

Legislative & Policy Context

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human settlements

Department:
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REPUBLIC OF SOUTH AFRICA

BUILDING THE FUTURE TODAY, TOGETHER

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Applicable Policy & Legislative Frameworks

- Constitution of 1996
- Housing Act of 1997
- BNG Strategy 2004
- Social Housing Act of 2008
- Housing Development Agency Act of 2008
- Housing Code version 2009
- National Development Plan



Functions of National Government

Housing Act of 1997- Sect 3

(1)The national government acting through the Minister must, after **consultation with every MEC** and the national organisation representing municipalities (**SALGA**) , *establish and **facilitate a sustainable national housing development process.***



Functions of National Government ..Cont

(2) For the purposes of subsection (1) the Minister must-

(a) Determine national policy, including national norms and standards, in respect of housing development;

(b) Set broad national housing delivery goals and facilitate the setting of provincial and, where appropriate, local government housing delivery goals;

(c) Monitor the performance of the national government and, in co-operation with every MEC, the performance of provincial and local governments against housing delivery goals and budgetary goals;



Functions of National Government Cont...

- (3) For the purposes of subsection (2) (a) *'The national norms and standards'* include **norms and standards in respect of permanent residential structures**, but are not limited thereto.
- (4) For the purposes of performing the duties imposed by subsections (1) and (2) the Minister may-
- (a) Establish **a national institutional and funding framework** for housing development;
 - (b) **Negotiate for the national apportionment of the state budget** for housing development;
 - (c) Prepare and maintain a **multi-year national plan** in respect of housing development;
 - (d) **Allocate funds for national housing programmes to provincial governments, including funds for national housing programmes.....;**



Functions of National Government..

Cont...

- (e) **Allocate funds** for **national facilitative programmes** for housing development;
- (f) **Obtain funds** for **land acquisition, infrastructure development, housing provision and end-user finance**;
- (g) *institute and finance national housing programmes*;
- (h) **Establish and finance national institutions** for the purposes of housing development, and supervise the execution of their mandate;
- (i) **Evaluate the performance of the housing sector** against set goals and equitableness and effectiveness requirements;

Functions of National Government..Cont...

- (i) evaluate the performance of the housing sector against set goals and equitableness and effectiveness requirements; and*
- (j) take any steps reasonably necessary to support*



Functions of National Government..

Cont...

- The Minister must publish a code called the National Housing Code.
 - The Minister must, by notice in the *Gazette*, *from time to time publish* :
 - (a) *Updated list of national housing programmes*
 - (b) *National institutions established and financed or deemed to have been established and financedand*
 - (c) Must indicate in the notice that details of those national housing programmes and of the role and ~~functions of those national institutions are contained~~ in the Code.

Functions of Provincial Government

- (1) Every provincial government, through its MEC, must, after consultation with the provincial organisations representing municipalities, do everything in its power to promote and facilitate the provision of adequate housing in its province within the framework of national housing policy.
 - (2) Every provincial government must through its MEC-
 - (a) determine **provincial policy** in respect of housing development;
 - (b) Promote the **adoption of provincial legislation** to ensure effective housing delivery;
-



Functions of Provincial Government

- (c) take **all reasonable and necessary steps to support and strengthen the capacity of municipalities** to effectively exercise their powers and perform their duties in respect of housing development;
- (d) **co-ordinate housing development** in the province;
- (e) **Prepare and maintain a multi-year plan** in respect of the execution in the province of every national housing programme and every provincial housing programme, which is consistent with national housing policy and *guidelines that the Minister approves for the financing of such a plan*



Functions of Municipalities

- (1) Every municipality must, as part of the municipality's process of **integrated development planning**, take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to-
 - (a) Ensure that the inhabitants of its area of jurisdiction
 - have access to adequate housing on a progressive basis;
 - (b) set **housing delivery goals** in respect of its area of jurisdiction;
 - (c) **identify and designate land** for housing development;



The National Housing Code

- Is required in terms of Section 4 of the Housing Act, 1997
- Core pillars of Government's Housing Programme:
 - The Scheme provides an enabling mechanism & built on four pillars:
 - The housing Subsidy by Government;
 - The savings of households;
 - Credit by financial institutions; and
 - Sweat equity of beneficiaries.



The National Housing Code

- **Section 12:** The Minister may allocate money to provinces for the implementation of national housing programmes and provincial programmes that are consistent with national policy.
- Guides the housing development programmes
- Contains all approved Housing Programmes and suggested guidelines for implementation
- The discretionary guide-lines provide maximum flexibility to housing practitioners and decision makers (MECs).



