

**BREAKING NEW GROUND IN HOUSING DELIVERY
HOUSES, SECURITY & COMFORT**



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RHLF WORKSHOP

The National Housing Code

***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 CONTECT OF AFFORDABILITY OF HOUSING & SERVICES
& ACCESS TO SOCIAL AMENITIES & ECONOMIC OPPORTUNITIES***



Outline

1. Statutory requirements
2. Background- why a new Code
3. The structure of the new Code
4. National Housing Programmes
5. National Housing Programmes under development



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The statutory requirements

Housing Act, 1997

- Section 4 of the Housing Act obligates the Minister of Housing to publish a Code.
- The Code **must** contain the national housing policy.
- The Code **may** include the procedural guidelines for the effective implementation of the policy.



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.....The statutory requirements

- The approved National Housing Programmes are contained in the Code.
- The Programmes comprise the national housing policy and guidelines for implementation.



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The need for a new National Housing Code

- To align policies to the Comprehensive Plan for the Development of Sustainable Human Settlements;
- To accommodate changes effected since 2000; and
- To convert the Programmes into flexible, less prescriptive provisions and guidelines.



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The structure of the new Code

- A user friendly guide with a standard structure
- Old programmes were removed:
 - Project linked subsidies, Blocked projects, rectification of post 1994 stock
- No more general rules – each programme is now independent
- Policy prescripts were reduced:
 - Flexibility is key
 - Guidelines on suggested implementation processes



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.....The structure

Separate volumes

- **Part One:** User friendly version is a broad overview of the Policy and National Housing Programmes. Also to be disseminated as a public hand out.
- **Part Two:** Policy section: A summary of the White Paper on Housing as the foundation of the housing policy and a communication friendly version of the Comprehensive Plan



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The structure of the new Code

- **Part Three:** The National Housing Programmes combined into the Four Key Interventions:
 - Financial interventions
 - Individual subsidies, Housing Chapters of IDPs, Social and Economic Facilities Programme, etc.
 - Incremental Interventions
 - Informal settlement upgrading, IRDP, Emergency Housing Assistance, etc.
 - Social and Rental interventions
 - Institutional subsidies, social housing and the CRU
 - Rural interventions
 - Rural housing: Communal Land Rights



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The Comprehensive Plan for the Development of Sustainable Human Settlements

The primary goal: The creation of sustainable human settlements

The secondary goals:

1. Quality living environments
2. A needs oriented approach
3. Building a non-racial, integrated society
4. Unblocking delivery constraints
5. Building capacity to deliver
6. Rooting out corruption and mal-administration



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The Comprehensive Plan for the Development of Sustainable Human Settlements

- Needs oriented, development of a rural housing programme
 - Tenure
 - Livelihood strategies
 - Socio-cultural issues
 - Farm workers
 - Enhance traditional technologies & indigenous knowledge
 - Appropriate funding mechanisms



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National Housing Programmes

Technical Guidelines:



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Technical Guidelines

- Ministerial Norms and Standards
- General Qualification Criteria
- Environmental sound development guidelines
- EPWP
- Variation Manual
- Monitoring and evaluation section



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Technical Guidelines

- New norms and Standards a 40sqm house
 - Two bedrooms
 - Bathroom with toilet, shower and hand basin
 - Combined kitchen/living area with basin
 - Ready board pre-paid electrical installation



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National Housing Programmes

Financial Interventions:



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Individual subsidy

- For individual households who wish to apply for a housing subsidy to purchase an existing house or
- To purchase a vacant stand and enter into a building contract for the construction of a house.
- The latter subsidy option may only be awarded to those households who have entered into a loan agreement with a financial institution.



