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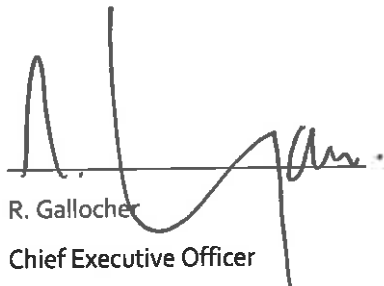Social Housing
Regulatory Authority

STRATEGIC PLAN 2014 - 2019

Foreword

The Social Housing Regulatory Authority is already into its fifth year of operations and this new Strategic Plan covers the five year period of the Medium Term Strategic Framework 2014 – 2019.

The period 2014 – 2019 is expected to be one of a Turn Around for the organisation commencing with this new Strategic Plan and vision for the entity, one that realigns the organisation to its original mandate as outlined in the Breaking New Ground Strategy, and that looks forward to attaining the mandate put forward in the National Development Plan 2030.
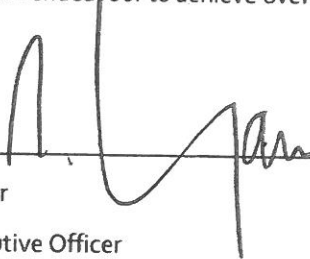
R. Gallocher

Chief Executive Officer

Reviving Cities through Social Housing

Official sign-off

It is hereby certified that this Strategic Plan 2014 – 2019 was developed by the management of the Social Housing Regulatory Authority under the guidance of the National Department of Human Settlements and takes into account all the relevant policies, legislation and other mandates for which the Social Housing Regulatory Authority is responsible.

It accurately reflects the strategic outcome oriented goals and objectives that the Social Housing Regulatory Authority will endeavour to achieve over the period 2014 to 2019.

Signature: _____ · Date __10 / 2 / 2016__

R. Gallocher

Chief Executive Officer

Signature: _____ Date __10 / 2 / 2016__

Z. Ngcakani

Chairperson

Signature: _____ Date _____

L.N. Sisulu MP

Minister of Human Settlements

Contents

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Part A: Strategic overview

1. Introduction

The Social Housing Regulatory Authority (SHRA) was established in August 2010 by the Minister of Human Settlements as per the Social Housing Act, No 16 of 2008. SHRA is a public entity in terms of Schedule 3A of the Public Finance Management Act, No. 29 of 1999 (PFMA).

Social housing is state subsidised rental housing targeted at low to medium income groups. The purpose of social housing is to contribute to the national priority of restructuring South African society in order to address structural, economic, social and spatial dysfunctionalities. Social housing contributes to widening the range of housing options available to the poor. The SHRA, as a public entity of a government, following a developmental state model needs to ensure that its programmes achieve empowerment goals. The SHRA, therefore, needs to take effective steps to empower the previously disadvantaged and create opportunities for women, youth and people with disabilities. The ultimate goals of the entity is to create an economically thriving, vibrant, representative social housing sector.

The SHRA is responsible for regulating the social housing sector in South Africa; approval, administration and disbursement of both institutional investment and capital grants (named the Restructuring Capital Grant). The SHRA must promote an enabling environment for the growth and development of the social housing sector.

The purpose of this Strategic Plan is to describe the work that the entity plans on undertaking up until the end of the MTSF period. The importance of the plan is to ensure the efficacy of the entity from an operational perspective and that the intended outcome and impact of the work of the entity is achieved.

This plan is divided into three main sections: A, B and C. Section A details the status of the entity, the environment in which it operates and its intended goals. Section B provides much more detailed information on the strategy of the entity, associated risk and resource considerations. Section C provides a link to other relevant plans.

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2. Vision

The Social Housing Regulatory Authority's (SHRA) vision is to see affordable rental homes in integrated urban environments through sustainable institutions. To achieve this:

a) The SHRA will be a world-class organisation resourced by highly skilled, values- driven leaders in the industry.

b) The SHRA will fund and facilitate funding for affordable, well designed, environmentally sustainable (energy efficient green) social housing estates.

c) The SHRA will ensure investment in communities that form new or regenerated cities, which in turn enhance social mobility and access to basic tenant needs for healthcare, education, transport and communication.

d) The SHRA will be a thought leader, stimulator and regulator of appropriate policies and research to support programme development for an African model of managed rental and social housing; and will create a self-sufficient social and rental housing environment.

In summary this can be defined in the following vision statement:

"A thought-leader, stimulator and regulator of world-class self-sufficient social housing solutions."

3. Mission

"Facilitate delivery of quality, sustainable social housing at scale to advance the needs of low and middle income groups in support of spatial, economic and social restructuring."

4. Values

a) SERVICE EXCELLENCE

Service excellence as a core value demonstrates the SHRA's commitment to quality delivery of the highest standard on a consistent basis. Furthermore, service excellence indicates professionalism, taking full accountability for actions and always seeking ways in which to find solutions.

b) INDEPENDENCE

The establishment of the SHRA as a Public Entity affords the institution a degree of independence from the National Department of Human Settlements (NDoHS). Independent, impartial and objective decision making is a central value within the SHRA. Independence as a value also ensures that the SHRA is able to avoid situations of conflict of interest, and that the SHRA will assess, manage and balance the risk between its independence and the requirements of its stakeholders.

c) TRANSPARENCY

Transparency is a fundamental value for the SHRA and will demonstrate commitment to open, transparent and public processes and communication.

d) INTEGRITY

As a regulatory authority, the SHRA subscribes to a code of ethics and ensures at all times compliance with these standards in every aspect of its work.

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e) **INNOVATION**

The SHRA is committed to being alert and responsive to the external environment; to acting with imagination, enthusiasm and tenacity, but with rigour and discipline.

5. Legislative and other mandates

The SHRA's mandate is derived both from legislation as well as the Shareholder's Compact with the National Department of Human Settlements and may be summarised as follows:

The SHRA was established to grow, regulate, invest in and where applicable intervene in social and rental housing. In terms of its regulatory activity, SHRA will be an enabling regulator with productive, effective and sustainable delivery agents. In terms of its investment activity, the SHRA will be a responsible custodian of state resources and endeavour to leverage co-investments from government and non-government resources locally and internationally.

In order to underpin and overarch its activities, the SHRA will foster stakeholder relationships, to be a catalyst in the social and rental housing sector through strategic partnerships; and to be acknowledged as a reputable regulator in a functional social and rental housing market by all SHRA's key stakeholders.

5.1. Constitutional mandates

The following areas of the Constitution of South Africa, Act 108 of 1996 (as amended) have relevance in the derivation of the mandate of the SHRA:-

1. Chapter 1: Founding Provisions: Human dignity, the achievement of equality and the advancement of human rights and freedom;

2. Chapter 21: Freedom of movement and residence: Every citizen has the right to enter, to remain in and to reside anywhere in, the Republic;

3. Chapter 24: Environment: Everyone has the right to:

   a. an environment that is not harmful to their health or well-being; and

   b. have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that:

      i. prevent pollution and ecological degradation;

      ii. promote conservation; and

      iii. secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development;

4. Chapter 25: Property: The state must take reasonable legislative and other measures, within its available resources, to foster conditions which enable citizens to gain access to land on an equitable basis; and

5. Chapter 26: Housing

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a. everyone has the right to have access to adequate housing;

b. the State must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right; and

c. no one may be evicted from their home, or have their home demolished, without an order of court made after considering all the relevant circumstances. No legislation may permit arbitrary evictions; and

6. Schedule 4A: Housing is a concurrent national and provincial legislative competence.

5.2. Legislative mandates

THE HOUSING ACT, NO. 107 OF 1997 AS AMENDED

The Housing Act covers the basic provision of housing as set out in the Constitution and further expounds on the various products, roles and responsibilities, and financial arrangements. The Act indicates that housing is a concurrent competence of national, provincial and municipal government. This is now being reviewed because of the process of accreditation of municipalities. The accreditation process will have a direct bearing on the implementation mandate of SHRA. The Act is supported by the Housing Code which serves as the policy guideline instrument. Both the Act and Code make reference to Social Housing, whilst the Code makes specific provisions regarding the use of the Institutional subsidy which is part of the financial model for social housing.

THE RENTAL HOUSING ACT 50 OF 1999 AS AMENDED

The provisions of the Act have a direct implication on the activities of SHRA in that it lays forth the mechanism of operation of the Rental Tribunals. There may be a perception that the tribunal activities overlap and even duplicate those of SHRA and this need to be spelt out via our respective communication initiatives so that no confusion or assumption of functions is created. SHRA has already approached the various rental tribunals in this regard. Another troublesome aspect of this Act was that it appeared to be pro-tenant and provoked a huge outcry from landlord associations who felt hard done by the interpretation of the Act. This aspect has an influence on private sector landlords' willingness to address the deep down market reach as this sector appears to be protected by government.

THE SOCIAL HOUSING ACT, NO. 16 OF 2008

The purpose of the Social Housing Act is to:

1. establish and promote a sustainable social housing environment;

2. define the functions of national, provincial and local governments in respect of social housing;

3. provide for the establishment of the SHRA in order to regulate all SHIs ("SHIs) obtaining or having obtained public funds;

4. allow for the undertaking of approved projects by SHIs and other delivery agents with the benefit of public money; and

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5. give statutory recognition to SHIs.

The Act comprises five chapters, the contents of which are outlined briefly below:

Chapter 1:   Definitions and general principles;

Chapter 2:   Roles and responsibilities;

Chapter 3:   Social Housing Regulatory Authority;

Chapter 4: SHIs; and

Chapter 5: General provisions.

Chapter 1: Definitions and general principles

This chapter outlines definitions of key terms found in the Act, of significance is the definition of:

- **social housing** which is defined as "a rental or co-operative housing option for low to medium income households at a level of scale and built form which requires institutionalised management and which is provided by SHIs or other delivery agents in approved projects in designated restructuring zones with the benefit of public funding as contemplated in this Act;

- a **social housing institution** SHI which is defined as "an institution accredited or provisionally accredited under this Act which carries or intends to carry on the business of providing rental or co-operative housing options for low to medium income households (excluding immediate individual ownership and a contract as defined under the Alienation of Land Act, 1981 (Act No. 68 of 1981)), on an affordable basis, ensuring quality and maximum benefits for residents, and managing its housing stock over the long term.";

- **other delivery agent** means an entity other than a social housing institution which may undertake an approved project but excludes a provincial government or a municipality;

- A **social housing investment plan** means a corporate plan and budget as required by the Public Finance Management Act, comprising a capital investment plan and an institutional investment plan for the capital institutional and investment activity of the Regulatory Authority for purposes of the social housing programme;

- A **social housing regulatory plan** means a corporate plan and budget as required under section 52 of Public Finance Management Act; and

- **Institutional investment plan** means a training and skills development plan which is a component of the social housing investment plan intended to ensure that social housing institutions acquire the expertise, skills and operational capacity to manage such institutions on a sustainable basis and produce and manage approved projects.

The chapter furthermore sets out the general principles applicable to social housing. These general principles require national, provincial and local spheres of government and Social Housing Institutions to ensure that their respective social housing projects are:

- responsive to local housing demands;

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- give priority to the needs of women, children, child-headed households, persons with disabilities and the elderly;

- support the economic development of low to medium income communities by providing housing close to jobs, markets and transport and by stimulating job opportunities to emerging entrepreneurs in the housing services and construction industries;

- provide residents with a clean, healthy and safe environment;

- not discriminate against residents on any grounds;

- consult with and facilitate the involvement of relevant interested individuals, communities and financial institutions in all phases of development;

- ensure secure tenure for residents; and

- promote a conducive environment, training opportunities, viable and sustainable communities, an understanding and awareness of social housing processes; transparency, accountability and efficiency in the administration and management of social housing stock and SHIs and best practices and minimum norms and standards in relation to the delivery and management of social housing.

Chapter 2: Roles and Responsibilities

This chapter sets out the roles and responsibilities of national and provincial government and municipalities, as well as other role players. In this regard, it states that:

1. **National Government** is responsible to:
   - create and uphold an enabling environment for social housing, by providing the legislative, regulatory, financial and policy framework for the delivery of social housing;

   - ensure compliance with its constitutional responsibilities;

   - address issues that affect the growth, development or sustainability of the social housing sector;

   - institute and fund the social housing programme;

   - designate restructuring zones submitted by provinces and identified by municipalities;

   - allocate funds from the Department's budget for the operational costs and commitments of the Regulatory Authority in accordance with the approved social housing investment plan and the social housing regulatory plan; and

   - determine norms and standards to be adhered to by provinces and municipalities; and monitor the Regulatory Authority.

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2. **Provincial Government** is responsible to:

- ensure fairness, equity and compliance with national and provincial social housing norms and standards;

- ensure the protection of consumers by creating awareness of consumers' rights and obligations;

- facilitate sustainability and growth in the social housing sector;

- mediate in cases of conflict between a SHI or other delivery agent and a municipality, if required;

- submit proposed restructuring zones to the Minister;

- monitor social housing projects to ascertain compliance with prescribed norms and standards;

- administer the social housing programme, by approving projects; and

- approve, allocate and administer capital grants, in the manner contemplated in the social housing investment plan, to approved projects.

3. **Municipalities** are responsible, where there is demand for social housing within their municipal area, to:

- encourage the development of new social housing stock and the upgrading of existing stock or the conversion of existing non-residential stock;

- provide access to municipal rental stock, land and buildings for social housing development in designated restructuring zones and to municipal infrastructure and services for approved projects, and

- initiate and motivate the identification of restructuring zones.

4. **Other stakeholders**

The Act provides that the **National Housing Finance Corporation (NHFC)** must, in respect of social housing:

- provide access to loan funding;

- make available financial information to the Regulatory Authority in respect of the sustainability of SHIs;

- facilitate or provide access to guarantees for loan funding from financial institution;

- explore and support mechanisms aimed at facilitating public funding for social housing; and

- conclude an agreement with the Regulatory Authority aimed at avoiding the duplication of functions and overregulation of SHIs.

The Act furthermore states that other delivery agents may undertake approved projects in designated restructuring zones with the benefit of public funding to the extent determined in the social housing programme.

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Chapter 3: Social Housing Regulatory Authority

This chapter establishes the SHRA as a juristic person with its core functions being to regulate SHIs and projects and to invest in capital projects and institutional development.

The Act specifies that SHRA should consist of a Council, a Chief Executive Officer and a Corporate Services Manager.

The Council should consist of 7 to 12 people who have knowledge, experience or qualification in the field of social housing. Further that SHRA should have its own dedicated staff.

The **key functions** of the SHRA are to:

- promote the development and awareness of social housing and promote an enabling environment for the growth and development of the social housing sector;

- provide advice and support to the Department of Human Settlements in its development of policy for the social housing sector and facilitate national social housing programmes;

- provide best practice information and research on the status of the social housing sector;

- support provincial governments with the approval of project applications by SHIs and assist, where requested, in the process of the designation of restructuring zones;

- enter into agreements with provincial governments and the National Housing Finance Corporation to ensure that implementation by these entities is coordinated;

- provide financial assistance to SHIs through grants to enable them to develop institutional capacity, gain accreditation as SHIs and submit viable project applications;

- accredit institutions meeting accreditation criteria as SHIs and maintain a register of SHIs. In addition, conduct compliance monitoring through regular inspections and enforce compliance where necessary. In addition, intervene in the affairs of SHIs in cases of maladministration;

- approve, administer and disburse institutional investment grants and capital grants and obtain applications for such grants through engagement with provincial governments and municipalities;

- make rules and regulations in respect of the accreditation of SHIs and the disbursement of government funds to them; and

- the SHRA is empowered to intervene if it is satisfied on reasonable grounds that there has been maladministration by a SHI. This intervention comprises informing the SHI and supporting them to address the problem. Should the SHI not co-operate in this regard, then to take over the administration of the institution. The procedures to be followed in this regard are set out in this chapter.

Chapter 4: Social Housing Institutions (SHIs)

This chapter sets out the basis by which a SHI can be established and accredited by the SHRA. The functions of these SHIs are defined as being:

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- complying with the accreditation criteria;

- acquiring, developing and managing approved projects;

- promoting the creation of quality living environments;

- re-investing operational surpluses generated as a result of funding provided in terms of the social housing programme, in further approved projects;

- consulting with municipalities with a view to developing social housing stock;

- entering into and complying with annual performance agreements with municipalities on approved projects in their areas of jurisdiction;

- informing residents on consumer rights and obligations in respect of social housing;

- observing and operating within government policy on social housing; and

- seeking permission from the SHRA for the sale of any properties in their ownership funded with public funds

The Chapter also outlines the basis on which SHIs must be managed and must report to the SHRA.