Housing Code & Programmes

PROG	FINANCIAL INTERVENTION	INCREMENTAL INTERVENTION	SOCIAL & RENTAL	RURAL INTERVENTION
Sub Programmes	Non Credit Linked Individual	Housing Assistance in Emergency	Social Housing	Farm Residents Housing Assistance
	Credit Linked Individual	Integrated Residential Development	Community Residential Programme	Communal Land Rights
	Finance Linked (FLISP)	Upgrading of Informal Settlements	Institutional Subsidies	
	Rectification-Pre 1994 & Post	Enhanced PHP		
	Social & Economic	Consolidation		
	Land Acquisition			
	EEDBS			
	Housing Chapter of IDP			
	OPSCAP			
	Accreditation			

Affordable Housing

- Affordable housing refers to low cost housing for rent or sale.
- It's intended to meet the needs of local people who **can not afford** accommodation through open or low cost or subsidised housing.



Financed Linked Individual Subsidy Programme (FLISP)

- FLISP is for households who earn between **R3501-R15000**
- Subsidy is meant to **reduce initial mortgage loan** amount therefore reducing monthly instalments.
- Subsidy may **act as a deposit imposed** by financial institution;
- To obtain mortgage from a lender to:
 - Acquire an existing property
 - Obtain a serviced stand linked to a building contract
- R3501 – R7000 unable to get a loan: **serviced stand**
- Subsidy cannot be used for transfer costs, legal fees, bond registration fees



Salient features of current FLISP

- The FLISP subsidy is **mortgage linked**;
- The **NHFC** is the Implementing Agent;
- The funds are **administered** by Provinces;
- The MEC is the decision-making authority.
- The limit on mortgage bond value was removed;
- Subsidy quantum was adjusted – **R20 000 up to R87 000** and increments reduced;
- Provinces conclude protocols with the NHFC to administer the Programme;
- Some Provinces **ignored the provisions** of the protocol.

Social Housing

- A rental or co-operative housing option which requires institutionalised management;
- Cannot be transferred, ***not intended for individual ownership.***
- Social housing projects should be in **designated restructuring zones.**
- Targets income groups **R1500 – R7500**
- Restructuring Capital Grant Quantum of R125,000.
- Funding model made of debt , equity , Institutional subsidy & restructuring Capital Grant

Why the Revision of the Programme?

- The programmes did not deliver at scale in line with pronouncements.
- The NHFC encountered a range of implementation challenges.
- The main problem relates to the funding arrangements.
- Research or evaluation conducted
- The GEHS programme is ready for



FLISP Performance HSS Perspective

1994-2010
=845
VS
6185

FLISP	2011/12	2012/13	2013/14	2014/15	2015/16	NUM TOTAL
EC	0	5	258	328	296	888
FS	0	0	16	19	116	152
GP	4	28	756	874	1099	3432
KZN	4	28	126	234	309	740
LP	0	26	84	47	32	212
MP	1	0	1	7	25	48
NC	0	0	0	25	10	35
NW	50	7	1	9	48	224
WC	1	115	227	373	566	1298
TOTAL	60	209	1469	1916	2503	7029

Social Housing Performance

Total number of Units Approved and Developed

Units / Period	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total
Nos	1698	1893	2041	1072	4009	5121	2279	2053	3053	23 219
Projects	4	4	11	5	16	12	7	16	12	87
No of SHI										61
No of RZ										127

MTSF & National Targets

- **MTSF Sub outcomes:**
 - Adequate housing and improved quality living environments
 - A functionally equitable residential property market
 - Enhanced institutional capabilities for effective coordination of spatial investment decisions
- **Housing Delivery:** A total number of 1,46 million housing opportunities will be delivered over the MTSF period of five years consist:
 - 750 000 households in informal settlements upgraded;
 - 563 000 individual units for subsidy market;
 - 110 000 loans (**70 000 FLISP plus 40 000 DFIs**)
 - **27 000 social housing;**
 - 10 000 CRU;
 - **35 000 affordable rental**
 - 2 200 informal settlements will be assessed,
 - 10 000 ha of well-located land will be rezoned and released,



