

Social Housing



Report to the Parliamentary Working Group on the Annual Report 2008 - 2009

*“Building Communities,
Building Social Housing”*



21 October 2009

SOCIAL HOUSING FOUNDATION

- The SHF is a Section 21 non-profit company which was set up in 1997 in collaboration with the National Department of Human Settlements, and its work is informed by the Housing Amendment Act of 1999. The SHF offers a range of strategic services to everyone active in the sector, assists in creating credible social housing institutions (SHIs), while developing housing capacity. The company delivers expertise, products and services grounded in the knowledge of the challenges impacting the South African social housing environment, with consideration to the ever-changing macro socio-economic reality.
- The work benefits the subsidised housing market and low-to-moderate income families, encouraging:
 - Consistently well-managed housing
 - Affordable, quality, living environments
 - Integrated, empowered communities
 - Collective ownership and secure tenure
 - Inner-city regeneration and urban area densification
 - Wider consumer choice



Mandate, Mission, Values

The mission and mandate of the SHF is to develop a vibrant and sustainable social housing sector for South Africa.

The SHF team is committed to the following values:

- To act professionally with integrity
- To acknowledge and appreciate diversity
- To be passionate about service delivery





Emerald Sky

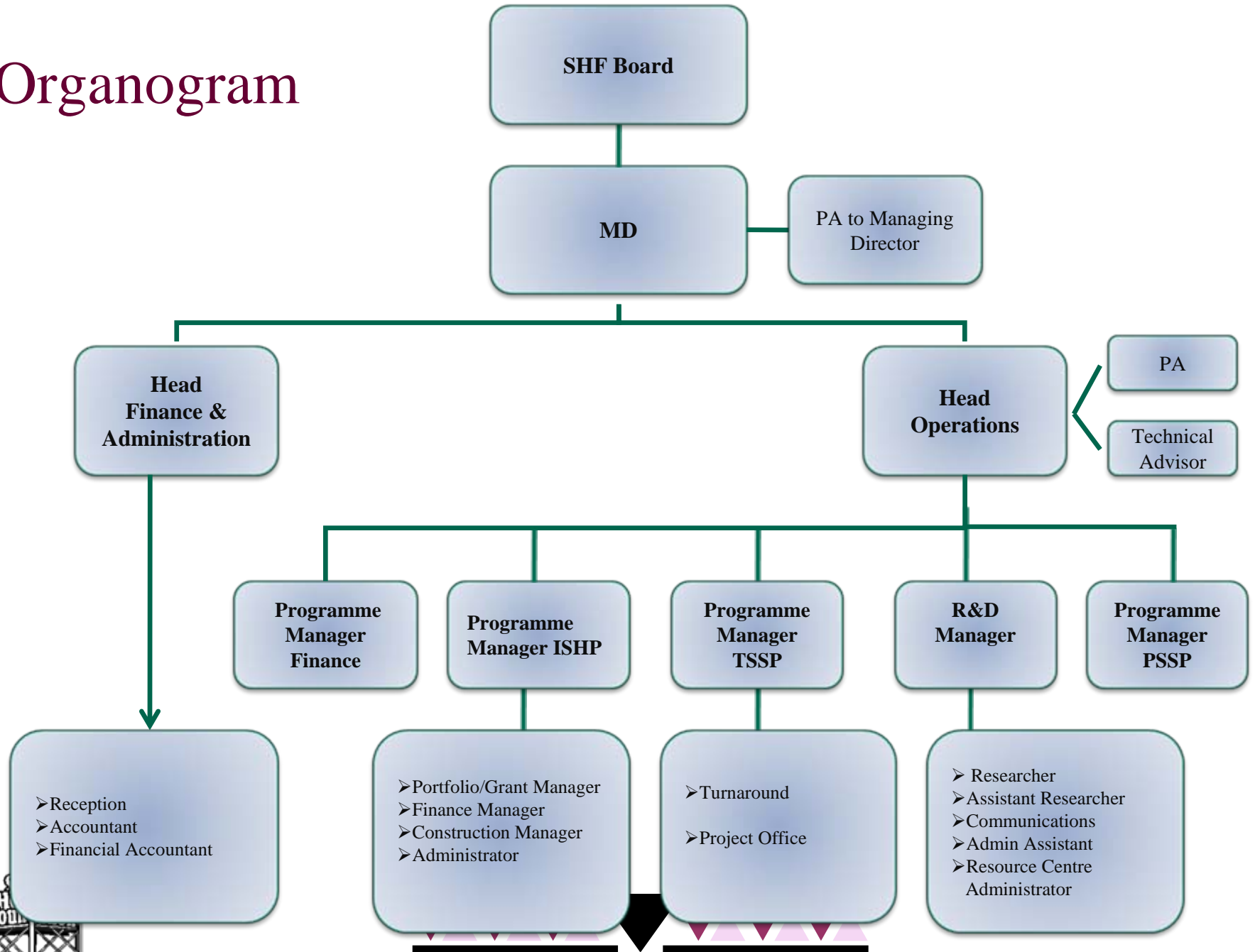


Key Highlights of the Year

- Social Housing Act signed
- Four projects awarded grants under ISHP Programme
- Launch of 16 new publications and new interactive website
