



OBJECTIVE

- Outline role of social (medium density)/ rental housing
- Identify key issues relating to capacity building and institutional and policy reform
- Make recommendations regarding different instruments/programmes



Objectives of Social Rental Housing in terms of BNG

- ❑ To facilitate the production of effectively managed institutional housing in the areas where demand for institutional or managed housing, of all types, exists.
- ❑ *To contribute strongly towards the achievement of urban restructuring & urban renewal through urban integration & impacting positively on urban economics.*

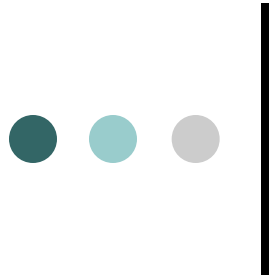


Rental Housing Demand

- **The number of households in the middle to lower income groups is expected to increase by 5.14% per annum into 2006**
- **At metropolitan level this is 8.92%. Therefore, demand for housing in the affordable sector will be significant and will be influenced by greater urbanization of the South African population**
- **Approximately 1.8 million South African households in the middle to lower income groups are catered for in rented accommodation compared to some 5.2 million households who own property.**
- **Most households at national level (45%) have a monthly income of between R0 to R800 per month, while most of the households at metropolitan level (40%) falls within the R801 to R3,200 income bracket**
- **71.14% of households renting accommodation nationally and 71.76% renting in metropolitan areas live in formal structures.**
- **Black households are the largest percentage of tenants followed by coloureds.**

Rental Housing Demand

- The demand for rental housing nationally should increase by 105,670 units per annum up to 2006 in the middle to lower income groups.
- Rising incomes at the lower end of the spectrum would result in a shift away from informal housing. This would lead in a greater demand for formal rental housing.
- The rental market plays an important role in the market in the sense that it offers high levels of locational flexibility. It is also seen as an initial step into the urban property market.
- The poor struggle to access limited rental opportunities provided by formal market (especially in good locations)
- The move from informal to formal market will increase the demand
- Range of rental options required for the poor as part of the housing strategy
- It seems that, although there are increasing references to rental housing (outside of the 'social housing' context), and some passing talk on 'engaging with informal' in the national, provincial and local policy debates, this area is in need of attention.



CURRENT NATIONAL RENTAL POSITION

- Municipal Rental (7.6%)
- Subsidised Rent (0.5%)
- Company Rent (1.6%)
- Private Rental (11.5%)
- Informal Rental (11.4%)



35.5%
SA Urban

INSTRUMENTS



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Social Rental Housing

Hostel Redevelopment Programme

Institutional Subsidy

Existing Public Rental Stock

New Public Rental Stock

New initiatives:

Farm worker Housing

Backyard Rental

Transitional Housing

Programme for Special Needs

**Western Cape
specific:**

- Basis of its use
- Need (demand) & supply
- Location
- Budget implications
- Policy implications
- IGR & institutional capacity



SOCIAL RENTAL HOUSING

- Social Housing Policy recommends establishment of regulatory authority, the Social Housing Regulatory Authority (SHRA).
- Stock will be provided by accredited Social Housing Institutions (SHIs)
- Stock to be located in approved restructuring zones
- Primary focus on larger urban areas
- In WC concentration on Cape Town Metro with possibility of other larger towns
- Build on what exists within the sector in WC
- Social housing programme of 5000 units over 5 year
- Testing and strengthening framework through implementation of first 6 projects



HOSTEL REDEVELOPMENT PROGRAMME

- **The upgrading and/or conversion of Public Sector Hostels may, under certain conditions, form part of the rental strategy.**
- **May be upgraded and converted into family units or a mix of family and single units as the need requires.**
- **In most cases redevelopment projects require de-densification and this will be done by extending the current complex.**
- **Municipalities will also have to be assisted to administer these units perhaps also through private sector property administrators**
- **Important i.t.o. providing accommodation for people earning below R2000 per month**



EXISTING PUBLIC RENTAL STOCK

- ❑ *The impact of the EEDBS & the retention of certain stock*
- ❑ *The importance of effective management of rental stock is crucial. This encompasses education of tenants, careful tenant selection, relationship building with clients, and innovative payment methods.*
- ❑ *The developmental state is obliged to develop a viable rental stock with stable tenure for tenants who understand their rights, privileges and responsibilities. A holistic programme needs to be established which provides clear guidelines to municipalities.*
- ❑ *The strategy of the programme must include a plan to reverse the existing unacceptable situation where there is a vast deficit from rental income.*
- ❑ *A number of tenants are enjoying the benefits of the lower costs of existing rental stock whilst having sufficient income to afford a higher standard accommodation, which are in limited supply. The development of new, more appropriate institutional housing (rental or ownership) would release such units for use by appropriate tenants.*
- ❑ *Suggested way forward: A province wide survey needs to be undertaken to establish the need for public rental.*