Chapter 5: General provisions

The general provisions indicate that funds for the SHP and for financing the implementation of the SHP and any relevant provincial housing programme must be consistent with national housing policy and must be made available from the National Department's annual budget; and money allocated to a province for that purpose in terms of the annual DORA.

Further, the Act provides that the Minister must make regulations prescribing to the implementation of the Act.

THE PUBLIC FINANCE MANAGEMENT ACT (PFMA)

The PFMA's provisions contain the basis of management of public funds by public entities of which SHRA is a member, having been registered as a Schedule 3A entity. Thus SHRA is obligated to adhere to the requirements and principles of the PFMA. This Act also covers the management of funds held by national and provincial government who are SHRA's sources of revenue. Thus this Act is critical to the functioning SHRA both internally and externally. This Act also embodies the legislative reporting requirements and governs the supply chain management and audit functions of entities.

THE MUNICIPAL FINANCE MANAGEMENT ACT (MFMA)

The MFMA is similar to the PFMA in nature, save that it obligates municipalities. The Act is relevant to SHRA in that the accreditation of municipalities will require that SHRA enters into agreements directly with municipalities and will thus have to be cognisant of the provisions of MFMA relating to public entities. On

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another level, SHRA has accredited Municipal Entities who are themselves subject to the MFMA. SHRA needs to be fully conversant with this Act.

5.3. Policy mandates

COMPREHENSIVE PLAN FOR THE DEVELOPMENT OF SUSTAINABLE HUMAN SETTLEMENTS: BREAKING NEW GROUND (BNG)

In September 2004, the NDoHS released its Comprehensive Plan for the Development of Sustainable Human Settlements, entitled Breaking New Ground.

Whilst this notes the continued relevance of the state housing programme introduced in 1994, it flags the need to redirect and enhance various aspects of policy, and commits the DHS to meeting a range of specific objectives. Amongst others, these objectives include:

- utilising housing as an instrument for the development of sustainable human settlements, in support of spatial restructuring;

- combating crime, promoting social cohesion and improving quality of life for the poor;

- leveraging growth in the economy; and

- utilising the provision of housing as a major job creation strategy.

BNG notes the shift in emphasis from the provision of housing to the creation of sustainable human settlements in a manner that is responsive to the demands of particular segments of society and local situations. This includes the promotion of more efficient cities, towns and regions. In support of spatial restructuring, the plan highlights the need to "integrate previously excluded groups into the city and the benefits it offers". Furthermore, the plan flags the need to promote densification, including "housing products which provide adequate shelter to households whilst simultaneously enhancing flexibility and mobility".

The DHS has developed seven Strategic Plans to address its new focus on housing delivery. The plan of direct relevance to the social housing sector is Strategic Plan 4 which focuses on Social (Medium Density) Housing.

The objective of the Social (Medium Density) Housing Programme is to facilitate the production of effectively managed rental housing in areas where demand for institutional or managed housing exists. The key elements relevant to the SHRA include:

- **Policy Interventions**: The Social Housing Bill, revision and approval of Social Housing Policy and the establishment of social housing administrative guidelines.

- **Funding Instruments:** Specifically project capital grants, capacity building grants, and establishment cost grants for social housing.

- **Institutional Capacity:** The development of a strategy for capacity building.

- **Regulation:** The establishment of a Social Housing Regulatory Authority to accredit all SHIs wishing to apply for project capital, establishment and capacity grant funding.

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SOCIAL HOUSING POLICY

In 2003, an initial Social Housing Policy was developed, however, in light of BNG Government initiated a review this Policy for South Africa in order to ensure alignment with BNG.

Importantly, this review confirmed the need for regulation in the sector noting that:

"Only a limited number of SHIs are performing and delivering housing units, and too many of them are in financial distress and/or suffering from governance difficulties. Improved performance of the institutions is crucial for the future sustainability of the social housing sector, and to rebuild its credibility. Regulation is essential in this regard."

The 2004 policy review (Social Housing Policy Review: Key Issues, October 2004) made a series of recommendations relating to the tasks and nature of the regulation function and endorsed the formation of a regulatory authority.

Consequently, the May 2005 revised Social Housing Policy recommended the establishment of a regulating authority, the Social Housing Corporation (SHC). This was reviewed by the DHS and adopted by MINMEC in 2005.

A final revised Social Housing Policy was approved by Cabinet in 2005. In the final policy version, the Social Housing Corporation (SHC) has been renamed as the SHRA.

The Policy has recently been reviewed and is currently undergoing a policy refresh to take into account practical experience and as well as legislative and economic changes since 2005.

NATIONAL HOUSING CODE

The National Housing Code covers the use of the Institutional subsidy which has been referred for a review to factor in the role of SHRA and new economic factors.

THE NATIONAL DEVELOPMENT PLAN 2030

The National Development Plan (NDP) is a holistic blueprint for South Africa's proposed development up to the year 2030. It provides mandate to all Departments, and the public, to ensure integration in the common goal of development of the country and uplifting of all citizens. Most of the principles related to the NDP were already captured under BNG and it may therefore be confirmed that the pro-active approach advocated in the NDP has been an integral part of Human Settlement Policy.

Chapter 8 – Transforming Human Settlement and the National Space Economy speaks to the human settlement approach however other Chapters are also important such as Economy and Employment, Economy Infrastructure, Environmental Sustainability, Social Protection, Building Safer Communities and Transforming Society and Uniting the Country.

The SHRA's strategy therefore needs to align to the National Development Plan to participate in the joint realisation of this plan and the intended impact of Vision 2030.

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Chapter 8's key points are as follows:

- Respond systematically, to entrenched spatial patterns across all geographic scales that exacerbate social inequality and economic inefficiency.
- In addressing these patterns we must take account of the unique needs and potentials of different rural and urban areas in the context of emerging development corridors in the southern African sub region.
- The state will review its housing policies to better realise constitutional housing rights, ensure that the delivery of housing is to be used to restructure towns and cities and strengthen the livelihood prospects of households.
- Active citizenship in the field of spatial development will be supported and incentivised through a range of interventions including properly funded, citizen-led neighbourhood vision and planning processes and the introduction of social compacts from neighbourhood to city level.
- Planning in South Africa will be guided by a set of normative principles to create spaces that are liveable, equitable, sustainable, resilient and efficient, and support economic opportunities and social cohesion.
- South Africa will develop a national spatial framework and resolve the current deficiencies with the local system of integrated development planning and progressively develop the governance and administrative capability to undertake planning at all scales.

Social housing policy and legislation align with these key points since spatial, social and economic restructuring of our living environments are key to successful implementation of social housing.

MEDIUM TERM STRATEGIC FRAMEWORK (MTSF)

The 2014-2019 electoral mandate focuses on the following priorities:

 Radical economic transformation, rapid economic growth and job creation

 Rural development, land and agrarian reform and food security

 Ensuring access to adequate human settlements and quality basic services

 Improving the quality of and expanding access to education and training

 Ensuring quality health care and social security for all citizens

 Fighting corruption and crime

 Contributing to a better Africa and a better world

 Social cohesion and nation building.

*In its focus on these priorities, and their elaboration **into fourteen key outcomes** and associated activities and targets, the MTSF has two over-arching strategic themes – radical economic transformation and improving service delivery.*

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The 14 Outcomes are as follows:

1. *Quality basic education;*

2. *A long and healthy life for all South Africans;*

3. *All people in South Africa are and feel safe;*

4. *Decent employment through inclusive growth;*

5. *A skilled and capable workforce to support an inclusive growth path;*

6. *An efficient, competitive and responsive economic infrastructure network;*

7. *Vibrant, equitable, sustainable rural communities contributing towards food security for all;*

8. **Sustainable human settlements and improved quality of household life;**

9. *Responsive, accountable, effective and efficient local government;*

10. *Protect and enhance our environmental assets and natural resources;*

11. *Create a better South Africa and contribute to a better Africa and a better world;*

12. *An efficient, effective and development-oriented public service;*

13. *A comprehensive, responsive and sustainable social protection system; and*

14. *A diverse, socially cohesive society with a common national identity.*

The SHRA's strategy is guided by Outcome 8 which stipulates that the SHRA must deliver 27,000 social housing units in this five year period.

PLANNED POLICY INITIATIVES

The following constitute amongst others the planned policy initiatives of the department:

- A Human Settlements White Paper

- Policy for coherent and inclusive approach to Land for Human   Settlements

- Revision of the housing finance regime framework

- A Human Settlements White Paper

- Amendment of the Housing Act to Human Settlements

- Legislation

- Revision of the Housing Code to Human Settlements

- Social Housing Code

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- A Comprehensive Rental Policy

STRATEGIC DIRECTIVES

The strategic direction of the human settlements portfolio is obviously guided by the Executive Authority. This section captures the high level guidance the Executive Authority has imparted onto the entity.

The following public statements have been made regarding the social housing programme by the Executive Authority and the President within the past two years.

Minister Sisulu's Budget Vote media briefing – 15 July 2014

"We need to move from small projects of 200 houses to mega projects of integrated housing mix to cater for different incomes and needs. 50 National Priority Projects across South Africa that will deliver mega integrated and sustainable human settlements."

Minister Sisulu's Budget Speech NCOP – 17 July 2014

"Derelict buildings in the inner city are a safety and health hazard and prone to being hijacked."

"We want to encourage our social partners to join us in building social housing for affordable rental".

President Zuma, State of the Nation Address, 17 June 2014

"A key focus area in local government in the next five years will be how we respond to the reality of rapid urbanisation. South Africa is becoming an urban country. By 2011 almost 63% of our population were residing in towns and cities and this trend is expected to continue over the coming decade."

Minister of Human Settlements L. Sisulu, Budget Vote Speech, 7 May 2015

"We will expropriate unused buildings and assign them for the purposes of building social housing next to the places of work. In most cases the vacant land that are not used are those that are very far from cities and places of work. Those pieces of land that are next to cities are too expensive."

It is clear from these statements and others that there is a substantial drive in the human settlements sector to focus on urban renewal, quality of delivery and for the rental sector to take the prominent role in human settlements in the future.

The Executive Authority, in an attempt to guide the new Council of the SHRA and ensure the entity delivers on its mandate, has provided areas of focus as follows:

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- Hostel acquisition and redevelopment programme;
- Inner city renewal;
- Rental housing in mining towns;
- Standards and norms of Social Housing including the grant quantum; and
- Opportunities for Women, Youth and People with Disabilities in the delivery of Social Housing.

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6. Situational analysis

6.1. Performance delivery environment

The proportion of all households renting accommodation grew from 19% in 2001 to 25% in 2011, an absolute growth of over 30% in the number of households who rent[1]. There are several variables that influence this such as:

- Migrancy;
- Lack of means to access / qualify for subsidised, owned housing;
- Lack of gap housing; and
- Rental as a preference.

Census 2007 and 2011 data indicates that over 1,5 million households within SHRA's primary and secondary market live in informal settlements and backyard accommodation, indicating a large potential market for affordable rental accommodation. These income groups also have the highest number of households still living in hostel accommodation. However, cities perpetuate low density detached housing and this requires further redress.

Urbanisation is a continuous challenge, the Census 2011 data clearly shows the rapid urbanisation of cities and towns. Urbanisation is only a threat if the migrants cannot be accommodated in the economic growth of the city. Infrastructure will keep pace if there are sufficient funds to allow it to do so[2]. The 2014 MasterCard African Cities Growth Index ranked South African Cities in the medium-low inclusive urbanisation growth potential. Far below Accra, Freetown and Casablanca and many other African cities due to slow economic growth. Inclusive growth may be defined as growth that provides more people with income and job opportunities so that the benefits of economic growth are more broadly shared. It is predicted that Lagos and Cairo will have larger economies by 2030 than Johannesburg, Pretoria and Cape Town[3]. Therefore, slow economic growth jeopardises South Africa's ability to accommodate migrants which leads to numerous socio-economic and political challenges.

South Africa, like many emerging economies, suffers from a youth bulge in terms of population dynamics. The population pyramid below clearly reflects the large percentage of the population under 25 years of age.

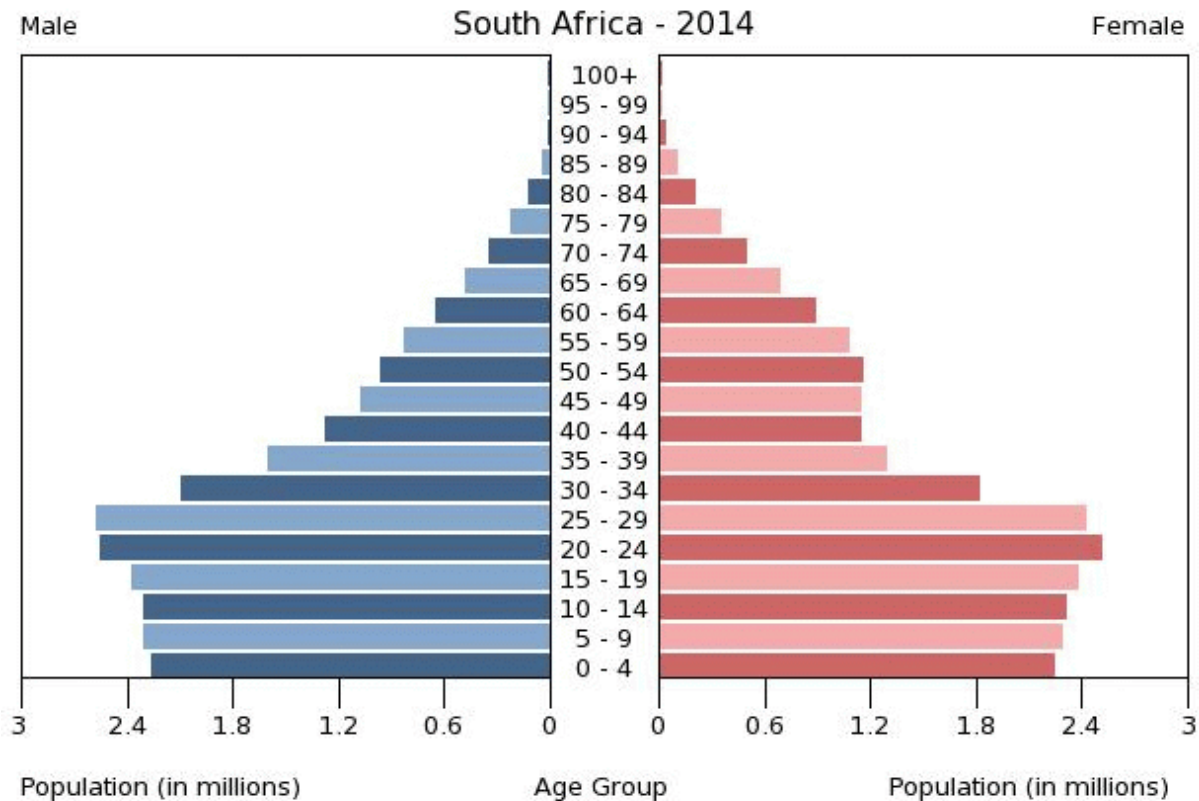[1] Census 2011 data from Statistics South Africa

[2] Information from South African Cities Network, Potential of a Better Life A Tale of Nine Cities, Prof George Angelopulo, 21 January 2015

[3] Oxford Economics 2015. African Cities: The next frontier for urbanisation and resulting corporate opportunities Webinar, 16 January 2015

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Male   South Africa - 2014   Female

Population (in millions)   Age Group   Population (in millions)

Age structure[4]:

- 0-14 years: 28.3%
- 15-24 years: 20.2%
- 25-54 years: 38.2%
- 55-64 years: 7.1%
- 65 years and over: 6.3% (2014 est.)

Therefore, increasing unemployment, increasing urbanisation, increasing demands on housing coupled with the lower demand for ownership will drive demand for social housing.

There are also ongoing socio-political challenges in terms of rental collection within certain areas experienced by Municipal Owned Entities. It is anticipated that the amendment to the Rental Act and the establishment of Rental Tribunals in all Provinces will assist in inculcating a culture of responsible citizenship through rental payments across the entire sector, however, more will have to be done to prevent rental boycotts as they jeopardise the sustainability of the programme.

