



human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

Private Bag X644 Pretoria 0001 RSA Tel (012) 421 1311 Fax (012) 341 8512
Private Bag X9057 Cape Town 8000 RSA Tel (021) 466 7600 Fax (021) 465 3610
<http://www.dhs.gov.za> Fraud Line: 0800 701 701 Toll Free Line: 0800 1 46873 (0800 1 HOUSE)

Mr. P. Mashatile (MP)
Chairperson – Standing Committee on Appropriations
Parliament of the Republic of South Africa
Parliament Street
Cape Town
8000

Dear Chair,

Human Settlements Department Strategic and Annual Performance and Funding Plan Presentation - 15

On behalf of the Minister and the Department I would like to thank you and the Committee for the meeting held on the 15th May 2015, on the abovementioned matter.

As per the request of your good self, it is my pleasure to provide you with the following additional information:

1. Clarity on the Social and Rental Housing and its objectives

The Social and Rental Housing Programme is one of the approved National Housing Programmes that provide rental housing assistance for households in the low and middle-income sector. It is funded through a number of various grant sources as approved within the Division of Revenue Act (DORA) and this includes the institutional subsidy as well as the restructuring grant. The units constructed and rented are administered by the Social Housing Institutions (SHI) that are registered and regulated through the Social Housing Regulatory Authority (SHRA). A full and detailed presentation by the Department is suggested in which all the relevant management and funding mechanisms can be outlined.

2. Identification of Beneficiaries

The eligibility to benefits of the National Housing programmes is directed by the qualification criterion that applies to the Programme as contained in the National Housing Code, 2009.

The following are requirements for the qualification and prioritisation of beneficiaries for subsidised housing:

- a) **Residency and Citizenship:** He or she is lawfully resident in South Africa including being citizen of the Republic of South Africa or in possession of a permanent residence permit.
- b) **Competency to contract:** He or she is legally competent to contract – thus being over 18 years of age or legally married or legally divorced and of sound mind.

c) **No previous government assistance or benefit received for housing:** Neither that person nor his or her spouse has previously derived benefits from the housing subsidy scheme, or any other state funded or assisted housing subsidy scheme which conferred benefits of ownership, leasehold or deed of grant or the right to convert the title obtained to either ownership, leasehold or deed of grant. Such previous beneficiaries may, however, qualify for the purchase of a vacant serviced site.

c) **No previous ownership of fixed residential property:** Such a person may qualify for the purchase of a vacant serviced site and/or a housing subsidy for the construction of a top structure.

e) **Previously owned a fixed residential property:** Such a person may only qualify for the purchase of a vacant serviced site. The MEC will have discretionary authority to approve such applications on the merits of each case.

f) **Married or cohabiting:** He or she is married (in terms of the Civil Law or in terms of a Customary Marriage) or habitually cohabits with any other person.

g) **Single with financial dependents:** He or she has proven financial dependents.

h) **Single persons without financial dependents:** Applicants falling within this category may apply for the purchase of a serviced site. Once this person satisfies the other qualification criteria of this Programme, he or she may apply for a housing subsidy for the construction of a top structure.

j) **Persons who are beneficiaries** of the Land Restitution Programme

k) **Persons classified as military veterans:** South African Military Veterans who are single without financial dependants may also apply for subsidization.

l) **Persons classified as aged:** Aged persons who are single without financial dependants may also apply for subsidization. Aged persons can be classified as male and female persons who have attained the minimum age set to qualify for Government's old age social grant.

m) **Persons classified as disabled:** Persons who are classified as disabled, whether single, married or co-habiting or single with financial dependants, may apply for housing subsidies. In addition the MEC may in his/her discretion decide to award the beneficiary the variation of the subsidy.

3. Specifications and applicable costing for housing

The Department has approved norms and standards for the construction of stand alone residential dwellings which are aligned to the National Building Regulations, SANS 10400-XA.

These are issued as guide to all Provinces and Municipalities on an annual basis subject to MinMec approval. The current standards include the alternative design measures to improve the thermal performance of the dwellings and have been applicable since April 2014.

