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**PRESENTATION TO
THE PORTFOLIO COMMITTEE ON
HUMAN SETTLEMENTS:**

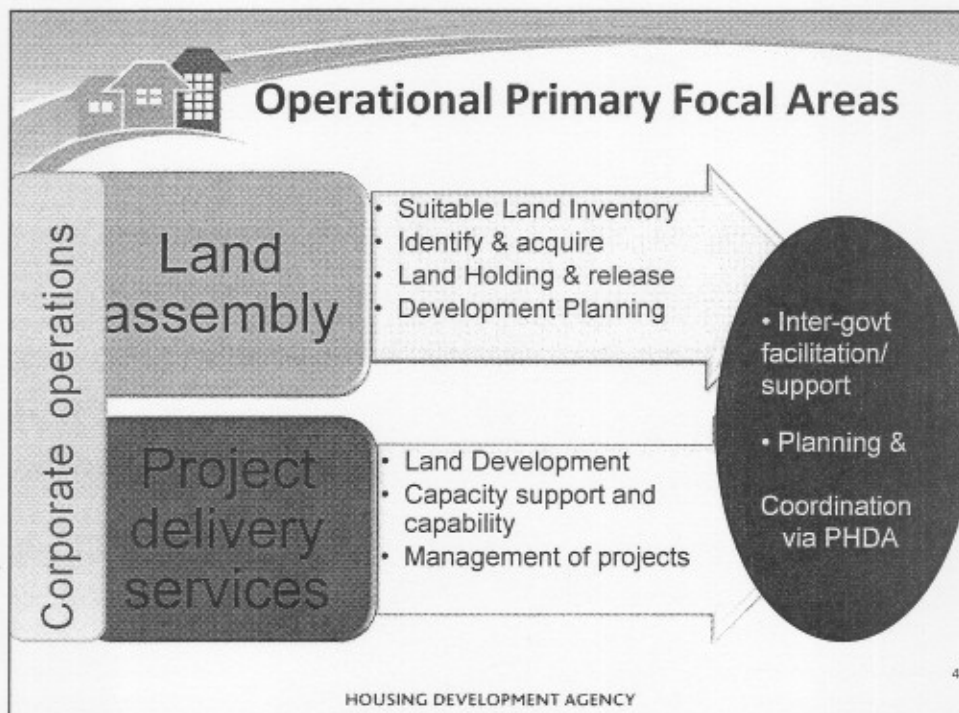
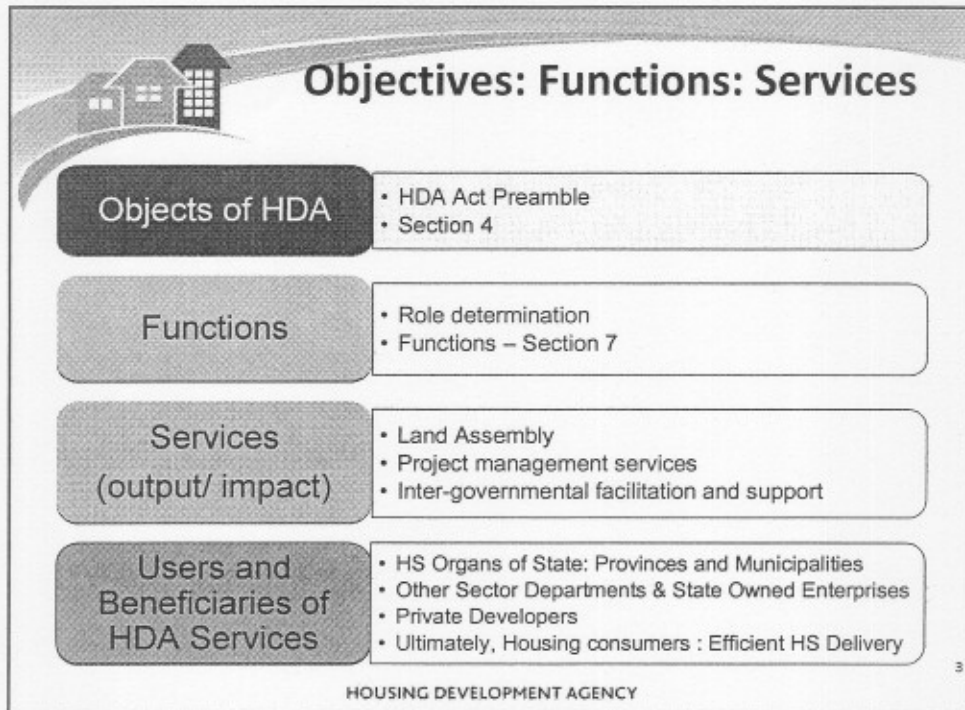
*Capitalisation and funding plan for the
Housing Development Agency*