Historically, the social housing programme was not designed for mass delivery but rather as a catalyst for change. The new MTSF target to deliver 27,000 social housing units by 2019 will require a change in the

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[4] CIA Factbook http://www.indexmundi.com/south_africa/age_structure.html

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delivery model as well as further collaboration with sector stakeholders if this is to be achieved. A good way forward is being developed in the sense that Provinces are being provided with specific social housing delivery targets which align to the SHRA's however work will need to be undertaken to ensure this is driven down to municipal level. A review of various Metropolitan Municipalities' Spatial Development Budget Implementation Plans (SDBIP) reveal that few have specific targets for social housing delivery. As per the Social Housing Act No. 16 of 2008, different spheres of government have different responsibilities in terms of social housing delivery. The National government plays a supportive enabling role, provinces have both a monitoring and implementation role and municipalities have a facilitation role. Municipalities are also responsible for entering into performance agreements with social housing institutions which is not practised. The ability to reach MTSF target is based on all social housing role-players to act jointly and in a coordinated manner.

The 2016/17 financial year marks the third year of the Medium Term Strategic Framework (MTSF) period 2014 – 2019. This is the most critical year for the SHRA in terms of achieving the MTSF target delivery of 27,000 social housing units. Given the construction timeframes of the projects, the bulk of the units to be delivered by 2019 should be approved for grant award status within this period.
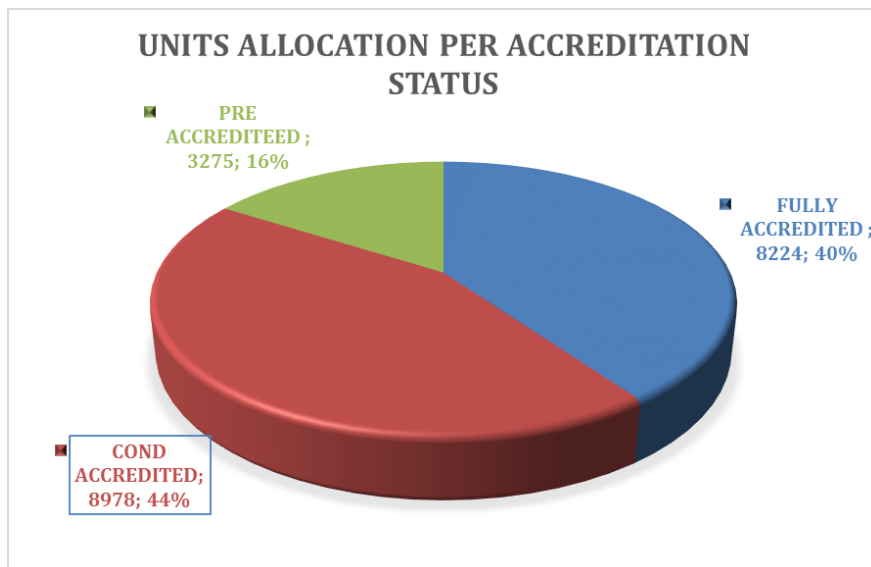
The SHRA was established to grow, regulate, approve, administer and disburse institutional investment grants and capital grants and, where applicable, intervene in social housing. Since establishment, the core functional areas of regulation, investment management and institutional investment were realised however certain elements were only prioritised in the 2015/16 financial year which was due to a separate budget being provided for Institutional Capacity Building and administered under the Institutional Investment programme. These areas include:

- Sector research and best practice;
- Strategic stakeholder engagement; and
- Focused alignment to better support existing and new policy frameworks and economic and spatial planning interventions such as the strategy towards Restructuring Zone proclamation and the NDP.

These areas are critical to ensuring an enabling environment for social housing. Whilst the importance of the development of social housing units cannot be diminished it is important to realise that these are not created in a vacuum but require a conducive environment, strong institutions and other delivery agents and engaged stakeholders.

As at the end of the 2014/15 financial year, 2053 social housing units had been delivered and a number of 20,447 units were under regulation. The accreditation of the Social Housing Institutions (SHI) managing these units is presented below. The majority of units are managed by Fully Accredited and Conditionally Accredited SHIs. Ultimately, all units should be managed by Fully Accredited SHIs. Firstly, to ensure maximum protection of state assets and benefit of tenants in order to achieve the required impact of the social housing programme. Secondly, to ensure the SHIs have the skills and capacity to develop more units in order to achieve the MTSF target.

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UNITS ALLOCATION PER ACCREDITATION STATUS

PRE ACCREDITEED ; 3275; 16%

FULLY ACCREDITED ; 8224; 40%

COND ACCREDITED; 8978; 44%

At the close of the 2014/15 financial year, a total of 61 SHIs were accredited of which:

- Eight (8) are fully accredited;

- 41 conditionally accredited (including one (1) Co-operative); and

- Twelve (12) pre-accredited (two (2) with Stock).

The SHRA needs to focus on supporting these SHIs to become Fully Accredited and develop further stock.   In the 2015/16 year, 19 new applications for accreditation were received and are being processed in the 2015/16 financial year. These are subject to assessment and approval processes.

6.2. Organisational environment

It is well understood that the SHRA has experienced problems at a leadership and governance level, these have impacted on the entity's performance. The SHRA has also suffered from significant reputational damage, both of which affect the entire social housing sector and not just the entity alone. These outcomes are corroborated by the Department of Monitoring and Evaluation (DPME) and NDoHS' evaluation of the social housing programme. The SHRA needs to regain its reputation and promote transparency in all its operations.

Internally, the SHRA has suffered from a lack of stability, a high vacancy rate and lack of documented policies and processes. In essence, the new executive management will be starting operations anew. New structures and systems will need to be developed to support the revised strategy of the entity. Focus will need to be given on both organisational development and performance enhancement methodologies.

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There are numerous reasons why the SHRA has not been able to deliver at the required scale. The SHRA has historically always reported on projects approved which has not allowed the delivery to take the forefront. The change in the performance targets will assist in focusing on units delivered. Focus has also not been expended on supporting the SHIs as development managers, this will need to be addressed.
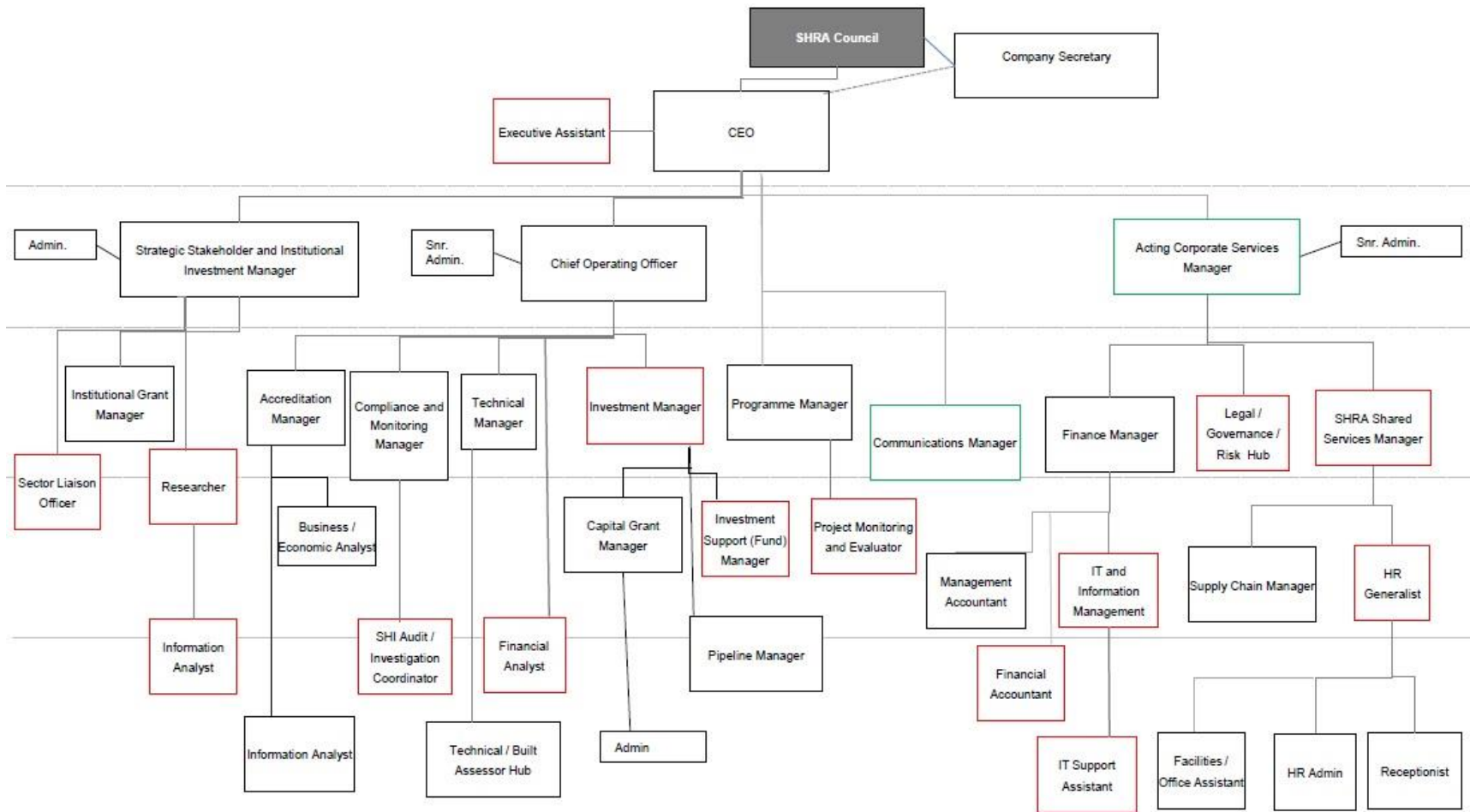
If the SHRA is to become the custodian of social housing then cross-pollination of ideas, open discussion and deliberation needs to be actively encouraged. The SHRA must become a learning organisation, one that is committed to empowerment both of its staff and the sector as a whole. The SHRA must create a culture of open communication, sharing of information and learning. The SHRA must consist of a pool of knowledgeable experts, committed to the advancement of social housing. The SHRA must become a thought-leader in the sector, developing and testing new and alternative methods of construction and management to enhance delivery and stimulate growth. The SHRA must remain cognisant of the role it plays in supporting the beneficiaries in attaining their potential. The SHRA, therefore, must both grow the sector and ensure the growth of beneficiaries in order to achieve the goals of restructuring and contribute to the emergence of a non-racial, democratic South Africa.

The staff will need to operationalise the strategies developed by the Council. Priorities are to ensure effective leadership within the entity. It is also thought that the revised change in operations and activities will be supported through a re-branding exercise. In order to carry out work of the highest quality, the SHRA needs to be staffed with individuals of the highest calibre. The SHRA will be unable to attract and retain the right skills without going through a public transformation of some kind. Organisations typically undertake this through re-branding.

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The current organisational structure of the SHRA is presented above. The positions outlined in red represent vacancies. The positions outlined in green represent temporary appointments. Of the 36 funded positions, there is currently a vacancy rate of 33%. There are numerous key positions that are vacant which has hampered performance and going forward a drive to secure the skills required to implement the strategic plan will be undertaken.

The SHRA Council approved this structure in May 2014 and have applied to the Executive Authority for its approval. The SHRA had previously operated on the structure presented below:
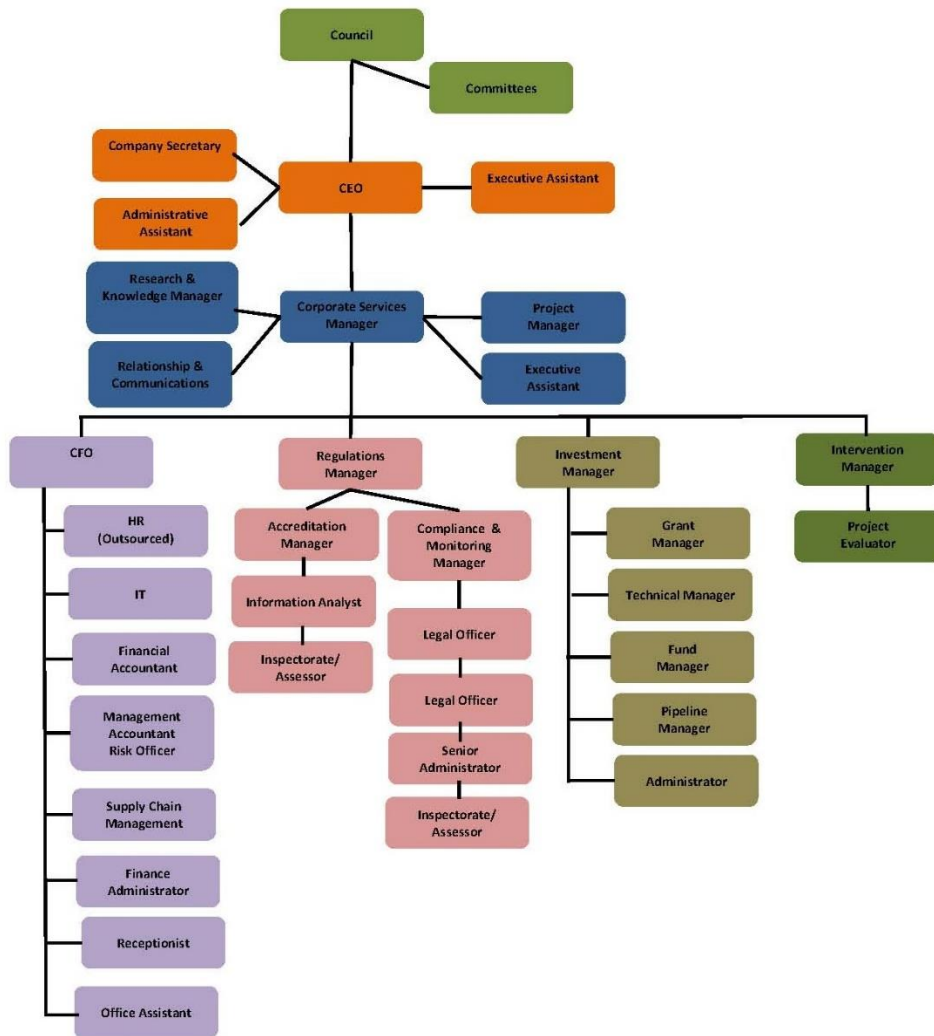
Going forward, the SHRA will continue to operate as per the Council approved structure until such time as the entity is restructured to allow for implementation of this strategic plan as approved by the Executive Authority. A framework of the indicative structure is presented on page 70.

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The DPME's evaluation made the following recommendations which the SHRA would be amiss if these were not taken into consideration when compiling the strategic plan. The overall recommendations from this report are expressed in the following excerpt:

The evaluation found that:

2.1. Over 18,000 units have been approved for development through the programme, of which nearly 10,000 has been developed by a limited cohort of eleven Social Housing Institutions (SHIs). These Social Housing (SH) units have a combined investment value of over R4,5-billion, and are regulated by the Social Housing Regulatory Authority (SHRA).

2.2. Currently the SH sector is experiencing a rapid decline in delivery, and the SHRA faces problems relating to its regulation of SHIs, and the management of the investment of Restructuring Capital Grant (RCG) subsidies. Should urgent intervention not be taken, the sector will cease to deliver subsidized rental stock.

3. The evaluation proposes the following to be undertaken in the short term:

3.1. The NDHS must urgently re-calibrate the SH financial instruments as follows:

3.1.1. Eligible Income Bands for the primary market should be raised from R3,500 to R5,500 household income per month, and for the upper level of the secondary market from R7,500 to R10,000 household income per month. Income bands must also be indexed to inflationary increases in incomes at least every three years.

3.1.2. The RCG must be increased from its present level of R124,000 (set in 2007/2008) to at least R155,000 (an increase of R31,000). The RCG must be regularly increased in line with inflationary increases in future, as stipulated in the policy.

3.1.3. The requirement to reset rentals on entry of new tenants into SH units to original levels must be revised to provide for a reasonable level of rental escalation in line with inflation. Similarly, the limitation on rental escalations should be revised in any future financial model.

