing policy.
- Municipalities must pursue the delivery of housing. Every municipality must take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to ensure that the housing right as set out in Section 26 of the Constitution is realised. It will do this by actively pursuing the development of housing, by addressing issues of land, services and infrastructure provision, and by creating an enabling environment for housing development in its area of jurisdiction.

### 2.2.3 *Reconstruction and Development Programme*

The RDP sets out a clear vision for housing, based on the following four programmes:

- meeting basic needs
- developing human resources
- building the economy
- democratising the State and society

While the housing programme as defined by the RDP is conceptualised within the context of meeting basic needs, the success of the other three programmes have a significant bearing on the housing programme.

### 2.2.4 *Growth, Employment and Redistribution*

GEAR is a macro-economic strategy published by the Minister of Finance in June 1996, to strengthen economic growth until the year 2000, along with a broadening of employment, and the redistribution of economic opportunities.

The GEAR framework sets the broad parameters within which a stronger economy and sound fiscal structure will make the attainment of RDP goals possible.

The policy choices made in GEAR give poverty relief and social development a high priority and underpin job creation through investment in infrastructure and human resource development.

GEAR also places a strong emphasis on a systemic reduction of the budget deficit, the elimination of government dis-saving and promotion of investment, and the relaxation of exchange controls. Broadly, therefore, government's macro-economic strategy, as reflected in the GEAR programme, aims to achieve:

- a competitive, faster growing economy which creates sufficient jobs for all workers
- a redistribution of income and socio-economic opportunities in favour of the poor
- a society in which sound health, education and other services are available to all
- an environment in which homes are secure and places of work are productive

### 2.2.5 *Jobs Summits Declaration*

The constituencies in NEDLAC have resolved to act in concert to create jobs, stable and fair industrial relations, respect for worker rights sustainable growth and development. A wide range of views has been heard through public submissions and hearings, and these have been taken into account as far as possible.

The outcome of the hearings on poverty provided a detailed insight into the current plight of the poor and unemployed, and the release of the 1996 Census once again highlighted the severity of income inequalities and the extent and depth of poverty. These inequalities still coincide, in the main, with the race and gender of our citizens.

In the early years of transition the real threat of a deep global crisis reconfirms the need to continue on the path of restructuring and strengthening the economy to promote growth, investment and sustainable development.

Intended actions range from the macro economy to national programs to very detailed pilot projects. Agreement was reached on processes, programs and specific projects where many parties will act in concert, co-operate or contribute to the common purpose.

The primary objective of economic policy is to promote growth and development in order to create jobs, sustain employment, alleviate poverty and reduce inequality. In doing this we seek to provide a better life, with improvement over time, for all our people. In pursuing these objectives government has to develop and implement a wide range of economic and social programs.

These basic programs are set out In the Reconstruction and Development Program (RDP), which is a product of the democratic decisions of the South African people. The success of the RDP requires that we are able to carry out a wide range of structural reforms in both the economic and social dimensions of our economy. Most of the reforms outlined in the RDP are underway.

The government's aim in introducing the Growth, Employment and Redistribution (GEAR) program was to achieve macroeconomic stability through a range of structural changes in the economy. However, there have been real differences over the question of macroeconomic policy and its potential effects.

The GEAR strategy has been a matter of contention. In preparing for the Jobs Summit there were open, frank and detailed discussions on this issue between the NEDLAC parties and within the political arena. The approach taken in these discussions has been to focus on how to go forward rather than to achieve endorsement of GEAR by all parties .We sought, through discussion, to reach agreement on how we could achieve real growth, development, redistribution and employment creation.

The parties are in agreement on the conditions needed to establish the underlying credibility of a policy program, the appropriate outcomes of macroeconomic policy and the areas that they will now work on together to establish necessary and required adjustments in the light of the current circumstances.

The credibility of macroeconomic policy is enhanced if it is sustainable, stable and successful and enjoys a broad support in society. No group in our society can be allowed to perceive, or in fact experience, that they carry the full burden of the costs and enjoy none of the benefits of this reform.

The basic structural objectives of the RDP remain critical for the successful transformation of the economy. Structural changes already achieved have clearly strengthened the economy and made it more resilient in the face of external pressures. However, evaluation and carefully considered adjustment are essential, especially as we may be facing a particularly serious international crisis.

It is agreed that the GEAR projections on growth, interest rates and employment will not be met in the time frames that were set out. Adjustments to address this are necessary, and detailed work would have to be done to address these changed circumstances.

The agreements, commitments and statements of intent that follow relate to areas other than the macro economy, but they constitute the first major steps to effect these corrective adjustments to address the current situation:

- Agreements on industrial policy measures and programs to directly address unemployment and increased investment.
- A detailed agreement to enhance the delivery of housing and to increase the amount of rental stock available.
- A number of agreements that deal with human resource development in the form of training, education and targeted programs for youth, women and the disabled.
- Agreements in regard to the operation of the labor market.
- The government has set out the Special Employment Programs that are being implemented and the new programs that are proposed. Many of the agreements are then applied in a range of special employment programs and integrated regional projects.
- A range of processes and actions that will deal with financial resource mobilization and specific financing mechanisms. The purpose of this interaction is to inject additional resources into accelerated delivery mechanisms that will have a direct job creating effect.
- The government is undertaking a review of our regulatory framework in order to facilitate higher levels of saving and investment in the economy. Government will continue to consult with NEDLAC constituencies.
- The parties agreed to interact with developmental institution such as the IDC, DBSA and CSIR in pursuit of programs and policies agreed at the Jobs Summit.

In combination, these programs have a macroeconomic effect in that they constitute a positive counter cyclical package that is designed to compensate for the effects of lower growth and the current international crisis. In this sense the outcome of the Jobs Summit will be to enhance the employment creating capacity of the economy as it recovers its growth part.

## 2.2.6 *Housing White Paper and Urban and Rural Development Frameworks*

The Housing White Paper, published in December 1994, sets out government's broad housing policy and strategy. On the basis of its seven key strategies, housing policy since 1994 has evolved and implementation has proceeded. All current policy exists within the context of the Housing White Paper. Similarly, the Urban and Rural Development frameworks, both published in 1996, set the framework for urban and rural housing policy and development.

All three policy documents must be seen as fundamental points of departure for any subsequent housing strategy set out in the Code or developed in the future. On the basis of these three documents, housing policy and strategy must be structured so that South Africa's housing process:

- Is economically, fiscally, socially and financially sustainable;
- Effectively balances the need for increased housing delivery so as to achieve short-term impact and the requirement that approaches adopted must be broadly supported and capable of being sustained in at least the medium term;
- Recognises and reinforces the wider economic impact and benefits derived from effective and adequate housing provision in the domestic economy, while stimulating the effective functioning of a sustainable housing market with vigorous and open competition between suppliers of goods and services;
- Maximises social and economic benefits to the local community;
- Ensures security of tenure and provides for the widest feasible range of tenure options, whether individually or collectively;
- Maximises the freedom of the individual to exercise choice in the satisfaction of his/her housing needs, providing access for all people to as many housing options and opportunities as is reasonably possible;
- Facilitates co-ordination between various sectors so as to minimise conflict over demands on scarce resources, and creates an environment in which all role-players meet their respective obligations;
- Generates broad based support and involvement on the part of all key actors in order to maximise the mobilisation of resources;
- Promotes the establishment and development of socially and economically viable communities, with particular focus on members of historically and other disadvantaged communities. In particular, however, the most critical need is to ensure, through State intervention, affordable access for the poor to a minimum acceptable standard of housing and necessary services, within the context of both fiscal and other resource constraints;
- Upholds the principles of vertical and horizontal equity in respect of the subsidisation of end-users. This implies that only people in real need of subsidisation should benefit (vertical equity) while comparable value must be received by beneficiaries with the same eligibility profiles (horizontal equity);
- Maximises the involvement of the community and leads to transfer of skills to, and empowerment of, the community to ensure higher levels of appropriateness and acceptability of such projects as well as the development of skills and capacities within these communities to pursue other development objectives;
- Promotes the process of social, economic and physical integration in urban and rural areas;
- Ensures that housing is dealt with on a basis which is non-sexist, not discriminatory in terms of religious conviction or race and non party political;
- Establishes and ensures equity, transparency and accountability by the public sector in its administration of housing. 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 broadly based targets which are properly quantified, through the applicable governmental structures at central, provincial and local sphere;
- Leads to effective State intervention and maximises sustained non-state involvement in housing provision; and
- Deals sensitively and responsibly with the impact of housing development upon the environment.

### **2.3 Fundamental Principles for Housing policy and Implementation (Code, Part 1, Chapter 2.4)**

Eight broad principles for housing sector activity are documented as “integral to both policy development and implementation and should be maintained by all housing sector role players – not only those in government”.

- People centered development and partnership
- Skills transfer and economic empowerment
- Fairness and equity
- Choice
- Quality and affordability
- Innovation
- Transparency, accountability and monitoring
- Sustainability and fixed affordability

## **2.4 South Africa's Housing Policy in Seven Strategies (Code, Part 1, Chapter 3)**

The housing environment created by the basic points of departure and fundamental principles lead into the "National Housing Policy in Seven Strategies".

### *2.4.1 Stabilising the Housing Environment*

A stable public environment, which poses no abnormal political risk to investors due to a breakdown in due legal process, is required for viable private investment and the successful implementation of government's housing programmes. Historically, the low income housing sector has been characterised as highly "risky", given land invasions, payment boycotts, high levels of building material losses, time delays in implementation and policy uncertainty. The private sector is reluctant to invest in such an environment of high and erratic risks. This situation also holds true for individuals who are unlikely to invest in their own housing in the context of an unstable and insecure environment. Without a stable housing environment, the principles of private sector participation and a people-driven housing process are not achievable.

Factors that contribute to a stable public environment, lower risk levels, and improved trust include:

- improved living environments (clean, safe neighbourhoods in which local by-laws are upheld);
- efficient delivery and maintenance of municipal services;
- construction of good quality housing;
- regular payment of rates, services, and rentals or mortgage payments;
- reliable and competent local governance; and
- the existence of civic pride among residents.

A stable environment is a value-based judgement reliant on a long-term intervention and the mutual co-operation of all players.

As a result of the "Record of Understanding" and the "New Deal", the following initiatives were established to stabilise the housing environment:

- the Masakhane Campaign
- the Mortgage Indemnity Fund
- Servcon Housing Solutions
- Thubelisha Homes
- National Home Builder's Registration Council

The Record of Understanding outlined a two-point strategy for stabilising the housing environment:

- i) Strategies to increase the availability of credit.
- ii) Risk alleviation interventions.

These were:

- a vigorous and unprecedented national and provincial campaign aimed at the improvement of service delivery and the resumption of payment for goods and services received and the reinstatement of the due process of law, through the Masakhane Campaign
- mortgage indemnity for a fixed period on a geographic basis, through a Mortgage Indemnity Scheme, undertaken by the Mortgage Indemnity Fund
- management of non-performing loans by rescheduling of loans or “rightsizing” households into affordable property, through Servcon Housing Solutions
- management of existing properties in possession, through Servcon Housing Solutions
- the introduction of a product defect warranty and self-regulation in the building industry, through the National Home Builder’s Registration Council

The major elements of the New Deal are:

- All properties in possession and non-performing loans on 31 August 1997 and not resolved by May 1998 will be placed under a new portfolio to be managed by Servcon until resolved, for a period of 8 years (until 2006).
- MIF cover on the relevant portion of this portfolio and other loans covered under the ROU will immediately be terminated, with no recourse under any circumstances.
- Government and the Banking Council will participate on an equal share basis in Servcon over an eight-year period, until 2006.

#### 2.4.2 *Mobilising Housing Credit*

The strategy to mobilise housing credit is closely linked with the strategy to stabilise the housing environment, in that both seek to increase the level of investment in the low-income housing sector. While the strategy to stabilise the environment seeks to decrease abnormal “political” risk, however, the strategy to mobilise housing credit seeks to manage and cushion commercial risk and to share it between the range of players in the housing sector, including the individual, the private sector, and the State. In the long term this should encourage lending to the low-income sector at scale to become normal market practice.

At the root of the strategy to mobilise housing credit is the fact that access by the poor to housing credit has been limited for a range of reasons beyond affordability. Phenomena such as red-lining and discrimination, as well as poorly designed credit instruments, and a lack of a consumer willingness to save, are understood as factors limiting the access of the poor to finance. One reason why financial institutions employed such measures is related to the “unstable environment” in which lending operated. While that environment is being stabilised, however, perceptions of risk still exists and trust is still elusive.

Consequently, the strategy to mobilise housing credit involves the development of mechanisms and approaches towards risk management and sharing and the development of a track record of experience in the low-income market, so that the private sector is “brought back” into the low income housing market. The aim is to change risk perceptions that inhibit lending to previously disadvantaged people.

Mechanisms to mobilise the provision of credit on a risk-sharing basis, so that financial institutions may develop low income housing sector experience and a track record, suitable for operating on their own, without State intervention, in the long term:

- risk sharing financial products
- support for the development of the micro lending industry
- a focus on mobilising housing credit in rural areas
- a focus on social housing and mobilising credit for housing institutions
- development of a secondary mortgage market
- consumer education and protection measures
- attention to developers' finance needs, including the provision of bridging finance

The National Housing Finance Corporation (NHFC) and its subsidiary funds and institutions provide loans, guarantees and other products to support the entry of financial lenders back into the low income sector for a range of tenure types in both urban and rural areas, satisfying both areas of focus.

The National Urban Reconstruction and Housing Agency (NURCHA) provides guarantees for bridging finance (development capital), and housing loans, while also undertaking a range of other initiatives to support players in the low income housing sector to carry out their respective roles.

The Social Housing Foundation (SHF) provides training, advice and technical support to established and emerging social housing institutions, while also supporting through policy development and other initiatives, the growth of the social housing sector.

i) The National Housing Finance Corporation (NHFC)

The National Housing Finance Corporation is a public company, wholly owned by government, and operating under specific exemptions from the Banks Act 1990 (Act No. 94 of 1990). Set up as a development finance institution in April 1996, the NHFC's main role is to pilot and explore ways of providing sustainable housing credit to low income earners. In time, it is expected that the NHFC's efforts will create an environment in which the capacities in the finance sector can be mobilised to service the under- and un-serviced segments of the housing market. The NHFC leverages funds outside of government sources to support its activities.

The NHFC aims to create housing opportunities for low and moderate-income families by:

- Funding intermediaries to promote broader access to housing
- Building adequate and sustainable capacity within organisations which it funds
- Partnering organisations to pioneer new finance and housing delivery approaches.

To achieve this mission, the NHFC focuses its efforts in three distinct areas:

- Debt Finance: The NHFC makes loans available to established housing institutions, non-bank lenders and banks, for on-lending to households eligible for credit.
- Equity Finance: The NHFC provides financial gearing capacity to social housing institutions and non-bank lenders.
- Capacity Building: The NHFC provides assistance to emerging and new institutions to provide them with institutional capacity that will enable them to fully participate in this market.

Note: While the SHF was initiated as a programme of the NHFC on the basis set out in this figure, it is now an independent body.

a) Niche Market Lenders (NML) Programme

The NML Programme is the main debt-funding programme of the NHFC, and is targeted at housing institutions, non-bank lenders, and small banks.