Proposed Policy Reform

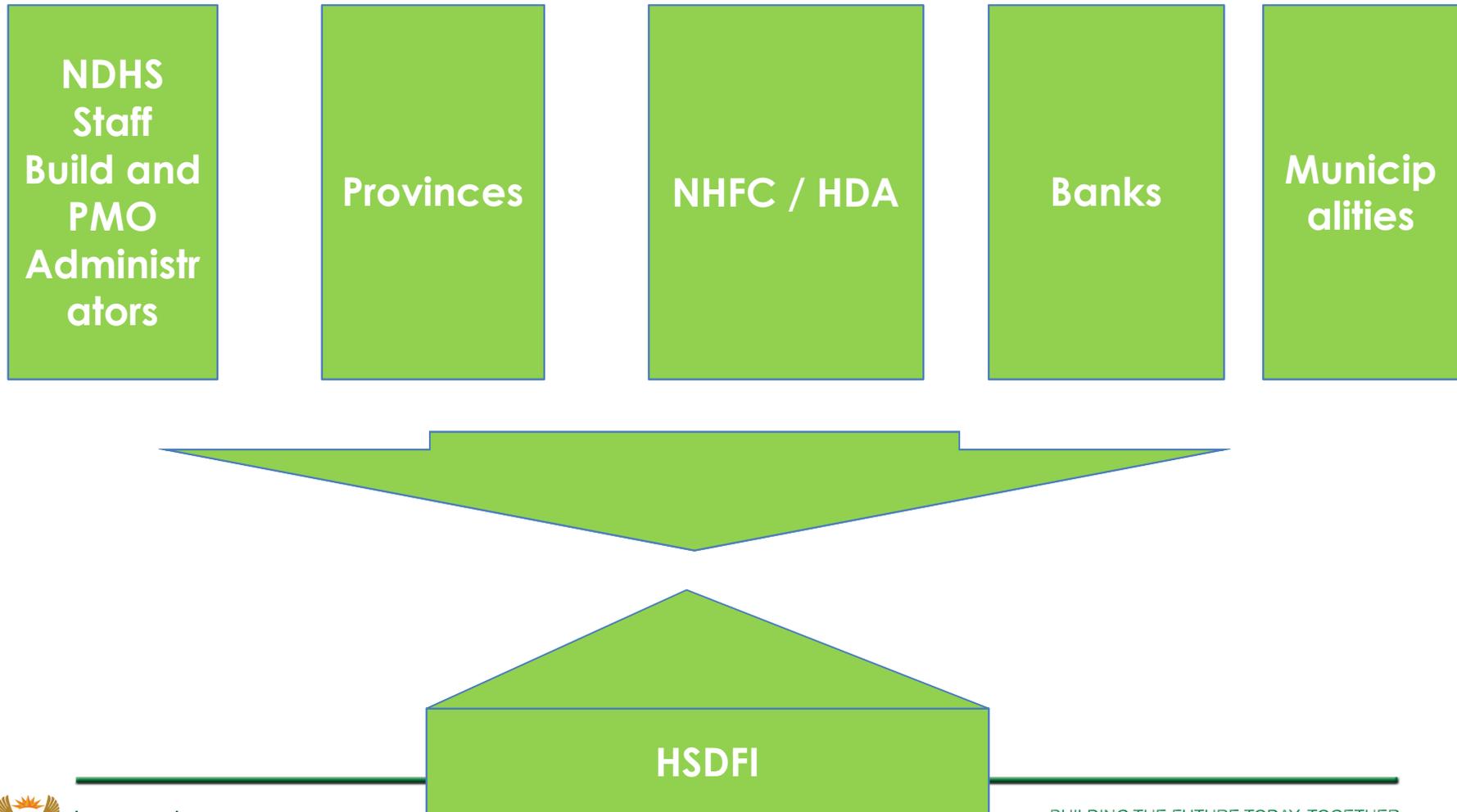
1. The GEHS Administrator is proposed to implement the FLISP for GEHS qualifying beneficiaries.
2. **Top slicing of current allocations** as dedicated funding allocation from HSDG to the GEHS Administrator is proposed;
3. **Provinces to administer FLISP for all other beneficiaries** from provincial HSDG allocations;
4. **Provinces may construct “FLISP houses” based** on actual needs of qualifying beneficiaries in IRDP projects.
5. **Pension fund backed loans** are proposed for inclusion.
6. Households who **bought properties on deed of sale and want to take transfer** will be able to apply for
7. Subsidy Quantum be Adjusted in line with BER BCI.