3.2. SHRA must urgently engage with larger, more stable SHIs and their Provincial and City authorities to agree the basis by which projects are identified and included on the programme. Quick Win projects that are already in planning should be identified for fast tracking into implementation. This is not intended to replace the development of new SHIs which should be developed over the medium term (see 4.2 below).

4. In the medium term the following is proposed:

4.1. The basis by which funding is provided should be simplified and streamlined. Ideally, this should consider combining all potential sources of subsidy funds (RCG, Institutional Subsidy and Community Residential Unit Subsidy) into a single instrument.

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> *4.2. A long term portfolio of projects should be developed. As part of developing this portfolio capacity development should be undertaken both to improve the performance of existing SHIs and develop new SHIs.*
>
> *4.3. The basis by which regulation of the sector is undertaken should be revised in a manner whereby it is simplified and less onerous.*
>
> *4.4. The basis by which Restructuring Zones (RZ) are designated should be revised on the basis that SH investments should be focused in fewer urban areas and concentrated in more specifically targeted areas of restructuring.*
>
> *4.5. The NHFC should continue to provide debt to SHIs.*
>
> *4.6. Alternatives that create better frameworks for private sector participation in the SH sector as funders and managers of SH stock should be considered.[5]*

The recommendations are somewhat consistent with the SHRA's understanding of the need for changes in the programme. It is well understood that only a few SHIs are currently driving delivery of the sector. There are several delivery challenges that need to be addressed but ultimately there are few viable projects submitted for RCG approval and project timeframes are often much greater than the anticipated 18 – 24 months. There is a great need for collaborated planning from all social housing stakeholders and a more proactive approach required to drive social housing development.

It is understood that the research that supports the report's recommendation to increase the quantum and income bands is largely based on NASHO's first drafts of position papers on these issues. The SHRA will naturally need to conduct its own research in these areas and develop financial models.

Rental escalations and tenant's income escalations most definitely needs to be addressed as it directly relates to the sustainability of the social housing programme and the human settlements' programme in its entirety.

The SHRA is consistently working on the pipeline, however, the pipeline projects will be insufficient in upscaling delivery of social housing and more innovative frameworks will be required. These are elaborated on in further detail in the subsequent sections of this strategy.

The funding instruments for rental housing may well be reviewed by the shareholder particularly in view of the intended prominence of the rental housing sector in the future.

6.3. Strategic Planning Process
The strategic planning process of the SHRA complies with the National Treasury Framework on the development of strategic plans and annual performance plans. The process entailed deliberations by Council and the Executive and Middle Management.

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[5] Department of Human Settlements and Department of Performance Monitoring and Evaluation's Impact and Implementation Evaluation of the Social Housing Programme. Draft Final (Version 8). 31 October 2015.

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To ensure that the SHRA's Strategic Plan is performance orientated and responsive to the country's strategic priorities, the outcomes based approach was utilised. The planning process ensured alignment to the legislative mandate of the SHRA, the Constitution, the NDP and the MTSF outcomes.

7. Strategic outcome oriented goals of the institution

The following section provides SHRA's logic model and strategic outcome oriented goals.

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IMPACT	What we aim to change	The restructuring South African society in order to address structural, economic, social and spatial dysfunctionalities thereby creating economically empowered, non-racial, and integrated society living in sustainable human settlements.	**Equity Indicators**	Benefit - incidence studies Measures impact of the social housing programme at large Impact on the beneficiaries Has SH restructured cities
OUTCOME	What we wish to achieve	a) Widening the range of housing options available to the target beneficiary group. b) Well managed social housing estates c) Sustainable SHIs, Cooperatives and Other Delivery Agents d) Optimum use of state investment in social housing projects e) Protection of state assets f) Sustainability of the social housing programme		Timeframe - cannot be done annually, aim to do it every 5 years Currently - DPME undertaking an Evaluation of the SH Programme
			Effectiveness Indicators	Evaluation of the programmes every 3 - 5 years such as: Impact of the IIGs Project reviews such as those conducted in SHF Review of accreditation tools
OUTPUT	What we produce or deliver	Regulated Social Housing Units estates and accredited projects		
				State of the Sector report
			Efficiency indicators	Cost and time to assess accreditation submissions Number and costs of IIGs awarded Number and cost of SH units approved Number of units approved vs time to deliver
ACTIVITIES	What we do	As per the Functions of the Regulatory Authority, SH Act: The Regulatory Authority must, subject to the provisions of this Act— (a) promote the development and awareness of social housing; (b) provide advice and support to the Department in its development of policy for the social housing sector and facilitate national social housing programmes; (c) advise the Minister on developments in the social housing sector; (d) promote an enabling environment for the growth and development of the		

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| | | social housing sector;
(e) provide best practice information and research on the status of the social housing sector;
(f) support provincial governments with the approval of project applications by social housing institutions;
(g) assist, where requested, in the process of the designation of restructuring zones;
(h) enter into agreements with provincial governments and the National Housing Finance Corporation to ensure the co-ordinated exercise of powers; and
(i) perform any other function or exercise any other power that the Minister may prescribe.
(2) The Regulatory Authority must—
(a) annually, in accordance with the Public Finance Management Act. prepare and submit the social housing investment plan and the social housing regulatory plan to the Minister;
(b) annually, in accordance with the Public Finance Management Act, prepare and submit annual financial statements and an annual report to the Minister on its performance in respect of the social housing investment plan and the social housing regulatory plan, respectively, during the preceding year; and
(c) comply with the provisions of the Public Finance Management Act and regulations applicable to public entities.
(3) The Regulatory Authority must, subject to the provisions of this Act—
(a) provide financial assistance to social housing institutions through grants to service providers accredited by the Regulatory Authority to enable them to develop institutional capacity, gain accreditation as social housing institutions, and to submit viable project applications;
(b) accredit institutions meeting accreditation criteria as social housing institutions:
(c) maintain a register of social housing institutions with the prescribed details—
(i) which is open for inspection by the public at the premises of the Regulatory Authority during normal business hours against payment of the prescribed fee; and
(ii) annually provide a copy thereof to the National Treasury and the Department;
(d) enter into suitable agreements with social housing institutions and other delivery agents for the protection of the government's investment in social housing;
(e) conduct compliance monitoring through regular inspections and enforce compliance, where necessary through the exercise of its powers set out in section 12; | **Economy indicators** | Cost effectiveness measures as per use of the operational budget, can be compared to other entities / departments
Could be opex in proportion with capex |

(f) intervene in the affairs of a social housing institution in cases of maladministration,
and take the necessary steps to rectify such maladministration as contemplated in section 12;

(g) approve, administer and disburse institutional investment grants and capital grants and obtain applications for such grants through engagement with provincial governments and municipalities;

(h) consider applications from social housing institutions to dispose of properties developed, refurbished or purchased with the assistance of public funding and approve or refuse applications on the basis of compliance with the investment criteria forming part of the regulations;

(i) consider applications from social housing institutions to relinquish their accreditation and be removed from the public register of social housing institutions and approve or refuse applications in accordance with the prescribed regulations and rules;

(j) consider applications from social housing institutions to amend their lease agreements and approve or refuse such applications on the basis of the regulations;

(k) instruct a social housing institution not to accept a social housing project allocated to it if—

(i) the social housing institution will not be able to complete the project successfully; or

(ii) it will undermine the social housing institution's viability: and

(l) do all things necessary to ensure good governance and sustainability of social housing institutions.

(4) The Regulatory Authority may, subject to the provisions of this Act and by notice
in the Gazette—

(a) make rules, not in conflict with the regulations—

(i) giving effect and detailed content to the regulations;

(ii) prescribing necessary standards, ratios, procedures, requirements, forms and returns;

(iii) further regulating the conduct of social housing institutions;

(iv) prescribing procedures for compliance monitoring and the enforcement of compliance, including intervention in the affairs of social housing institutions; or

(v) specifically authorised or required by regulation;

(b) prescribe, after consultation with the Minister, any other rules for the proper functioning of the Regulatory Authority; and

(c) issue such directives, instructions and circulars as may be necessary for the

		exercise of its functions under this Act. (5) The Regulatory Authority may, subject to the provisions of this Act— (a) establish such committees as may be necessary to meet its objectives; (b) delegate its powers to committees and officers, on such terms and conditions as it may deem necessary, but may not divest itself of such powers; (c) conclude such contracts and institute such proceedings as may be necessary for the exercise of its powers and fulfilment of its functions under this Act.
INPUT	What we use to do the work	Capital budget to financial social housing projects Capital budget to regulate social housing units and SHIs Capital budget to support the delivery of social housing projects and SHIs Staff Council Service providers Equipment Office

Description of indicators

Equity **indicators: explore whether services are being provided impartially, fairly and equitably. Equity indicators reflect the extent to which an institution has achieved and been able to maintain an equitable supply of comparable outputs across demographic groups, regions, urban and rural areas, and so on. Often specific benefit-incidence studies will be needed to gather information on equity. The aim of such studies would be to answer the question: "Who benefits from the outputs being delivered?" Usually equity is measured against benchmark standards or on a comparative basis.**

Effectiveness **indicators: explore the extent to which the outputs of an institution achieve the desired outcomes. An effectiveness indicator assumes a model of how inputs and outputs relate to the achievement of an institution's strategic objectives and goals. Such a model also needs to account for**

other factors that may affect the achievement of the outcome. Changes in effectiveness indicators are only likely to take place over a period of years, so it is only necessary to evaluate the effectiveness of an
institution every three to five years; or an institution may decide to evaluate the effectiveness of its different programmes on a rolling 3-5 year schedule.

Efficiency **indicators:** explore how productively inputs are translated into outputs. An efficient operation maximises the level of output for a given set of inputs, or it minimises the inputs required to produce a given level of output. Efficiency indicators are usually measured by an input: output ratio or an output: input ratio. These indicators also only have meaning in a relative sense. To evaluate whether an institution is efficient, its efficiency indicators need to be compared to similar indicators elsewhere or across time. An institution's efficiency can also be measured relative to predetermined efficiency targets.

Economy: explore whether specific inputs are acquired at the lowest cost and at the right time; and whether the method of producing the requisite outputs is economical. Economy indicators only have meaning in a relative sense. To evaluate whether an institution is acting economically, its economy indicators need to be compared to similar measures in other state institutions or in the private sector, either in South Africa or abroad. Such indicators can also be compared over time, but then prices must be adjusted for inflation.

Strategic Outcome Oriented Goal 1	**Stimulate social housing delivery**
Goal Statement:	To upscale and fast track social housing development in order to deliver 27,000 units by 2019.

Strategic Outcome Oriented Goal 2	**Effective, risk-based and automated regulatory system**
Goal Statement:	To revise the accreditation and compliance system to a risk-based automated system by 2019 that will allow for a more effective and streamlined regulatory system.

Strategic Outcome Oriented Goal 3	**Professionalised and sustainable social housing sector**
Goal Statement:	To implement accredited social housing training programmes by 2019 in order to professionalise the sector and ensure the required expertise and capacity is created to propel the sector forward.

Strategic Outcome Oriented Goal 4	**Enhanced performance of the entity**
Goal Statement:	To restructure the entity and implement new systems, policies and procedures by 2019 to enhance the performance and reputation of the entity.

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Part B: Strategic objectives

1. Strategic Direction of the SHRA

The SHRA must deliver 27,000 units by 2018/19 financial year and then possibly beyond this in terms of an upscaled strategic objective which will require proposals for budget alignment and approval by the Executive Authority. This will need to be achieved through a multi-pronged approach. It is understood that there have been challenges in the rate of delivery of the programme, these areas can be addressed and the delivery can be increased. However, the SHRA cannot rely on the greenfields developments alone and these type of projects have not led to the restructuring that was envisaged of the programme. Greenfields projects also have lengthy planning and construction timeframes and given that there are only three years left of the MTSF period and the amount of social housing stock each SHI can take on-board every year there needs to be support given from the private sector. The other areas that the SHRA will need to look at are the reclamation of inner city buildings, participation in the mega projects being driven by the National Department, mining town development and hostel redevelopment.

In addition, the SHRA must look to delivering other tangible socio-economic benefits that can be leveraged from the programme. The SHRA must ensure that other government priority areas are addressed through this programme i.e. those of stimulating social housing delivery, job creation, empowerment of youth and women, developing mega projects, ensuring long term financial sustainability of the SHRA.

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As per the Social Housing Act No 16 of 2008: Section 2: General principles of social housing includes:

"stimulating **job opportunities** to emerging **entrepreneurs** in the housing services and construction industries"

"**training** opportunities for stakeholders and interested parties who wish to enter the social housing market:

"social, physical and economic integration of housing development into existing urban and **inner-city** areas"

"the **conversion** or upgrading of buildings for social housing use"

"**incentives** to SHIs and other delivery agents to enter the social housing market"

"the use of public funds in a manner that **stimulates** or facilitates private sector investment and participation in the social housing sector"

The intended outcome of this revised strategy is the repositioning of the SHRA as a proactive Regulator, focusing on the impact of the regulatory function in responding to the critical challenges of spatial fragmentation and the ability to respond effectively to rapid urbanisation. The strategic intent of the SHRA is therefore to regulate the sector through reconfiguring delivery mechanisms in a manner that facilitates delivery of sustainable social housing at scale to meet the needs of low and middle income groups in support of spatial, economic and social restructuring thereby creating an economically empowered, non-racial, and integrated society living in sustainable human settlements.

The strategic pillars upon which the turnaround of SHRA will be grounded in are:

A.   Sustainable delivery of affordable quality rental housing units at scale;

B.   Efficient and impact focused regulatory regime;

C.   Organisational efficiency; and

D.   Effective stakeholder management.

In creating the enabling environment for fast-tracking delivery at scale, of affordable sustainable quality social housing by Social Housing Institutions (SHIs) and other delivery agents (ODAs) whilst ensuring the growth and sustainability of the sector, the SHRA will operationally focus on:

*   Co-ordinated and integrated spatial and delivery planning between the SHRA, National, Provincial and Municipal departments.
*   Capacitation of delivery agents for fast-tracking large scale delivery.
*   Unlocking blockages in the planning and construction pipeline.
*   Developing property management capability of delivery agents.
*   Fostering of partnerships to enhance delivery.

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- Leveraging the social housing programme for empowerment of communities.
- Acquisition of stock (hostel, inner-city buildings, mining towns).
- Identifying debt equity funding solutions.
- Identifying areas for legislative, policy and regulatory review.
- Review of the regulatory processes to ensure faster turnaround times.
- Organisational resourcing, policies and processes alignment to ensure efficient delivery.
- Review and implementation of appropriate governance practices.
- Stakeholder management and communication.

The new growth model of the entity developed through strategic intent is presented below. The first diagram represents the inputs, outputs and deliverables of the SHRA. The inputs represented in the centre of the diagram as the Council and staff, the outputs in the form of the relevant frameworks and the deliverables at the point of the triangles. The supporting environmental factors is also represented.

The following diagram represents the social housing system and the integrated systems within this broader system.

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EXPANDED {Pre-, Conditional, Full (for Pipelines A, B, C & D & Classes I – IV) respectively} AND SPECIALISED ACCREDITED SOCIAL HOUSING INSTITUTIONS (SHIs)

Constitution & Bill of Rights Obligations of the government, Business, Organized Labour & Civil Society (GBOL & CS) to Contribute to Growth of the SH sector transition BNG & sustain L&M rental income affordability to assure the crafting of supportive regulations to viability, resilience, sustainability & upscaling.

Mixed Market Economy & Growth Dynamics' Challenges of widening inequality, deepening poverty and high unemployment to the SH sector in general, & in particular to the BNG, CRU, ISs transitioning to rental options & the low and middle income band in terms of viability, resilience, sustainability & upscaling.