NEW PUBLIC RENTAL STOCK

- ★ **Although it is planned to deliver approximately 5000 social housing units over the next 5 years, this intervention is inadequate to address the backlog sufficiently, since these units will generally be unaffordable to the income group earning below R2000.**
- ★ **The social housing policy also has a strong urban bias and therefore does not cater for the rental needs of those living in the “rural” areas.**
- ★ **It is therefore proposed that a renewed focus on the provision of affordable public rental to low income earners.**
- ★ **The aforementioned households’ rentals will have to be highly subsidized. The rental should be directly linked to household income similar to the old circular 4 of 1987, which allows for the adjustment of rentals as the households financial situation changes.**
- ★ ***Suggested way forward: initiate research and policy planning toward a sustainable public rental housing solution***



INSTITUTIONAL SUBSIDY

- **The institutional subsidy mechanism is specifically targeted at institutions that provide tenure arrangements alternative to immediate ownership (such as rental, installment sale, shareblock or co-operative tenure) to subsidy beneficiaries.**
- **The mechanism provides a R29 450 subsidy per beneficiary household, to institutions who provide housing for those beneficiaries.**
- **The institutional subsidy mechanism is different from the other subsidy mechanisms in that it:**
 - ❖ **Provides a standard rate subsidy in respect of all households earning not more than R3 500 per month.**
 - ❖ **Pays the subsidy out in the name of the institution and not in the name of the beneficiary.**
 - ❖ **Does not necessarily provide the beneficiary with individual ownership.**
 - ❖ **The standard rate is provided on the condition that the household will not take transfer of the property (the institution must remain the owner of the property) for at least four years after the date upon which the household took occupation for the first time. When the beneficiary does take transfer after four years, their institutional subsidy is administratively classified as an individual subsidy in the name of the beneficiary**

NEW INITIATIVES



BACKYARD RENTAL

- ◆ **BNG recognizes that backyard rental accommodation in the form of backyard shacks, student accommodation, granny flats, is increasingly recognized as an important component of the overall private rental sector and it plays an important role in the residential property market.**
- ◆ **Importantly, sufficient understanding of the intricate links of backyard rental and livelihoods is required.**
- ◆ **One option suggests that the landlord is provided with a low interest micro finance loan to improve the backyard dwelling for rental purposes. Loans could be provided by micro finance institutions such as Kuyasa and the NHFC, or through a rotating fund administered by provincial and local government. Some shifts are still required by commercial banks in their approach to financing the lower income market – partnerships with banks should be facilitated.**
- ◆ **Another option is the provision of subsidies to landlords to be utilized for upgrading the existing formal structure or replacing the informal structure.**
- ◆ ***Suggested way forward: Undertake a provincial wide survey to establish the need for backyard rental opportunities & undertake research into the provision of low interest rate loans and home improvement grants & forge partnerships with private sector micro loan financial institutions such as Kuyasa, etc.***

FARM COMMUNITY HOUSING

- Although farm worker housing needs in the Province only comprise some 3% of the total housing needs in the Province, the diverse range of rural housing needs necessitates choice and flexibility in the provision of housing.
- Furthermore, farm workers and their dependants is a particularly vulnerable segment of the housing market, with widespread evictions from farms throughout the Province.
- Two main programmes:
 - *Off farm* - agri-village, established and managed by legal institution, utilising the institutional subsidy. Developers must provide guarantees to municipalities for long-term provision and maintenance of services. Tenure security does not include right of ownership, but is afforded by way of a lease or notarial deed of servitude, as land and housing remain the property of the institution.
 - *On farm* - The institutional housing subsidy could be utilised, however due to the delicate power relations between farmers and their workers, it is proposed that rental is payable directly to the local authority and not to farmers. A Section 21 Company will have to be established who will develop the housing. The Section 21 Company will have representatives from the municipality, farm community, farmers, and unions. The farmer is required to set aside land for the housing and enters into a 99 year lease with the municipality who will provide bulk services.
- *Suggested way forward: Formulate policy to address the needs of communities on farms. Forge partnerships with relevant departments and agricultural sector*