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Accreditation

- Municipalities to administer housing programmes
- A progressive process of delegation, evaluated against pre-agreed criteria, leading to eventual assignment of all the functions by formal proclamation
 - Includes capacity building, authority, responsibility and accountability



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Enhanced Extended Discount Benefit Scheme

- Applicable to state financed properties allocated to individuals before introduction of Housing Subsidy Programme
- Entails discounting of an amount up to the prevailing housing subsidies on the loan/purchase price/ purchase price balance of the properties in question



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Operational Capital Budget Programme

- Provides for the application of a certain percentage of the voted provincial housing funding allocation to support the implementation of national and provincial housing programmes.
- For the appointment of external expertise to augment capacity with particular emphasis on
 - The Informal Settlement Upgrading Programme
 - Projects that facilitate integrated delivery
 - The provision of social and economic amenities
 - Unblocking of stalled projects



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Rectification of pre 1994 housing stock

- To facilitate the improvement of certain state financed residential properties created through any of the pre 1994 State financed housing programmes
- Could be utilised for:
 - Services upgrading;
 - Dilapidated structures renovation/upgrading



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Social and Economic Facilities Programme

Grants to municipality to provide:

- Community halls
- Parks
- Sport fields
- Taxi rank facilities
- Informal trading areas



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Housing Chapters of the IDP

- To support housing planning as a component of the IDP
- Strategic concern for demand-defined and supply negotiated housing delivery
- Guide vertical (multi-year housing development plans) and horizontal sector alignment (different sectors at municipal level).
- Municipal housing needs assessment
 - Identifying well located land & areas for densification
 - Identify, survey & prioritise informal settlement upgrading



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National Housing Programmes

Incremental Interventions:



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Consolidation subsidy

- Available to a beneficiary who has already received assistance through government to acquire a serviced residential site under the pre- 1994 housing schemes .
- Applicable to serviced sites that were obtained on the basis of ownership, leasehold or deed of grant
- Must be utilised to construct a house complying to the norms and standards



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Emergency Housing Assistance

The programme applies in following cases:

- Second phase disaster intervention
- Persons living in dangerous conditions
- The totally destitute
- To assist households facing the threat of imminent evictions



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Integrated Residential Development Programme (IRDP)

- To promote social, spatial and economic integration
- To facilitate the development of projects with a variety of land uses and income groups (subsidy and bonded housing) which make for sustainable communities
- To improve/simplify subsidy beneficiary administration
- To facilitate the participation of the private sector in low income housing (Inclusionary Housing)



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Informal Settlement Upgrading

- To contribute to the achievement of the UN Millennium Goal
- An area wide/community approach
- Emergency interventions
- Permanent basic services
- Housing construction from basket of options
- A phased development orientation



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National Housing Programmes

Rural Interventions:



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Rural Housing : Communal Land Rights Programme

- Provides subsidies to households in “rural” areas who enjoy functional security of tenure (communal tenure)
- Only individuals whose informal land rights are uncontested and who comply with the qualification criteria can apply for a subsidy.
- The programme is aligned with Communal Land Rights Act.
- To facilitate project based housing development (through municipal IDPs)



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Rural Housing : Communal Land Rights Programme

- Development activities covered by the project funding:
 - Assist municipalities for preparation of applications, planning, land surveying, design, project management
 - Development or upgrading of local access and internal roads and storm water drains
 - Development or upgrading of internal or local water infrastructure
 - Development or upgrading of local sanitation

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Rural Housing : Communal Land Rights Programme

- Construction of new housing structures
- Repair and upgrading of existing houses
- Purchasing of building materials where persons wish to construct, repair or upgrade their own houses
- Where houses are adequate, subsidy can be used for provision of residential engineering services or other housing purposes



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Rural Housing : Communal Land Rights Programme

- Development activities not covered by the Subsidy:
 - Individual subsidies
 - The acquisition of land
 - Bulk or municipal infrastructure programmes
 - Energy supply
 - Refuse removal
 - Land reform
 - Any repair, operation & maintenance of services



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National Housing Programmes

Social & Rental Interventions:



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Social Housing programme

- A rental or co-operative housing option for low income persons which requires institutionalised management
- Provided by accredited social housing institutions or in accredited social housing projects in designated restructuring zones
- Restructuring zones:
 - Geographic areas identified by LA, to support spatial, social & economic restructuring