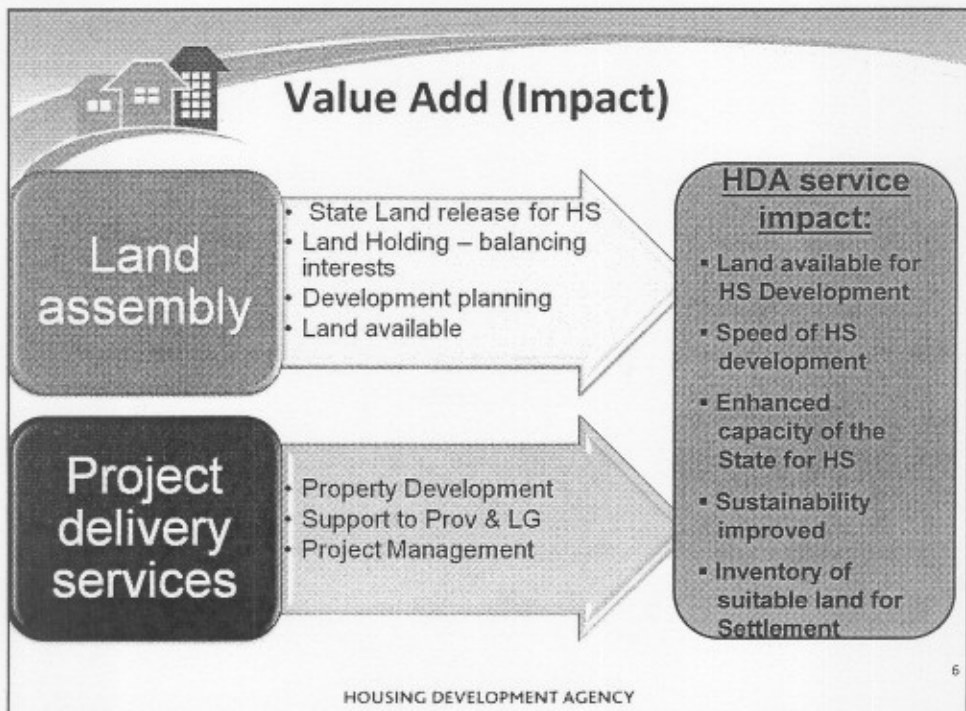
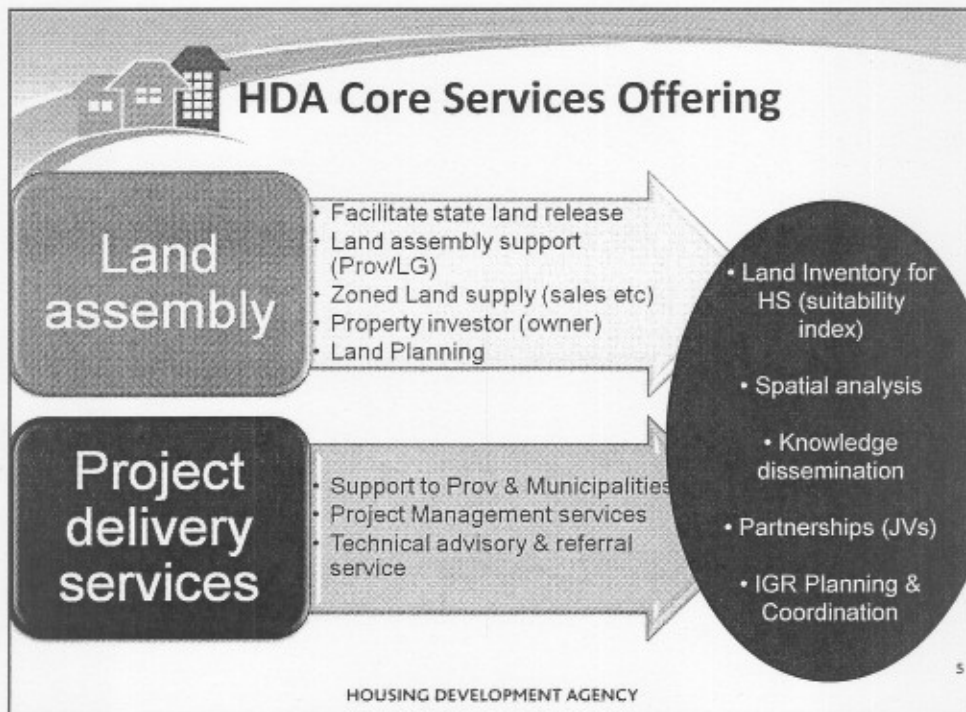
02 JUNE 2010