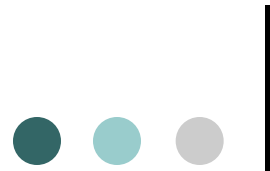
TRANSITIONAL HOUSING

- ✦ **This housing option entails the provision of rooms for short term rental purposes and is specifically suited to accommodate**
 - ✦ **destitute persons on an interim basis (day to day).**
 - ✦ **migrant workers who own housing elsewhere**
- ✦ **Government will contribute 100% of the development cost of these units and the income target group would be persons earning R0 to R800 and less per month.**
- ✦ **This could also assist in relieving pressure on informal settlements.**
- ✦ **This option is largely unexplored in the W-Cape, but other provinces has established structures in place**
- ✦ **The UISP also alludes to Temporary Relocation Areas(TRAs) which will accommodate tenants**
- ✦ **Suggested way forward demands the investigation into existing projects in other provinces and partnerships between other institutions supporting this form of housing delivery**



SPECIAL NEEDS HOUSING

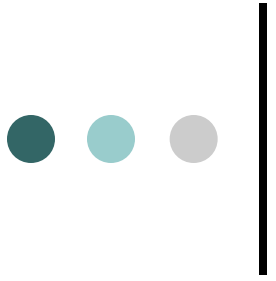
- Primary purpose is to support those who are unable to fully support themselves.
- The targeted beneficiaries will include , AIDS orphans, women headed households, disabled and the aged.
- The programme will focus on providing land and/or housing for vulnerable groups, earning below R3 500 per month, in partnership arrangement with appropriate community based organizations/departments.
- Housing is provided in tight cluster around care/communal facilities structure around the particular needs of the vulnerable group .
- The department in the absence of a national policy is in the process of drafting a policy.



LOGFRAME - Activities

Result Area 1: *A full range of housing instruments adjusted specifically to the WC realities are used and widely understood.*

- Undertake assessment / survey to establish the viability of social housing in the Western Cape
- Develop and implement mechanism for continuous needs assessment / waiting list profiles at municipal level / review human settlement strategy to align with needs assessment
- Develop new instruments/programmes that will enhance the development of sustainable human settlements (e.g. farm worker/dweller housing, special needs, backyard rentals, private rentals)
- Monitor and evaluate projects & programmes (delivery and diagnostics – map lessons from existing institutions and projects)
- SPSH to build capacity among SHIs, local and provincial government to successfully implement and manage social housing instruments



○ Thank you



LOGFRAME - Activities

Result Area 2: All intergovernmental policies, plans and budgets that are related to Human Settlement Development are horizontally and vertically aligned and implemented.

- DLG&H to motivate and approve location of restructuring zones in consultation with municipalities on the basis of existing projects and existing UDZ's
- Together with the Support Programme for Social Housing, develop tripartite framework for funding of social housing projects
- Align key agencies (CCT, Province etc) around programmatic thinking
- Resolve policy, process, coverage, monitoring and institutional gaps and alignment issues
- Review and re-align legislative, policy and institutional frameworks to fast-track availability and affordability of well-located land for social (medium density) housing
- Reach agreement between three spheres of government to release land



LOGFRAME - Activities

Result Area 3: *Accredited and non-accredited municipalities are able to carry out their housing mandate effectively and efficiently in accordance with the BNG policy*

- Accreditation of City of Cape Town requires the full appraisal of the ability to manage the programme for social housing
- Create formal monitoring and assessment system to monitor delivery of agreed outputs on time and to agreed standards and that will support regular feedback on progress



LOGFRAME - Activities

- **Result Area 4: *A functioning property market across both economies and an enabling environment for agents and institutions to carry out work towards sustainable Human Settlement Development exists***
- Determine market demand for social housing
- Provide low interest loans to small landlords for the purpose of upgrading backyard accommodation.
- Provide a range of rental options for the poor as part of the housing strategy
- Explore conditionalities to get private sector involved in social housing.
- Careful identification of restructuring zones in order for them to influence red line areas
- Bank and release well-located state land for social housing
- Develop and implement a land banking programme specifically targeting land suitable for social (medium density) housing.
- Create an overall register of available and suitable land and assets (buildings) for social housing projects



LOGFRAME - Activities

Result Area 5: *Institutional arrangements and capacity in DLG&H exist in order to effectively implement the new policy*

- *Establish a centre of excellence / equivalent support programme / forum for social housing / social housing task team in provincial government*
- *SPSH provides policy, programme and institutional capacity support to local and provincial government to enable implementation of national social housing strategy.*
- *Ensure that the Social Housing Regulatory Authority has a regional office / representative in the Western Cape*
- *Provide/use SPSH templates on how to manage SHIs*
- *Build institutional wherewithal to support social housing*