

BREAKING NEW GROUND IN HOUSING DELIVERY  
HOUSES, SECURITY & COMFORT



housing

Department:  
Housing  
REPUBLIC OF SOUTH AFRICA

## PRESENTATION TO JOINT BUDGET COMMITTEE BRIEFING ON MTBPS

*VISION: A NATION HOUSED IN SUSTAINABLE HUMAN SETTLEMENTS  
WITH ACCESS TO SOCIO-ECONOMIC INFRASTRUCTURE*

*MISSION: TO ESTABLISH & FACILITATE A SUSTAINABLE PROCESS  
THAT PROVIDES EQUITABLE ACCESS TO ADEQUATE HOUSING FOR ALL  
WITHIN THE CONTEXT OF AFFORDABILITY OF HOUSING & SERVICES  
& ACCESS TO SOCIAL AMENITIES & ECONOMIC OPPORTUNITIES*

29 October 2008



### Outline of presentation

- Mandate and medium-term policy priorities
- Progress on measurable objectives & performance indicators
- Approved budget bids
- Budgeting challenges



## Mandate and medium-term policy priorities

- Reconstruction and Development Programme (RDP) – sets out framework and principles for sustainable development
- Botshabelo Housing Accord (1994) Signed by housing stakeholders
- Subsequent white paper on Housing (1994) and the Housing Act (1997)
- Millennium Development Goals
- SA CONSTITUTION
  - Section 26: Right to access adequate housing
  - Schedule 4: National and Provincial Governments have concurrent legislative competence



## Mandate and medium-term policy priorities cont.

- The White paper on Housing remains the pillar of housing policy.
- The priorities of the Comprehensive Plan are to:
  - Accelerate housing delivery within the context of sustainable human settlements;
  - Improve the quality of housing products and environments and turn housing into assets;
  - Create a single and efficient formal housing market;
  - Restructure and integrate human settlements;
  - Utilize the provision of housing as a job creation strategy; and
  - Ensure access to property to alleviate asset poverty and foster empowerment.

## Mandate and medium-term policy priorities cont.

- Identified priorities:
  - Housing for veterans of the struggle;
  - Impact of increasing construction costs;
  - Intervention of increased informal settlements;
  - Upscale delivery of affordable rental stock;
  - Address land bottleneck – establish the HDA;
  - Provision of once-off funding injection to upscale delivery

## Performance indicators 2008/09

Indicators	Performance	
	2008/09	2007/08
Number of houses completed and in process of completion	226 471	113 761
Number of units completed in rental programme	900	<i>Projects for the planned 900 units between 30% - 60% completion stage.</i>
Number of individual credit linked subsidies approved	700	<i>102 (for five months)</i>
Number of beneficiaries approved in the People's Housing Process	12 500	<i>6 633 (for five months)</i>
Number of municipalities provided with capacity development to support accreditation	18	18
Number of sector impact publications	4	2
Turnaround time for projects to units (months)	37-48	37-48



## Performance indicators

- Is in line with projection
- Only five months available as the department was still in verification process
- Rental housing delivery:
  - currently 900 units across 4 projects are under construction in Gauteng, Eastern Cape and Western Cape.
  - Progress on various projects varying at between 30% and 60%.
  - Expected to be completed by the end of the current financial year.



## Inadequate Housing and MDG's

- Estimated 2.2 million households live in inadequate housing
- Capacity constraints
- Rapid Urbanisation & Migration
- Resources
- Delivery output
  - Rising house prices
  - rising construction cost
  - complex residential market

## 2007/08 Expenditure

### INFORMATION INCLUDING THE GRANT & INSTITUTIONS

PROGRAMME R thousand	Allocation	Exp. as at 31 Mar 2008	Unspent of total allocation	% Spent
1. Administration	122,419	114,048	8,371	93%
2. Housing Policy Research and Planning	77,979	72,746	5,233	93%
3. Housing Delivery Support	143,926	140,411	3,515	98%
4. Housing Development Finance	8,638,034	8,259,067	378,967	96%
<b>TOTAL</b>	<b>8,982,358</b>	<b>8,586,272</b>	<b>396,086</b>	<b>96%</b>

## 2007/08 Conditional grant expenditure

Provinces	2007/08			
	Total Available R'000	Year to date (1 April 2007 - 31 March 2008)		
		Spent by Provinces R'000	Spent as % of Total Available	Unspent as % of Total Available
Eastern Cape	509,477	397,248	78%	22%
Free State	553,508	473,160	86%	14%
Gauteng	2,547,223	2,612,566	103%	-3%
KwaZulu-Natal	1,310,555	1,311,040	100%	0%
Limpopo	651,705	635,351	97%	3%
Mpumalanga	676,286	652,190	96%	4%
Northern Cape	231,036	231,021	100%	0%
North West	875,177	785,510	90%	10%
Western Cape	1,177,770	1,121,708	94%	6%
<b>Total</b>	<b>8,532,737</b>	<b>8,219,794</b>	<b>96%</b>	<b>4%</b>