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Community Residential Units (CRUs)

- Facilitate the provision of secure, stable rental tenure for lower income persons
- Target persons & households earning below R3500 not able to access private rental and social rental market
- Low income informal renters unable to access formal market
- Replaces National Hostel Re-development programme



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Institutional Housing Subsidy

- Targeted at housing Institutions that provide tenure arrangements alternative to immediate ownership (e.g. rental, installment sale, share block or co-operative tenure) to subsidy beneficiaries
- The programme applies outside of Restructuring areas of Social Housing Programme



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National Housing Programmes under development

- The programme for housing assistance to persons who lost guardians
- The Inclusionary Housing Programme
- The Farm worker policy & Labour Tenants aligned programme
- Indigenous technology application
- The land for housing initiative
- Military veterans assistance



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Current Rural Housing programmes

Currently rural housing development can be undertaken through:

- Rural Subsidies: Informal Land rights
- The Integrated Residential Development Programme for formal township projects
- Individual subsidies in formal towns
- Institutional subsidies by housing institutions



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Development options provided

- Rental housing provision by the farm owner on the farm. This includes the option of rental housing by a housing institution;
- Individual ownership options where the farmer is prepared to subdivide and transfer farm portions; and
- Housing assistance to beneficiaries of the Labour Tenant Strategies of DLA.



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Main features of the programme

- It does not affect current land rights;
- All stakeholders are involved in planning and implementation;
- The rental arrangements are regulated;
- It regulates termination of leases, retirement cases, sale of the farm, termination of the schemes and the process after the death of the farmer;
- Structured agreements will apply in all cases



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Main features of the programme

- Provincial Governments are the developers but MEC may delegate to Municipality where this is feasible;
- The subsidy investment on the farm is protected through a preferential claim in favour of the Provincial Government;
- The funding limits are equal to the prevailing subsidy quantum



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What do the development options entail?

Rental development by farmer

- The farmer undertakes rental housing provision on the farm as implementing agent;
- An agreement is concluded with MEC and a Pre-emptive right is registered;
- MEC approves the project, rentals and rental agreements;
- A 60 day termination period must apply;



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Rental development by farmer

- Funding is provided for local water and sanitation services, storm water management systems and top structures
- Could be used for upgrading of existing dilapidated houses or new houses



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Rental development by farmer

- **Exist mechanism**

- Where farmer disposes of farm, must refund the subsidy investment at depreciated replacement cost of the units; or
- The new farmer may apply for substitution;
- Where farmer dies or becomes insolvent, MEC will have preferential claim against estate at same value;
- Where owner retires and/or terminates the rental scheme, must refund the MEC the depreciated replacement cost of units
- Where disputes arise, arbitration process will apply



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Rental development by housing institution

- Farmer may decide to award long term lease of a portion of farm to housing institution
- All farm workers and occupiers may benefit from this option
- Institution must comply with Institutional Subsidy Programme requirements



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Individual ownership options

The farm owner is prepared to subdivide the farm and transfer portions to farm residents

- Subdivision must be large enough to afford subsistence farming options
- Subdivision must take place within current legislative provisions
- Farm owner could act as implementing agent



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Individual ownership options

- Municipality must support project application;
- NHBRC enrolment will apply;
- The provincial Government may also act as implementing agent or delegate this authority to the municipality;
- Beneficiaries may elect to undertake their own development through PHP or appoint a private implementing agent



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Housing assistance for LRAD beneficiaries

Project based developments for beneficiaries of the Labour Tenant Strategy of DLA

- It funds residential engineering services where required and houses
- Funding will only be available in the context of a project based approach
- The province is the developer and may delegate to municipality where feasible



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Housing assistance for LRAD beneficiaries

- Beneficiary participation is a prerequisite
- NHBRC registration and enrolment will apply where contractors are building the houses
- The contribution requirement is waved (LRAD programme requires contribution)
- It will require coordinated planning and funding prioritisation and alignment with DLA



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**THANK
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