- A minimum size 40 square meter house delivered to qualifying beneficiaries earning R0 and R3 500 per month. The house as a minimum must comprise the following:
 - a) Two bedrooms;
 - b) A separate bathroom with a toilet, a shower with elevated floor walls and standard trap with trap stop to facilitate washing of clothes and a hand basin;
 - c) A combined living area and kitchen with a wash basin;
 - d) A basic full pre-paid metered electrical installation comprising a light in each room and an electrical plug in each of the living rooms/areas. The basic electrical specification for the dwelling must be determined in collaboration with the Department of Energy and Eskom;
 - e) The size for the front (north - street) elevation windows of the houses must be frames ND 54S x 2, each measuring 1,511mm wide and 1,540mm high;
 - f) The windows at the rear (south - back) elevation of the dwellings must be frames NC4 x 2 windows, each measuring 1,511mm wide and 0,949mm high; and
 - g) Each dwelling must comply with the energy efficiency measures prescribed by the National Building Regulations (SANS 10400XA) comprising:
 - i) A ceiling and prescribed air gap between the ceiling and the roof cover;
 - ii) Above ceiling insulation - 130 mm mineral wool blanket;
 - iii) Plastering of all internal wall and rendering on external walls; and
 - iv) All window panes must comprise Low E clear glass.
 - v) Plastering all internal walls;
 - vi) Rendering on external walls;

The norms and standards do not only enhance the thermal performance of buildings by reducing the energy consumption of the dwellings, but also adhere to a number of international and national policy and legislative frameworks. The table below reflects the applicable costs as per MinMec approval.

| Subsidy Type | Income Band | Purpose/Application | Current Subsidy |
|---|--------------|---|-----------------|
| A Grade Municipal Services | R0 to R3 500 | Finance the installation of Municipal Engineering Services | R43 626 |
| B Grade Municipal Services | R0 to R3 500 | Finance the installation of Municipal Engineering Services | R34 401 |
| IRDP (Project linked) subsidies | R0 to R3 500 | Finance 40m ² house meeting the NBR, Regulations of NHBRC and Ministerial Minimum Norms and Standards. Excludes Municipal Services. | R110 947 |
| Disabled - Wheelchair dependant (Normally part of IRDP housing project) | R0 to R3 500 | Finance 45m ² house meeting the NBR, Regulations of NHBRC and Ministerial Minimum Norms and Standards. Includes A Grade Municipal Services | R164 136 |

| Subsidy Type | Income Band | Purpose/Application | Current Subsidy |
|---|--------------|--|-----------------|
| Military Veterans (Normally part of IRDP housing project) | R0 to R3 500 | Finance 50m ² house meeting the NBR, Regulations by Dept of Military Veterans, the NHBRC and Ministerial Minimum Norms and Standards. Includes A Grade Municipal Services | R188 884 |

4. Progress on Accreditation of Municipalities

The programme of accreditation is included in the 2014 – 2019 MTSF and also forms part of the approved annual and strategic plan with a target of assessing municipalities and offering a post accreditation support to municipalities. The challenge is that MinMec took a decision not to grant assignment to the six metropolitan municipalities but to continue and only implement level 1 and level 2.

This also included revising the approach to accreditation and the assessment tools to be used in assessing municipalities. Currently there are 28 municipalities accredited. A majority of the municipalities have signed implementation protocols (IP) and some of the IP have since expired or are about to expire.

The table below provides details of progress on accreditation of municipalities:

| PROVINCE | | MUNICIPALITY | LEVEL | IP STATUS |
|----------------|----|-------------------|-------|-----------|
| EASTERN CAPE | 1 | NMBMM | L1&2 | PENDING |
| | 2 | COJ | L1&2 | SIGNED |
| | 3 | COT | L1&2 | SIGNED |
| GAUTENG | 4 | EMM | L1&2 | SIGNED |
| KWA ZULU NATAL | 5 | ETHEKWINI | L1&2 | SIGNED |
| WESTERN CAPE | 6 | COCT | L1&2 | SIGNED |
| EASTERN CAPE | 7 | BUFFALO CITY | L1 | PENDING |
| FREE STATE | 8 | MANGAUNG MM | L1&2 | PENDING |
| | 9 | KWADUKUZA LM | L1&2 | SIGNED |
| | 10 | NEWCASTLE LM | L1&2 | SIGNED |
| | 11 | EMNAMBITHI LM | L1&2 | SIGNED |
| | 12 | MHLATHUZI | L1&2 | SIGNED |
| | 13 | UMSUNDUZI | L2 | SIGNED |
| KWA ZULU NATAL | 14 | HIBISCUS COAST LM | L1 | SIGNED |
| LIMPOPO | 15 | POLOKWANE LM | L1 | SIGNED |
| MPUMALANGA | 16 | STEVE TSWETE LM | L1&2 | PENDING |
| | 17 | GOVAN MBEKI LM | L1 | PENDING |