The NML Programme focuses on providing scale debt funding to lenders in the low-income housing market. The criteria for selecting clients' focuses on, amongst other things, the ability of the borrower (the Niche Market Lender) to manage its loan book effectively. As a result the programme has developed the capacity to assess its clients and monitor progress in the formal lending environment.

b) Housing Equity Fund (HEF)

The HEF is a highly innovative fund, targeted at new and emerging institutions and non-bank lenders, providing both debt and equity finance. The NHFC takes a higher risk with its equity funding than with the debt funding of the NML. Its products and diverse lending approaches are directed at four key goals:

- empowerment of new and emerging housing institutions
- introduction and testing of new lending methods through identified pilot projects
- strengthening the capital base of new and emerging institutions
- supporting vigorous competition among lenders

c) Rural Housing Loan Fund (RHLF)

The RHLF was established through an intergovernmental agreement between South Africa and Germany, and receives funding from the German Development Bank. The strategic aim of this programme is to develop financial mechanisms and services in rural areas of South Africa. Its support is targeted at all types of financial institutions that operate in the rural areas, including social housing institutions, non-bank lenders, housing institutions and small banks.

d) Housing Institutions Development Fund (HIDF)

The HIDF aims to promote the establishment of innovative and sustainable institutional capacity in the housing sector. It aims to assist institutions to improve their sustainability through the provision of finance for use towards institutional development objectives and housing stock development.

The products of the HIDF are targeted at the pre-institutional establishment phase of housing institutions, at their development phases, and at capacity building and institutional development needs. Once an institution has established sufficient capacity through the assistance of the HIDF, it can apply to the NML for further debt financing.

e) Gateway Home Loans

In addition to its four wholesale programmes, the NHFC is developing a new programme aimed at providing sustainable housing finance at scale for the purchase of houses by people in the low and moderate-income bands, using existing intermediaries. Gateway Home Loans has been established as a subsidiary of the NHFC with the mandate of addressing the gap in the housing finance market.



While mortgages are not widely available for loan sizes of less than R60 000, the micro loan industry typically provides loans of less than R10 000. Gateway seeks to address primarily the need for loan products in the R10 000 - R50 000 range.

ii) National Urban Reconstruction and Housing Agency (NURCHA)

NURCHA was established in May 1995 as a Presidential Lead Project mandated to address the housing backlogs and inequities of the past. Operating as a non-profit (Section 21) company, it aims to facilitate low cost housing development, focusing on the needs of families earning less than R1 500 per month. NURCHA provides:

- bridging finance guarantees for developers and contractors to cover the costs of development prior to subsidies being paid,
- end user finance guarantees to assist people earning up to R1 500 per month to access loan finance in approved projects, and
- capacity building grants to communities for community development processes.

NURCHA has five strategic goals:

- to facilitate low cost housing development by guaranteeing loans made by commercial banks
- to focus on the housing needs of families earning up to R1 500 per month
- to promote small and medium enterprises in housing and urban development
- to strengthen the capacity of institutions involved in low cost housing delivery
- to assist in the development of a housing market that meets the needs of all South Africans

NURCHA's primary sponsors are the South African Government and the Open Society Institute of New York. Guarantee capacity has also been raised from the Swedish International Development Organisation, the Norwegian Agency for Development Co-operation, the Thembani International Guarantee Fund, the United States Agency for International Development (USAID), and the Futuregrowth Fund.

NURCHA has two categories of programmes:

- Guarantee Programmes: Facilitating Bridging Finance & Facilitating End User Finance
- Joint Venture Development Fund

In 1996, the Joint Venture approach towards subsidised project delivery became a key policy initiative of government. The policy is in keeping with the preamble to the Housing White Paper, which states "a partnership between the various spheres of government, the private sector and the communities is envisaged. This is seen as a fundamental prerequisite for the sustained delivery of housing at a level unprecedented in the history of this country. It requires all parties not only to argue for their rights, but also to accept their respective responsibilities."

iii) The Social Housing Foundation (SHF)

In November 1997, the NHFC established the Social Housing Foundation to develop expertise and delivery mechanisms in the social housing market. The SHF's mission is to promote, support and assist the integrated process of sustainable social housing in South Africa. In meeting its mission, the SHF seeks to improve the environment in which social housing organisations currently operate, to contribute towards the further development of the industry, and to raise the profile of social housing, as a valuable contribution towards low income housing in South Africa.

The SHF has defined its role in response to the social housing environment. It has four main functions:

- The provision of training, advice and technical support to established and emerging social housing institutions. Emerging social housing institutions are taken through the "path to becoming a sustainable institution" which seeks to develop internal capacity so that the institution becomes a viable enterprise and is able to access institutional subsidies and other funding.
- Advice on the development of policy for social housing in South Africa, and undertaking research into local and international experiences in social housing. Policy proposals developed by the SHF are submitted to the Minister for consideration and further development within the department.
- The facilitation of an international networking and support programme.
- Interaction with donor organisations both nationally and internationally, raising the profile of social housing in South Africa, to benefit the industry's funding environment.

2.4.3 *Providing Subsidy Assistance*

South Africa is fortunate in having a sophisticated construction industry and an advanced financial sector that have the capacity to meet the effective demand for housing products and services. This demand, however, currently constitutes only 20% of all households requiring housing. High levels of unemployment and relatively low average wage levels contribute to a major affordability problem in South Africa, and the ability to pay for housing is severely limited among most families in the country.

Consequently, government has adopted a strategy to provide subsidy assistance to households who are unable to satisfy their housing needs independently.

The strategy to provide housing assistance has given rise to a number of government housing programmes. Together, these are known as National Housing Programmes:

- Housing Subsidy Scheme
- Discount Benefit Scheme
- Hostels Upgrading Programme
- The Bulk and Connector Infrastructure Grant

Government's approach towards the allocation of subsidies is based on a number of key principles:

- Gearing: Measures should aim to gear non-state investment to the greatest possible extent. To this end, government has supported a policy of joint venture partnerships with the private sector in housing delivery
- Facilitation: The State's involvement should be structured to challenge non-state capacities to increasingly respond to the needs and requirements on the ground, while also complementing and strengthening existing delivery capacities.

- Transparency & Equity: Financial exposure to the State should be clearly identified, quantified and contained in a manner which can be effectively managed and capped. Moral hazard associated with state funding / guarantees should be minimised. This principle also relates to the policy on hidden subsidies, addressed below.
- Creativity & Innovation: Creativity and innovation must be actively encouraged and rewarded, requiring the flexible application of the policy.

#### 2.4.4 *Supporting the Peoples Housing Process*

Throughout South Africa, people have been organising and building homes for themselves for ages. Experience under the new dispensation has shown that if people are given the chance to build or organise the building of their homes themselves, they can achieve a greater level of value for money. Typically this is where a family or group of families take the initiative to organise the planning, design and building of their own houses.

This process of home building by the people themselves is referred to as the People's Housing Process. In response to this process, Government has adopted a National Housing policy: to "Support the People's Housing Process".

The rationale for the policy is based on a growing awareness that the majority of homes within South Africa, as well as in other developing countries, were built by the people themselves. On this basis, government concluded that the activities of people in housing themselves deserve formal recognition and concrete support from the State. With government support in terms of access to subsidies and technical support, communities will be able to build their own housing, supplementary to the market-driven process which commonly focuses on a developer-driven process, with or without mortgage finance. Once they have built their houses, however, the increased value of their property, (which through the subsidy scheme they will own) will place them in the formal market if they wish, and allow them to accumulate wealth as an integral part of the normal market system.

The policy intention is to support specifically the poorest of the poor families, who usually only have access to housing subsidies and who wish to enhance their subsidies by building or organising the building of their homes themselves. Usually these families cannot access credit or accumulate significant savings to enhance their subsidies.

The process assists such households to access:

- housing subsidies, namely consolidation, project-linked, institutional and rural subsidies
- technical, financial, logistical and administrative support regarding the building of their homes, on a basis that is sustainable and affordable.

Key principles behind the policy are partnerships, and a people-driven process, skills transfer, and community empowerment. The role of communities in such partnerships is based on the understanding, that low-income communities have a large degree of resilience, ingenuity and ability to look after their own housing needs, and given appropriate institutional support and financial assistance from government, the fruits of their efforts can be improved even further.

##### *i) Institutional Arrangements*

##### *a) Support Organisations*

To meet these principles in a meaningful way, support organisations which must be legal entities, should be established to:

- secure housing subsidies for the families in the most direct manner;

- facilitate the acquisition of land on the basis of secure tenure; and
- provide technical, financial, logistical and administrative support regarding the building of their own homes.

A group of families may form a legal entity themselves to assume the role of the Support Organisation, or enter into an agreement with a legal entity to act as the Support Organisation on their behalf. Support functions should be carried out in an easily identifiable locality. Such a locality could be either an existing or a new facility, and must be referred to as a Housing Support Centre.

b) Funding

The People's Housing Process provides for the following:

- housing subsidies
- facilitation and establishment grant funding for the preparation and establishment of housing support functions

The Facilitation Grant provides funds for the preparatory work necessary before an application for funding is submitted to the Provincial Housing Development Board by the Support Organisation. The grant pays for community workshops. These workshops aim at assisting communities to form or enter into an agreement with a Support Organisation, and to prepare the subsidy project application on the basis of locally defined solutions to housing problems. The workshops allow communities to work through a process whereby they develop a detailed business plan for the development of their area.

c) Decision-Making

Decision-making with regard to projects in terms of this policy measure is assigned to Provincial Housing Development Boards in accordance with the Code.

d) Community Workshops

Communities seeking to apply for housing subsidies using the People's Housing Process route may apply for a Facilitation Grant, which pays for community workshops. These workshops lead to the preparation of the subsidy project application and allow for the development of locally defined solutions to housing problems.

e) The uTshani Fund

In September 1996, the uTshani Fund was accredited to facilitate the channelling of housing subsidies from Provincial Housing Development Boards to the savings and loans collectives of the South African Homeless People's Federation. An intrinsic part of this agreement is a set of operational guidelines to be used by all parties to this agreement. An additional feature of the agreement allows for members of a savings and loan collective to get credit from the uTshani Fund.

f) The People's Housing Partnership Trust

The People's Housing Partnership Trust (PHP Trust) drives the implementation of the Government's national capacitating programme in support of the People's Housing Process. The partnership arises from an initiative between the Department of Housing, the United Nations Centre for Human Settlements – Habitat (UNCHS), the United Nations Development Programme (UNDP), and the United States Agency for International Development (USAID). Governed by a Board of Trustees, the PHP Trust is an independent, non-government body with statutory recognition.

2.4.5 *Rationalising Institutional Capacities*

South Africa's housing sector has a history of complex and fragmented institutions. By the early 1990's there were fifteen Departments of Housing, namely one General Affairs Department, three Own Affairs Departments, the Department of Development Aid, four provincial authorities, six self-governing homeland authorities, and more than 60 national and regional state corporate institutions were involved in housing delivery facilitation. These bodies were implementing some twenty distinct subsidy systems supporting highly varied housing policies all within the boundaries of what is now the Republic of South Africa. The housing sector was fragmented, inconsistently funded, and lacking in role definition and defined lines of accountability. The institutional framework, as contained in national housing policy in general, and in the Housing Act 1997, in particular, forms the basis for all activities in the housing sector. It is through institutions that the various policies are translated into implementable plans of action, and that fiscal appropriations are identified, channelled and spent in the housing sector. The strategy to rationalise institutional capacities therefore seeks to create a single and transparent system that operates within the framework of the national Constitution and which incorporates the broad principles of the housing policy.

A critical component to this strategy is the prevailing principle of partnerships and the participation of civil society in the housing process. This is articulated in the collective role played by stakeholder groupings and structures of civil society in the Provincial Housing Development Boards, and by the roles played by individual civil society structures in the process of policy development, and housing delivery process.

i) Housing Act, 1997 (No. 107 of 1997)

The Housing Act abolishes all apartheid housing legislation by a single, comprehensive enactment that reflects the priorities and principles of the current government on housing in South Africa. Its aim is to facilitate a sustainable housing development process, in which all spheres of government, the business sector, citizens, and permanent residents of the Republic co-operate to progressively realise the right to access to adequate housing (as enshrined in Section 26 of the Constitution of the Republic of South Africa, 1996). As such, it aims to alleviate the plight of the homeless and the poorest of the poor.

ii) The National Capacitation Programme

Capacity building in the Department of Housing is targeted at the creation of an enabling environment at national, provincial and local level 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 Capacitation Programme helps to ensure that provincial housing departments and municipalities have the capacity to carry out their housing functions. Through the programme, measures to improve the efficiency of housing development boards have also been implemented.

#### 2.4.6 *Facilitating Speedy Release of Land*

The land delivery process, including the identification, allocation and development of land, is a critical component of the housing delivery process. The effectiveness of land delivery has a fundamental impact on:

- the rate and scale of housing supply
- the potential for housing supply to contribute to the socio-economic development and environment of poor communities
- the potential for housing supply to contribute to the racial, economic and spatial integration of South Africa

Access to housing opportunities is impossible if the necessary land is not available. The delays involved in accessing land not only mean that housing delivery is delayed, but also that the investments tied up in the housing delivery process are unproductive for this time. The consequence of unproductive investments is an increased cost of delivery and a concomitant decrease in value for subsidy. Delays of this nature also increase the perceived level of administrative risk and discourage new investment in housing for the poor.

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 housing department's 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.

This housing subsidy programme is summarised in Section 8.2.1 of Chapter 8 of Part 3 of the Code. A key aspect of the Development Facilitation Act is the requirement it places on local governments to prepare and maintain "Land Development Objectives" (LDO's). LDO's relate to the objectives, strategies and targets of the local authority in relation to any land development matter, including public transport, water, health, education facilities, housing and other activities.

The breadth of issues contained within the strategy to facilitate the speedy release of land and servicing are set out in the context of the Development Facilitation Act, 1995, and LDO's, below.

##### i) The Development Facilitation Act, 1995 (Act No. 67 of 1995)

The Departments of Housing, Land Affairs, and the former RDP Ministry collaborated in writing the Development Facilitation Act. The major focus of the Development Facilitation Act, 1995, is on expediting land development projects, especially in terms of the delivery of serviced land for low income housing, by bypassing bottlenecks in existing regulations. It does this by defining land development procedures for the subdivision, servicing, and zoning of urban and rural development. Promulgated at the national level, provinces are empowered to use it in respect of their own land legislation.

a) Development Facilitation Act (DFA) Principles:

The DFA bases its approaches to land development on a set of nationally enforceable principles. Generally, these reiterate government's overall approach to land delivery policy set out above. Within national legislation, these principles are enshrined. Actions that constitute a breach of these principles may be ruled to be an offence and punishable by law.

b) Land Development Objectives:

The DFA also seeks to promote efficient and integrated land development through requiring that a set of Land Development Objectives be developed at local government level (or if necessary, the provincial government level), as the basis for future land development. These are to be defined against the backdrop of socio-economic analysis and consultation. The strategies that arise from the Land Development Objectives are linked to key performance indicators, plans, programmes, budgets and monitoring activities.

c) Development Tribunals:

The DFA introduces the concept of Development Tribunals, which the Premier in each province is entitled (but not required) to appoint. Tribunals bring together experts, officials and stakeholders to review, overturn, amend or uphold executive decisions on development. When an application for development is under dispute, the applicant must appear before the tribunal, which has the power to subpoena officials and suspend restrictive legislation, as well as to impose prescribed time frames for development decisions.