- Establishment of Provincial Steering Committees in seven provinces to support social housing project pipelines
- Successful completion of turnaround of three institutions in distress



Organogram



The following table is a breakdown of the staff complement of the SHF at 31 March 2009:

	African		Coloured		Indian		White		Total		Total
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Top Management	1	-	-	-	1	-	1	1	3	1	4
Management	-	-	-	-	1	-	-	-	1	-	1
Professionals	-	-	-	-	-	1	-	2	-	3	3
Administrators	-	1	-	1	-	-	-	1	-	3	3
Total	1	1	-	1	2	1	1	3	4	7	11
Consultants	-	-	1	-	-	2	5	3	6	5	11



Summary of Divisional Activities

- **Technical Sector Support Programme**
 - Implementation of Rental Strategy
 - Best Practice workshops and training
 - Public sector technical support
 - Delivery agent technical support
 - Publications
 - Delivery of tools and products
 - Turnaround support





Emerald Sky



- **Public Sector Support Programme**
 - Relationship with provinces and local government
 - Social housing
 - Communities Residential Units
 - Rental housing policy and strategy
 - Backyard rentals



- **Interim Social Housing Programme**

- Summary of funding allocation since inception
- Capacity developed internally for administration, reporting, monitoring and evaluation, stakeholder engagement
- Project allocation and performance



ISHP Projects

ISHP 2

Emerald Sky	R63,2m	480 units
Steenberg	R57,9m	450 units
Roodepoort	R49,6m	432 units
City Deep	R64,5m	531 units

Total Programme for 2008 – 2009 R196 million





City Deep





City Deep





Roodepoort







Steenberg





City Deep



Resource Centre

- Online web information and support
 - 15893 visits of which 5960 were return visits
 - 48076 pages viewed
- Research and Publications