CAPACITATION FRAMEWORK

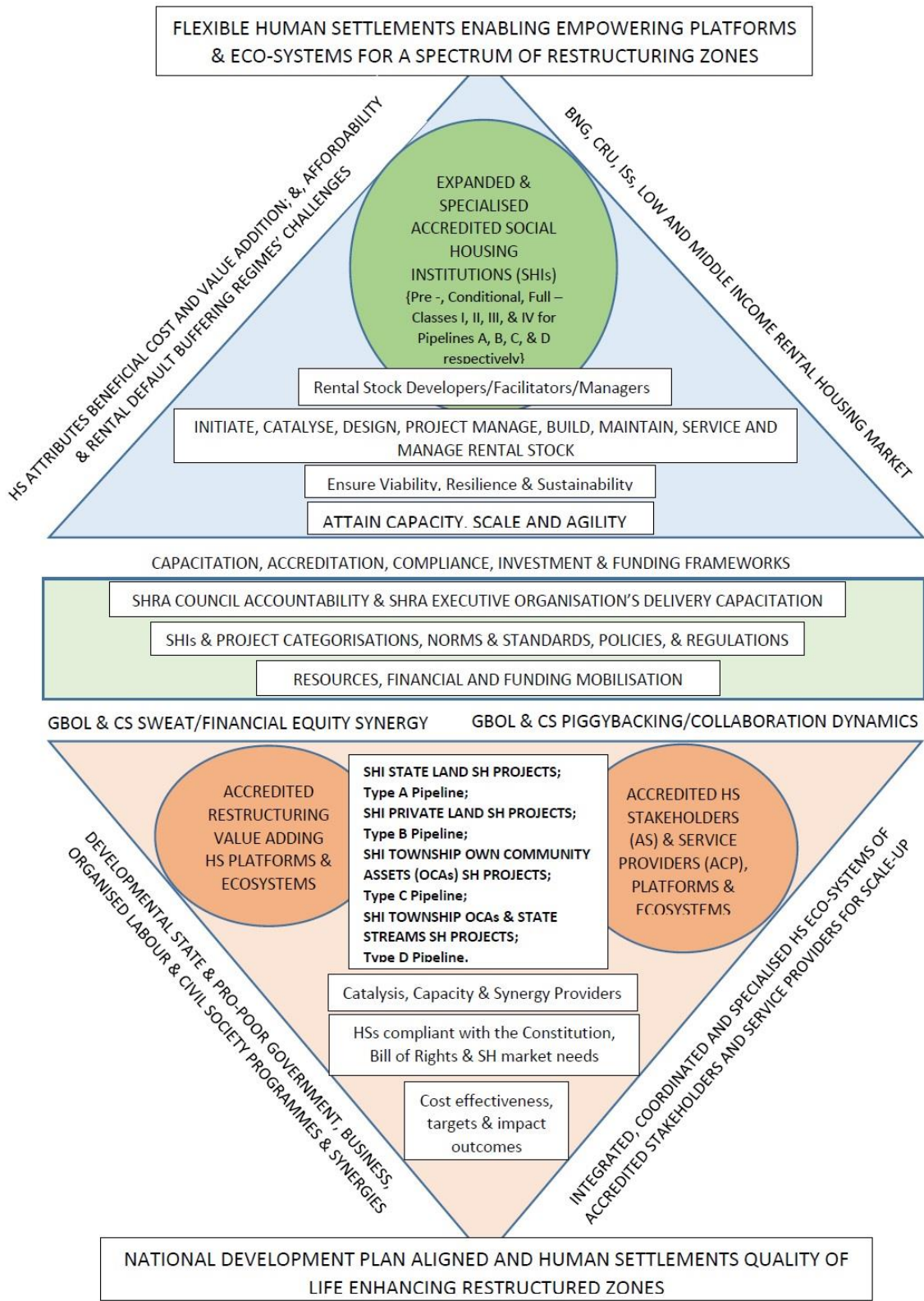SHRA full & part time NON-EX COUNCIL, EXECUTIVE MGMNT & STAFF

ACCREDITATION FRAMEWORK

COMPLIANCE FRAMEWORK

INSTITUTIONAL INVESTMENT, RESOURCES & FUNDING FRAMEWORK

ACCREDITED RESTRUCTURING ZONES, HUMAN SETTLEMENT PLATFORMS AND ECOSYSTEMS

Developmental State GBOL & CS Social Housing development posture (facilitation, support & sustainable maintenance of SH "L&M rental income as a Public Good", transitioning RDP, BNG, CRU, ISs to sustainable L&M income etc.), "to scale" sustainable delivery of affordable SH & rental stock; and, GBOL & CS collaboration and synergies in resolving the challenges of legacy deficits (e.g. wholesome Human Settlements, Land & productive water value addition attributes); use of advance technologies & techniques; and, amendments to the Social Housing ACT as necessary; development of SH & HS relevant Policies, Regulations, Procedures etc.

ACCREDITED STAKEHOLDERS AND SERVICES PROVIDERS, PLATFORMS AND ECOSYSTEMS

For "Scale-Up Delivery Flexibility, Viability, Resilience, Cost Effectiveness, Sustainability & Integrity" to satisfy, w.r.t SH & HS, Constitutional obligations, Court rulings, market dynamics & Ministerial expectations of "quantum leap delivery" of units; &, carve a clear path of escape out of "Ministerial Administration Regime" on to a "Pre-eminent Regulatory SH & HS Regime" due consideration must be given to amending the SHRA Act to, amongst others, mandate SHRA Council to capacitate the SHRA Council to effectively deal with the elimination of the "indignity & squalor of Informal settlements (ISs) & some township HS and provision of SH as a "Public Good"; set Norms & Standards, implement Resources & Funding Mobilisation, execute annual reviews of mixed market dynamics & mitigate its impact on viability, resilience & sustainability of transitioning from BNG to affordable rental stock options; &, address the low to middle income band affordability issues & in collaboration with ODAs effect preservation of SH rental stock in public funded estates; &, make appropriate recommendations; conduct a variety of surveys pertinent to viability, resilience & sustainability, delivery cost efficiencies etc.; expand the range and capacity of accredited SHIs - pre-accreditation, conditional & full - for pipelines types A, B, C, & D and SHI classes I, II, III & IV respectively, reflecting the quality and quantity of units delivered & derive maximum benefits from ARZs using appropriate human settlement platforms and ecosystems; and, accredited stakeholders & services providers, other delivery agents (ODAs); classify SHIs, RZs, AS & ASPs into "inherent human settlement value" types & accordingly formulate appropriate regulations so as to make accreditation, capacitation, compliance, institutional investment & resources & funding mobilisation processes user friendly & supportive of sustainability & better delivery of SH products by the SHIs with collaborative support of a variety of ODAs & other Development Delivery Projects (ODDPs) which are SH & HS relevant, from government, business, organised labour and civil society (GBOL & CS).

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FLEXIBLE HUMAN SETTLEMENTS ENABLING EMPOWERING PLATFORMS
& ECO-SYSTEMS FOR A SPECTRUM OF RESTRUCTURING ZONES

HS ATTRIBUTES BENEFICIAL COST AND VALUE ADDITION; &, AFFORDABILITY & RENTAL DEFAULT BUFFERING REGIMES' CHALLENGES

BNG, CRU, ISs, LOW AND MIDDLE INCOME RENTAL HOUSING MARKET

EXPANDED & SPECIALISED ACCREDITED SOCIAL HOUSING INSTITUTIONS (SHIs)
{Pre -, Conditional, Full – Classes I, II, III, & IV for Pipelines A, B, C, & D respectively}

Rental Stock Developers/Facilitators/Managers

INITIATE, CATALYSE, DESIGN, PROJECT MANAGE, BUILD, MAINTAIN, SERVICE AND MANAGE RENTAL STOCK

Ensure Viability, Resilience & Sustainability

ATTAIN CAPACITY. SCALE AND AGILITY

CAPACITATION, ACCREDITATION, COMPLIANCE, INVESTMENT & FUNDING FRAMEWORKS

SHRA COUNCIL ACCOUNTABILITY & SHRA EXECUTIVE ORGANISATION'S DELIVERY CAPACITATION

SHIs & PROJECT CATEGORISATIONS, NORMS & STANDARDS, POLICIES, & REGULATIONS

RESOURCES, FINANCIAL AND FUNDING MOBILISATION

GBOL & CS SWEAT/FINANCIAL EQUITY SYNERGY

GBOL & CS PIGGYBACKING/COLLABORATION DYNAMICS

DEVELOPMENTAL STATE & PRO-POOR GOVERNMENT, BUSINESS, ORGANISED LABOUR & CIVIL SOCIETY PROGRAMMES & SYNERGIES

INTEGRATED, COORDINATED AND SPECIALISED HS ECO-SYSTEMS OF ACCREDITED STAKEHOLDERS AND SERVICE PROVIDERS FOR SCALE-UP

ACCREDITED RESTRUCTURING VALUE ADDING HS PLATFORMS & ECOSYSTEMS

SHI STATE LAND SH PROJECTS; Type A Pipeline;
SHI PRIVATE LAND SH PROJECTS; Type B Pipeline;
SHI TOWNSHIP OWN COMMUNITY ASSETS (OCAs) SH PROJECTS; Type C Pipeline;
SHI TOWNSHIP OCAs & STATE STREAMS SH PROJECTS; Type D Pipeline.

ACCREDITED HS STAKEHOLDERS (AS) & SERVICE PROVIDERS (ACP), PLATFORMS & ECOSYSTEMS

Catalysis, Capacity & Synergy Providers

HSs compliant with the Constitution, Bill of Rights & SH market needs

Cost effectiveness, targets & impact outcomes

NATIONAL DEVELOPMENT PLAN ALIGNED AND HUMAN SETTLEMENTS QUALITY OF LIFE ENHANCING RESTRUCTURED ZONES

Enabling the coordinated setting up of flexible SH sustainable provision & maintenance platforms & ecosystems based on integration of a variety of SH development & management functional specialisations & implementation modalities & capabilities to achieve cost effectiveness, scale up & inclusive participation by a variety of stakeholders (state, business, organised labour & CS) for human settlements quality of life delivery.

As stated above for "Scale-Up Delivery Flexibility" which relates to the common objective of the Department to upscale human settlements delivery, "Viability, Resilience, Cost Effectiveness, Sustainability & Integrity" to satisfy and meet, Social Housing and Human Settlements requirements and standards, that are aligned with the RSA Constitution, Bill of Rights, Court rulings, market dynamics and Ministerial expectations of "quantum leap quality and quantity delivery" of units; and, to carve a clear path of escape out of "Ministerial Administration Regime" on to a "Regulatory Eminent social housing and human settlements Regime" due consideration must be given to expanding the range, specialisation, capacitation and professional support available to various classes of fully accredited social housing institutions (SHIs); and whilst at the same time providing a user friendly environment for accreditation of SHIs and of a variety of restructuring zones and service providers.

Considerable effort and resources must be allocated to develop better and more efficient pre-accreditation, conditional accreditation and full accreditation procedures and processes; and their associated frameworks for capacitation, compliance and investment and funding mobilisation. In addition, the full accreditation category has, in the interest of specialisation, coordination, project management, efficient and modern development and management of simple, small, medium, large and very large and complex SH projects and HS programmes involve a variety of stakeholders, accredited restructuring zones, building technologies, collaboration ecosystems.

To scale up to achieve the sustainable provision of very large social housing rental stock and integrated human settlements the social housing institutes have to be expanded and new categories of full accreditation designated as Full Accreditation Class I; Full Accreditation Class II; Full Accreditation Class III and Full Accreditation Class IV introduced. Such SHIs have to be professionally capacitated to handle the increasing scales of delivery and complexities of construction and facilities management ecosystems required for efficient and effective delivery for thee associated SH platforms and sustainability ecosystems.

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Comprehensively Capacitated SHIs (Pre-accredited, conditional accredited and full accredited, _Class I_ for SH _Pipeline type A_, that is, _SHI State Owned Land SH Projects_; and, a variety of accredited restructuring zones, with/without sewerage& water reticulation systems, ranging from … requiring the use of HS accredited platforms and ecosystems of …..

Comprehensively Capacitated SHIs (Pre-accredited, conditional accredited and full accredited, _Class II_ for _Pipeline type B_, that is, _SHI Private Owned Land SH Projects_; and, a variety of accredited restructuring zones ranging from ….requiring the use of HS accredited platforms and ecosystems of …..

Comprehensively Capacitated SHIs (Pre-accredited, conditional accredited and full accredited, _Class III_ for SH _Pipeline type C_, that is, _SHI Township Own Community Assets SH Projects_; and, a variety of accredited restructuring zones ranging from ….. requiring the use of HS accredited platforms and ecosystems of …..

Comprehensively Capacitated SHIs (Pre-accredited, conditional accredited and full accredited, _Class IV_ for SH _Pipeline type D_, that is, _SHI Township Own Community Assets and State Streams SH Projects_; and, a variety of accredited restructuring zones ranging from … requiring the use of HS accredited platforms and ecosystems of …..

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The need for the SHRA to evolve, in order to better stimulate social housing delivery, is clear and the revised growth model lays a strong platform from which to expand. There are significant opportunities available for the entity to leverage in this regard that are further outlined in the following sections.

2. Strategic Objectives

The following strategic objectives have been developed based on the direction in which the entity intends to evolve:

1. *To ensure the sustainability of the social housing programme*
2. *To achieve social, economic and spatial restructuring through social housing*
3. *To regulate social housing institutions, other delivery agencies and safeguard social housing stock*
4. *To ensure the accreditation of entities and projects is undertaken promptly and with the greatest integrity*
5. *To facilitate the growth of social housing development*
6. *To ensure sound corporate and financial governance and best practice adhering to statutory regulations*
7. *To enhance SHRA's performance and effective corporate services*

The first four strategic objectives are external, programme focused and the last two are internal, SHRA focused. The external objectives are integrated and based on the strategy of the entity and are, therefore, not necessarily in line with the SHRA's current operational programmes. The objectives are unpacked and explained in the later sections.

The relationship between the strategic outcome oriented goals and the strategic objectives is presented below:

Strategic Outcome Oriented Goal	Strategic Objective
Stimulate social housing delivery	• *To facilitate the growth of social housing development*
Effective, risk based and automated regulatory system	• *To regulate social housing institutions, other delivery agencies and safeguard social housing stock* • *To ensure the accreditation of entities and projects is undertaken promptly and with the greatest integrity*
Professionalised and sustainable social housing sector	• *To ensure the sustainability of the social housing programme* • *To achieve social, economic and spatial restructuring through social housing*

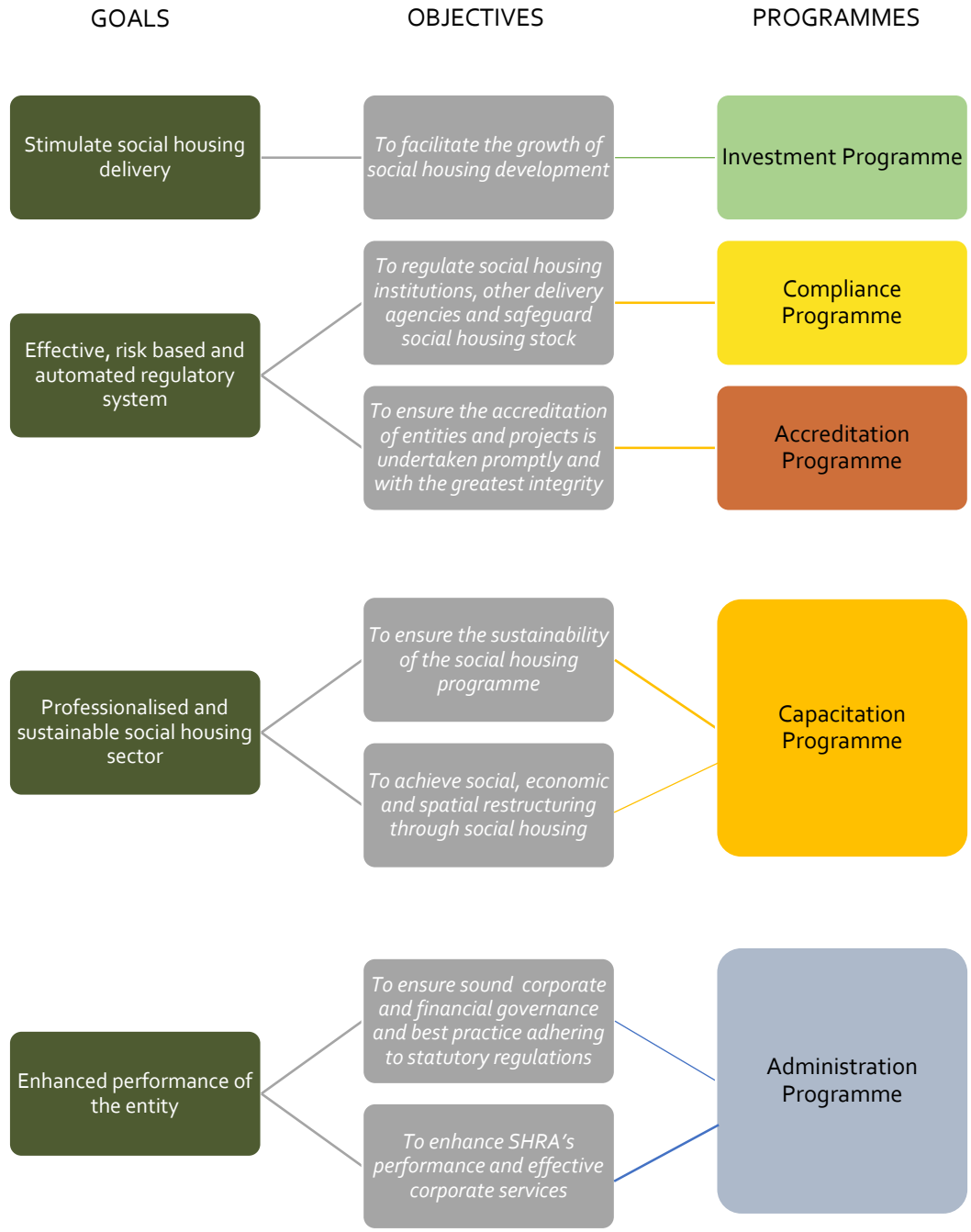*Reviving Cities through Social Housing*

Enhanced performance of the entity	• *To ensure sound corporate and financial governance and best practice adhering to statutory regulations* • *To enhance SHRA's performance and effective corporate services*

The relationship between the strategic outcome oriented goals, strategic objectives and programmes of the entity is presented below.