The extent to which the Development Facilitation Act, 1995, expedites the delivery of land and assists in the process of consolidating stands, also has an impact on the amount of bridging finance necessary to cover the holding costs, which increase if there are delivery delays. The DFA's use in land zoning regulations and procedures can also assist in reducing land costs.

c) Development and Planning Commission:

Section 5 in Chapter II of the Development Facilitation Act, 1995, provides for the establishment of a Development and Planning Commission. This statutory commission is responsible for the formulation of policy, administrative practice, frameworks, and legislation with respect to land use planning, identification, assembly, and release, with a specific focus on the needs of low-income and historically disadvantaged communities.

d) Land Development Objectives (LDO's)

Land Development Objectives (LDO's) are prescribed by the Development Facilitation Act as a way for local government to plan how land development will proceed in its area of jurisdiction, on the basis of clear timeframes and detailed budgets. It is expected that through careful planning and focused administrative practice, the pace of land delivery will increase. The process undertaken for arriving at LDO's is specific to the local authority concerned, and should be highly participative, involving workshops with local communities and detailed consultation with local and provincial stakeholders.

ii) Other Legislation & Policy Impacting on the Speedy Release of Land

While the Development Facilitation Act sets the framework for all land development within South Africa, other legislation and policy also impacts on the successful realisation of this policy area. Beyond land use planning, which is addressed by the Development Facilitation Act, 1995, government's focus on a land delivery policy seeks to address:

- land development and land use control
- land registration and tenure systems
- mechanisms for resolving conflicts in the land delivery process
- alienation of state owned land

a) Land Development and Land Use Control

Policy on land development and land use control affects all types of development, including housing. The land development process is a highly complex administrative procedure that requires detailed and fair regulatory frameworks. Within a housing context, the development process should accommodate and legitimise all valid housing processes, including formal and informal housing delivery, new residential settlements, the in-situ upgrading of existing settlements, and redevelopment of, for example, inner city areas. Broadly, the governments land development and land use control policies seek to achieve the objectives governing all land delivery policy.

b) Land Registratiuon and Tenure Systems

There are important implications for housing delivery that flow from the policies and legal frameworks that are established nationally for registration and tenure systems. It is important to:

- recognise and address informal land transfer systems
- ensure that land registration and tenure systems are conducive to the flow of end-user finance

To achieve these key objectives, the following have been implemented by the Department of Land Affairs:

- Extension of Security of Tenure Act, 1997 (Act No. 62 of 1997)
- Communal Property Association Act, 1996 (Act No. 28 of 1996)
- Interim Protection of Land Rights Act, 1996 (Act No. 31 of 1996)
- Land Reform (Labour Tenants) Act, 1996 (Act No. 3 of 1996)
- Upgrading of Land Tenure Rights Act, 1991 (Act No. 112 of 1991, amended in 1996)
- Settlement Planning Grant Policy

2.4.7 *Servicing of Land and Standards*

i) Infrastructure Policy and Standards

Government's infrastructure policy and standards apply to the provision of water, sanitation, roads, stormwater drainage and domestic energy to housing developments. The housing subsidy may only be utilised to provide certain basic internal municipal services with a funding limit of a maximum amount of R7500 for the services and the acquisition of land. The rest of the subsidy must be utilised for the housing unit. The responsibility to provide bulk and connector services rests with the municipality. These services may be funded in terms of the Consolidated Municipal Infrastructure Programme.



A Provincial Housing Development Board will not approve a housing development project unless the municipality certifies that the necessary bulk and connector services are provided or will be provided to the development. Provincial Housing Development Boards will give preference to project applications where the required bulk and connector services are already available.

ii) National Norms & Standards in respect of Permanent Residential Structures

The Housing Act, 1997 requires that the Minister of Housing determine, among other things, national norms and standards for housing development.

The rationale for the provision in the Act relates to the fact that in many situations, the housing subsidy had been absorbed by unaffordable and unsustainable levels of municipal services. This left very little money for an adequate permanent residential structure and made it very difficult for the Department of Housing to realise its constitutional responsibility to ensure access to "adequate housing". In situations where households were not able to add additional funding to increase the value of the housing product (80% of households qualifying for the subsidy have a monthly household income of R1 500 or less), the imbalance between expenditure on services vs. expenditure on top-structure was especially evident.

The Norm and Standards therefore place a financial limit on the part of the subsidy that may be used for services, while also defining a minimum size of top-structures. In compiling the Norms and Standards, the Department of Housing consulted a range of policies and existing norms and standards in respect of basic infrastructure provision. Experience gained in housing developments were also taken into account. The Norms and Standards define two things:

- municipal services to be subsidised by the housing subsidy:  
the focus here is on the types of basic internal reticulation services that can be subsidised with the portion of subsidy earmarked for internal infrastructure, rather than the specific levels of basic services
- minimum size of top structure as well as specific standards for its construction if a project is awarded the maximum 15% variation of the full subsidy amount to cater for abnormal development costs arising from locational, geotechnical and topographical conditions, this may be applied to either the municipal services or a combination of the services and the top-structure component of the development.

iii) Environmental Standards

The following legislation, policy documents and guidelines set environmental standards:

- Environmental Conservation Act, 1989 (Act No. 73 of 1989)
- National Environmental Management Act, 1998 (Act No. 107 of 1998)
- General Environmental Policy
- Integrated Environmental Management Policy
- Agenda 21
- White Paper on Water and Sanitation
- Water Services Act, 1997 (Act No. 108 of 1997)
- Health Act, 1977 (Act No. 63 of 1977)
- White Paper on Local Government

With respect to electrification, insufficient attention has been paid in the past to the relationship between the thermal efficient qualities of housing and the generating needs within the energy sector. For example, the provision of basic insulation, including the installation of ceilings, can have a real and quantifiable beneficial impact on our society and the costs of electricity incurred by individual households.

A critical environmental standard relates to the need to discourage the use of asbestos in construction. Asbestos is a mineral fibre used in many building materials. Most often, it is mixed with cement and could pose a risk of lung disease, including lung cancer. There is no need to continue using asbestos. Alternative products are easily available, often for a very similar price, though much safer.

iv) Housing Construction and Engineering Standards

Guidelines for housing construction and engineering standards are found in three different sources.

- First, the NHBRC Technical Requirements, published in the NHBRC's Home Building Manual, set design and construction standards for NHBRC registered builders to follow. The Manual also provides guidelines to assist in achieving good quality construction and performance on site.
- Second, the National Building Regulations, relating to health and safety standards, are set out in the National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977).
- Third, the Guidelines for Engineering Services and Amenities in Residential Township Development (commonly called the Red Book) provides information and guidance on the various options available to planners and developers in developing residential towns. The long name of the "Red Book" is "Guidelines for Human Settlement Planning and Design". The new "Red Book" covers essentially the same material as its predecessor, but set out in the following categories:
  - planning method and participation
  - a philosophical approach to settlement making
  - guidelines relating to settlement making
  - planning guidelines
  - stormwater management
  - roads: geometric design and layout planning
  - roads: materials and construction
  - water supply
  - sanitation
  - solid waste management
  - energy

v) Consolidated Municipal Infrastructure Programme (CMIP)

The Consolidated Municipal Infrastructure Programme is administered by the Department of Constitutional Development. It is designed to further the aims of the RDP, through:

- The provision of bulk and connector infrastructure in support of household infrastructure to needy South Africans in ways that enhance the integration of previously divided areas.
- Enhancing the developmental impact of the delivery process - for example by focusing on the transfer of skills and the promotion of small, medium and micro enterprises (SMMEs), using labour intensive construction processes and maximising job creation opportunities.

The CMIP funds three categories of infrastructure:

- The installation of new bulk and connector infrastructure for greenfields development.
- The upgrading of existing bulk and connector infrastructure.
- The rehabilitation of existing bulk and connector infrastructure, and the rehabilitation of internal services where appropriate. Municipalities are responsible for identifying projects to be implemented in their areas, oversee the implementation, and take ownership of the infrastructure once the project is complete. All proclaimed municipalities are eligible to apply for CMIP funds for projects that fall within the parameters of the programme. Municipalities may delegate project management to an implementing agency, or a combination of agencies.

#### 2.4.8 *Co-ordinating State Investment in Development*

As an integrated process, housing delivery requires co-ordinated and integrated action by a range of players in the public and private sectors. This is the basis for government's fundamental principle of partnerships. Inadequate co-ordination and integration of efforts between the housing function and functions such as education, health services, transport and local government in the past, lie at the root of the breakdown in the housing process and the barriers to community cohesion that exist in many areas of the country. The concept of co-ordinating "state investment" in development seeks to maximise the impact of state investment through careful planning, so that investment in one aspect of development supplements, rather than undermines, another.

Our commitment to a housing process that achieves "viable, stable, socially and economically integrated communities", necessitates focused attention to co-ordination and integration of all government development initiatives underway in our country, and not just those in the housing sector.

##### i) Urban Development Framework

The Urban Development Framework contains government's vision for sustainable urban settlements and provides the policy framework for co-ordinated state investment in development. Initiated by the RDP office, the Urban Development Strategy is now in the jurisdiction of the Department of Housing.

The aim is to promote a consistent urban development policy approach for effective urban reconstruction and development, to guide development policies, strategies and actions of all stakeholders in the urban development process and to steer them towards the achievement of a collective vision. International experience has shown that ultimately, the success or failure of national development initiatives will largely be shaped in cities and towns. National economic success depends upon urban success. More efficient and sustainable cities are therefore crucial to government's strategies for alleviating poverty and for creating a more equitable society. Behind the need for efficient and sustainable cities, is a need for creative and effective urban governance. How our cities and towns are managed, and how the various role players in government, the private sector and civil society participate in the urban development process is critical to its success.

This Urban Development Framework is pursued through four key programmes:

- a) Integrating the City: This programme aims to overcome segregation, fragmentation and inequality. The focus is on integrated planning, rebuilding and upgrading the townships and informal settlements, while planning for higher density land-use and developments. This focus will require reforming the urban land and planning system, urban transportation systems and ensuring sound environmental management.

- b) Improving Housing and Infrastructure: This programme involves upgrading and developing housing, restoring and extending infrastructure, promoting safety and security, and alleviating environmental health hazards. As part of this programme, mechanisms to encourage investment and increase access to finance will contribute to social development, and the building of habitable and safe communities.
- c) Building Habitable and Safe Communities: Worldwide experience has shown that well-directed human settlement policies cannot be based solely on economic and physical development plans. Investment in the public environment (schools, clinics, parks, police stations, etc.) contributes to positive perceptions of a neighbourhood, enticing local residents to invest in their own environments.

This programme also includes a range of social development initiatives, attention to safety and security, and a focus on the design of habitable and sustainable urban environments. In achieving the goal of habitable and safe communities, attention to environmentally sound housing is also critical.

- d) Promoting Urban Economic Development: This programme aims to enhance the capacity of urban areas to build on their local strengths to generate greater local economic activity so that they may become sustainable and alleviate urban poverty.

Within this, the programme seeks to increase access to informal economic opportunities and to maximise both direct and indirect employment opportunities while implementing specific development projects. A key component of the programme is the promotion of the concept of "Local Economic Development".

ii) Special Presidential Projects on Urban Renewal

Co-ordination among government development programmes happens in various ways. The most focused of these, however, is the Presidential Lead Programme known as the Special Presidential Projects on Urban Renewal (SIPPs). This programme is managed by the Department of Housing. The aim of this programme is to kick-start development in major urban areas, focusing on violence-torn communities and communities in crisis. The programme was developed to ensure an integrated approach to the provision of infrastructure, housing, community and recreation facilities, and job opportunities, with a view to transforming previously disadvantaged communities and creating sustainable and habitable living environments. In addition, this programme was seen as an ideal opportunity to promote the business-planning concept and to give provincial governments the opportunity to improve horizontal and vertical co-ordination.

iii) Rural Development Framework

The Rural Development Framework describes how government, working with rural people, aims to achieve a rapid and sustained reduction in absolute rural poverty. Initiated by the RDP office, the Rural Development Framework is now in the jurisdiction of the Department of Land Affairs. The Framework stipulates that development in rural areas requires:

- institutional development: helping rural people set the priorities in their own communities, through effective and democratic bodies, by providing the local capacity and access to funds for them to plan and implement local economic development;
- investment in basic infrastructure and social services: the provision of physical infrastructure (e.g. housing, water and power supplies, transport) and social services (e.g. basic health care and schools);

- improving income and employment opportunities and by broadening access to natural resources (e.g. farming and grazing land, irrigation water, woodland and forests);
- restoration of basic economic rights to marginalised rural areas by establishing periodic markets such as the organising of spatial and temporal framework for development;
- resource conservation: investing efforts in the sustainable use of natural resources; and
- justice, equity and security: dealing with the injustices of the past and ensuring the safety and security of the rural population, especially that of women.

To meet these needs, the Rural Development Framework sets out five programmes:

- a) Building Local Democracy and Development: This programme considers the powers and functions of local government and proposes programmes for upgrading the skills of councillors and council officials. It also focuses on funding needs for rural development, and local structures for land reform and administration.
- b) Building Local Economic Development and Rural Livelihoods. This programme pursues job creation opportunities in several sectors: commerce, rural industrialisation, agriculture, tourism and public works. It recognises the importance of partnerships with the private sector and NGOs at local level for the promotion of a wide range of enterprises. These should build on and utilise the local natural resource base and the opportunities provided by actual and potential trade links within an area.
- c) Building Rural Infrastructure: The RDP places specific emphasis on the development and upgrading of household infrastructure, as part of a basic needs programme. This programme addresses the implementation of various infrastructure services in rural areas and the policies that are required. Specifically, the need for a rural housing policy that accommodates communal tenure, that allows for co-ordinated planning. Spatial development initiatives are considered.
- d) Building Social Sustainability. This programme addresses the constitutional rights of rural people, by proposing programmes that address safety and security, access to legal services, the rights of children, farm dwellers and the disabled, health care in rural areas, capacity building and improving rural education, security and welfare, and drought management.
- e) Building Local Capacity: This programme considers the case for decentralised planning and decision making, and considers information systems necessary for averting disasters.

iv) Integrated Development Plans

Integrated Development Plans (IDP's) provide specific mechanisms for the co-ordination of state investment in development at the local level. In terms of the Local Government Transition Act (LGTA), No. 209 of 1993, municipalities are required to prepare IDP's. In the preparation of IDP's, municipalities must have regard to the general planning principles established in the Development Facilitation Act (DFA), as well as the subject matter of local Land Development Objectives (LDO's) approved in terms of the DFA (see Section 3.6 of this Part of the Code). On the basis of finalised IDP's municipalities may approve their budgets; without IDP's, budgets may not be approved. An IDP comprises essentially two components:

- An external development plan setting out the municipality's development objectives. This is a compilation of all LDO's for the various sectors, as well as an economic development strategy.
- An internal organisational, financial and communication plan, which spells out how the municipality will achieve these stated objectives in terms of its internal structures, human resources, administrative procedures and budgets.