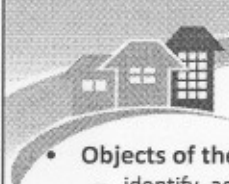


Presentation Outline

- **HDA Act**
- **Mandatory roles & Functions**
- **Discretionary roles & Functions**
- **Inevitable Operational priorities**
- **Services Offering, Demand and Impact**
- **Agreed 4 Step Capitalisation Plan**
- **Funding scenarios to avoid**
- **Way forward**








HDA ACT, 23 of 2008

- **Objects of the Agency**
 - identify, acquire, hold, develop and release state, communal and privately owned land for residential and community purposes and for the creation of sustainable human settlements;
 - project manage housing development services for the purposes of the creation of sustainable human settlements;
 - ensure and monitor that there is centrally coordinated planning and budgeting of all infrastructure required for housing development; and
 - monitor the provision of all infrastructure required for housing development.
- **Role of the Agency**
- **Functions of the Agency**
 - Agency "must"
 - Agency "may"
- **Governance and management arrangements - prescribed**
- **Modus operandi (Character of the Agency):**
 - Organ of State
 - Service delivery public entity (PFMA Schedule 3A): not for profit

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Unavoidable Operational Priorities

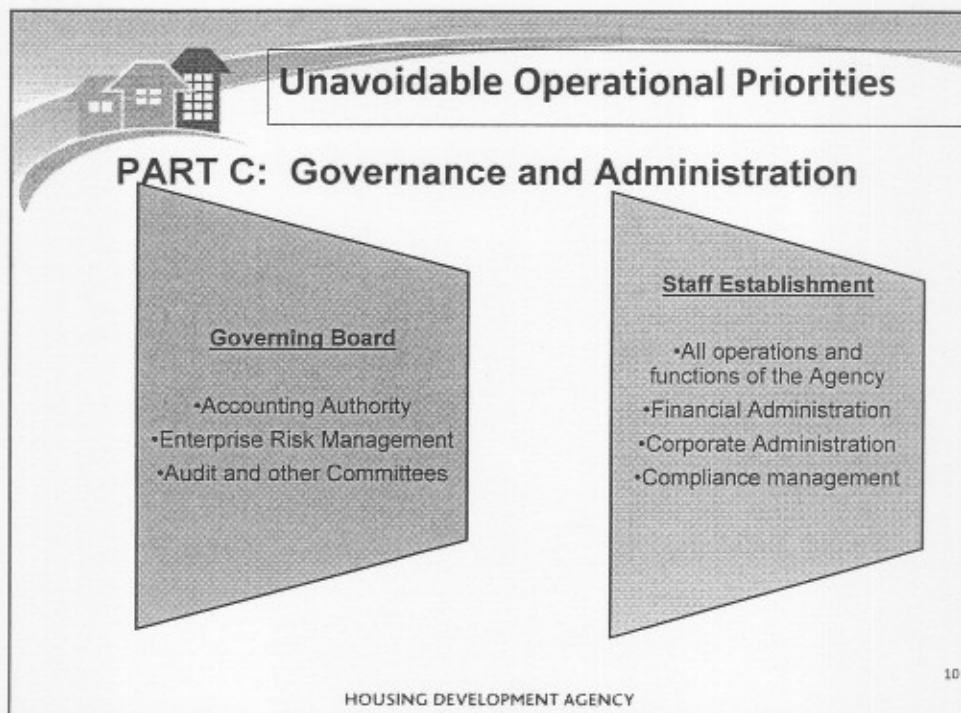
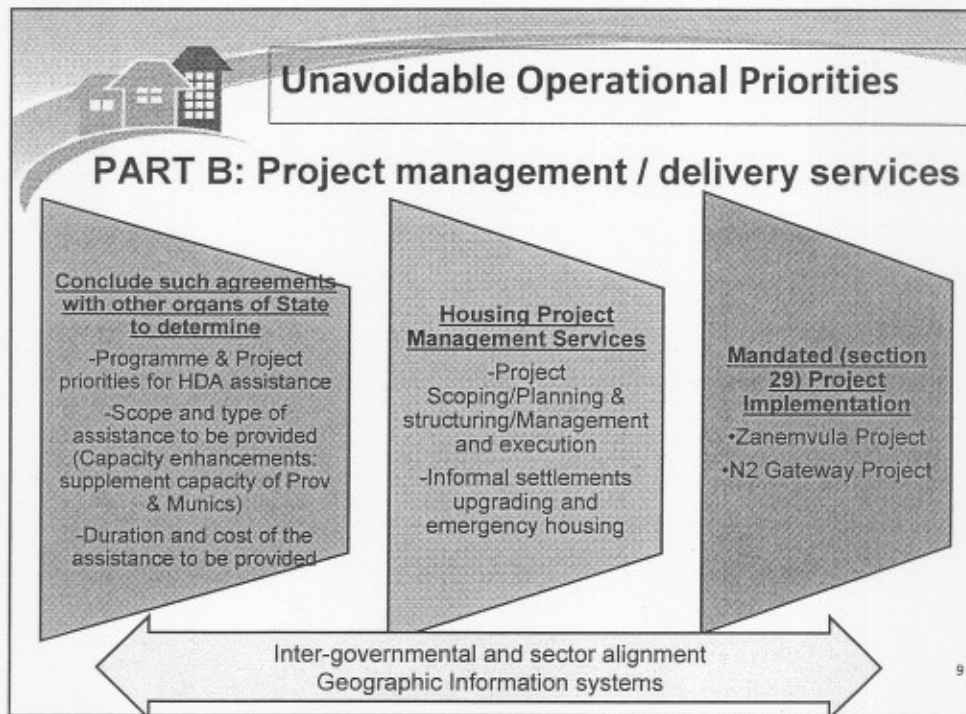
PART A: Land Assembly for Human Settlements (State, Communal & privately-owned land)