Publications 2008-2009

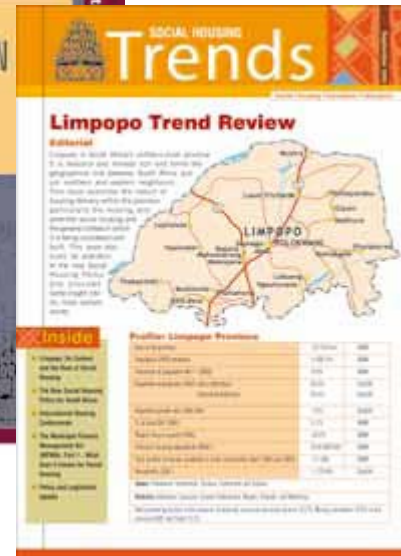
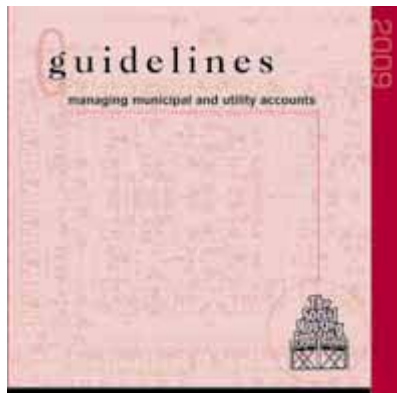
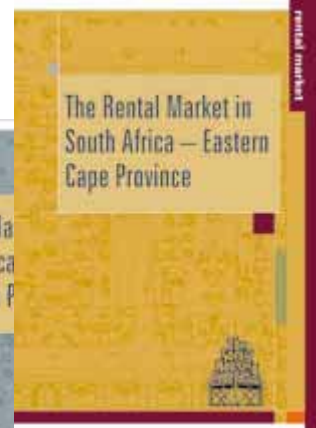
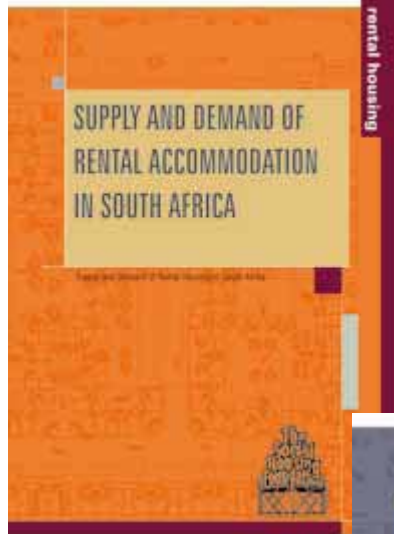
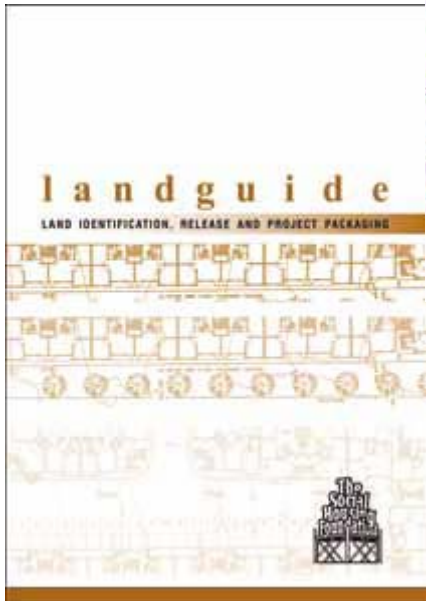
- Rental Market in South Africa by Province – and updated on the SHF website
- Supply and Demand of Rental Accommodation
- Shack Rentals in South Africa
- Managing Municipal and Utility Accounts
- Social Housing Trends
- SA Rental Housing Manager
- Sustainable Medium Density Housing
- Transformed Communities or Unmet Challenges
- Land Access Report



Sustainable medium-density housing
A resource book



Amberly Tucker



Research

- CRU
- Cost Benefit Analysis
- Building hijacking



Performance Key Result Areas

- Policy Support
- Monitoring and Evaluation
- Delivery Agent Support
- Sector Communication Professionalisation and Knowledge Management
- Government Support