Proposed Policy Reform

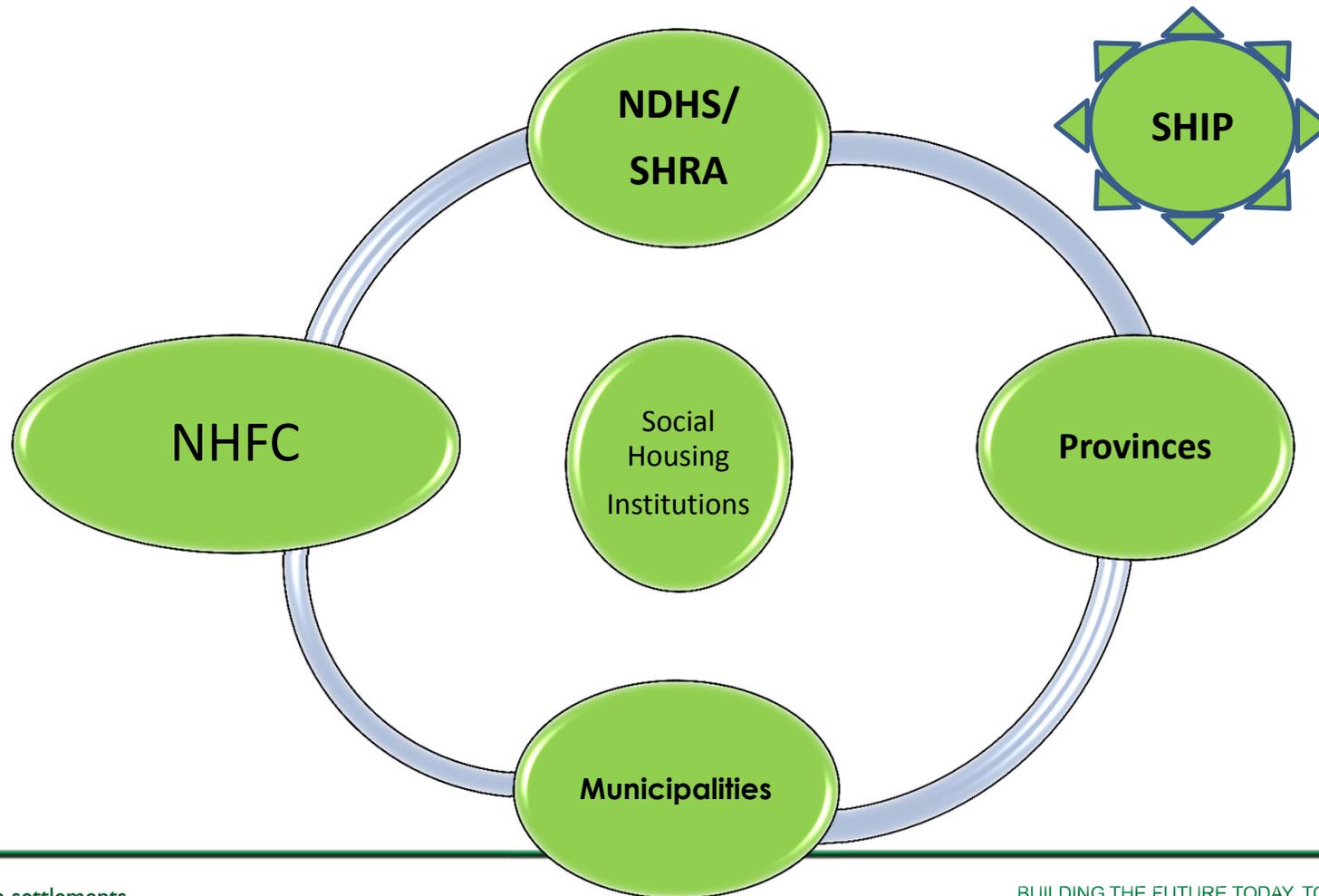
1. Shift new build to Social Housing
2. Change the income Bands
 - Lower from 3500 – 5500
 - Upper from 7500 – 15000
3. Confirm norms and standards
4. Adjust the RCG from R125 000 to R155 000
5. Refine Institutional Arrangements to improve planning and coordination



Institutional Arrangements



Institutional Arrangements



Conclusion

- A diagnostic report and discussion document towards crafting the White Paper for human settlements .
- A draft enabling legislation & Human Settlement Code
- Policy reforms on the funding regime to be in line with the value chain
 - Programme for planning and Land acquisition
 - Programme for infrastructure
 - Programme for top structure
 - Programme for capacity building , evaluation and after care



Thank you



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