| | | | | |
|---------------|----|-------------------|------|---------|
| | 18 | EMALAHLENI LM | L1 | PENDING |
| | 19 | MBOMBELA LM | L1 | PENDING |
| NORTHERN CAPE | 20 | SOL PLAATJE LM | L1&2 | SIGNED |
| | 21 | FRANCIS BAARD DM | L1&2 | SIGNED |
| | 22 | PIXLEY KA SEME DM | L1&2 | SIGNED |
| | 23 | SIYANDA DM | L1&2 | SIGNED |
| | 24 | //KHARA HAISE LM | L1&2 | SIGNED |
| | 25 | JTG DM | L1 | SIGNED |
| | 26 | EMTHANJENI LM | L1 | SIGNED |
| NORTH WEST | 27 | RUSTENBURG | L1&2 | PENDING |
| | 28 | TLOKWE | L1 | PENDING |

Key Challenges

The programme has been affected by the lack of the capacity compliance panel and a budget to run the programme. The National Department has made a request for additional funding to allocate from the fiscus to assess the municipalities. The allocation of resources will assist in resuscitating the programme. A majority of the Provinces have not budgeted for the programme as a result of MinMec decisions. The biggest challenge has been the lack of financial certainty in allocating budgets to projects that have since been accredited. The Municipal Human Settlements Grant has been put in place to build capacity in municipalities to deliver and subsidise operational cost of administering human settlements programmes. However, the funding has been linked to all 8 metropolitan municipalities who are expected to identify, package and implement catalytic and or mega projects.

It is anticipated that capital budget allocations for the projects will be allocated to municipalities in order that they can improve their capacity to deliver housing programmes. The Department has identified improved political and administrative support as a requirement to achieve better human settlements and housing outcomes. Some of the Provinces such as Gauteng have failed to gazette funds which has creates challenges of lack of performance both financially and none financially.

5. Inter-departmental alignment with the Department of Water and Sanitation?

The Department has forums including an Implementation Forum that is hosted quarterly and its reports are tabled at MinMec. The Department of Water and Sanitation is an invitee to the Human Settlements Implementation Forum.

The Department administers the Urban Settlements Development Grant which is a supplementary grant is allocated annually to Metropolitan municipalities for the development and provision of infrastructure supporting human settlement development in urban areas. The grant funding has become the main driver of alignment with projects listed in the IDP. The Department has a USDG panel, which determines the assesses various municipal programmes in terms of a Built Environment Performance Plan, as approved by a municipal council. The Department of Water and Sanitation has representation in the USDG assessment panel.

The USDG outputs have been agreed with the Executive Mayors and primarily comprise of the following outputs: **Land, Bulk Infrastructure, Basic Services, Serviced sites and Public and Socio Economic amenities**. The Municipalities are encouraged to align USDG and HSDG plans and meet regularly in order to avoid planning misalignment where houses will be build in areas without bulk or water and sanitation connector services.

6. Hostel Eradication Programme

In the 2015/16 Budget Speech Minister Sisulu has reiterated the commitment of government to eradicate the current state and municipal hostels. The current policy is being revised to ensure that the eradication of hostels receives priority and the programme is aligned and coordinated to the social and rental housing programme as well as the integration into the integrated residential development programme. The implementation of the programme will receive attention and priority with particular reference to ensuring the Provinces allocate funding to the programme.

In this regards the Provinces and Municipalities are encouraged to ensure the programme ensures families currently residing with hostels are allocated into existing integrated housing programmes.

As indicated my Department wishes to thank you and the committee for the support, guidance, advice and support for its work and programme, and you are kindly requested to freely contact my office should further assistance on information of the human settlements programme.

Yours Sincerely,



MR. T. ZULU
DIRECTOR-GENERAL

DATE: 20/05/2015