## 2.5 Key Issues and Conclusion

Housing cannot operate in isolation. The housing policy and the implementation to which it gives rise, operates within an institutional, macro-economic, and broad social framework:

- The institutional framework has evolved in terms of the housing policy and its seven key strategies.
- The macro-economic environment in South Africa is governed by the Growth, Employment and Redistribution Strategy, otherwise known as GEAR.
- The social environment is influenced by the people involved in the housing sector: housing regulators, suppliers, financiers, and beneficiaries.

Demographic trends are very important in defining the problem and our progress towards a resolution of the housing crisis. The combined efforts of the various stakeholders in the housing sector is critical to the success of the housing programme. Requiring particular attention is the role of women.

The housing policy offers enormous opportunities for all stakeholders in the housing sector, practitioners and beneficiaries alike. It also offers opportunities for the broader South African society to continue to grow and develop as the housing crisis is overcome. The most critical features of this policy, are the principles and points of departure on which it is based. Even with the development of new policy at provincial level, and even with the implementation of housing directly at the local level, adherence to these principles and points of departure will ensure that housing in South Africa is addressed in a uniform and broadly equitable way. Of course, there are always problems in the translation of a policy to an act of implementation. With a focus on the principles that guide development, problems can be overcome. Government, at each of its three spheres of operation, is committed to a South Africa in which every person has access to adequate housing in a manner that supports their development as functioning members of society. The opportunity to achieve this vision rests on the policy set out in the housing Code. It is now up to all South Africans to take this policy and use it to solve the housing problems in their particular areas, as effectively as possible.

### 3. HOUSING LEGISLATION

An overview of current Housing legislation at National, Provincial and Local Government level is provided in this Section:

#### 3.1 National

##### 3.1.1 *Housing Act no 107 of 1997*

General principles applicable to housing development at National, Provincial and Local Government must, acting through the Minister, establish and facilitate a sustainable National Housing Development Process.

i) Arrangements regarding assets and liabilities of National Housing Board

Movable property and funds of the former Board, and all rights, liabilities and obligations of the Board in respect of such movable property pass, subject to this subsection and section 15, to the Provincial Housing Development Board for the province in which such property is mainly utilized.

ii) General Provisions

Delegation of authority:

The Director-General or the head of department, may assign any duty imposed upon him, to an officer or employee of the department to execute duties pertaining to the housing act.

##### 3.1.2 *Rental Housing Act no 50 of 1999*

i) Promotion of Rental Housing Property:

It is the responsibility of Government to promote rental housing. Government must promote a stable and growing market that progressively meets the latent demand for affordable rental housing among persons historically disadvantaged by unfair discrimination and poverty, by the introduction of incentives, mechanisms and other measures to increase provision of rental housing property.

ii) Relations between tenants and landlords

In advertising a dwelling for purpose of leasing is, or in negotiating a lease with a prospective tenant, a landlord may not unfairly discriminate against such prospective tenant on one or more grounds, including race, gender, sex, ethnic of social origin, color, language and birth.

iii) The tenant's rights as against the landlord:

The tenant's rights as against the landlord includes his or her right not to have his or her person or home searched, his or her property searched, his or her possessions seized, except in terms of law of general application and having first obtained an order of court.

iv) The landlord's rights against the tenant

The landlord's rights against the tenant include his or her right to prompt and regular payment of rental or any charges that may be payable in terms of a lease. Recover unpaid rental of any other amount that is due and payable after obtaining an order of a court of law.

v) Provisions pertaining to leases

A lease between a tenant and a landlord need not be in writing. A lease will be deemed to include terms, enforceable in a competent court to the effect that the landlord must furnish the tenant with written receipt for all payments received by the landlord from the tenant.

vi) Rental Housing Tribunal

The MEC may by notice in the Gazette establish a tribunal in the Province to be known as the Rental Housing Tribunal, and must fulfil the duties imposed and must do all things necessary to ensure that the objectives of the tribunal are achieved.

3.1.3 *Housing Amendment Act no 28 of 1999*

Amendments of section 3 of Act 107 of 1997

Section 3 of the Housing Act 1997 has been amended by the insertion after subsection (6) of the following subsection:

The Social Housing Foundation, registered as a company in terms of section 21 of the Companies Act 1973, under the name National Housing Finance Development Foundation, is deemed to be a National Institution established by the Minister under subsection 4 (h)

3.1.4 *Development Facilitation Act 67 of 1995*

- To introduce extraordinary measures to facilitate and speed up the implementation of reconstruction and development, programs and projects in relation to land; and, to lay down general principles governing land development throughout the Republic;
- To provide for the establishment of a Development and Planning Commission for the purpose of advising the Government on policy and laws concerning land development at National and Provincial levels;
- To provide for the establishment in the Provinces of development tribunals which have the power to make decisions and resolve conflicts in respect of land development projects;
- To facilitate the formulation and implementation of land development objectives by reference to which the performance of Local Government bodies in achieving such objectives may be measured;
- To provide for nationally uniform procedures for the subdivision and development of land in urban and rural areas so as to promote the speedy provision and development of land for residential, small-scale farming or other needs and uses;
- To promote security of tenure while ensuring that end-user finance in the form of subsidies and loans becomes available as early as possible during the land development process; and to provide for matters connected therewith.

3.1.5 *The Housing Consumers Protection Measures Act 1998*

National Home Builders Registration Council (NHBRC)

The NHBRC is governed by the Housing Consumers Protection Measures Act 1998. Presently the NHBRC does not cover any subsidy housing in South Africa. The NHBRC covers normal construction procedures and recommended practices, which have been shown to be satisfactory and acceptable over time.

Provision has been made for the use of alternative building methods subject to acceptable proof being provided of their fitness to purpose. This could be via Agreement Certificate or other accredited certification process as laid down by the NHBRC from time to time.



### 3.1.6 National Building Regulations (NBR)

The National Building Regulations and Building Standards Act provides for the prescription of Building standards.

The Provincial Town Planning Ordinance determines the applicability of the regulations and vests the Local Authorities with delegated powers to implement the National Building Regulations Act through a set of localized by-laws. The Provincial Administration can advise on the exemption of certain areas from the provisions of the regulations and standards. State Buildings and Projects can be exempt. Regulations and Standards are set out in SABS 0400 for conventional housing. MANTAG or SABS 0400 can apply to incremental housing. The Less Formal Township Establishment Act and the Development Facilitation Act exempt in-situ upgrade and subsidy housing projects from the requirements of the NBR.

## 3.2 Provincial

### 3.2.1 Western Cape Housing Development Act no 6 of 1999

#### i) General principles applicable to housing development:

The Government of the Province must uphold the general principles, which apply to the actions on the Provincial and Local Governments in respect of housing development in the Province. The Provincial Minister exercises the powers and performs the functions as set out in the Western Cape Housing Development Act. The Minister may establish norms, standards, frameworks and provincial policies in order to deal effectively with any matter pertaining to housing development that requires to be dealt with uniformly across the province.

#### ii) Role of Local Government

Local Government must ensure that inhabitants of its area of jurisdiction have access to adequate housing on a progressive basis and that conditions not conducive to the health and safety of the inhabitants of its area of jurisdiction are prevented or removed. Services in respect of water, sanitation, electricity, roads, storm-water drainage and transport must be provided in a manner, which is economically efficient.

#### iii) Delegation of powers

The Provincial Minister may delegate any of his or her powers to the Head of Department or to an officer not lower than the rank of Assistant Director in the employ of the Department. Delegation or assignment in terms of this section must be in writing and may at any time be withdrawn by the person who made the delegation of assignment.

### 3.2.2 Western Cape Planning and Development Act no 7 of 1999

#### i) Development Frameworks:

The Provincial Minister establishes a joint committee for the undertaking of a planning nature, with regard to the drafting of an integrated development framework for the Province. Preparation, amendment and review of Development Frameworks, subject to regulations and after consultation with the Municipalities and Development Councils and other Provincial Ministers concerned, shall prepare and submit to the Cabinet by the Provincial Minister. The general purpose of an integrated Development Framework shall be to lay down strategies, proposals and guidelines.

ii) Accelerated development

Land designated for development with a view to obtaining security of tenure of for settlement in terms of national legislation or land awarded by order of the land claims court, may without any further steps having been taken be designated by the Provincial Minister as land for accelerated development.

iii) Planning review Board and Mediation

The Premier shall establish a planning review board for the Province. The power and duties of planning review board may conduct an inquiry into an appeal in accordance with prescribed procedures.

iv) General planning and development principles and policy

The general principles relating to co-ordinate planning and development and the promotion of integrated social and economic development shall be applied when a development framework, land reform plan, zoning scheme, transport plan is prepared and administered by the State in terms of any law administered by that authority.

v) Public participation

The Council of a responsible Municipality shall draft and approve a policy for public participation in respect of applications made, as prescribed, including advertising options other than serving or publishing a notice.

### 3.3 Local Government

#### 3.3.1 Accelerated Managed Land Settlement for Metropolitan Areas

There is a major crisis in the delivery of assisted housing in the CMA, mainly due to the large mismatch between the demand for housing and the availability of funds. The crisis is characterized by the inability of the MLCs to deal with the many families living in unsafe, unhealthy and chronically disorganized conditions in the short term. These conditions have also led to land invasions which require alternative land to effect evictions.

The policy adopted the establishment of an Accelerate Managed Land Settlement Program to provide MLCs with the means of addressing some of the elements of this housing crisis. An accompanying report "Financial Mechanisms: Accelerate Managed Land Settlement Program" outlines the bridging finance which the CMC could make available to make this program operate successfully.

The Provincial Housing Development Board has approved the program to be adopted by Councils, and referred to the Metropolitan Co-ordination Forum for consideration and the MLCs for utilization.

The Provincial Housing Development Board resolved that:

- (a) The Board supports the principle of an Accelerated Managed Land Settlement Program as a Provincial Housing Program for the Western Cape, and
- (b) A Bridging Finance Agreement be prepared by the Department, in consultation with its Legal Section for submission to the Board for approval.

### 3.3.2 National Home Builders Registration Council (NHBRC)

The NHBRC is governed by the Housing Consumers Protection Measures Act 1998. Presently the NHBRC does not cover any subsidy housing in South Africa. The NHBRC covers normal construction procedures and recommended practices, which have been shown to be satisfactory and acceptable over time. Provision has been made for the use of alternative building methods subject to acceptable proof being provided of their fitness and purpose. This could be via Agreement Certificate or other accredited certification process as laid down by the NHBRC from time to time.

### 3.3.3 National Building Regulations (NBR)

The National Building Regulations and Building Standards Act provides for the prescription of Building standards.

The Provincial Town Planning Ordinance determines the applicability of the regulations and vests the Local Authorities with delegated powers to implement the National Building Regulations Act through a set of localized by-laws. The Provincial Administration can advise on the exemption of certain areas from the provisions of the regulations and standards. State Buildings and Projects can be exempt. Regulations and Standards are set out in SABS 0400 for conventional housing. MANTAG or SABS 0400 can apply to incremental housing. The Less Formal Township Establishment Act and the Development Facilitation Act exempt in-situ upgrade and subsidy housing projects from the requirements of the NBR.

## 4. NATIONAL HOUSING ACT AND RELATED ADMINISTRATIVE PROCEDURES

### 4.1 National Housing Act (Code, Part 2, Chapter 1)

The Code gives an overview, framework, points of departure and the principles on which it is established.

### 4.2 Roles and Functions (Code, Part 2, Chapter 2)

The Code devotes a full chapter to the roles and functions of the national government and municipal government.

Key points have been extracted for guidance.

#### i) Role and Function of National Government:

The primary role of national government is to “establish and facilitate a sustainable housing development process”, after consultation with the nine MEC’s for Housing, and the national organisation representing municipalities (South African Local Government Association, SALGA)

In order to facilitate and establish a sustainable national housing development process in the Code, National Government, acting through the Minister of Housing, must carry out a number of key functions. Table 3 in the code sets out these functions with a brief commentary on what the function is to provide.

ii) Role and Function of Provincial Government:

Housing is an area of concurrent competence as explained in 1.2.1(a) above. The Code states:

Every provincial government must do everything in its power to promote and facilitate the provision of adequate housing in its province within the framework of national policy, after consultation with the provincial organisations representing municipalities.

The functions of Provincial Government include the following:

- Provincial Policy determination
- Provincial Legislation to effect delivery
- Housing Development co-ordination
- Municipal intervention on non performance
- Multi-Year Plan preparation
- Municipal Accreditation
- Provincial Legislature accountability

The Code provides further detail of each function.

iii) Roles and Functions of Local Government:

The Code states the role as follows:

“Every municipality, as part of its process of integrated development planning, must take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to ensure that the right to have access to adequate housing is realised on a progressive basis.

The Code defines the functions attributable to the role as:

- Health and safety
- Efficient services
- Housing Delivery goals
- Land for Housing
- Public Environment
- Conflict Resolution
- Land use
- Housing Development

Details are available in the Code.

The broad powers, duties and functions of the various housing role players in government are set out in Table 1, Part 2, Chapter 5 of the Code.

### 4.3 Key Provision of the Act (Code, Part 2, Chapter 3)

The Code identifies five key provisions set out in the Housing Act:

- National Norms and Standards
- Financing our Housing Programmes
- Managing our Assets, Liabilities, Rights and Obligations
- Housing information
- Delegations

#### 4.3.1 National Norms and Standards

The norms and standards define two deliverables:

- municipal services to be subsidized
- minimum size of top structure as well as specified standard for its construction.

There are standards and guidelines besides the Norms and Standards determined by National Government which are complimentary and must be adhered to:

- all builders registered with the National Home Builders Registration Council are required to adhere to the Standards and Guidelines manual.
- the National Department of Housing is producing the new 'Red Book' or Guidelines for Human Settlement Planning and Design.
- municipalities prescribe building regulations.

#### 4.3.2 Financing our Housing Programmes :

This section of the Code considers how housing programmes are financed, by reviewing the roles and responsibilities of government at its three spheres in respect of the housing budget. Specifically, it considers multi-year plans, and the roles, functions and other administrative provisions of the South African Housing Fund and the Provincial Housing Development Funds.

##### a) Multi-Year Plan:

The multi-year plan is a financial planning tool required of national and provincial government in the Housing Act.

It provides a plan for the delivery of houses that is cognisant of housing demand and potential supply in terms of available funds for a period of three years. In this regard, it is closely linked with the housing delivery goal.

The Minister prepares a multi-year plan on the basis of multi-year plans prepared by the provincial governments. It is done on the basis of co-operative governance.

##### b) The South African Housing Fund:

The Code lays out :

- the purpose and legislation giving effect to the fund
- funding utilisation
- the Accounting Officer
- Financial Statements
- Auditing
- Allocation of Money to Provincial Governments

c) Provincial Housing Development Funds:

The Code sets out the legislation, the manner of administration and accountability.