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GOALS	OBJECTIVES	PROGRAMMES
Stimulate social housing delivery	*To facilitate the growth of social housing development*	Investment Programme
Effective, risk based and automated regulatory system	*To regulate social housing institutions, other delivery agencies and safeguard social housing stock*	Compliance Programme
	To ensure the accreditation of entities and projects is undertaken promptly and with the greatest integrity	Accreditation Programme
Professionalised and sustainable social housing sector	*To ensure the sustainability of the social housing programme*	Capacitation Programme
	To achieve social, economic and spatial restructuring through social housing	
Enhanced performance of the entity	*To ensure sound corporate and financial governance and best practice adhering to statutory regulations*	Administration Programme
	To enhance SHRA's performance and effective corporate services	

The names and structure of the programmes have been directly influenced by the goals and objectives of the entity. These represent a change from previous years whereby Accreditation and Compliance have not been separated and have been placed under the same programme, that of the Regulatory Programme. This is an important change, Accreditation has now been separated from the other programmes to ensure its

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independence and lessen any potential conflict of interest. This is a crucial risk mitigation measure and should improve the efficacy and integrity around the accreditation of entities and projects. This programme's performance targets will not be numbers driven because this greatly inhibits the integrity of the accreditation processes of both entities and projects but will rather be performance standards driven such as that of quality. This separation of Compliance and Accreditation is in keeping with the original business plan for the entity. The Accreditation programme will therefore be based upon risk management and quality management strategies. Once entities are accredited they will be handed over to the Compliance division to be monitored and the Capacitation division to be capacitated. Once projects have become accredited, they will be handed over the Investment division to manage the contract to close out. The Capacitation and Investment programmes will have performance targets that are numbers driven.

The programmes derived from the strategic objectives are as follows:

1. Administration Programme consisting of three sub-programmes of the Office of the CEO, Corporate Services and Finance
2. Capacitation Programme
3. Investment Programme
4. Compliance Programme
5. Accreditation Programme

The roles and responsibilities of the programmes is presented below:

PROGRAMME 1: ADMINISTRATION PROGRAMME

Office of the CEO	Corporate Services	Finance
This office will consist of: • Support to the CEO • Company Secretary • Communications • Strategy, research and data	Corporate and support services such as human resources and Information Communication Technology.	• Financial management • Financial accounting • Financial viability / sustainability within the SHRA • Supply Chain Management

PROGRAMME 2: CAPACITATION PROGRAMME

Capacitation Programme
Focus will be on the sustainability and development of social housing. Areas of work will include: • Growth and development of social housing institutions and ODAs: • Research and development • Sector M & E • Assessment of applications for Institutional Investment grants • Coordination and management of Institutional Investment Grants

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PROGRAMME 3: INVESTMENT PROGRAMME

Investment Programme
Focus will be on growing social housing stock and holding of stock that is acquired. Areas of work will include:

Focus will be on growing social housing stock and holding of stock that is acquired. Areas of work will include:
- Pipeline Planning
- Development of systems and processes to transfer and manage stock
- Effective management of RCG contracts
- Partnership with Provinces and Municipalities
- Collaboration with Provinces and Municipalities
- Collaboration with other state owned entities related to social housing
- Partnerships with other Funders to secure loan funding for social housing development
- Partnerships with private sector

PROGRAMME 4: COMPLIANCE PROGRAMME

Compliance Programme

Responsible for inspecting stock, auditing of entities and enforcement. The work areas will include:
- Ensuring compliance
  - o Development of systems and processes to ensure compliance
  - o Monitoring (e.g. effective inspection of stock)
  - o Enforcement of compliance (e.g. legal intervention)
- Maintain a register of all SHIs and contracted ODAs
- Tracing all stock developed prior and post SHRA's establishment
- Maintain a register of all stock developed prior and post SHRA's establishment

PROGRAMME 5: ACCREDITATION PROGRAMME

Accreditation

Accreditation of:
- Social Housing Institutions
- Projects
- Service Providers

These programmes are further elaborated upon in the following sections.

3. Programme 1: Administration

PURPOSE: To provide leadership to, support of the activities and enhance the performance of the entity.

DESCRIPTION: This programme consists of the Office of the CEO, Finance and Corporate Services

STRATEGIC RISKS:

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Risk	Risk Description	Mitigation Strategy
Reputation	Damage to the social housing sector caused by poor reputation of the SHRA	• Regular engagement with the media, shareholder and sector
Fraud and corruption	Damage to the SHRA and sector's reputation, loss of funds due to fraud and corruption	• Fraud and corruption prevention and mitigation strategy • Delegations of Authority
Lack of capacity	Inability to attract and maintain talent	• Talent management strategy • Communications strategy to enhance reputation of organisation • Sector skills strategy which includes the SHRA • Appoint team of technical advisors to • Continuous organisational development
Disruption to operations	Slow pace or delayed procurement processes	• Supply Chain Management Policy • Supply Chain capacity building including training of staff and bid committees and ensuring sufficient staff and skills in supply chain unit • Develop supply chain manual • Supply chain responsibilities incorporated into performance agreements • Automate supply chain register
Poor planning and reporting	Poor planning and reporting due to lack of performance management	• Operations and grant cashflow planning • Programme operational plans consisting of activity based costing and costed procurement planning • Performance management policy and agreements
Poor performance	Poor performance due to a lack of risk management	• Risk management strategy and tools • Programme policies to be reviewed and restructured based on risk management principles • Risk management included in job profiles and performance agreements of all staff
Sound financial accounting	Poor financial accounting due to lack of capacity	• Finance capacity building including training of staff and ensuring sufficient staff and skills in finance unit • Review financial policies • Develop financial procedures manual • Include financial management responsibilities in performance agreements
Poor human capital management	Poor performance or retention of skills due to lack of human capital management	• Develop strategic HR plan that will focus on performance • Review HR policies to ensure focus on maximising performance

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		• Review HR policies and practises • Human Resources capacity building including training of staff and management and ensuring HR office is capacitated
Poor quality of work	Poor standard and quality of work	• Develop corporate identity • Develop performance and quality standards for all work areas • Ensure sufficient calibre and skills of employees • Ensure more effective recruitment practises adopted • Enhance performance management
Poor leadership	Poor performance of the entity due to poor leadership	• Ensure more effective recruitment practises adopted • Enhance performance management of executive managers • Capacitate executive managers in generic management skills and competencies
Non-compliance to legislation and policy	Non-compliance to relevant legislation and policy	• Capacitated internal compliance and audit unit within the SHRA
Over reliance on state funding	Total reliance on state subsidies to operate organisation	• Develop self-sustaining strategy

STRATEGIC OBJECTIVES:

Strategic Objective	*To ensure sound corporate and financial governance and best practice adhering to statutory regulations*
Objective statement	To reduce findings by Internal Audit and Auditor-General resulting in an unqualified audit
Baseline	Unqualified audit
Justification	This objective is inward looking and relates to the efficient utilisation of the grants. Much greater importance shall be placed on planning and establishing the appropriate systems and controls to manage all state grants. Self-financing mechanisms need to be investigated with a view to developing a self-financing strategy for the entity. The supply chain management system to be enhanced substantially so that it becomes an enabler of the entity's operations.
Links	This objective aims to ensure compliance to all relevant legislation and policy and that the entity maintains its responsibilities in managing state funds

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Strategic Objective	*To enhance SHRA's performance and effective corporate services*
Objective statement	To maximise the performance of the entity through its human capital and to maximise the value of all support operations in supporting this performance
Baseline	Lack of performance management policy and consistent or structured performance management. Lack of employees within the corporate services functional area.
Justification	This objective looks to elevate the organisation from a reactive, dysfunctional organisation that looks to manage employees to an organisation that strives to perform and manages strategic assets. The SHRA needs to immediately implement strategic human resource management, ICT, risk management and communications.
Links	This objective supports the vision of the entity which is as follows "the SHRA will be a world-class organisation resourced by highly skilled, values- driven leaders in the industry".

RESOURCE CONSIDERATIONS:

The Administration Programme is currently under-capacitated. All divisions within this programme: Office of the CEO, Corporate Services and Finance require additional skills.

4. Programme 2: Capacitation Programme

PURPOSE: Research and development to ensure the sustainability and desired outcomes of social housing.

DESCRIPTION:

This programme undertakes numerous functions pertaining to the growth of the social housing sector as well as administration of the Institutional Investment Grant programme. The purpose of this programme is to ensure the viability and sustainability of the social housing programme and that this programme continues to be innovative. The programme will undertake research to develop best practice for the sector, to recommend policy changes to the Minster and Department and to support the growth and development of social housing.

STRATEGIC RISKS:

Risk	Risk Description	Mitigation Strategy
Viability of social housing financial model	The Social Housing Policy's objective is the economic and social integration of society which includes housing low income families. In order to achieve this objective a viable social housing financing model is called for. There is concern over the viability of the current model which must be attended to and the provision in the policy which states	• Develop model for social housing financial instrument in order to ensure financial viability of quantum on an ongoing basis (predictive model using following variables: current and extended income bands, CPIX, varying RCG levels based on brownfield or greenfield, inland or coastal factors, labour rates, land and

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	that the RCG is a fixed grant must be reviewed.	building costs, maintenance reserve provision) • Amend policy to ensure RCG is not a fixed grant • Advise the Minister and Department on an ongoing basis • Advise the sector and ensure financial viability of the social housing financial instrument
Unviable SHIs	Lack of viable SHIs to deliver the social housing programme	• Develop an SHI's operating model that encompasses finances and resources. This model will determine how SHIs become, and sustain, financial viability based on their stock portfolio. Once this is understood, it will allow the SHRA to better advise and develop the sector. If it is found that SHIs cannot become financially viable then the SHRA will then be able to look at reducing SHIs' costs such as reduction in NHBRC fees and reduction in municipal rates and taxes. This will also assist in predicting the desired extent of involvement of the private sector in the development and management of social housing. • Growth and development strategy of entities aligned to investment strategy. Once the models have been determined and the investment strategy determined, the extent and size of the SHI sector and private sector will be better understood. This will guide an accreditation strategy, which will be more like a growth and development strategy. To move away from the reactive accreditation of entities into a targeted delivery model. Interventions will then be undertaken to grow the entities

		and partner with private sector in a focused manner. • Evaluation of current delivery models • Develop different delivery models and make comparisons to determine ideal model • The other key element in ensuring sustainability of the sector is to ensure entities build up equity to allow them to lessen dependence on the government grant. The models will assist in determining how this can be achieved and an equity build up plan will be developed and implemented.
Poor quality of social housing	Social housing that does not provide the quality of social housing desired	• Development of the norms and standards for social housing will be undertaken in close development with the financial models. • This model is to be developed to ensure that the maximum benefit is derived from the government grant so it will consider the end users, the beneficiaries and maximisation of government funding in particular areas. • Norms and standards to include building specifications, mixed tenure, different models for inner city vs mining towns, include communal residential and expand definition of social housing, include services in estates such as crèches and MPCCs, innovative designs
Lack of accommodation of target income groups	Rental rates only accommodate the income earners at the highest end of the income brackets. As well as many tenants earning above the income threshold.	• Include income bands in the financial model • Review definition of social housing to allow for an alternative other than two bedroom unit for lower income earners • Develop norms and standards for social housing

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		• Encourage mixed tenure developments so that tenants whose incomes increase to over the income threshold can still find accommodation in the same vicinity • Tenant audits – to identify whether residents are within income bands and if needs of target groups being met • Strategy how to progress beneficiaries on to other housing products, housing continuum, rather than simple evictions. Look at mixing tenure typologies for tenants' benefits and sustainability of project. Tenant mix ratio.
Lack of value for money of grant	Grant not utilised to ensure social, spatial and economic restructuring	• Investment impact and socio-economic impact studies on completed projects to assess the impact of the grant in order to redevelop norms and standards and ensure targeted investment • Evaluation of restructuring zones to determine where grant has achieved maximum impact • Advise Minister and Department in terms of policy adjustments
Lack of skills in the sector	Lack of skills in the sector and lack of accredited training programmes	• Skills audit and gap analysis of sector including SHRA • Development and accreditation of social housing training with PSETA and other SETAs • Develop best practice and research and benchmarking with international organisations • Study trips nationally and internationally • Develop programme to accredit service providers • Interest, financial and professional bodies on social housing that also self-regulate to be established • Partnerships and learnerships with established SHIs

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		• Appoint team of technical advisors to provide advice and support to SHRA staff and imparting of skills • Partnership with international organisations to support the staff and development of the SHRA
Poor utilisation of Institutional Investment grant	Poor utilisation of the Institutional Investment grant due to a lack of risk based strategies, lack of monitoring and evaluation, lack of contract management and poor quality of service providers	• Policies, systems and controls around grant application, assessment and award • Grant contracts • SLAs with service provider • Contract management policies, procedures and tools • Policies and procedures regarding assessment of and payment of grants • Continuous M & E even after grant disbursement completed • Risk based monitoring, triggering intervention plans based on high level risk identification
Lack of expenditure of grant	Lack of expenditure of Institutional Investment Grant due to lack of cashflow and procurement planning	• Operational plans for all divisions to be generated with activity based costing and cashflow planning • Develop panel of accredited service providers to speed up supply chain processes and ensure value for money • Adhoc grant applications to be designated a small amount of money but targeted investment rather to be utilised • Capacitated team to plan and manage grants

STRATEGIC OBJECTIVES:

Strategic Objective	*To ensure the sustainability of the social housing programme*
Objective statement	Ensuring the sustainability of the social housing programme and entities required to deliver the programme
Baseline	• Current building specification for social housing document. • Definition of social housing espoused in the Social Housing Act (2008) and the Social Housing Policy (2005). • Quickscan C • Reporting Tool

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	• Skills audit has not been undertaken for the sector therefore no baseline generated in regards to this.
Justification	This is the primary strategic objective because it encompasses pertinent functions of the SHRA as per the Social Housing Act (2008): 11 (1) (b) provide advice and support to the Department in its development of policy for the social housing sector and facilitate national social housing programmes (c) advise the Minister on developments in the social housing sector (d) promote an enabling environment for the growth and development of the social housing sector This objective encompasses the social housing financial model and standards and norms for the social housing sector. The following issues were considered in deliberation of these areas. ## Social Housing Financial Model and Social Housing Institution Financial Model i. The SHRA needs to develop an SHI's operating model that encompasses finances and resources. It should also include how many units are required for an SHI to be sustainable under the current income bands in order to advise on potential income band adjustments. This model will also be able to be used to investigate the viability of private sector involvement in the development and management of stock. There is a small number of accredited and viable SHIs therefore some growth in the sector is required but the number of units SHIs require to become sustainable may indicate the target number of SHIs. The financial model also needs to determine how the SHI needs to be structured, what resources are required in order to manage a growth in social housing units. There is a lot of hearsay that SHIs can only take 300 – 500 units on board each year and also that SHIs need about 2000 units to reach a level of financial sustainability but this is only hearsay and needs to be determined and predicted. ii. There are certain provisions in the Social Housing Policy that one grant will be flexible and the other static therefore need to investigate legalities around any proposed quantum increase and change to the income bands. iii. The quantum amount is dependent on the social housing standards and therefore if these are to be reviewed and revised then the quantum amount needs to take these into consideration. If different

models and specification are to be proposed for refurbishment and greenfields then the quantum amount should also be dictated by the project's financial needs. The quantum also considers the purchase cost of the land and buildings therefore if the land and buildings are provided by the municipality then this should alter the quantum amount and will need to be factored into the model.