1 POLICY SUPPORT

	Tasks to be undertaken	Activities
	Ongoing policy support: (Backyard Landlords & Small Landlords)	The company interacted with the sector on backyard and informal rental and prepared a report which was communicated accordingly
	Interpretations of Policy and Legislation for the sector	New procedural regulations & unfair practices regulations for Rental Housing tribunals developed. Provided assistance with Social Housing Bill NCOP public comment and consultation processes. Two presentations on implications of Rental Housing Amendment (RHA) Act. Participated in quarterly rental housing tribunal meeting to assist with rollout of new legislation. Outlined enforcement issues with regards to Rental Housing Act amendments to facilitate engagement with Department of Justice by the tribunals. Discussion paper on legislative responses to building hijackings completed. Position paper on MFMA and PFMA land release matters developed.
	2 x Policy Position papers (Rental housing affordability; cost-benefit analysis)	Appointed a task team to work on a cost benefit analysis (CBA) report between RDP and social housing. This also encompassed a social survey on rental housing affordability which was included in the final CBA report
	Annual sector survey	The annual sector survey was deferred to the next financial year due to an overload of research information not being able to be supplied by the sector



2. MONITORING AND EVALUATION

Assessment / diagnostic of at least 7 SHIs / projects	Regional teams were appointed and assessments and financial, housing and technical diagnosis carried out on 9 SHI's in preparation for funding applications under the ISHP programme
Assessment of ISHP: lessons & experiences	The lessons learnt and experiences gained from the completed ISHP 1 presented in a sector seminar
Sector funding alignment analysis and support	Finance strategy task teams were formed and engaged with sector financiers in meetings and a sector workshop,
Rental affordability analysis	This project was achieved in part with information being made available on the SHF website and which is updated on a quarterly basis
Update assessment tools and models	The quickscan assessment tools used for the ISHP evaluation processes were re-evaluated and updated based on experience of earlier programmes and the information required and being submitted by the SHI's
M&E database on delivery agents in place	Work has been started on the M&E Database with the appointment late in the year of a suitably qualified consultant, and which will be an ongoing project into the next financial year
Turnaround of distress SHIs (at least 5 SHIs/projects)	Five distressed SHI's encompassing 6 projects in 3 provinces were supported during the year. Three of the projects have been closed out, and the rest will be handed over in the first quarter of the new financial year



Generic Support	
1 X Master class	The ongoing successful masterclass series was continued with workshops on Governance, Community Development, Asset Management, Best practices on maintenance and financial viability
1 X Land & Infrastructure workshop	The planned and infrastructure workshop was completed and also incorporated municipal rental and other municipal housing related matters
1 X Property Management workshop	The property management and rental administration workshop was completed
Products & Tools	
Standardised designs for delivery agents	The report on standardised designs for delivery agents was researched and completed
Standardised project packaging	The Land Release and Town Planning Guide was completed
Implementation Support	
Project packaging technical support to 10 projects	Project packaging technical support incorporating property management, mentor support and governance, maintenance and client services was provided to 7 SHI's with more than 10 projects during the year
Project development / project management technical support to 10 projects	Project development support has been provided to 7 SHI's covering 17 projects during the year
Property management technical support to 5 delivery agents	Technical support was offered to 9 SHI's on the following: Maintenance Plan, BIS Support, Governance Support, Property Management Support, Tenants Management Support, Financial Management Support
CRU technical support to 5 municipalities / provinces	CRU support was given to 6 municipalities and 3 provinces during the year on preparing property management agents for hostels that have been redeveloped and to manage CRU properties as defined
Information Exchange	Property Management Support
	Tenants Management Support
2 X Sector forums for delivery agents (Co-operatives, special needs and transitional housing)	Monthly meetings held with SACHA (Housing co-operatives federation) and other financial and property representative groups to discuss progress and support with their activities Transitional & special needs housing forum meetings held Monthly meetings with Salga, NHFC, Sacha, SHIFT, CRU reference group and sector task teams