## Expenditure as at 30 September 2008

### INFORMATION INCLUDING THE GRANT & INSTITUTIONS

PROGRAMME R thousand	Allocation	Exp. as at 30 Sep 2008	Unspent of total allocation	% Spent
1. Administration	129,809	60,074	69,735	46%
2. Housing Policy Research and Planning	105,542	32,374	73,168	31%
3. Housing Delivery Support	196,494	109,366	87,128	56%
4. Housing Development Finance	10,496,642	5,147,315	5,349,327	49%
<b>TOTAL</b>	<b>10,928,487</b>	<b>5,349,129</b>	<b>5,579,358</b>	<b>49%</b>

## Conditional Grant Allocation 2008/09 to 2011/12

Provinces	2008/09	Indicative allocation 2009/10	Indicative allocation 2010/11	Indicative allocation 2011/12
R'000				
EASTERN CAPE	1,251,018	1,510,127	1,865,963	1,968,366
FREE STATE	772,410	907,708	1,093,849	1,164,081
GAUTENG	2,579,974	3,004,848	3,569,999	3,806,209
KWAZULU-NATAL	1,575,586	1,891,017	2,353,255	2,494,144
LIMPOPO	783,247	939,677	1,168,678	1,238,739
MPUMALANGA	629,210	749,963	923,644	980,222
NORTHERN CAPE	161,312	199,332	258,638	272,718
NORTH WEST	896,102	1,037,154	1,219,807	1,302,241
WESTERN CAPE	1,203,984	1,490,999	1,768,840	1,849,312
<b>TOTAL</b>	<b>9,852,842</b>	<b>11,730,823</b>	<b>14,222,672</b>	<b>15,076,032</b>



## 2008/09 Adjustment Estimate

Provinces R'000	Original Allocation	Inflation increase	Rollovers Approved	Total allocation
EASTERN CAPE	1,251,017	-0		1,251,017
FREE STATE	772,410	18,712		791,122
GAUTENG	2,579,974	74,698		2,654,672
KWAZULU-NATAL	1,575,586	46,467		1,622,053
LIMPOPO	783,247	23,021	18,538	824,806
MPUMALANGA	629,210	17,460		646,670
NORTHERN CAPE	161,312	5,962		167,274
NORTH WEST	896,102	18,361		914,463
WESTERN CAPE	1,203,984	45,816	56,062	1,305,862
<b>TOTAL</b>	<b>9,852,842</b>	<b>250,496</b>	<b>74,600</b>	<b>10,177,938</b>



## MTEF Allocations for 2009 -2013

MTEF Allocations			
PROVINCES	2009/10 R'000	2010/11 R'000	2011/12 R'000
EASTERN CAPE	1,611,683	1,980,821	2,274,811
FREE STATE	960,833	1,153,932	1,324,384
GAUTENG	3,166,143	3,752,421	4,292,915
KWAZULU-NATAL	2,022,940	2,502,457	2,892,221
LIMPOPO	1,005,034	1,242,596	1,435,953
MPUMALANGA	799,532	979,706	1,129,796
NORTHERN CAPE	216,258	277,781	323,792
NORTH WEST	1,089,283	1,278,764	1,459,541
WESTERN CAPE	1,570,295	1,858,522	2,088,587
<b>TOTAL</b>	<b>12,442,000</b>	<b>15,027,000</b>	<b>17,222,000</b>



## Expenditure as at 30 September 2008

Provinces	Total Available R'000	Year to date (1 April 2008 - 30 September 2008)								
		Transferred Funds	Spent by Provinces	Variance Spent vs Transferred	Variance Spent vs Total Available	Transfer-red as % of voted funds	Spent as % of Total Available	Spent as % of Transferred Funds	Unspent as % of Transfer-red Funds	Unspent as % of Total Available
		R'000	R'000	R'000	R'000					
Eastern Cape	1,251,018	568,006	356,037	211,969	894,981	45%	28%	63%	37%	72%
Free State	791,122	550,981	454,067	96,894	337,036	70%	57%	82%	18%	43%
Gauteng	2,654,672	1,279,654	1,386,277	-106,623	1,268,395	48%	52%	108%	-8%	48%
KwaZulu-Natal	1,622,053	707,686	536,013	171,673	1,086,040	44%	33%	76%	24%	67%
Limpopo	824,806	422,042	304,523	117,519	520,283	51%	37%	72%	28%	63%
Mpumalanga	646,670	346,000	367,519	-41,519	259,151	54%	60%	112%	-12%	40%
Northern Cape	167,274	108,852	116,679	-6,817	51,595	65%	69%	106%	-6%	31%
North West	914,462	571,929	379,639	192,290	634,823	63%	42%	66%	34%	58%
Western Cape	1,305,862	436,120	476,578	-39,458	830,284	33%	36%	109%	-9%	64%
Other	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>10,177,938</b>	<b>4,991,280</b>	<b>4,395,352</b>	<b>595,928</b>	<b>5,782,586</b>	<b>49%</b>	<b>43%</b>	<b>68%</b>	<b>12%</b>	<b>57%</b>



## Implementation of new organizational structure

- Restructuring finalized in 2007/08;
- Funding over MTEF (phased-in approach):
  - 2008/09: R133m (R10m);
  - 2009/10: R200m (R35m);
  - 2010/11: R212m (R55m);
- The operational budget:
  - 2008/09: R363,804m;
  - 2009/10: R469,627m and
  - 2010/11: R493,527m.