4.3.3 *Managing Asset, Liabilities, Rights & Obligations*

This section of the Code looks at the transfer of assets, liabilities, rights and obligations of the former National Housing Board to Provincial Housing Development Boards and other authorities. In addition, it considers the regulation of proceeds derived from the management of these assets, and the further devolution of assets and liabilities to municipalities.

4.3.4 *Housing Information*

This section of the Code describes the provisions in the Housing Act regarding a National Housing Data Bank and the Information System. Specifically, it focuses on the information requirements and outputs of the various systems that form part of the Information System. In addition, it sets out the responsibilities of provincial government and municipalities in support of the Data Bank and Information System.

4.3.5 *Delegations*

This section sets out the rules in respect of delegations.

i) Statutory Bodies

The National body is the South African Housing Development Board, which advises the Minister of Housing on housing development, and monitors the implementation of, national housing policy. The members of the Board are housing experts and are appointed in an open and transparent process.

The Provincial body is the Provincial Housing Development Board, which administers national and provincial housing programmes, approve finance in respect thereof, and advise the MECs for Housing on housing development in the provinces. The members of this body are to be appointed by the MEC for housing after an open and transparent process in terms of the Act.

**5. NATIONAL HOUSING PROGRAMMES (CODE, PART 3, CHAPTER 1)**

The Housing Act, 1997 defines a National Housing Programme as any policy framework that achieves the following objectives:

- Assistance to persons who cannot independently provide for their own housing needs.
- facilitation of housing delivery.
- rehabilitation or upgrading of existing housing stock.

The programmes currently identified are:

- the Housing Subsidy Scheme from which seven specific mechanisms are identified.
- the Discount Benefit Scheme to promote Home Ownership of government rental stock .
- the Public Sector Hostels Redevelopment Programme for upgrading government stock.

The rules and each of the programmes are dealt with in the Code, Part 3, Chapters 2 through to 11.

Each chapter addresses the following issues where applicable :

- Eligibility criteria and other conditions
- How to apply
- How the PHDB judges the application
- After approval
- PHDB Administrative Rules and Guidelines
- Key points to remember

A brief description of the schemes with any particular aspects relating to the administration and particular aspects of the Western Cape as set out below.

### **5.1 Housing Subsidy Scheme: Project Linked Subsidies**

Developers (public and private sectors) submit project applications to the Provincial Housing Development Board on behalf of the beneficiary community for project approval. Project linked subsidies are approved in accordance with the beneficiaries household income. The progress payment procedures allow for drawdown of progress after previous milestones are completed.

Payment drawdowns :                      P1 = engineering design  
    P2 = town planning and land surveying  
    P3 = servicing land and costs  
    P4 = registration of transfer  
    P5 = house construction

For more information, refer to housing development section.

The policy regarding payment drawdown to a maximum of the lowest subsidy band within the third progress payment (P3) is not adhered to by the PHDB as it has been found that excessive bridging finance cost have often hampered speedy development. The social compact agreement documents have been amended and a more relaxed view has been taken by the Provincial Administration due to the fact that reaching full consensus has often greatly delayed the progress of the project. It has been found without fail that there are more than enough beneficiaries to take beneficial occupation.

### **5.2 Housing Subsidy Scheme: Individual Subsidies**

The Individual subsidy scheme provided a flexible policy instrument for individual applicant to be able to purchase a property in the open market. The qualifying subsidy bands applied. The PHDB has introduced specific measures prior to approving further individual subsidies as fraud and mal-administration was a problem.

### **5.3 Housing Subsidy Scheme: Project Linked Consolidation Subsidy**

The consolidation subsidy is granted to applicant beneficiaries, who have title to a serviced stand, (previously serviced before 1995 by the Independent Development Trust or the Provincial Administration) and their family income does not exceed R1 500 per month. There is still a great need for consolidation subsidies to be granted in Khayelitsha where approximately 25 000 families are living on site and service stands. Consolidation subsidies are now granted by the PHDB on a project basis only. Payment of subsidies are made to approved Accounts Administrators for approved beneficiaries and the Accounts Administrator disburses to the Developer on behalf of the beneficiary on completion and certification of the housing unit.

## 5.4 Housing Subsidy Scheme: Institutional Subsidies

Institutional subsidies are made available to institutions that comply with the criteria as laid down in the policy. An Institution may purchase an existing immovable property or develop property and simply grant rights of occupation to approved beneficiaries. The purpose of granting Institutional subsidies is to enable institutions to combine the subsidies with their own funds in order to provide a residential product, which would otherwise be beyond the reach of beneficiaries. Preference is given to projects that entail the construction of new residential properties or upgrading of existing residential dwellings.

i) Quantum of Institutional subsidies:

- An Institution, in respect of an approved project may be entitled to receive a subsidy of R16 000 for each residential property that has been occupied by a qualified beneficiary.
- On application for project approval the total number of residential properties must be declared.
- The Institution is to predetermine the number of properties that are to be occupied by qualifying beneficiaries and non-qualifying beneficiaries.

ii) Payment of Institutional subsidies:

- In order to ensure that the institution undertaking the project does not face adverse cash-flow problems, the amount of approved institutional subsidy shall be paid to the Institution as and when it progresses with the approved Project.
- The institution may propose convenient milestone payments. The PHDB will consider these suggestions and agree on a payment procedure.

iii) Payment of Institutional subsidies:

- An Institution shall be entitled to sell, rent or otherwise dispose of those of the residential properties in any project earmarked for non-qualifying beneficiaries.
- Institutional subsidies are made available for a minimum period of four years after the date upon which any residential property is occupied by a beneficiary. The Institution will remain the owner until the property is sold.
- In order to obtain an institutional subsidy the organization must ensure that the qualifying beneficiaries, who will occupy the residential properties, will be granted secure right of tenure in respect of their residential properties.
- A lease agreement is to be concluded between the institution and the qualifying beneficiary.

iv) Sale of residential properties

- The institution may sell the residential property to the qualified beneficiary after a period of four years has expired from the date of occupation.
- Upon selling the residential unit, the institution will pay R16 000 to the PHDB or the amount calculated in accordance with the formula below, whichever is the greater.  
Amount payable = the amount of R16 000 divided by the original selling price of the residential property as indicated in the project approval, multiplied by the actual price obtained by the Institution for the property.



v) Database

The Institution is to obtain an up-to date database of all beneficiaries. All qualifying beneficiaries and his or her spouse shall be recorded on the national Database as persons who have received a subsidy on conclusion of the signing of an installment sale agreement.

## 5.5 Housing Subsidy Scheme: Relocation Assistance

This programme deals with procedures to be followed for defaulters, as contemplated in the Record of Understanding and the New Deal, to receive subsidy assistance for rightsizing purposes. It also deals with the responsibilities of the lender, represented by Servcon, to assess the defaulter's affordability in respect of rescheduling of existing obligations, and their eligibility for the relocation grant.

## 5.6 Housing Subsidy Scheme: Peoples Housing Process

i) Background:

In a project a developer buys land or gets the right to development land, sells the stands in the township to purchasers.

In this process the developer uses labour to build top structures and must pay the labourers. The Government is committed to assisting beneficiaries to resolve their housing needs themselves. The National Housing policy in terms of which this will be done is called supporting the People's Housing Process.

ii) Who can benefit?

There are five categories of potential beneficiaries to whom the support program could apply. Stands were transferred to occupants or the occupants were given leasehold rights or deed of grant rights. The previous Government did not build any houses on the stands but the occupants may themselves have constructed housing. This category of potential beneficiaries is called "owners".

In some cases the previous Government settled people on serviced sites with the intention that it would give ownership, leasehold rights or deed of grant rights to those people. This category of potential beneficiaries is called "non-owners".

In some instances people may have occupied land in respect of which they do not have any rights at all. This category of potential beneficiaries is called "occupants".

There are many people who do not have any place of their own. They are referred to as "landless people".

Families who have functional security of tenure in terms of the Interim Protection of Informal Land Rights Act, 1996 of the Housing Subsidy Scheme Implementation Manual.

The policy existed that structured community groups could apply for the financial assistance to construct a housing support center up to the maximum value of R250 000. The grant would cover the initial construction cost of the building, security, office equipment and initial administrative costs. Approval by the PHDB for a grant would only be recommended if the applicant organisation could prove that the operation of this support center would be sustainable. Due to financial constraints few grants have been allocated.

## 5.7 Discount Benefit Scheme

The extended benefit discount scheme was developed to encourage Local Authorities to sell existing housing stock and create home ownership. This policy applied to loans granted to Local Authorities in terms of the following Acts:

- The Housing Act, 1966
- The Development and Housing Act, 1985
- The Housing Act (House of Representative) 1987
- The Development Act (House of Representatives) 1987
- The Housing Development Act (House of Delegates) 1987

Local Authorities would determine the market related selling price of rental housing units and the capital discount of R7 500 would apply on approval by the PHDB.

## 5.8 Hostels Re-Development Programme

The Hostel Upgrading Subsidy provides a funding vehicle for the renovation and improvement of facilities, for existing Hostel units. The program comprises upgrading of Hostels on the basis of a grant to the Local Authority or Section 21 Company managing the units. The Authority can apply for an amount of R4 000 for the upgrade of a single bed unit and R16 000 for a unit occupied by a family.

## 5.9 Housing Subsidy: Rural Subsidy

Rural subsidies may only be accessed on a project basis. Access to these subsidies would most likely be people driven, as it is unlikely that developers will participate.

Rural subsidies may be used for any purpose, which in the discretion of the PHDB, amounts to housing purposes. Without limiting the discretion of the Board the following have been identified as housing purposes:

- The provision of sanitation facilities
- The provision of roads and storm water drains within the boundaries of any particular settlement
- Provision of water
- Construction of upgrading of dwellings
- Purchase of building materials in order to enable a beneficiary to construct or upgrade a dwelling

These subsidies mainly apply to families having occupational rights on various mission stations e.g. Wupperthal, Eselbank, Elizabethfontein, Dwarsrivier.

The PHDB resolved that:

- The rehabilitation and restoration of historic residential settlements in the Western Cape be established as a Provincial Housing Program.
- The Program be set within the guidelines of the Rural Housing Subsidy Scheme.
- Historical residential buildings be restored to keep the vernacular character of the settlement.
- Beneficiaries are to inhabit the dwellings and the program is not to be seen solely as an attempt to stimulate economic growth.

## 5.10 New Development

### a) Rental Housing

The National government has identified the need for Rental Housing and is in the process of mobilising support for rental housing. The Pilot Project is a particular project targeted at the rental-housing segment.

## 6. EXISTING PLANNING INITIATIVES

### 6.1 National Spatial development initiatives

#### West Coast Investment Initiative:

The West Coast Investment Initiative centres on the Saldanha Steel project and opportunities for downstream industries locating in the area between Atlantis and Vredendal.

West Coast Investment Initiative Potential Projects: (information based on the National Investors' Conference, Feb. 1998)

<b>Potential Projects:</b>	<b>Location:</b>
Minerals beneficiation projects	Saldanha, Vredendal, Vanrhynsdorp, Piketberg, Yzerfontein, Bitterfontein, Nuwerust, Gamsberg, Elandsfontein, Sandheuwel, Steinkopf, Ikosis, Vioolsdrif, Brandvlei, Steenkampskraal, Rooiberg, Garies, Soutfontein.
New processing projects	Saldanha Bay
Manufacturing projects in the iron/steel industry	Saldanha Bay
Agricultural processing projects	Grain: Sandvlei region, Swartland region, Koeberg region. Wine grapes: Piketberg, Citrusdal, Olifants River Valley. Dairy products: Malmesbury & Moorreesburg. Wild flowers and fynbos: Throughout. Rooibos tea: Clanwilliam, Lamberts Bay & Wupperthal. Berries: Piketberg. Fruit: Piketberg, Clanwilliam, Olifants River Valley. Forestry: from Atlantis to Saldanha. Meat: Saldanha Bay, Malmesbury, Vredendal. Cold storage and grain terminal: Saldanha Bay. Weat straw: Moorreesburg.
Fishing and mariculture projects	Saldanha Bay, Britannia Bay, St Helena Bay, Kleinsee, Port Nolloth.
Tourism projects	Clanwilliam area, Langebaan, Lamberts Bay, Elands Bay, Malmesbury, Saldanha Bay.
Infrastructure projects	Saldanha Bay, Vredenburg, Langebaan Road, Darling, Elands Bay.

### Housing implications:

From the above it is clear that the Saldanha Bay would benefit in particular from this development initiative. People looking for employment are migrating to Saldanha Bay and a need of housing has already been identified in the town. Other towns likely to experience a large increase in need for housing due to these development initiatives are Piketberg, Clanwilliam, Malmesbury, Vredendal, Moorreesburg and Lambertsbaai.

Between 1995 and 1997 forty-three low-income housing projects (under the National Housing Subsidy Programme) were established in towns across the West Coast. Most were small projects, but in the larger towns of Saldanha Bay, Vredenburg, Atlantis and Malmesbury 800 to 1 000 individual subsidies were approved. A need for rental accommodation has been identified. A number of projects converting the old for single sex hostels (both public and privately owned) for migrant workers into homes for families have recently been completed. The standard of farm worker accommodation varies widely.

## **6.2 Provincial Environmental Policy**

### *6.2.1 Bioregional Planning Framework for the Western Cape Province (May 2000)*

The Bioregional Planning Framework is a support document to promote the application of Bioregional planning principles and the implementation of UNESCO's Biosphere Reserve Programme in land-use planning in the Western Cape, within the framework of the Western Cape Planning and Development Act.

The point of departure is that for biodiversity conservation to succeed, the maintenance of environmental integrity, as defined by ecological, economic and social criteria, must be one of the primary determinants of land-use planning. The Provincial Cabinet has resolved that the implementation of bioregional planning principles must be promoted and supported on provincial and local government levels.

The following guidelines are proposed to guide planning processes in the Western Cape:

- Each region must be treated as an integrated system, taking into account the interactions among land, air, water, organisms and human activities;
- Recognise that each system influences and is influenced by other systems - whether ecological, economic, social or political;
- People should be considered as the central element in the system; evaluate the social, economic, technical and political factors that influence the way we use natural resources;
- Relate economic policy to environmental carrying capacity;
- Increase the benefits obtained from each stock of resources;
- Promote technologies that help people use resources more effectively;
- Ensure that the users of resources pay the full social price of the benefits they enjoy;
- The planning of the region must always be considered in its holistic context.

Bioregional planning implies a place-specific approach to the planning, design and management of the natural and human-made environment. Biosphere reserves have been designed as tools for reconciling and integrating the conflicting interests and pressures that characterise land-use planning.