Standard sector information publication (46 sector publications, weekly, monthly, quarterly)	
Trends X 4	The 4 planned trends documents were completed
Project review series X 6	The 6 planned project review series publications were prepared and are awaiting publication
SH finance review X 4	one finance review publication completed and awaiting delivery
Resource centre bulletin X 12	The Resource Centre prepared and distributed its electronic bulletins on a monthly basis
Weekly news	The Resource Centre prepared and distributed its electronic newsletters to the sectors on a weekly basis
Property management X 4	Three issues of the Property management series publications were prepared and a fourth was in draft at year end
Co-op Housing new sletter X 4	Based on its prior involvement with co-operative housing, it was planned to prepare newsletters for this sector. This responsibility was however taken over by NDOH during the year
SHF Website updates, maintenance	The website was redesigned and the new site launched during the 10 year celebratory seminar
SHF Intranet update & maintenance	The SHF has migrated to anew EPM system which has been developed and staff trained on its functionality and use
Advertising & External Communication	
Sponsorships as they arise	The company supported NDOH events in Limpopo, the mens and womens special events, and the National Housing Awards
Press releases & PR as they arise	Press releases were issued on the 10 year achievement of the SHF, and launch of a number of publications towards the end of the year
Branded promotional materials & gifts as required	Various branded items were acquired and distributed to partners and participants at project launches, events, launches and site visits during the year
Events management fees 1 event	Product & publication launches were held in Durban, Cape Town and Johannesburg
	Peak Caps
Sector Research	
2 X Research Reports	Research report on rental housing supply and demand trends completed. Research on shack rentals completed. Nine reports on each of the provinces rental housing supply & demand completed. Guideline on managing utilities completed. Draft report on eviction in private rental housing completed. completed. Nine reports on each of the provinces rental housing supply & demand completed. Guideline on managing utilities completed. Draft report on eviction in private rental housing completed.



National

5 GOVERNMENT SUPPORT

Facilitate and support national forums and task teams

Support provided for the National roll-out of the CRU programme (4 road shows on CRU held in Free State, Gauteng, Western Cape and KZN). Participation in National social / rental housing task team meetings Submitted information on Rental project pipeline, risk assessment of rental strategy, technical support work and ISHP feedback. SHF facilitated contributions in National social / rental housing task team pre meetings on backyard rental and incentives for rental housing. Facilitated quarterly meetings with Rental housing tribunals. Assistance with 2 x National CRU road shows with information and technical assistance. Participation in monthly CRU reference group meetings.

Assist with technical support

Participation in National social / rental housing task team meetings. Submitted information on Rental project pipeline, risk assessment of rental strategy, technical support work and ISHP feedback.

Assist with finalisation of provisional restructuring zones


Assisted various Municipalities with getting Council approval for the PRZ.

Local Government



Local Government social housing forum meetings X 4

At least LGSHF meetings held with various municipalities. In Port Elizabeth, the meeting discussed the Social Housing Bill, the provincial steering committee structures and alternative technologies. In Cape Town, the meeting discussed land release and town planning issues as they relate to social rental projects. In Johannesburg the meeting discussed municipal incentives and social support package of support that could be provided to the rental housing sector.