iv. In order to build a sustainable sector, the quantum should allow for maintenance reserves and an ability of the SHI to build equity. These should be factored into the models. It is also important to predict at what point the SHIs will no longer require the grant in order to assist them in reaching this point.

v. The impact the income bands have on the predicted rental rates also needs to be included in the models.

vi. The Social Housing Act No 16 of 2008 allows for the Minster to determine the income bands from time to time. As the SHRA's responsibility is to provide advice to the Minister and Department, the SHRA must advise on the income bands as well as the quantum.

vii. A number of factors will have to be considered before sufficient equity can be built up within an institution. For example the current income bands preclude an institution from injecting sufficient margins back into the business, as their profitability is largely dependent on their income streams, larger income should lead towards larger margin and in turn contribute towards equity build up. There has been evidence that institutions have already tapped into their equity in order to contribute towards operational activities due to struggling operations as a result of having to subsidise their income with alternative sources such as equity. The SHIs' ability in leveraging economies of scale will also need to be considered.

viii. The SHRA needs to be sensitive that the deep down market is catered for.

ix. The quantum should be sufficient to allow for the Expanded Public Works Programme initiatives (women and youth job creation, SMME opportunities and training on construction projects).

x. The interest of the tenants in provision of quality, affordable accommodation is the utmost importance.

xi. Should the financial models indicate risks in the financial sustainability of SHIs then the SHRA may need to re-look at the reduction in municipal rates, with prioritised municipalities, for public benefit organisations.

xii. A meaningful state of the sector report will assist in this work.

xiii. 80% of projects on the pipeline are from other delivery agents (ODA). All of SHIP 5a's ODA projects failed financial feasibility therefore this is a major concern for the SHRA.

Standards and norms

i. The SHRA has a social housing specifications document that can be enhanced to provide guidelines for further variables.

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ii. The SHRA should ensure that the standards include the minimum greening requirements.

iii. Parking requirements is a bone of contention and needs to be thoroughly investigated.

iv. The SHRA needs to encourage mixed tenure developments to accommodate different affordability groups to encourage social restructuring. The Social Housing Foundation's Mixed Tenure Guideline (2010) has researched this in South Africa and although mixed tenure developments work well in some developments, mixing social housing with BNG can lead to rental boycotts. However, it is thought that mixing social housing with units for the deep down market, FLISP and private rental (above income bands) will allow for greater turnover of social housing stock to the targeted beneficiaries.

v. The inner city social housing model needs to accommodate lower level retail and services and possibly a few ownership flats. There is a case study of this type of model in Cape Town - The Block which is currently under construction. Social housing needs to be incorporated to suit the needs of the target group and the area into which it is located. Social housing works well with other tenure models therefore the need for more integrated planning needs to be encouraged.

vi. A review of the definition of social housing is recommended. The definition in the Social Housing Act does not adhere to the definition which is in the Breaking New Ground Strategy as follows:

Social Housing is generally medium-density and this housing intervention may make a strong contribution to urban renewal and integration. Social housing interventions may also be used to facilitate the acquisition, rehabilitation and conversion of vacant office blocks and other vacant/dilapidated buildings as part of a broader urban renewal strategy. Social housing developments should be dovetailed with other initiatives such municipal redevelopment projects and the urban development zone tax incentive offered by SARS.

Social housing may take various forms and it is essential that social housing typologies be conceptualized broadly to ensure the inclusion of all income groups. Social housing must be understood to accommodate a range of housing product designs to meet spatial and affordability requirements. Social housing products may accordingly include multi-level flat or apartments options for higher income groups (incorporating beneficiary mixes to support the principle of integration and cross-subsidization); cooperative group housing; transitional housing for destitute households; communal housing with a combination of family and single room accommodation with shared facilities and hostels.

If the definition of social housing is expanded then other vulnerable social ground could be accommodated such as the elderly, the disabled and student populations. Alternatively, these other forms of rental could be defined and in the future be regulated by the SHRA.

vii. Social housing needs to be known for restructuring purposes and not just provision of housing.

viii. Many tenants' incomes increase over time and are found to be above the income threshold, there is no real way forward on how to evict them as they are good tenants and ensure the sustainability of SHIs. If there were more mixed tenure developments then tenants would be able to move onto private rental or FLISP.

ix. Social housing in mining towns needs to be considered but it is unviable currently as miners earn outside of the income bands.

Professionalisation of the social housing sector is to be undertaken. This is to be initiated with a skills audit and gap analysis of the sector including the SHRA. Other activities include the development and accreditation of social housing training, development of best practice and research to guide the sector, accreditation of service providers to better serve the interests of the SHRA and sector, the development of interest, financial and professional bodies and partnerships and learnerships with established SHIs. It is believed critical that a team of technical advisors be appointed to provide advice and skills transfer to the SHRA staff. It will take time to capacitate the SHRA and in the interim, professional experts can be called upon to support the staff and build capacity. Partnerships with international organisations to be revived. It was discovered that there were social housing unit standards registered with the Public Services SETA and there are three qualifications registered on SAQA regarding Social Housing:

• Social Housing Supervision NQF Level 4 x 2; and
• Social Housing Property Management

The PSETA has confirmed that there are no training providers accredited to offer this training nor training material developed on these. The PSETA has advised that the SHRA could become an accredited institution as other public entities had been e.g. Stats SA, Home Affairs, GCRA etc.

Should the SHRA develop training material and become accredited, it would be able to train people itself or other organisations can become training providers whilst the SHRA remains the custodian of the training programme. Once the SHRA is registered with PSETA it can look to expand its scope into other fields i.e. building condition audit etc that may be registered at another SETA, Construction SETA, but the PSETA will assist the SHRA in registering further courses. Courses can also be developed with the assistance of SHiFT in the design of social housing units. There is a wealth of information on social housing, it needs to be consolidated and offered as training programmes in order to advance the social housing sector.

The potential is that this can provide income for the SHRA, assist in capacity building for the sector, assist in standardising the training in the sector, assist in accreditation, assist in bringing new skills into the sector etc. There are numerous benefits to the sector as a whole, this is simply the first step in that process.

SHIs or NASHO may wish to have their own in house trainers and could apply to the PSETA for funding to conduct training which would alleviate costs for

sector stakeholders to grow capacity. There is also potential for the SHRA to develop a learnership programme and place learners at different SHIs. Newly formed SHIs could be provided with the practical and theoretical training in how to operate an SHI. Once the learners have passed the course, the SHRA may be able to handover management of reclaimed stock to this SHI to manage.

It would be important to undertake a sector skills audit as a priority. This will assist in determining capacity building requirements and workforce planning and to develop a sector skills plan. Hopefully this will also assist in determining best practice in terms of staffing of an SHI for example how many and what type of staff is best suited to manage a certain number of units.

The more work that can be created in professionalising the sector, the better. In future, initiatives such as accredited social housing practitioners and professionals can be undertaken. A professional body of social housing practitioners can be formed. This sector is sure to be able to produce a great number of jobs and standards must be kept in order to assist in regulating the sector.

A key document is in the process of being developed, the Capacity Building Framework for Social Housing. This will lead the development of an integrative capacity building initiative driven by the SHRA.

Links	This objective is directly linked to the vision of the SHRA which states:
	"The SHRA will fund and facilitate funding for affordable, well designed, environmentally sustainable (energy efficient green) social housing estates. The SHRA will be a thought leader, stimulator and regulator of appropriate policies and research to support programme development for an African model of managed rental and social housing; and will create a self-sufficient social and rental housing environment."

Strategic Objective	*To achieve social, economic and spatial restructuring through social housing*
Objective statement	This objective seeks to ensure that the goals of the social housing programme are achieved and actively addressed in the work of the SHRA. It also includes the empowerment of youth and women and in general addresses Section 2 of the Social Housing Act.
Baseline	The Department of Human Settlements and the Department of Planning, Monitoring and Evaluation have undertaken an evaluation of the impact and

	implementation of the social housing programme and therefore this objective will build on the work undertaken in this study.
Justification	The first item is to undertake investment impact assessments for existing social housing projects in order to quantify private sector investment in these areas, analyse the property market trends as well as the factors that influence investor interest. This will ensure adherence to the following clause in the Act: 2 (1) (i) promote – (xvi) the use of public funds in a manner that stimulates or facilitates private sector investment and participation in the social housing sector. The next intention is to undertake socio-economic impact assessments. This is targeted at the beneficiaries to determine if the intended outcomes of the social housing programme have been realised. These studies will also feed into the financial models and help refine the programme. They will also assist in the restructuring zones evaluation. There is divided opinion about whether to narrow or increase restructuring zones and this evaluation will help direct this conversation and enable the entity to advise the Minster and provide advice to the Department. The SHRA should also look at developing norms and standards for restructuring zones to better ensure the intended impact of social housing is realised. Ensuring the progression of beneficiaries on the housing ladder is a primary objective of social housing and the SHRA is in a position to lead this debate given the demographics of its tenant population and information derived from tenant audits. It is understood that tenants enter the programme within the required income bands but as time progresses and salaries increase that soon they are found to be outside of these bands. Evictions are not a preferred option and therefore the best method to move these tenants on to bonded market needs to be established. The need for more integrated tenures in developments is bound to be key.
Links	This objective is directly linked to the vision of the SHRA which states: "The SHRA will ensure investment in communities that form new or regenerated cities, which in turn enhance social mobility and access to

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basic tenant needs for healthcare, education, transport and communication".

There are already many state initiatives aimed at empowering women and youth and therefor the SHRA will develop a charter to guide the sector based on these initiatives.

RESOURCE CONSIDERATIONS:

In order to support the execution of this programme, the research capabilities at the SHRA needs to be greatly increased to continue reviewing the financial models. The SHRA does not just require just a social science researcher but financial modelling experts and economists, property developers and demand analysts. Capacity building of the sector will require skilled training and development experts. In order to develop accredited training programmes, the SHRA will need to utilise the body of technical advisors to review and approve all training material to ensure it is appropriate for the sector training programme.

There is also a need for the SHRA to ensure that the social housing sector regains its reputation of innovativeness. This is key in ensuring public support of the programme and to regain confidence in the sector. The SHRA should look at incorporating innovative design in social housing, possibly by the following means:

- Working with the architectural association, SHiFT (Social Housing Focus Trust).
- Development of a certificate in social housing design for built environment professionals. In future only architects with this qualification will be able to be used in social housing design. This is undertaken in the EPWP programme whereby engineers and built environment professionals required Labour Intensive methods qualifications.
- Undertaking an international social housing design tour.
- Facilitating a conference on social housing design and an award ceremony for social housing design.
- Need to develop case studies in different housing design and tenure projects to inform and educate the sector. Need to encourage cross pollination of ideas.

5. Programme 3: Investment Programme

PURPOSE: The purpose of this programme is to upscale and fast track social housing development.

DESCRIPTION: This programme looks at the methods of ensuring the SHRA delivers on the MTSF target of 27,000 units. There are different strategies that will be employed including inner city renewal, development of hostels and mining towns. Partnerships and coordination of the sector stakeholders in the development of social housing is imperative.

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The focus of this programme is not on the approval of RCG award as it was previously but rather the delivery of social housing units. This is reflected in the key performance indicator.

STRATEGIC RISKS:

Risk	Risk Description	Mitigation Strategy
Acting outside of the confines of prescripts (Acts, Policies and other)	The direction extrapolated from government wide priorities in the form of Ministerial directives. The legal implications of the SHRA acquiring, holding and developing stock need to be investigated and concluded in order to the SHRA to implement the inner city and hostel redevelopments.	- The legal and financial constraints of SHRA acquiring and developing buildings and hostels needs to be investigated and the work is of a complex nature, therefore, the approach is divided into two work areas, that of acquisition and holding of stock and that of development of this stock. - Stock acquisition and holding strategy to be developed - SHRA to facilitate the development of a strategy to develop and tenant stock
Slow delivery of stock from current delivery model	Slow pace of social housing delivery from current model	- Develop and implement investment plan with target areas and precincts, integrated planning with municipalities and provinces - Partnerships with SHIs and developers (including ODAs) that can deliver at scale with appropriate models within social housing - VAT input (refund on costs of development) could be zero rated under the VAT regime is another key area of exploration.
NHFC's inability to provide loan funding	The Social Housing Act is very clear on the roles and responsibilities of the NHFC. However, the lack of availability of debt funding has become one of the most significant challenges in the programme. The NHFC simply does not have the targets and funds ring fenced for social housing.	- The NHFC's targets for debt funding to the social housing programme must be aligned to the social housing delivery targets. - In addition it is crucial to involve the NHFC in the approval process much earlier to align to SHRA's approval. - Sign an SLA with NHFC - Meet with BASA - Improve SHRA's reputation to attract more private loan funding

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Slow rate of social housing construction	Slow planning and construction timeframes on social housing projects	• A controlled contract management methodology be implemented in grant management. Policies and procedures to be developed around grant application, award, management and monitoring and evaluation. • Review RCG approval processes and pipeline management to ensure projects are viable • Undertake assessment of projects to determine factors which delay projects
Unable to work in mining towns due to policy restrictions	Only certain mining towns fall within restructuring zones and most miners earn above the income threshold for social housing therefore the SHRA is unable to participate in this programme	• Development of a mining town strategy will be largely based on the work surrounding the financial models and development of standards and norms. The average income of a miner is R12,500 per month and therefore outside of the income brackets. However, if these income brackets are increased then this will unlock this type of development for the sector. • Demand studies should be undertaken in all mining towns that fall inside restructuring zones
Lack of participation and lack of coordination of sector role players	Lack of participation from provinces and municipalities in regards to their responsibilities for social housing as per the Social Housing Act. Lack of coordination of social housing facilitation and management from provinces, municipalities and other role players.	• The upscaling and fast tracking of developments is largely based on coordinated planning with the sector role players. An approach of an SLA with the Provinces, Municipalities and NHFC is preferred in order to ensure adherence to their responsibilities as per the Act. • Commission research work to develop an ideal model to

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		guide relationships with Provinces and Municipalities
		• Prioritise Provinces and Municipalities
		• SHRA regulating the role-players (as per the SH Act and NT directives)
		• SLAs with Provinces and Municipalities
		• SLA with NHFC: debt funding provision and performance standards
		• Develop and implement investment plan with target areas and precincts, integrated planning with municipalities and provinces
		• Partnerships with SHIs and developers that can deliver at scale with appropriate models within social housing
		• Pipeline planning
		• Targeted assistance at projects on pipeline
		• Effective Debt Funding Management Programme
		• Coordinated grant application assessment and approval processes
		• MTSF targets re-aligned
		• Municipalities to sign performance agreements with SHIs
		• IDP planning to identify RZs in future upon completion of evaluation and standards developed. Included in SLA.
		• In addition, other human settlements assets including the Transnet properties that can be redeveloped into social housing will also assist in fast-tracking delivery.
Lack of public understanding	Lack of public understanding of social housing leads to lack of participation of private sector and lack of public's support	• Critically, for the SHRA to become the main instrument of human

| of social housing | for rental to take prominence as primary human settlements instrument | settlement delivery then public support and understanding will need to be garnered for the programme.
• Communications Strategy |
| Lack of support of hostel redevelopment programme from hostel residents | Risk of public unrest if SHRA attempts to redevelop hostels | • Require political intervention and community participation methodologies
• Acquisition and holding strategy
• Development strategy |

STRATEGIC OBJECTIVES:

Strategic Objective	*To facilitate the growth of social housing development*
Objective statement	To look at the social housing delivery model to evaluate issues that delay the delivery. To look at partnerships and alternative models to upscale and fast track the delivery of social housing.
Baseline	2,053 social housing units were delivered in the 2014/15 financial year
Justification	The SHRA had delivered less than 6,000 units under the SHIP programme. Given the demand for housing and restructuring, the delivery needs to be upscaled if SHRA is to achieve the target of delivery of 27,000 units by 2019.
Links	This objective is linked to the outcome of increasing the number of regulated social housing units available to lower income earners.