The six categories proposed to be primary spatial planning categories are:

<b>CATEGORY</b>	<b>DESCRIPTION</b>	<b>BASIC PURPOSES</b>
Category A	Core Area	<ul style="list-style-type: none"> <li>• Comprising areas of high conservation importance that must be protected from change</li> <li>• Only non-consumptive land-uses allowed</li> </ul>
Category B	Buffer Zone	<ul style="list-style-type: none"> <li>• Serving as a buffer between Category A and C areas</li> <li>• Sustainable small scale development and non-consumptive land uses allowed</li> </ul>
Category C	Agricultural Areas	<ul style="list-style-type: none"> <li>• Constituting rural areas where extensive and intensive agriculture is practised.</li> <li>• Including forestry areas</li> </ul>
Category D	Urban - Related Areas	<ul style="list-style-type: none"> <li>• Representing a broad spectrum of nodal urban-related settlements and their associated services and infrastructure.</li> </ul>
Category E	Industrial Areas	<ul style="list-style-type: none"> <li>• Representing the industrial areas where the highest intensity of human activity occurs.</li> </ul>
Category F	Surface Infrastructure and Buildings	<ul style="list-style-type: none"> <li>• Constituting all surface infrastructure and buildings not catered for in the above categories.</li> <li>• Including roads, railway lines, power lines, communication structures, etc.</li> </ul>

Housing and related uses would be accommodated in Category D. The above categories have been subdivided into sub-categories in order to provide more detailed planning. Category D is subdivided into the following sub-categories:

- D.a Metropolitan City / District Town
- D.b Main local town
- D.c Local town
- D.d Rural settlements
- D.e Institutional settlements
- D.f Agricultural nodal settlements
- D.g Farmsteads
- D.h Resorts
- D.i Other urban related uses

### Planning Implications:

It is proposed that local authorities apply the bioregional planning principles and define bioregions in the areas under their jurisdiction. Furthermore, for bioregions to be optimally effective it is important that they not be fragmented by political boundaries. It is proposed that catchment boundaries, together with human settlement patterns, should, as far as possible, be used for the delimitation of Category C and B Municipalities. A plan, subdividing the Province into 29 broad conceptual bioregions is available on GIS.

The purpose of this plan is to provide authorities with a framework for more detailed bioregional delimitation (i.e. subdividing the areas under their jurisdiction into smaller bioregions and then into the spatial planning categories mentioned above). Such detailed delimitation will make out a fundamental part of the local authority Integrated Development Framework planning process. The general bioregional plan has not been subjected to public opinion and therefore has no formal status.

### Housing implications:

The Bioregional Planning Framework for the Western Cape Province would have an impact on the location of subsidised housing once it has been applied at a local level. When the bioregions defined are subdivided into the spatial planning categories, new housing could only be located within the Category D areas.

#### 6.2.2 *Towards A Coastal Zone Policy For The Western Cape (Consultative Draft, September 2000)*

The goal of the Coastal Zone Policy is to institute an holistic land use classification system that is consistent with the principles of bioregional planning and UNESCO's Biosphere Reserves Programme and would indicate appropriate site-specific land-uses for all land units or entities within the coastal zone.

### Extent of the coastal zone:

The Western Capes coastline from Hoekbaai on the West Coast to the Bloukrans River on the Tsitsikamma Coast, including the coastal plain and the open sea, from the primary coastal watershed up to the outer limit of the under water continental shelf (-200 m depth contour)

### Goals and related policies identified:

*Goal: Ensure application of place-specific design and planning guidelines, i.e. promote development that is in harmony with the surrounding landscape.*

The following policies were suggested in this regard:

- Development within natural areas should blend or harmonise with the biophysical characteristics of the environment. This implies the following:
  - Developmental components should be discretely sited within the environment, i.e. out of sight from beaches, public roads, and neighbouring development nodes.
  - Development should blend in with the natural surroundings in terms of colour, use of locally occurring natural building materials and architectural style.
  - Development should conform to the local vernacular in terms of scale and design, of that particular bioregion, e.g. West Coast fishing village, Arniston fisherman's cottages, Kapstyl houses of the South Coast.

- Where necessary existing unsightly development should be screened through effective landscaping.
- The aesthetic qualities of an area should be a determinant of the scale and format of development in that area. There should for example be no development to the west of the scenic route from Lamberts Bay to Elands Bay, so as to maintain the unique open vistas of that part of the West Coast.
- Design guidelines should be drafted for each town.
- Appropriate landscaping strategies must form part of all development proposals and urban renewal programmes. Landscaping must be undertaken simultaneous with construction, this could include the following:
  - Indigenous vegetation used to break the harsh, straight lines of buildings, for screening and water-saving measures.
  - Indigenous flora must be retained where possible, particularly in areas prone to wind-blown sand.
- A Sectoral Plan for coastal town or settlement must include an urban dge and indicate how it interacts with the natural environment.
- Design policies must seek to collaborate with the local community where practical.

*Goal: Ensure a balance between development and conservation. The following objectives relate to this goal:*

- Maintain the natural diversity of coastal environments with distinctive features of characteristics within the coastal zone.
- Concentrate development into compact nodes and prevent urban sprawl.
- Ensure that the construction of surface infrastructure does not cause unacceptable degradation of the ecological and aesthetic qualities of the coastal zone.

Related Policies:

- Developers and the authorities must strive for developments that are compact and in distinctive nodes, rather than scattered over the landscape, or linearly along the coastline.
- Limit erf sizes and coverage in coastal residential resorts to ensure optimal use of available urban land to reduce the impact of the development on the environment.
- New development must, as far as possible be located within existing disturbed areas.
- Coastal settlements should, where possible, be developed behind the frontal dune systems.

The subdivision of land outside of urban areas:

The subdivision of land outside of urban areas to give on-farm opportunities for farmers to own property is highlighted as a specific coastal management issue. It is allowed for in categories D.f and D.g (see the above for a description of the six primary spatial planning categories based on bioregional planning principles).

A mechanism for determining development density:

A graph relating surface area to number of units is suggested to serve as a point of departure to establish appropriate development densities.

Housing implications:

It is acknowledged that housing backlogs and the provision of adequate civil infrastructure to protect human health and prevent environmental pollution need to be addressed in most coastal settlements.

The housing related policies suggested are:

- Adequate housing and community institutions must be provided within or in close proximity to coastal towns or settlements.
- Local communities will be granted equitable access to recreational facilities and infrastructure that support the utilisation of coastal and marine resources.

### **6.3 Integrated Rural Development Strategy**

The formulation of a provincial integrated rural development strategy has been initiated, but is still in the initial project-planning phase. The following two draft policy documents are currently the only two components of the provincial strategy, available:

- Draft Policy for the Establishment of Agricultural Holdings in the Urban Fringe (February 2000)
- Draft Policy for the Settlement of Farm Workers (February 2000)

#### **6.3.1 Draft Policy For The Establishment Of Agricultural Holdings In The Urban Fringe (February 2000)**

This policy contributes to the strengthening of the agricultural sector in the Western Cape, by facilitating access to farming land for aspirant farmers in the urban fringe. It further provides for integrated land use planning of the urban fringe.

Guidelines for the establishment of agricultural holdings:

The draft policy outlines the following guidelines to assist municipalities to ensure that agricultural holdings are established on a sustainable basis:

- *Locational Criteria:*  
Agricultural holdings should only be established on land that will support the sustainable utilisation of agricultural resources.
- *Settlement:*  
To prevent the urbanisation of urban fringe farming areas, municipalities should restrict settlement rights on agricultural holdings in line with those applicable to agricultural land in rural areas. Local circumstances, especially the availability of household services, should inform what settlement conditions are applicable to an urban fringe agricultural project.



- *Commonages:*  
Commonages, as a public land resource, offer opportunities for the accommodation of new entrants to the farming sector. Those not suitable for farming should be allocated for other public uses such as active or passive recreation.
- *Service Delivery and Cost Recovery:*  
Municipalities should investigate the feasibility of providing appropriate levels of services to agricultural holdings within the urban fringe. The costs of services delivery needs to be incorporated into the Business Plan of projects and the municipality or services provider must be able to recoup these costs. Where municipal, provincial or state land is involved, a land pricing policy should also be made available to prospective new farmers.

#### Housing Implications:

The historically disadvantaged and the poor who wish to access agricultural land can make an application to the Provincial Director of the Department of Land Affairs to access the Settlement/Land Acquisition Grant. The Department of Land Affairs has to consult, among others, with the Department of Housing in their assessment of the application.

#### 6.3.2 *Draft Policy for the Settlement of Farm Workers (February 2000)*

This policy deals with alternative settlement options to promote and facilitate permanent settlement for all farm workers (including permanent, periodic, domestic, contract and seasonal farm workers and their dependants: approximately 2 000 000 households), in line with local needs and circumstances.

The settlement options available to farm workers are:

#### On the farm options:

- Options are available for farm workers who presently reside on the farm and will be living there in future. This option encompasses a range of possibilities that may be individually or collectively applicable.
- The option of subdividing the farm unit will facilitate long-term security through employing government funds in terms of Section 4 of ESTA.
- Additional mechanisms to support on the farm settlement include:
  - The drafting of a formal housing contract between the farm owner and farm worker specifying the term of occupation, rental, right of tenure, responsibilities and procedure for termination of occupation eviction.
  - Defining the monetary value of the housing benefit component of the worker's remuneration package, enabling the farm worker to use the allowance elsewhere for accommodation.
  - The introduction of minimum standards for farm worker housing by municipalities.

#### Off the farm options:

- In an existing town:  
Development in existing towns is the most cost-effective means of off the farm settlement, but its application will be limited by the following:
  - Travelling distances, especially in the vast and sparsely populated agricultural districts of the Western Cape, where this option will be restricted to a weekly or monthly commuting of workers to housing in nearby towns.

- Depending on the labour intensity of agriculture in a district, this option can lead to substantial urbanisation of the farm worker population. The speed of housing delivery will depend on the availability of funds for housing and infrastructural investment, considering the existing housing backlogs.
- The allocation of state funds for off-the-farm settlement will, in terms of the Extension of Security of Tenure Act (ESTA) only be allocated if such settlements conform to the minimum standards of the Provincial Housing Development Board.
- In an agri-village:  
An agri-village is a privately established and managed settlement situated on private land within a farming area and exclusively accommodates the local farm worker community and their dependants. It is developed, owned and managed by a legally constituted institution representing a partnership between farmer/s, farm workers and the state. Security of tenure is afforded by way of a lease or notarial deed of servitude, as the land and housing remain the property of the institution.

Applications for the development of an agri-village must be submitted and adjudicated in terms of the statutory township establishment approval procedures. The provision and maintenance of housing, local services and community facilities are the responsibility of the institution, but the municipality may be requested to provide bulk services.

Provision is made for retirement in both the on-the-farm and off-the-farm options.

Due to the fact that substantial resources would be required to establish and maintain rural settlements, as well as their potential negative impact on the environment, the establishment of agri-villages or new towns as off-the-farm options will have limited applicability in the Western Cape.

#### Funding Sources:

- Section 4 of ESTA: subsidies/grants to strengthen security of tenure on or off the farm.
- Applications to the Provincial Housing Board or Provincial Director of the Department of Land Affairs for a grant to finance community facilitation, capacity building, planning and dispute resolution.
- Application to the provincial authority for bulk infrastructure provision - farm workers and farmers may have to contribute.
- Other sources: Land Bank, Khula Finance Enterprise LTD, for the acquisition of land, upgrading of dwellings and conversion of hostels to family accommodation.

#### The application and approval process:

Where the intention is to make use of housing subsidies or land acquisition and settlement grants, the responsible party must submit a formal funding application to either the Provincial Housing Development Board or the Provincial Director of the Department of Land Affairs.

All applications for projects must be submitted to the municipality before formal applications is made for subsidy or grant finance.

### Responsibilities:

The settlement of farm workers in the Western Cape must be beneficiary driven, but the responsibility for planning developing and managing projects will vary according to the preferred option and the carrying capacity of the organisations involved.

The farm workers and land owners are jointly the responsible parties in the case of on the farm options, in the legal institution representing the farmers and farm workers is the responsible party in the case of off the farm options.

The Provincial Government will:

- Introduce the policy to the municipalities and broader community;
- Ensure that the local IDPs address the settlement needs of farm workers;
- Investigate mechanisms to co-ordinate the settlement initiative of the provincial Housing Board and the Department of Land Affairs;
- Ensure that the farm workers can access existing housing subsidies and grants;
- Provide assistance to municipalities lacking the capacity to address the settlement needs of farm workers;
- Compile draft minimum standards for farm worker housing and circulate these to municipalities for comment;
- Establish a monitoring and evaluation system to ensure the successful implementation of the Policy; and
- Calculate the financial and logistical implications of providing services for Western Cape farm worker settlement, as part of the process of formulating the Provincial Integrated development Framework.

Responsibilities are also set out for the district municipalities and the local and metropolitan municipalities.

## **6.4 An Urban Settlement Framework for the Western Cape Province, August 2000 Draft Green Paper (PAWC: Dept. of Planning, Local Government and Housing)**

### Purpose of the Green Paper:

- "Formulating policies and strategies that will direct the spatial planning and management of settlement patterns from a broad provincial perspective;
- The provision of guiding principles against which the planning of growth and development of individual cities and towns in the Province can be undertaken;
- The provision of a macro and provincial spatial economic context within which the management of urban settlement should take place in the Province;
- Determining how the biophysical environment affects and how it is affected by human settlement in the Province and to make appropriate recommendations to manage the interface between the two;
- The investigation of strengths and weaknesses in the services sector in the Province with a view to broadly relating these to future settlement patterns;
- Considering the role that the provision of state subsidised housing should play in urban settlement;
- Assigning appropriate roles to the various spheres of government in the management of urban settlement in the Province."

The Western Cape Urban Settlement Framework is not a spatial development framework and therefore does not identify specific areas where development would be appropriate. It also does not duplicate policy work done by the various District Councils as part of their IDP processes.

Problems and issues:

The following key problems and issues relating to urban settlement in the Provinces were identified:

- i) "The present settlement pattern is characterised by overwhelming concentration in small, well-endowed areas, largely along the coast. These areas also offer the best potential for further concentration, mainly due to the availability of water;
- ii) Areas with the best potential for urban settlement, without exception require controls and restriction from the point of view of one or more environmental considerations;
- iii) The absence of a provincial spatial development framework prevents effective decision-making on urban settlement and infrastructural investment in the Province;
- iv) Large parts of the province, mainly in association with the arid interior and the north-western coastal areas, contain stagnating and declining urban settlements which require management;
- v) Settlement characteristics such as lack of integration, low densities, urban sprawl and the unauthorised occupation of land needs to be rectified;
- vi) Development pressures on the coastline and in the Garden Route area in particular, need to be carefully managed;
- vii) The three well developed transport axes from the north, north-east and east that converge on the Metropolitan Area, offer opportunities for settlement;
- viii) The fact that the West Coast areas has been identified as an SDI and a development corridor by the national government also offers opportunities for urban settlement;
- ix) The national policy of export promotion offers certain opportunities for the establishment of a particular urban settlement pattern (settlement at harbours specifically), which should be recognised and exploited;
- x) The effect that the existing, geographically disproportional, investment pattern in infrastructure and housing in the Province could have on urban settlement patterns needs attention;
- xi) The environmental, economical and social impacts of low income settlements, representing the largest and most visible component of urban growth in the Province;
- xii) The conservation of cultural, historical and architectural assets in urban areas."

The need was identified to synchronise the public delivery of economic infrastructure, associated state-funded housing and social infrastructure in towns that are struggling economically. Some issues identified in this regard are:

- Deciding which urban places ought to be prioritised for infrastructural delivery;
- What strategies ought to be introduced to improve the payment of service charges in impoverished communities; and
- How to anticipate informal settlement development in towns with little prospects for economic growth in the short-term.