	Information sessions X 2	Information sessions held primarily with Salga on the Social Housing Bill and MFMA and land release implications. Strategic planning framework on social housing completed in Nelson Mandela Bay Municipality
<p style="text-align: center;"><u>5 GOVERNMENT SUPPORT</u></p>	Assist with technical support	<p>Assisted NMBM with Rental Strategy and workshop. Social housing policy and strategic planning support provided as well as development of generic social housing framework and training on the framework. Assisted Ethekweni Municipality with CRU business plans costing which were submitted to province as pipeline projects; conducted value added workshop in Mangaung Municipality for Brandwag project. Provided Technical support to Mangaung Municipality for White City Project; Conducted pre-feasibilities in Metsimaholo municipality. Two Workshops held at NW Province. Temporarily in-house support for the FS rental housing Directorate. Technical support to FS Municipalities to fast track priority projects (Mangaung Metsimaholo and White City) Assistance to Mangaung Municipality for the establishment of an SHI. Assisted Tshwane Municipality with developing of the Rental Strategy. Developed a tool for PSC to monitor and track pipeline projects.. Assistance provided to City of Tshwane in developing ToR for the drafting of a Rental Housing Strategy. Workshop presented at Richard's Bay municipality on CRU and social housing with KZN province.</p>
	Provinces	
	Provincial steering committee meetings X 12	12 PSC meetings held on a quarterly basis with all provinces
	Information sessions X 2	Assistance provided to Northern Cape province on social housing and the involvement of mining companies. Workshop with provinces on National rental housing strategy . Inter provincial learning forum initiated in Cape Town.
	Assist with technical support for provinces	<p>Technical support provided to Free State and Western Cape provinces by placing a consultant in the provinces. Inter- Provincial learning forum initiated and first workshop hosted in Western Cape province to create a platform for provinces to exchange skills and learn from each other. Capacity building programme for municipal staff on CRU programme developed for Free State province. Assisted KZN and Eastern Cape Province with inception of CRU programme. Assisted KZN and Eastern Cape with making motivation for appointment of the MDT to look out for pipeline opportunities. Assisted WCape province with rental housing strategy development. Assisted Tshwane to develop Provincial and Municipal Template for the Rental Strategy and assisted Western Cape Province to develop the Rental Strategy. Provincial learning forum held in</p>



MTEF Plan

	Actual			Estimate			
	2006/07	2007/08	2008//09	2009/10	2010/11	2011/12	2012/13
Major activities	73	63	57	78	96	118	96
Number of social housing institutions receiving capacity support each year	21	7	12	17	22	30	36
Number of workshops held with social housing institutions each year	25	24	9	8	20	26	30
Number technical assistance interventions for social housing institutions	3	8	18	36	24	26	30
Number of social housing institutions using social housing foundation tools	24	24	18	17	30	36	-
Other activities	45	1 705	1 899	1 899	1 732	2 038	2 979
Number of social housing institutions receiving funds each year	17	3	2	2	3	4	6
Number of projects funded each year	28	4	4	4	3	3	5
Number of units financed each year		1 698	1 893	1 893	1 726	2 031	2 968
	118	1 768	1 956	1 977	1 828	2 156	3 075



Annual Financial Statements

- Corporate Governance
 - PFMA, Protocol and Company Act compliance
 - NPO registration
 - Board, meetings and sub committees
 - Audit and Risk
 - HR and Ethics
 - Technical
 - Executive management
 - Empowerment
 - Fraud policy
 - Code of Ethics
 - Values



Annual Financial Statements

- External Audit Report
 - Unqualified
 - Performance opinion for AG
 - Matter for emphasis
 - Report to Management



Statement of Financial Position

	2009 R	2008 R
ASSETS		
Non current assets	705 988	678 545
Property, plant and equipment	537 473	388 391
Intangible assets	168 515	290 154
Current assets	20 542 835	45 474 866
Accounts receivable	4 577 675	1 695 955
Cash and cash equivalents	15 965 160	43 778 911
TOTAL ASSETS	21 248 823	46 153 411
EQUITY AND LIABILITIES		
Capital and reserves	10 463 808	12 962 704
Accumulated surplus	10 463 808	12 962 704
Current liabilities	10 785 015	33 190 707
Accounts payable	3 177 302	2 737 573
Deferred income - foreign grants	-	10 960 685
Deferred income - local grants	7 607 713	19 492 449
	21 248 823	46 153 411



Statement of Financial Performance

	2009	2008
	R	R
Revenue	233 195 910	73 704 037
Other income	16 356	1 463 064
	<hr/>	<hr/>
	233 212 266	75 167 101
Expenditure:		
Project expenditure	(223 022 217)	(64 293 212)
Administrative expenses	(2 493 801)	(1 881 894)
Other operating expenses	(11 503 874)	(11 607 515)
	<hr/>	<hr/>
DEFICIT FROM OPERATIONS	(3 807 626)	(2 615 520)
Finance Income	1 308 730	995 817
	<hr/>	<hr/>
DEFICIT FOR THE YEAR	<hr/> <hr/> (2 498 896)	<hr/> <hr/> (1 619 703)