RESOURCE CONSIDERATIONS:

This is a much more proactive approach to social housing investment and will require a team of built environment professionals as well as property economists. Attorneys will be required to develop contracts and SLAs.

6. Programme 4: Compliance Programme

PURPOSE: The purpose of this programme is to monitor the sector to ensure adherence to the Social Housing Act and Regulations. Should it be required, then this programme will enforce the Act and Regulations.

DESCRIPTION: The programme monitors adherence to the applicable legislation of social housing stakeholders and ensures the protection of the stock and secure tenure of its residents.

STRATEGIC RISKS:

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Risk	Risk Description	Mitigation Strategy
Loss of social housing stock	The loss of social housing stock through ineffective compliance monitoring and enforcement	• Develop and implement a strategy to effectively monitor the estates to ensure sustainability and achievement of programme outcomes • Develop and implement a strategy to identify and assist distressed SHIs • Develop early warning system to identify high risk estates and SHIs, strategy to address and utilisation of systems and tools to support this • Develop and implement a strategy to intervene, seize and hold stock • (Nature and intensity of auditing of SHI and stock dependant on risk profile) Policies and procedures to be developed for all these areas
Poor accuracy of compliance monitoring tools	Compliance monitoring is undertaken on excel spreadsheets that SHIs struggle to complete and are often largely inaccurate and do not correspond Quickscan C	• Automation of the reporting tool The Canadian dashboard (www.HomeRun.coop) is viewed as the benchmark for where the SHRA wishes to progress.
Inability to enforce Social Housing Act	The SHRA cannot enforce the Act as it has no means of seizing and holding the stock	• Establishment of an intervention and legal unit to intervene and seize stock • Establishment of systems to be able to assist entities in distress • Establishment of a property development unit to be able to devise appropriate development and or handover methodology of stock to accredited entity

STRATEGIC OBJECTIVES:

Strategic Objective	*To regulate social housing institutions, other delivery agencies and safeguard social housing stock*
Objective statement	To implement more effective monitoring of entities and stock to ensure the protection of stock and protection of tenure for its residents.

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Baseline	There are currently 20,447 units under regulation.
Justification	The state invests sizeable funds into the social housing programme and therefore the SHRA needs to ensure this investment is protected. In addition, the SHRA needs to ensure that the tenants are enjoying the benefits of social housing intended in order for the social housing programme to create the intended impact.
Links	This objective is directly linked to the SHRA's mission which is as follows: "Efficient and effective sector regulation and investment to deliver affordable rental homes with the aim of renewing communities in a way that enables focused social integration and creates economically vibrant communities".

RESOURCE CONSIDERATIONS:

The stock portfolio is significant and requires inspectors to ensure the stock is well maintained.

Skilled financial auditors are required to review the performance of the entities that have received accreditation.

A legal unit is required to enforce the Act and Regulations.

7. Programme 5: Accreditation Programme

PURPOSE: The accreditation of entities, projects and service providers.

DESCRIPTION: This programme will assess and award accreditation status to entities that wish to participate in the social housing programme. This programme will also assess and accredit project applications for RCG award. Service providers who wish to work with the SHRA will also be accredited by this programme. The accreditation programme is separated from the work from the rest of the organisation in order to maintain its independence. Its work will be measured through performance and quality standards and not though targets that will jeopardise the integrity of the programme

STRATEGIC RISKS:

Risk	Risk Description	Mitigation Strategy
Perceived lack of integrity in accreditation of entities	The DPME's evaluation report on the accreditation of entities stated the following in regards to the accreditation programme: "*Numerous interviewees indicated that SHRA's SHI accreditation process is not considered as robust as it was at the commencement of regulation. There is a view that a number of institutions believe*	• Develop and implement a strategy to effectively and efficiently register and certify SHIs to ensure sustainability feeding back to financial model and holding and acquisition • The accreditation system is very much a paper based exercise at

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	their accreditation status is not based on solid analysis, and that this status can affect their ability to develop and obtain subsidy funding and debt financing for projects. Further, there are allegations that in cases SHIs have received accreditations that they should not have, entitling them to access financial resources that should not have been available to them at their current institutional status." In addition this perceived lack of integrity of the system inhibits private sector loan funders from participating in the programme.	this point and ways to introduce more practical applications needs to be instilled. Automate the results of accreditation as per www.HomeRun.coop • Ensure total independence of the accreditation of entities from compliance monitoring and other units
Perceived lack of integrity of RCG award	The purported fraudulent activity at the SHRA and the number of projects being investigated implies the lack of integrity on the RCG award	• The Framework on the Accreditation of Projects will need to be enhanced to ensure fast tracking and transparency in SHRA's processes. • Internal capacities will need to be developed to support this function. • Ensure total independence of accreditation of projects from all other units • This division will have performance and quality standards as targets and not number of units approved • Policies and procedures to be enhanced and approved
Lack of skilled service providers	Lack of service providers that are knowledgeable and experienced in the social housing programme	• Accreditation of service providers to be undertaken to ensure quality consultants are utilised

STRATEGIC OBJECTIVES:

Strategic Objective	*To ensure the accreditation of entities and projects is undertaken promptly and with the greatest integrity*
Objective statement	Enhancing the quality and integrity of all accreditation processes to safe guard state funding and prevent fraud and corruption
Baseline	The DPME's evaluation of the social housing programme provides a lot of detail as to the perceived lack of integrity of these processes.

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Justification	Fraud, corruption and compromising of the accreditation processes needs to be actively guarded against.
	The SHRA needs to regain its reputation as a reputable organisation as this affects the entire sector. The private sector is wary to participate in the sector due to SHRA's poor reputation.
Links	This objective is directly linked to SHRA's values of: transparency, independence and integrity.

RESOURCE CONSIDERATIONS:

The SHRA already has personnel it can utilise to accredit entities and projects. Robust policies and systems will need to be devised.

Resources and policies to accredit service providers will need to be developed.

8. Governance of the entity

This strategy is a significant departure from the current work of the entity. Whilst a formal restructuring process is yet to be undertaken, it is intended to align the structure to this strategic document. The outcome oriented goals and strategic objectives lend themselves to a definite change in programme structure.

There is also a strong need to devise enhanced governance over the entity. The strategy and subsequent structure of the entity must be altered to reflect this deepening of control.

The change in structure of the entity commences with a change in structure of the Council and Council Committees. The previous Council had four Committees comprised as follows:

- Audit, Risk, Finance and IT
- Regulatory
- Investment
- Human Resources and Remuneration

In order to adhere to the revised strategy, the following committees are recommended:

- Investment and Capacitation Committee
- Audit, Risk, Finance and IT Governance Committee
- Compliance Committee
- Accreditation Committee
- Organisational Performance and HR Committee

There are five committees in total however in an effort to pave the way forward for the entity and to instil effective and robust governance it is seen as appropriate.

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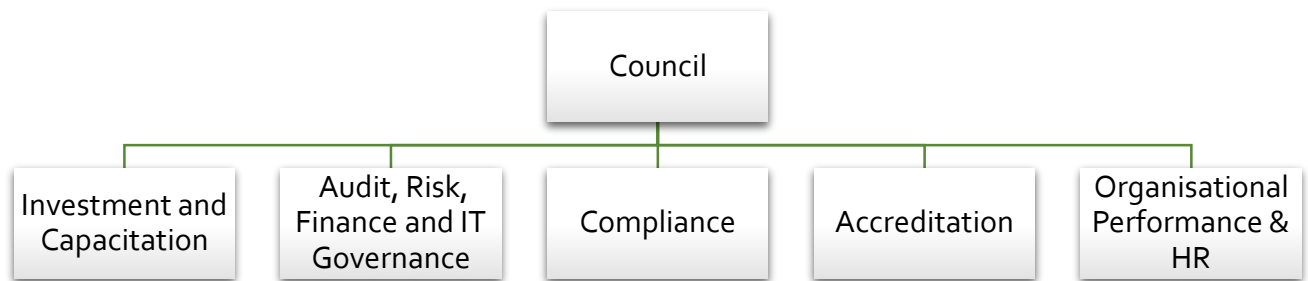
9. Resource Considerations

With this change in governance structures, the change becomes reflected in the organogram. The anticipated skeleton of the structure is presented below:

*It is recommended that a legislative change be undertaken to allow for a Chief Financial Officer (CFO) as the Social Housing Act 8 (1) (c) notes that the Regulatory Authority will consist of a *"Corporate Services Manager, appointed by the Chief Executive Officer, responsible for financial management, including corporate management services"*. This is in conflict with Treasury Regulation 27.3 which states *"Unless directed otherwise by the relevant treasury, each public entity listed in Schedule 3A or 3C of the Act shall have a chief financial officer as the head of the finance division."*

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    Strategy,                                      Company
  Research, Data  ——  Communications  ——          Secretary
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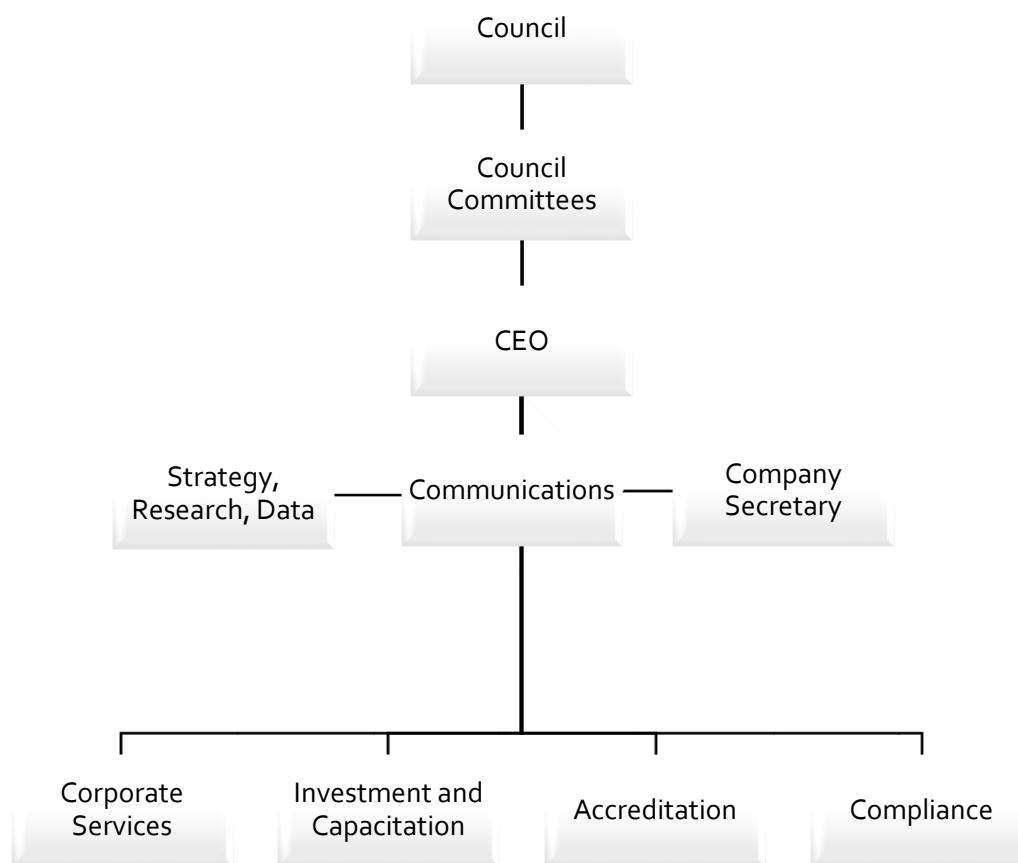
The structure above does not represent every position on the intended structure but rather the separation of duties as described in each programme area.

It is intended that a Chief Financial Officer head the Corporate Services unit.

The separation of project accreditation to RCG contract management aims to provide greater integrity and independence in RCG grant award. The separation of entity accreditation to compliance is to create this level of independence as well as creating separation of duties and enhance compliance management and enforcement. These changes should aid in the entity regaining its reputation which will be of great benefit to the sector as a whole.

This flatter structure should allow for one management committee consisting of the heads of units.

This new framework structure for the organisation is subject to approval from the Executive Authority however provides a basis from which the structure for the entity can be devised.

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10. Financial Plan

The MTEF for the organisation is as follows:

Financial Year	Operational Budget (Rm)	RCG Capital Budget (Rm)	Institutional Investment Capital Budget
2014/15	33 480	827 543	-
2015/16	34 560	932 307 reduced to 432 307	41 936
2016/17	36 392	424 388	40 183
2017/18	38 212	768 715	38 490
2018/19	40 428	1 006 064	40 722

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11. Risk Management

The SHRA's Audit and Risk Committee is accountable for risk management within the SHRA. There is a risk management framework and policy and the SHRA procured risk management software in the previous financial year.

The SHRA's general principles of risk management are as follows:

- All risk management activities will be aligned to corporate aims, objectives and the SHRA priorities, and aims to protect and enhance the reputation and standing of the entity;

- Risk analysis will form part of the SHRA strategic planning, business planning and investment/project appraisal procedures;

- Risk management will be founded on a risk-based approach to internal control which will be embedded into day to day operations of the entity;

- Our risk management approach will inform and direct our work to gain an assurance on the reliability of the SHRA systems;

- Managers and staff at all levels will have the responsibility to identify, evaluate and manage or report risks, and will be equipped to do so; and

- We will foster a culture which provides for spreading best practice, lessons learnt and expertise acquired from our risk management activities across the entity for the benefit of the entire entity.

Responsibilities for risk management

The Chief Executive Officer

The total process of risk management which includes a related system of internal controls is the responsibility of the CEO. Amongst other things; the CEO is responsible for:

- Developing and communicating entity policy and information about the risk management programme to all staff, and where appropriate to other stakeholders;

- Defining the SHRA risk tolerance (the overall level of exposure and nature of risks which are acceptable to the entity);

- Setting policies on internal control based on the SHRA risk profile, its ability to manage the risks identified and the cost/benefit of related controls; and

- Seeking regular assurance that the system of internal control is effective in managing risks in accordance with the established SHRA policies.

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Management

Management is accountable to the CEO for designing, implementing and monitoring the process of risk management and integrating it into the day to day activities of the entity.

Audit and Risk Committee

The Audit and Risk Committee will assist management with the monitoring of risk management process. This committee has overall oversight.

Internal Audit

Internal audit fulfils the same responsibilities as the Audit and Risk Committee.

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Part C: Links to other Plans

The SHRA is required to develop other functional strategies for implementation of the long term strategy. Certain plans are a requirement of the Social Housing Act No. 16 of 2008. The following definitions apply:

"institutional investment plan" means a training and skills development plan which is a component of the social housing investment plan intended to ensure that social housing institutions acquire the expertise, skills and operational capacity to manage such institutions on a sustainable basis and produce and manage approved projects;

"social housing investment plan" means a corporate plan and budget as required by the Public Finance Management Act, comprising a capital investment plan and an institutional investment plan for the capital institutional and investment activity of the Regulatory Authority for purposes of the social housing programme;

"social housing regulatory plan" means a corporate plan and budget as required under section 52 of Public Finance Management Act;

Under Section 11 (2), Functions of the Regulatory Authority, the following is stated:

(2) The Regulatory Authority must—

(a) annually, in accordance with the Public Finance Management Act. Prepare and submit the social housing investment plan and the social housing regulatory plan to the Minister;

(b) annually, in accordance with the Public Finance Management Act, prepare and submit annual financial statements and an annual report to the Minister on its performance in respect of the social housing investment plan and the social housing regulatory plan, respectively, during the preceding year; and

(c) comply with the provisions of the Public Finance Management Act and regulations applicable to public entities.

Therefore the Social Housing Investment Plan (SHIP), which includes the Institutional Investment Plan, and the Social Housing Regulatory Plan (SHoRP) are compiled and presented in the form of an Annual Performance Plan.

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Social Housing Regulatory Authority

A public entity that falls under the ambit of the National Department of Human Settlements

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