## Eastern Cape intervention

- Ring fenced R5m for this process;
- Deployment of national team;
- Deployment of a team of experts (engineers, project managers and planners);
- Quick win identification: 15 544 housing units;
- National team to address administrative capacity through:
  - Programme and project implementation support;
  - Human resources and organisational development;
  - Financial services;
  - Grant management;
  - Responsibility for proper functioning of the housing subsidy scheme; and
  - Develop proposals to overcome the shortfall of bulk infrastructure.

## Eastern Cape challenges

- Lack of bulk infrastructure;
- Non-approval of once-off funding injection (Duncan Village); and
- Acquisition of skills.

## Rental stock

In terms of rental stock, the target is to deliver 75 000 units over the MTEF period

Financial Year	Social Housing Programme			Community Residential Units	Total
	Capital Investment R'000	Provincial Subsidy R'000	Sub total R'000		
2009/10	392	114	506	92	R598m
2010/11	356	104	460	1220	R1 680m
2011/12	1112	323	1 435	691	R2 126m
<b>Total</b>	<b>1 860</b>	<b>541</b>	<b>2 401</b>	<b>2 003</b>	<b>R4 404m</b>
<b>Number of Rental Units</b>			<b>14 815</b>	<b>9 781</b>	<b>24 596</b>

## Housing Backlog

Provinces	Estimated Backlog 2007/08	Annual Target 2008/09	Delivery 2008/09 30 September
EASTERN CAPE	235,000	39,523	12,362
FREE STATE	160,000	17,263	9,812
GAUTENG	615,000	155,834	31,060
KWAZULU-NATAL	356,000	26,790	20,546
LIMPOPO	110,000	9,588	7,684
MPUMALANGA	128,000	7,828	9,175
NORTHERN CAPE	34,000	2,121	1,834
NORTH WEST	202,000	19,473	9,533
WESTERN CAPE	305,000	21,700	15,315
<b>TOTAL</b>	<b>2,154,000</b>	<b>300,120</b>	<b>117,321</b>

## Housing Delivery

2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
216 133	271 219	248 850	117 321 226 471	242 916	265 330	287 863

Housing delivery output of 230 000 constitutes only 10.7% of the total backlog of 2,1 million units. We would need at least 10 years to clear the backlog at this rate – assuming the backlog remains static.

### Challenges:

- To clear the housing backlog by 2014 we would require resources to the tune of R102 billion.
- Acquisition of prime land for housing delivery
- Lack of sufficient bulk infrastructure – MIG inadequacies
- Skills acquisition (Engineers & project managers)
- Building material and related inflationary pressures (BCI) = estimated 21% e.g., with R10 million at subsidy quantum of R45 000 (excluding cost of serviced sites) we could produce 222 units. However, with inflationary pressures, the subsidy quantum increased to R56 000 – reducing the total unit output to 178 – therefore leaving a difference of 44.

## 2008/09 Rectification programme

Province	No of houses under rectification	Funds Allocated R'000
Eastern Cape	8,383	75,000
Free State	-	-
Gauteng	16	43,000
KwaZulu-Natal	6	67,500
Limpopo	2,000	16,000
Mpumalanga	300	4,800
Northern Cape	494	12,610
North West	-	36,989
Western Cape	-	45,000
<b>Total</b>	<b>11,199</b>	<b>300,899</b>



## 2008/09 Informal settlement upgrading programme

Province	Targeted Outputs (UNITS)	Funds Allocated R'000
Eastern Cape	5,793	284,187
Free State	1,500	-
Gauteng	73,382	1,173,528
KwaZulu-Natal	-	-
Limpopo	3,314	144,179
Mpumalanga	1,391	82,351
Northern Cape	700	20,006
North West	5,500	147,051
Western Cape	12,000	530,000
<b>Total</b>	<b>103,580</b>	<b>2,381,302</b>



## Housing Institutions

Institutions	2008/09 R'000	Virement of funds R'000	2009/10 R'000	2010/11 R'000
SHRA	196,000	(196,000)	297,000	314,820
SHF	21,738	196,000	23,129	24,517
Thubelisha	10,000	-		
Servcon	-	-		
HDA	33,000			
<b>TOTAL</b>	<b>260,738</b>	<b>-</b>	<b>320,129</b>	<b>339,337</b>

- Challenges

- HDA needs R70 million for setting up. There is a shortfall of R37 million;
- Request for R475 million & R505 million was respectively made for 2009/10 & 2010/11 as new funding;
- Thubelisha needs R60 million for closure; and
- Once-off funding injection was not approved (Business cases presented).

THANK YOU