Cash Flow Movement

	2009 R	2008 R
CASH UTILISED IN OPERATING ACTIVITIES	(4 377 588)	(144 597)
Cash receipts from customers and grants	230 330 546	75 079 626
Cash paid to suppliers and employees	(236 016 864)	(76 220 040)
Cash utilised in operations	(5 686 318)	(1 140 414)
Finance Income	1 308 730	995 817
CASH FLOW FROM INVESTING ACTIVITIES	(590 742)	(534 202)
Purchase of property, plant and equipment	(501 136)	(172 942)
Purchase of intangible assets	(94 004)	(363 711)
Proceeds from disposal of property, plant and equipment	4 398	2 451
CASH FLOW FROM FINANCING ACTIVITIES	(22 845 421)	(50 976 733)
Donor funds received	202 253 852	7 603 554
Donor funds utilised	(211 457 910)	(58 580 287)
Donor funds repaid	(13 641 363)	-
Net decrease in cash and cash equivalents	(27 813 751)	(51 655 532)
Cash and cash equivalents at the beginning of the year	43 778 911	95 434 443
CASH AND CASH EQUIVALENTS AT END OF YEAR	15 965 160	43 778 911



Deferred Income

										2009	2008
										R	R
DEFERRED INCOME											
Foreign Government grants											
European Union											
Foreign government grants received are utilised towards training and development programmes, project management, as well as to award grants and financial assistance to qualifying enterprises											
Opening Balance										10 960 685	18 324 983
Finance Income earned on bank and call account										794 120	925 339
Plus: grant funds returned from beneficiaries unused										1 886 558	1 556 424
Less: grant funds utilised during the year										-	(9 846 061)
Less: grant funds repaid to donor on programme closure										(13 641 363)	-
Grant funds disclosed as deferred income										-	10 960 685
Local Government Grants											
Interim Social Housing Programme											
Opening Balance										19 492 449	63 104 884
Grant funds received during the year										196 000 000	-
Finance income earned on bank and call account										3 573 174	5 121 791
Less: grant funds utilised during the year										(211 457 910)	(48 734 226)
Grant funds disclosed as deferred income										7 607 713	19 492 449



Income and Expenses

	2009 R	2008 R
REVENUE		
Government grants	233 195 910	63 857 976
Foreign grant	-	9 846 061
	<u>233 195 910</u>	<u>73 704 037</u>
PROJECT EXPENSES		
- Donor programmes	-	9 846 061
- ISHP programme	211 457 910	48 734 226
- Operations	11 564 307	5 712 925
	<u>223 022 217</u>	<u>64 293 212</u>
ADMINISTRATION EXPENSES		
Consultants - internal audit	129 343	159 920
Directors fees	16 679	11 000
Entertainment	66 602	29 351
General expenses	1 632 806	1 005 530
Insurance	162 341	149 695
Legal fees	969	80 623
Management fee	243 191	243 191
Seminars and training	241 870	202 584
	2 493 801	1 881 894
OTHER OPERATING EXPENSES		
Consultancy	331 323	333 787
General expenses	696 381	1 954 636
Office running costs	268 548	268 960
Rent	1 523 788	1 255 660
Travel	1 950 983	1 432 220
Audit fees - external	314 447	271 002
Depreciation		
- Fixed assets	325 011	388 637
- Intangible assets	215 094	108 632
Loss on fixed assets	23 193	37 450
Staff costs	5 855 106	5 556 531
Salaries	5 500 104	5 438 789
SDL	64 380	49 104
IF	19 858	17 882
Other staff costs	270 764	50 756



- Capital Commitments
- Contingencies
- Post Balance Sheet Events
- SHF Closure