<p>identify suitable land for human settlements development:</p> <ul style="list-style-type: none"> * Spatial Analysis * Inspections * Town Planning * Feasibilities/valuations 	<p>acquire such land and/ or facilitate it's release to another organ of State:</p> <ul style="list-style-type: none"> * Negotiation * Conveyancing * Rights/ title <ul style="list-style-type: none"> * Legal transaction (buying) 	<p>hold such acquired land - with short, medium and long term outlook:</p> <ul style="list-style-type: none"> * Security * Maintenance * Rates & Taxes * Service Charges 	<p>prepare acquired land for development and release:</p> <ul style="list-style-type: none"> * Dev Planning * Rights/ Bankability * Project packaging * Investment plan
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Inter-governmental and sector alignment
Geographic Information systems

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Demand & impact: HDA Services

HDA Mandate & Functions


Municipalities	Provinces	Private Developers:	
<ul style="list-style-type: none"> • Land Assembly • Capacity Support • Funding assembly 	<ul style="list-style-type: none"> • Land Assembly • Programme Planning • Project Management 	<ul style="list-style-type: none"> • Land Offers • Land Requests • Joint Ventures 	<ul style="list-style-type: none"> • Communal Land • Restitution support • Information & Research

LAND DEMAND COST:
 R1.5bn (2009-2012)

- 22 000 Hectares of Land (releasing state asset value)
- 750 000 potential housing opportunities and social amenities (2009-2014)
- Spatial Restructuring/ Urban consolidation/ Improved quality of household life

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HDA FUNDING ARRANGEMENTS

and

PROPOSED CAPITALISATION PLAN




Permissible HDA Funding Streams

In terms of section 25 of the HDA Act, the Agency must utilise its funds to defray expenses incurred by it in the performance of its functions. Accordingly, the Act provides for the funds of the Agency to consist of—

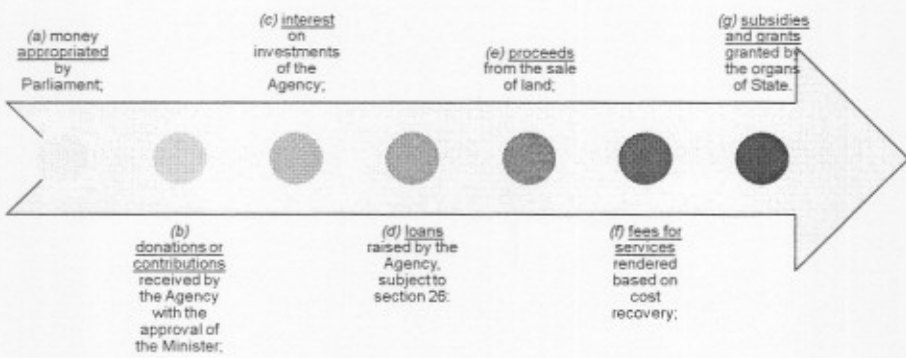
- money appropriated by Parliament;
- donations or contributions received by the Agency with the approval of the Minister;
- interest on investments of the Agency;
- loans raised by the Agency, subject to section 26;
- proceeds from the sale of land;
- fees for services rendered based on cost recovery; and
- subsidies and grants granted by the organs of State.

