BREAKING NEW GROUND IN HOUSING DELIVERY HOUSES, SECURITY & COMFORT



PRESENTATION TO JOINT BUDGET COMMITTEE BRIEFING ON MTBPS

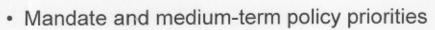
VISION: A NATION HOUSED IN SUSTAINABLE HUVAN SETTLEMENTS WITH ACCESS TO SOCIO-ECONOMIC INFRASTRUCTURE

MISSION. TO ESTAULISH & PAOLITATE A SUSTAINABLE PROCESS
THAT PROVIDES LOUITABLE ACCESS TO ADEQUATE HOUSING FOR ALL
WITHIN THE CONTLICT OF ATFORDABILITY OF HOUSING & SERVICES
A ACCESSATO SOCIAL AMERITIES & ECONOMIC OPPORTUNITY

29 October 2008



Outline of presentation



- 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	Per	formance
Number of houses completed and in process of completion	226 471	113 761
Number of units completed in rental programme	900	Projects for the planned 900 units between 30% - 60% completion stage.
Number of individual credit linked subsidies approved	700	102 (for five months)
Number of beneficiaries approved in the People's Housing Process	12 500	6 633 (for five months)
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



- 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%			
Housing Delivery Support	143,926	140,411	3,515	98%			
Housing Development Finance	8,638,034	8,259,067	378,967	96%			
TOTAL	8,982,358	8,586,272	396,086	96%			



2007/08 Conditional grant expenditure

		2007/08	3			
	Total Available	Year to date (1 April 2007 - 31 March 2008)				
Provinces	R'000	Spent by Provinces R'000	Spent as % of Total Available	Unspent as % of Total Available		
Eastern Cape	509,477	397,248	78%	229		
Free State	553,508	473,160	86%	149		
Gauteng	2,547,223	2,612,566	103%	-39		
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%		
Total	8,532,737	8,219,794	96%	4%		



Expenditure as at 30 September 2008

	INFORMATION	INCLUDING	THE GRANT & IN:	STITUTIONS
PROGRAMME R thousand	Allocation	Exp. as at 30 Sep 2008	Unspent of total allocation	% Spent
Administration	129,809	60,074	69,735	46%
Housing Policy Research and Planning	105,542	32,374	73,168	31%
Housing Delivery Support	196,494	109,366	87,128	56%
Housing Development Finance	10,496,642	5,147,315	5,349,327	49%
TOTAL	10,928,487	5,349,129	5,579,358	49%



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		2009/10	2010/11	2011/12	
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	
TOTAL	9,852,842	11,730,823	14,222,672	15,076,032	



2008/09 Adjustment Estimate

Provinces	Original	Inflation	Rollovers	Total	
R'000	Allocation	increase	Approved	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	
TOTAL	9,852,842	250,496	74,600	10,177,938	



MTEF Allocations for 2009 -2013

	MTEF Alloc	ations	
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
TOTAL	12,442,000	15,027,000	17,222,000
TOTAL	12,442,000	15,027,000	1



Expenditure as at 30 September 2008

	Total Available)	(1 April 2008 - 30 September 2008)						
Provinces		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	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	454,087	96,894	337,035	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	387,519	-41,519	259,151	54%	60%	112%	-12%	40%
Northern Cape	167,274	108,862	115,679	-6,817	51,595	65%	69%	106%	-6%	31%
North West	914,462	571,929	379,639	192,290	534,823	63%	42%	66%	34%	58%
Western Cape Other	1,305,862	436,120	475,578	-39,458	830, 284	33%	36%	109%	-9%	64%
Total	10,177,938	4,991,280	4,395,352	595,928	5,782,586	49%	43%	88%	12%	57%



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.

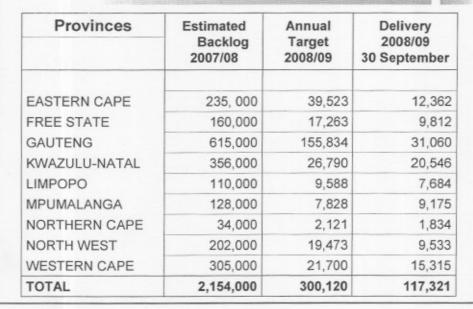


Rental stock

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



Housing Backlog





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
Total	11,199	300,899

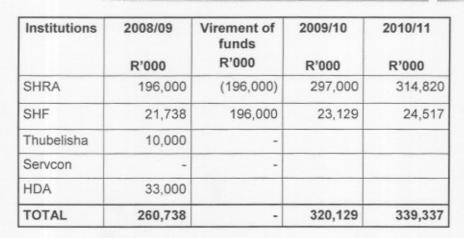


2008/09 Informal settlement upgrading programme

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-Nata!	-	-
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
Total	103,580	2,381,302



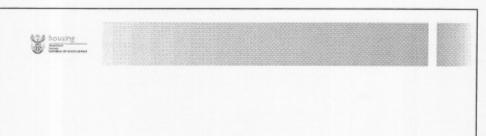
Housing Institutions





Housing Institutions cont.

- 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