The proposed policy framework:

The following policies are proposed:

- 1) Ensure the integration of the Western Cape Urban Settlement Framework with national objectives and with similar policies and frameworks in other provinces, particularly the Eastern Cape.
- 2) Promote a concept of primary concentration of settlement in the CMA, secondary concentrations in a selected number of second order towns and meaningful local roles for other towns in line with their respective development potentials.
- 3) Promote a balance in the settlement pattern in the Province that will be consistent with the availability of natural and infrastructural resources in the various settlement regions.
- 4) Render financial, technical and public investment support for the development of the West Coast Development Corridor as a desirable national developmental initiative in a settlement region with the necessary resource potential to support development.
- 5) Ensure that urban settlements develop towards racially and spatially more integrated entities.
- 6) Establish a balance in the competition for land between urban, agricultural and conservation demands.
- 7) Use public investments in infrastructure as a tool to achieve desirable urban settlements.
- 8) Ensure that the provision of subsidised housing complements the overall settlement policy for the Province.

More specifically this means:

- That the development potential of individual urban settlements should serve as a determining criterion in decisions about the approval of subsidised housing projects;
- That available funds for subsidised housing should be spent equitably in relation to needs in the Province;
- Devoting special attention to the integration of subsidised housing projects into urban settlements;
- The promotion of the adjustment of existing housing subsidy formulas in such a way that it will effectively provide for the need in subsidised rented accommodation and higher density housing;
- Ways and means must be investigated and implemented to avoid future environmentally negative impacts of subsidised housing projects and to improve the impacts of existing ones."

- 9) Ensure the effective and efficient management of existing and future settlement.
- 10) Adopt sustainability of settlements, of the natural environment and of agricultural land as a guiding principle throughout.

Proposed actions relating specifically to housing delivery:

<b>WHAT SHOULD BE DONE?</b>	<b>WHO SHOULD DO IT?</b>	<b>WITH WHAT SHOULD IT BE DONE?</b>	<b>HOW MUCH SHOULD BE BUDGETED?</b>	<b>WHEN SHOULD IT BE DONE?</b>
5.3 Introduce measures to minimise the environmental impact of low cost housing	PDNC and local authorities	Departmentally	No cost apart from personnel expenditure	Immediately
7.1 Interpretation of Urban Settlement Policy in terms of housing requirements	Provincial dept responsible for housing	Housing Dept with the assistance of the private sector	If private sector is involved ±R150 000 could be necessary	Immediately after acceptance of the Urban Settlement Policy
7.2 Promotion of housing subsidies according to the settlement policy	Provincial dept responsible for housing	Personnel of the Prov. Housing Dept. Prov. Housing Board to play a role	No additional expenses apart from personnel expenses	Immediately after acceptance of the Urban Settlement Policy
7.3 Engage national government re rental accommodation and higher density housing	Provincial dept and Ministry responsible for housing	Personnel and provincial Minister responsible for Housing	No additional expenses apart from personnel expenses	Immediately

**6.5 Western Cape Provincial Strategic Plan (June 2000 Draft Document)**

Objectives applicable to housing development:

Primary objective: Ensure the wellness of all people through planned social change, with the emphasis on the identified needs of vulnerable groups and communities.

Secondary objective relating specifically to housing: To accelerate the provision of sustainable and affordable housing, basic infrastructure and services.

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### Strengths and Weaknesses of the Housing Delivery Process:

Strengths identified in the Western Cape housing delivery process:

- Experienced and competent officials within the housing field who could inform the housing delivery process efficiently

Weaknesses identified in the Western Cape housing delivery process:

- Applications for capital subsidy projects were so complicated that consultants had to be appointed to initiate application. (A simplified application form has been developed.)
- The role of local governments was overlooked. This resulted in local governments scaling down staff components, which resulted in the loss of valuable expertise and capacity.
- The community participation process negatively affected housing delivery and this resulted in under-spending of budgets from all provinces and a cut in the allocation by national department.
- The Western Cape followed a reactive process of housing delivery: developers led the process, based on financial viability, thus housing development did not take place in the all the priority areas.
- Few applications were received for the metropolitan area until the end of 1998 when the new local governments were sufficiently geared; the result was the Housing Board being inundated with applications for funding.
- The Province needed a prioritisation model.
- The recent decision to reduce the national allocation to the Western Cape by one third to R238 million. The impact is that the province is over-committed and will not be able to approve any new housing development projects until 2003.

### Provincial Initiatives:

- A rapid land release policy that allows for provision of basic services and ownership of land to beneficiaries with gradual or phased provision of top structures has been accepted by the Board as a Provincial Housing Programme.
- A housing policy for farm workers living within towns is in the process of being submitted to the Board whereafter it will become part of a Provincial Housing Programme.
- A proposal to allocate a percentage of housing opportunities to sufferers of HIV/AIDS will also be submitted to the Board.

### Perceived Challenges with Service Delivery:

The responsibility for the collection of service and rates payments resides with the local authorities. Levels of payment for municipal services therefore directly affect the viability of local authorities. The Strategic Plan questions the sustainability of the subsidy system and its impact on the sustainability of cities and towns in view of the State's policy of benefits to the poorest. By effectively targeting the poor, and at the same time insisting on cost recovery for operation and maintenance costs, a State benefit is passed to households, which can often not afford to maintain it.

Strategic Plan impacting on Housing Delivery:

<b>Strategy</b>	<b>Focus</b>	<b>Time Frame</b>	<b>Role Players</b>
Co-ordinated approach to housing development	<ul style="list-style-type: none"> <li>To establish a multi role-player Provincial Forum.</li> <li>To ensure the implementation of an integrated housing process that is aligned with the EIP process.</li> <li>To synchronise a uniform Provincial Departmental priority system</li> <li>To build capacity of local authority to take on housing functions.</li> <li>To identify prospective land for future development.</li> </ul>	Short term           Medium to long term Ongoing	Housing, Health, Education, Sport and Recreation, Economic Affairs, Social Services, Agriculture, Transport, Asset Management, Environmental and Cultural Affairs, Water Affairs, Constitutional Development, Local Government, Regional Planning, Land Affairs, PDC, Financial Institutions, Environmental Affairs, Private Sector (PDC), Local Authorities.
Ensuring the utilisation of appropriate technologies to secure sustainable development	<ul style="list-style-type: none"> <li>Development of livelihood skills within communities with the emphasis on disaster resilience.</li> <li>Ensure application of minimum norms and standards, which incorporate consideration of weather, environmental, technological and other expected treats/risks.</li> <li>Create and implement user-friendly communication &amp; consultation programmes with all stakeholders.</li> <li>Better utilisation of DBSA Combined Services Models.</li> </ul>	Medium-long term (in process) (in process)           Ongoing	Link with safe and secure Environmental focus. Inter and intra sectoral approach. Ditto - Education Dept. for life-skills training
Developing various lobbying mechanisms	<ul style="list-style-type: none"> <li>Utilising provincial stakeholders to lobby national linkages and international funding.</li> <li>Development and improvement of MSPs and PPPs.</li> <li>Determination of migration for planning purposes.</li> <li>Addressing the issue of urbanisation.</li> </ul>	Medium term	Education Dept. Indirect role linked to Awareness campaign



The improved management of informal housing	<ul style="list-style-type: none"> <li>• Research: health, social, land, community needs, accessibility of services and environmental issues.</li> <li>• Exploration of options for alternative models</li> <li>• Address the reality of non-delivery, e.g. People's Housing Policy, Subsidy system and housing delivery performance.</li> </ul>	Medium-long term	Link with HRD, Education and Awareness Environmental focus
Acceleration of sustainable and equitable development	<ul style="list-style-type: none"> <li>• Focus the provincial priority system within rural and urban areas with reference to: economic development, environmental consideration and access to natural resources, human resource development, appropriate infrastructure, multi-sectoral service delivery systems, rail systems.</li> </ul>	Short-medium term	Links with all sectors, especially HRD, Transport and Public Works Depts. National Depts. of Land Affairs & Water Affairs. Education Dept.: Direct role
Provision of sustainable basic infrastructure and services to existing and future housing development	<ul style="list-style-type: none"> <li>• Water, solid waste disposal, storm water, roads, etc.</li> </ul>	Ongoing	Local government, Public Transport, Water Affairs, Public Works, Roads, local authorities and relevant NGO sectors, Community Safety.

Housing implications:

- Improved co-ordination of the provincial approach to housing development.
- Developing lobbying mechanisms to utilise funding for housing.
- The Strategic Plan proposes an exploration of alternative housing options.
- The Strategic Plan proposes further research into health, social, land, community needs, accessibility of services and environmental issues relating to housing provision.
- An investigation into the reality of non-delivery in the housing process is proposed.
- It is proposed that sustainable basic infrastructure and services must be provided to all existing and future housing development.

**6.6 Regional Development Plans & Integrated Development Frameworks For Individual Towns**

Due to changes to the Municipal Structures Act and the Systems Bill, most regional and individual town IDPs have not made sufficient progress. Others are in a process of amendment due to boundary changes and therefore not available at present.

In the IDPs, municipalities have to establish housing delivery objectives, prepare a housing development strategy and identify suitable land for the implementation of the housing strategy. The Manual for the Drafting and Evaluation of Integrated Development Frameworks, however, states that:

*"The housing strategy is not separate from integrated planning, but forms part of the IDF. Section 9(1) of the Housing Act emphasises the link between housing and an IDP. With reference to the implementation of a municipal housing strategy, your attention is drawn to the mechanism of accelerated development, which has been specifically created in the PDA..."*

*As part of their housing strategy municipalities have to ensure that they identify existing upgrading areas, investigate local opportunities in the rental market and proactively identify and make land available for future housing needs. Section 9 (3)(a) of the Housing Act of 1997, which states that a municipality may expropriate land for housing development, should be kept in mind when preparing your implementation plan."*

The following is an example of the (outdated) Breede River IDP housing strategy:

OBJECTIVE	STRATEGY	PROJECTS
The creation of a socially healthy and safe society	The promotion of formal housing to all residents in the district	1.1 A thorough survey of the needs for formal housing (taking into account the relevant legislation pertaining to farm worker housing and the unique town culture).
		1.2 The formulation and implementation of a program in preparation of rural residents for home ownership.
		1.3 the upgrading of existing housing stock (where applicable).

The Hermanus Integrated Development Framework (draft document) proposes, in relation to housing, that " *a new approach to housing should be followed to*

- *improve administration*
- *improve standard in terms of housing size"*

No projects relating to housing is proposed.

## 6.7 Local Structure Plans

In an overview of the Draft West Coast Sub-regional Structure Plan (1993) and the Southern Cape Sub-regional Structure Plan (1996) it was found that very limited attention was given to housing issues.

## 6.8 Provincial GIS

It is recognised that geographical information is essential to decision-making related to housing. The provincial GIS, however, currently consists of four different systems one each for Agriculture, Environmental Affairs, Transport and Planning. It is acknowledged that a central GIS system is imperative in order to impact on housing delivery and a process of integration has been initiated.

## **6.9 Cape Metropolitan Housing Strategy** (Based on a discussion with Jens Kuhn, at the CMC Department of Housing)

The Cape Metropolitan Housing Strategy focuses its attention on four clusters of challenges: new housing delivery, managing existing housing stock, managing informal settlements and the housing allocation process.

### New Housing Delivery:

The existing housing backlog within the CMA is approximately 221 200. 48 000 units have been supplied since 1995. Last year the Western Cape received approximately R350 million for housing delivery, of which between R220 and R239 million went to the metropolitan area. The CMC Housing Task Team predicts that the subsidies for 2000/20001 and beyond would be approximately 10 000 subsidies per annum, but that there would be demand for an additional 26 000 families per annum. It is clear that the demand is growing faster than the delivery and the challenge is to reach more families with less money and to maintain or increase the percentage of the provincial subsidy currently going to the CMA.

### Existing Stock:

The CMC owns approximately 79 000 housing units throughout the CMA. The average rental of these units is approximately R220 per month, with a non-payment percentage of 20%. Additionally, there are 40 000 home ownership houses. The challenge for the Metropolitan housing strategy is the maintenance of these units.

Due to the low rents and the under-recovery of rents, the Council is "subsidising" its tenants with approximately R1700 per annum, and its home ownership occupiers with approximately R4500. These amounts are lower than the central government housing subsidies, and the housing units are generally of better quality than those delivered through the subsidised housing process. The Metropolitan Housing strategy is concerned with sorting out this inequity.

### Managing Informal Settlements:

Informal settlements in the CMA are growing, and the management challenges are growth control, ensuring basic emergency services and gradual upgrading.

### The allocation process:

The role of waiting lists in the allocation procedure is a political challenge that the CMC faces. The maintenance of the waiting lists is expensive, but new housing is without exception delivered to the benefit of specific informal settlements, with no regard of the waiting lists.

There are also historical reasons why some waiting lists are racially based and therefore unsuitable for the current process. It is proposed that a new strategy would have the phasing out of the waiting lists as its end goal. By encouraging people that by opening savings accounts they would come off the lists, but be considered for a housing subsidy based on their savings track record (in other words, not the total amount of their savings).

Further work needed: a strategy of urban redevelopment of under-utilised areas should become part of the metropolitan housing strategy. The strategy would set up a market-related mechanism whereby some of these under-utilised buildings can be included into the overall urban housing stock. The idea would be that this urban redevelopment process could help fill in the gaps in the housing stock market.

The Metropolitan Housing Strategy sees the restructuring to a Unicity as the necessary restructuring to cut out the current inconsistencies in the housing strategies of the local authorities in order to deal appropriately with these clusters of challenges.

## **6.10 Summary of Findings of the Planning Initiatives Review**

### *6.10.1 West Coast Investment Initiative*

- A growing need for housing can be expected at Saldanha Bay.

### *6.10.2 Provincial Growth and Development Strategy*

- The approach to housing development must be well co-ordinated and synchronised between the different role players to ensure effective implementation.
- The appropriate technology must be utilised to ensure sustainable development, the development of livelihood skills, the application of minimal norms and standards and consideration of weather, environmental, technological and other expected risks.
- Lobbying mechanisms must be developed to utilise linkages and funding.
- Alternative housing options must be explored.
- Further research into health, social, land, community needs, accessibility of services and environmental issues relating to housing provision is necessary.
- The reality of non-delivery in the housing process must be addressed, in order to do this the People's Housing Policy, the subsidy system as well as housing delivery performance must be investigated.
- Sustainable basic infrastructure and services must be provided to existing and future housing development.

### *6.10.3 Provincial Environmental Policy*

- Environmental integrity must be maintained in order to conserve the biodiversity of the Western Cape Province. For this purpose a place-specific approach to planning was developed which uses biosphere reserves as spatial planning categories. In terms of this categorisation housing would be accommodated in Category D.
- The coastal zone policy highlights the need maintain a balance between development and conservation. It states that adequate housing must be provided within or in close proximity to coastal towns and settlements and, where possible, in compact nodes, within existing disturbed areas and behind frontal dunes. Further design guidelines are suggested to ensure that development blend in with the biophysical characteristics of the environment.