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Legislated HDA Funding Streams



(a) money appropriated by Parliament;

(b) donations or contributions received by the Agency with the approval of the Minister;

(c) interest on investments of the Agency;

(d) loans raised by the Agency, subject to section 26;

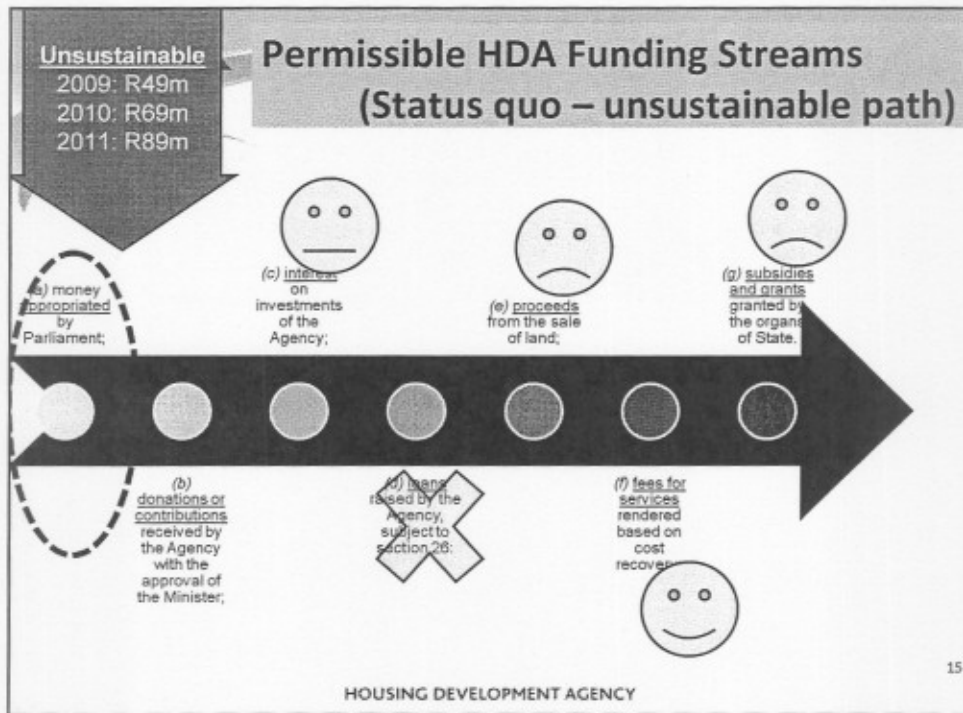
(e) proceeds from the sale of land;

(f) fees for services rendered based on cost recovery;

(g) subsidies and grants granted by the organs of State.

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Funding Considerations

The primary objective is to give effect to HDA mandate and ensure both Strategic and tactical capability and certainty for land acquisition and holding.

Proposal discussed with the NDoHS (14 May 2010) on the following proposed 4 Step Capitalisation plan

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4 Step Capitalisation Plan for HDA

- 1. Retain the current HDA operational annual grant (MTEF: R49m/ R69m/ R88m)**
 - Personnel costs and Operational expenses (office space etc)
 - Work process (feasibilities, GIS, Surveys, Planning & Research)
 - Legal and compliance costs (Governance, Audit)
 - Stakeholders engagements and facilitation
- 2. Free access to and transfer of State Land:**
 - Selected well-located Public Works land
 - Selected well-located RD & LR land
 - Donation of certain SOE (non-core) land assets
 - **Enabling policy proposals to effect this approach are currently being developed by the HDA**

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4 Step Capitalisation Plan for HDA

- 3. Submission to Minister (in consultation with Minmec) for portion of the Housing Grant to be allocated to the HDA for land acquisition**
- 4. Policy proposal (bid) through the MTEF Budget process for a Capital grant appropriated to the HDA from the national fiscus for land acquisition. This will supplement the Housing Grant allocation**

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