

DEPARTMENT OF LOCAL GOVERNMENT & HOUSING: CONSULTATIVE SEMINAR HUMAN SETTLEMENT STRATEGY



DAY 1 - COMMISSION: SOCIAL HOUSING

Input for 27 March 2006

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How do we understand/agree on key strategic thrusts?



- Clarity around the concept of “social” housing (BNG):
 - Confusion: rather refer to “rental” housing:
 1. Social rental housing
 2. Public rental housing / low income
- Multi-pronged
 - What do we have (eg. existing stock)
 - What do we do with it (retain by LG/SHI, transfer)?
 - What do we require (legal, policy, institutional, financial etc)?
- Outcomes of social housing should reflect the purpose/objective – instrument should do what it is meant to.

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What are our possible areas of collaboration?



- Research / lessons from best practice
- Access to & holding of land (private & public land)
- Leveraging of land/assets/additional funding
- Smooth accessing of subsidy to leverage loan finance
- Speeding up packaging & releasing of land

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What are the conditions for participation?



- Understanding the limitations/ possibilities of social housing instrument
- (Developmental) state must take responsibility for the poorest of the poor
- Sustainable human settlement principles (BNG), eg. Location, livelihoods,
- Revisiting historical agreements (eg. Long term leaseholds)

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What are the conditions for participation? (cont.)



- **Conditions of banks:**
 - financial viability of project,
 - Income spread in project from R1500 to R7500
 - 32 different risk components in projects – cash flow of projects
 - Evaluation & allocation of risks to various parties
 - Public sector (municipal entities) /SHI to get involved in management of institutions
 - Should allow for step-in rights – someone else takes over operations
 - Integrated projects – RDP, social, bonded, commercial & industrial components – banks effectively cross-subsidise
 - Bank margins are at fixed rates.
 - Prefer to be involved from pre-feasibility stage to monitor inherent risks & mitigate risks but legal difficulty
 - Transitional housing for student accommodation
 - Charter commitments: R15 billion by end 2008.

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Who are our possible partners?



- Provincial and local government
- Banking sector
- NGOs, CBOs
- SHIs
- European other international partners