### *6.10.4 Provincial Rural Development Strategy*

- Guidelines were formulated to ensure that agricultural holdings in the urban fringe are established on a sustainable basis.
- The Draft Policy for the Settlement of Farm Workers provides for on-farm and off-farm settlement options for farm workers in order to allow farm workers and their dependants to fully benefit from the various tenure, housing and subsidy benefits and rights which are available to them.

#### 6.10.5 Provincial Urban Settlement Framework

- The draft green paper identified the need to synchronise the public delivery of economic and social infrastructure with the state funded housing process.
- It recommended a concept of primary concentration of settlement in the Western Cape within the Cape Metropolitan Area, with secondary concentrations in a selected number of smaller towns, based on the availability of natural and infrastructural resources in the existing settlements.
- The development potential of individual urban settlements should serve as a determining factor in the approval of subsidised housing projects.
- Certain urban places would then be prioritised for infrastructural provision and the public investment in infrastructure investment should be used as a tool to achieve desirable urban settlements.
- The available funds for subsidised housing should be spent equitably in relation to the needs in the Province.
- Subsidised housing projects should spatially be well integrated into the existing urban settlements.
- Measures should be introduced to minimise the environmental impact of low cost housing.
- It is proposed that the Provincial Department and Ministry responsible for housing should engage with National Government regarding the need for subsidised rented accommodation and higher density housing.

#### 6.10.6 Cape Metropolitan Housing Strategy

- The challenge in new housing delivery is to reach more families with less money and to maintain or increase the percentage of the provincial housing subsidy currently going to the Cape Metropolitan Area.
- The Metropolitan Housing Strategy is concerned with the inequity that exists in the level of subsidisation due to the high "hidden" subsidies to rental accommodation and home ownership occupiers (due to low rents and under-recovery of rents). This "hidden" subsidy is much higher than the central government's housing subsidy.
- It is proposed that a new strategy be implemented to deal with the allocation of housing. The existing process incorporates the use of waiting lists, which are seldom utilised but expensive to maintain. It is proposed that a new strategy should phase out the use of waiting lists by encouraging people to rather open savings accounts and receive their subsidies based on their savings track record. It is proposed that a mechanism be put in place that can evaluate the under-utilised land and buildings for possible incorporation into the metropolitan housing stock.

## 7. REFERENCES

Reference has been made to the following documentation:

### **National**

- The Rental Housing Act 15 December 1999
- The Housing Act 19 December 1997
- The Housing Development Act 14 April 1999
- Housing Consumers Protection Measures Act. 1998
- The National Housing Code (October 2000)

## Provincial

- The Western Cape Housing Development Act 1999
- The Western Cape Planning and Development Act 1999

### Circular Minutes issued by the Department of Planning, Local Government and Housing

- Shortened registration procedures for land registration 13 September 1993
- Circular ch2 / 1996 Provision of facilities for disabled persons
- Circular ch1 /1996 New Housing subsidy and infrastructures policy related to existing housing policy. Revised applications
- Circular ch3 /1996 Revised Social Compact requirements in respect of project linked subsidies
- Circular ch1 / 1997 Action against defaulters in housing units financed from the national housing fund.
- Circular ch 3 / 1997 Housing Financed by means of the South African Housing Fund: Proposed transfer of assets to Local Authorities: Final Costs of Projects
- Circular ch5/ 1997 Variation of the subsidy amount : Consolidation Subsidy
- Circular ch6 / 1997 Guidelines for the reduction of selling prices of certain State Financed serviced erven.
- Circular minute no. 1 /1998 Amendments to the Housing Implementation Manual
  1. Merging of the two lowest income categories
  2. Progress Payments
  3. Institutional Subsidies
- Circular minute no.3 of 1998 Project linked subsidies: Implementation of the merging two lowest income bands
- Circular minute no.4 of 1998 Phasing out of circular 4 of 1987 and the R7 500.00 capital discount
- Circular minute no 1 of 1999 Welfare Loans: Implementation of section 14(4)(g) to be read with section 7(2)(e) of the Housing Act, 1997 (Act 107 of 1997)
- Circular minute no 2 of 1999 Variation of the housing subsidy amount to cater for the special needs of disabled persons: Implementation date, 1 April 1999
- Circular minute no 3 of 1999 Amendments to the Housing subsidy scheme: Increase in the quantum of the Housing subsidy amount
- Circular minute no 4 of 1999 Postponement of the phasing out action: circular minute of 1987 and the R7 500.00 capital discount
- Circular minute no5 of 1999 Approval of New housing projects by the Provincial housing development boards including the prioritization of projects already approved subject to the availability of funds as well as “Projects in the pipe-line” awaiting approval
- Circular minute no 1 of 2000 Extended relief measures to promote home-ownership: Amendment of section 96 of the Municipal ordinance, 1974, (ordinance 20 of 1974)

### Other documents

- Guidelines for supporting the Peoples Housing Process
- Amendments to housing subsidy scheme and other housing assistance measures (Manual dated November 1995)
- Letter to Chief Director Department Housing dated 28 August 2000
- Comment of Housing strategy 2000
- Development Facilitation Act, 1995 (Act 67 of 1995)
- Research on Institutional Blockages in the Housing Delivery system - CMC
- An investigation to determine low-income households' levels of affordability to pay for services and housing in the Cape Metropolitan area –CMC
- Draft Housing Strategy 2000 – Department of Housing
- NHBRC Home Building Manual part 1&2 February 1999
- NHBRC Home Builders Manual part 3 revision 1 February 1999
- Government Gazette No. 20658 Housing Consumers Protection Measures Act, 1998
- South Peninsula Municipality Housing Handbook – August 1999
- City of Tygerberg Executive Committee Report on new housing projects 2 May 2000
- City of Tygerberg Executive Committee Report on Rental stock 27 October 1998

## Annexure 1

### Financial aspects of the Housing Subsidy Programme

#### 1. Policy Environment

The following comprises a review of the capacities and constraints with respect to the following sectors:

- Fiscal capacity of Government, including National, Provincial and Local Authorities
- Financial capacity of the financial institutions, including non-traditional lenders and the National Housing Finance Corporations
- Financial capacity of the individuals with respect to accessing credit.

##### 1.1 National Subsidy Policy: Lump sum Subsidy scheme

**Subsidies are available to individuals with dependants of households who have not accessed any previous subsidy and have a combined monthly household income of below R3 500. The level of subsidy benefit reduces in three stages according to the income of the beneficiaries as in the table shown below.**

Level	Beneficiary income	Subsidy amount	Geo-tech allowance
1	R 0 to R 1 500	R 16 000	15%
2	R 1 501 to R 2 500	R 10 000	15%
3	R 2 501 to R 3 500	R 5 500	15%

The subsidy is available through the following mechanisms.

These are:

- **Project liked subsidies**, granted to groups of eligible households participating in the development of housing projects according to a ‘social compact’ binding all relevant actors to fulfil certain specified commitments;
- **Individual subsidies**, granted to eligible households requesting subsidy assistance to purchase housing on an individual basis, either with or without end-user finance;  
 Note: The PHDB – Western Cape has taken a resolution not to grant further individual subsidies as there has been serious problems of administration regarding financial controls and mal-practice.
- **Consolidation subsidies**, granted to previous subsidy beneficiaries (through the Independent Development Trust capital subsidy program or the Provincial Authority site and service schemes) on a project linked basis. This is done in order to increase their level of benefits, to be on par with the project based subsidy policy (provided incomes of beneficiaries are under R1 500 per month).



The Consolidation subsidies of R8 500 are available to households earning less than R1 500 per month only. These apply to people who were beneficiaries for subsidy programs in the past, mainly through the Independent Development Trust capital subsidy program and former National Housing Commission schemes.

At present, subsidies are only available through a project-based approval as referred to above.

## 1.2 Other Subsidy programs

- **Extended benefits scheme**, whereby current occupants of State owned Housing stock can purchase (or have such accommodation transferred into their name) the unit at minimal cost. A discount formula based on length of occupancy and age of the house is used to determine the 'benefit' applicable to each recipient. This is deducted from the total amount owed to the State for such accommodation. Essentially, this subsidy is a book entry in that it is a mechanism through which State actors can deal with outstanding liabilities with respect to houses that are in the process of being transferred into private ownership. It does not constitute additional, new benefits available to individuals. The extended benefit scheme is planned to be phased out ref. Circular 4 of 1948 and Circular 4 of 1999.
- **Hostel upgrade**, whereby Authorities can apply on behalf single persons for an amount of R4 000 per unit and families will be allocated a subsidy in accordance with income criteria as referred to in the table above.
- **Institutional subsidy**, where families qualify for the institutional subsidy of R16 000 (plus geo-technical allowance if approved by PHDB) irrespective of household income up to a maximum of R3 500 per month. The Local Authority of Development Agency will determine an affordable rental. Families will have the right to purchase their housing unit after a lease period of four years.
- **Disabled Persons subsidies**, disabled persons have the right to apply for a number of financial benefits dependent on their disability.  
Access ramp and paving to dwelling (not exceeding 12m<sup>2</sup>) – R720.00  
Kick plates to doors – R300.00  
Lever action taps in bathrooms, grab rails and enlargement of living area – R1 100  
Hearing impaired may apply for a visual doorbell – R700.00  
Note: All applicants must submit a certified medical certificate.
- **Rural subsidies**, Rehabilitation of historic settlements including Mission stations and settlements are able to access the subsidy benefit scheme dependant on income ranging from R5 500 to R16 000 plus geo-technical allowance if approved by PHDB. Beneficiaries do not necessarily have Title to their property but are given occupational rights to the land. Subsidies are used for bulk connector services, internal services and /or upgrading of existing services, boreholes, etc. Supervised by LANOK.
- **Welfare loans**,

The Provincial Cabinet of the Western Cape decided that in accordance with the following guidelines, the Minister of Housing in consultation with the Minister of Health and Social

Service may use his discretion when considering an application for the discounting or exemption of existing loans from interest.

Applications submitted for the discounting or exemption of loans which were granted to finance welfare project such as homes for the elderly, service centers and flats for the elderly, children's homes, homes for the disabled and addict and care centers for children.

In order to qualify for the exemption, 60% of the occupants must receive a welfare allowance. Their institution must be granted an opportunity to repay the outstanding loan amount after discounting or exemption either in cash or over the outstanding loan period at an interest rate of 1%.

The Provincial Administration of the Western Cape is phasing out this policy.

## 2. National Government : Housing Subsidy Scheme

In terms of the 1995 Botshabelo Accord, which resulted in the White Paper on Housing, the government committed to allocate 5% of the fiscus (i.e. finances of the State) to Housing over the following five years, this was not always maintained.

The current year's (1999/2000) allocation of funding for housing subsidies in Province of the Western Cape is reflected in the following table. Available information supplied by PHDB.

	1999/2000	2000/2001	2001/2002	2002/2003
<b>BALACE OF COMMITTED FUNDS B/FWD</b>		<b>28'788'786</b>		
<b>PROJECT LINDED SUBSIDIES</b>				
CURRENT PROJECTS	299'166'047	225'077'327	83'069'929	12'850'000
CURRENT CONSOLIDATION PROJECTS	17'910'622	8'740'526	4'318'230	
COMPLETED PROJECTS	1'245'075	5'000'000		
NEW PROJECTS				
INSTITUTIONAL SUBSIDIES	400'000	5'000'000	5'000'000	
<b>NON-PROJECT LINKED SUBSIDIES</b>				
INDIVIDUAL NON-CREDIT LINKED	1'899'324	3'000'000	3'000'000	3'000'000
INDIVIDUAL CREDIT LINKED	5'54'511	5'000'000	5'000'000	5'000'000
INVIVIDUAL CONSOLIDATION/ UTSHANI FUND	13'831'676	10'000'000	10'000'000	10'000'000
<b>OTHER PROGRAMS</b>				
PEOPLES HOUSING PROCESS	2812'325	6'050'000	10'000'000	10'000'000
RELOCATION ASSISTANCE		4'000'000	4'000'000	4'000'000
<b>SIPP'S PROGRAMME</b>				
iSLP PROJECTS: PHDB FUNDS	31'969'654			
<b>HOSTEL REDEVELOPMENT</b>				
HOSTEL PROGRAMS	5132698	18'537'230	5'000'000	
<b>PREVIOUS DISPENSATION</b>				
DISCOUNT BENEFIT SCHEME: TSFH	2'775'384	1'000'000		
P.A.W.C.	346'632			
		<b>394'355'439</b>	<b>280'234'475</b>	<b>59'084'475</b>
<b>NATIONAL MTEF ALLOCATION</b>	<b>351'375'209</b>	<b>341'000'000</b>	<b>316'000'000</b>	<b>263'000'000</b>
<b>TOTAL</b>	<b>351'375'209</b>	<b>341'000'000</b>	<b>316'000'000</b>	<b>263'000'000</b>

## 2.1 Prioritisation Model

Prioritisation and budget allocation at present is done on a project basis. Project applications are received and then prioritised. To make the subsidy allocation needs driven as opposed to project driven a new Housing Prioritisation System (HPS) is being implemented. This system prioritises the need of Local Authorities in the Western Cape according to data from an annual survey. This will deliver a ranking of the Local Authorities and funds can be allocated accordingly. After this budget allocation the Local Authorities will be invited to submit project applications in accordance with their allocation. Thereafter the normal procedures of the housing subsidy approval are followed.

**At present the housing budget is over committed to existing projects, but it is envisaged that this situation will change during the 2001/02 financial year when the new prioritisation process can be followed.**

## 2.2 Non-traditional lenders

The lower end of the market where capital subsidies are applicable and additional top-up finance is mostly needed; the market is totally reluctant to grant any loans.

**A few companies like Nu-Way who took over the then called Housing Trust Company tried to do loans in the lower end of the market with provident funds as security, but the success is not to be mentioned for reasons that can only be disclosed in a more in-depth study.**

South Fin was another company who also tried to give loans without attaching the property. Provident funds had to secure the loans. People in that income category can hardly survive financially, how will they be able to contribute to a fund. Nurcha is another company that secures loans but only those of institutions and not individuals. The co-ordination of this process is a problem in the market and therefore hardly any funds are allocated to end-users.

Gateway is another secondary company that is willing to do finance through financial institutions but again they are sitting with financial reserves that they cannot lend out due to a lot of market restraints.

## 2.3 Traditional Lenders

The bank in his normal capacity is doing finance in the bankable sectors where bonds can be registered but they are reluctant to grant finance in the lower end of the market. Banks like Absa, Standard, Cash and Fidelity Banks are at least prepared to look at bankable housing in selected areas.

Saambou and African Bank are currently busy with product development to accommodate the lower end of the market. Registered bonds will not be used as security.

Again to summarise, banks are looking at real yield on investments with limited risk and therefore the lower end of the market is not their immediate priority.

## **2.4 National Finance Corporation**

This company is currently doing a national survey in conjunction with national role-play in the market for housing. Their project is directed to ascertain and to see how housing constraints in total can be unlocked with the main emphasis on finance constraints.

This report will only be ready during the month of December.

Closer to home, currently developers are struggling to even get finance on normal bankable houses in Khayelitsha and adjacent areas.