“BREAKING NEW GROUND”

COMPREHENSIVE PLAN FOR HOUSING DELIVERY

1. WHY DO WE NEED TO CHANGE?

At its inception, the Housing Policy and Strategy (1994) focused on stabilizing the environment to transform the extremely fragmented, complex and racially-based financial and institutional framework inherited from the previous government, whilst simultaneously establishing new systems to ensure delivery to address the housing backlog. The significant achievements of this programme have been recognized both nationally and internationally. Significant socio-economic, demographic and policy shifts have also occurred over the past 10 years.

2. NEW HOUSING VISION

Whilst Government believes that the fundamentals of the policy remain relevant and sound, a new plan is required to redirect and enhance existing mechanisms to move towards more responsive and effective delivery. The new human settlements plan reinforces the vision of the Department of Housing, to promote the achievement of a non-racial, integrated society through the development of sustainable human settlements and quality housing. Within this broader vision, the Department is committed to meeting the following specific objectives:

- Accelerating the delivery of housing as a key strategy for poverty alleviation
- Utilising provision of housing as a major job creation strategy
- Ensuring property can be accessed by all as an asset for wealth creation and empowerment
- Leveraging growth in the economy
- Combating crime, promoting social cohesion and improving quality of life for the poor
- Supporting the functioning of the entire single residential property market to reduce duality within the sector by breaking the barriers between the first economy residential property boom and the second economy slump.

- Utilizing housing as an instrument for the development of sustainable human settlements, in support of spatial restructuring.

The mechanisms which the Department intends to introduce to achieve these objectives are discussed in greater detail in the remainder of this document.

2 SUPPORTING THE ENTIRE RESIDENTIAL PROPERTY MARKET

2.1 Expanding the scope of the housing mandate

The new plan envisages the expansion of the mandate of the Department to encompass the entire residential housing market. This expanded scope is required to address increased integration between the primary and secondary housing market. The impact of this expanded mandate is reflected throughout the plan, but is manifested most strongly through the expansion of the existing state-assisted housing scheme to support lower-middle income groups.
The current housing mandate restricts subsidies to households earning less than R3,500 per month. This was premised upon the assumption that end-user finance would be accessed for the construction of houses by income groups above R3500 per month. This has not in fact occurred and there is a growing disjuncture between subsidized and non-subsidized residential accommodation. This impacts negatively on the operation of the residential property market. In order to address this problem, a new subsidy mechanism is to be introduced to facilitate the availability and accessibility of affordable housing finance products/instruments to medium income households (earning R3,500 to R 7,000 p.m.) by providing a mechanism to overcome the down-payment barrier. This mechanism will be linked to households savings and loans from financial institutions. This mechanism is discussed in greater detail under Financial Subsidy Systems Reform Business Plan.

2.2 **Shifting from product uniformity to demand responsiveness**

The dominant production of single houses on single plots in distant locations with initially weak socio-economic infrastructure is inflexible to local dynamics and changes in demand. The new human settlements plan moves away from the current commoditised focus of housing delivery towards more responsive mechanisms which addresses the multi-dimensional needs of sustainable human settlements. This approach is intended to provide maximum flexibility and will ultimately enhance the mobility of households. The movement towards increased flexibility and demand responsiveness inevitably increases tension between uniform subsidy payments and increasingly non-uniform housing products as policy moves away from allocative equity to demand responsiveness and flexibility. The mechanics of this approach is discussed in greater detail in the Social Housing Programme Business Plan and the Informal Settlement Upgrading Programme Business Plan.

2.3 **Enhancing the role of the private sector**

The new plan envisages a continuation and deepening of the partnership between government and the private sector vis-à-vis the development of sustainable human settlements. In particular, the support of the private sector will be required in the following areas:

2.3.1 *Construction capacity and the collapsing of the subsidy bands*

The withdrawal of large construction firms from the state-assisted housing sector has meant that the conditions for reproducing public-private partnerships for housing construction in the primary market have been reduced and the rate of construction has accordingly dropped. In order to promote the participation and contribution of the private sector in housing construction, the existing 3 subsidy bands are to be collapsed to enable households earning below R3500 to access a uniform subsidy amount. This mechanism will address housing bottlenecks in respect of households earning above R1500 and will also substantially increase the number of households.

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1 This plan must respond to the needs and circumstances of communities through a diversified range of support measures which are able to accommodate qualification and affordability variations, tenure preferences and investment priorities. There is also a need to stimulate the supply of a more diverse set of housing environments and settlement types through greater choice of housing types, densities, location, tenure options, housing credit, and delivery routes (e.g. self-help, mutual self-help, contractor supply etc.).

2 This approach will also enhance the ability of citizens to more effectively negotiate the value of the asset of the home and the settlement with its concomitant location and degree of integration into urban and rural economies. This would also means that people living in situations of poverty would be able to build social and physical assets, thus enhancing housing as an economic instrument once transferred to beneficiaries.
who qualify for a full housing subsidy. This increased demand for housing, coupled to the removal of key bottlenecks, will create new opportunities for private sector participation in the housing programme. This aspect is discussed in greater detail in the Financial Subsidy Systems Reform Business Plan.

2.3.2 The provision of housing finance

Housing finance from financial institutions is key to the development of the primary and secondary housing market. This aspect is discussed in greater detail in the Stimulating the Housing Market Business Plan. The new human settlements plan will introduce the following interventions to support lenders to meet their commitments under the Financial Sector Charter including:

- **Mechanisms to overcoming the down-payment barrier** – The expansion of the subsidy instrument to medium-income households (earning R3500 to R 7000 p.m.) by providing a mechanism to overcome the down-payment barrier and will enhance lending by financial institutions. This aspect is discussed in greater detail under Financial Arrangements.

- **Funding for Social Housing** – Funding is to be provided for social housing institutions through public private partnerships and/or Special Purpose vehicles. This aspect is discussed in greater detail under the Social Housing Instrument.

- **Loss Limit Insurance** - Government may investigate the introduction of a risk sharing mechanism to limit the lender’s loss to a more normal proportion of loan value in the event of default.

- **Fixed Interest Rates** - The Department will work with the financial sector to develop mechanisms to address volatile interest rates including the development of fixed rate loan products.

- **New Product Development** - While significant attention has gone into extending the mortgage loan product down market for the benefit of low income earners, this product is not appropriate for everyone. Specifically, no appropriate loan products exist to service secondary transactions in an incremental residential property market. A significant proportion of households in this sub-market lack the formal employment and levels of income necessary to support medium to long-term instalment mortgage loans. Alternatives linked to savings/insurance products, which generate cash endowments are accordingly to be developed in conjunction with the financial sector.

- **Monitoring lending trends and enforcing the Financial Services Charter** – The Department will increasing lending transparency through the establishment of the Office of Disclosure under the Home Loan and Mortgage Disclosure Act. This will facilitate the monitoring of lending trends. The Department will, in addition, engage with the Reserve Bank to establish instruments to enforce the targets contained in the Financial Services Charter targets vis-à-vis participation in the state-assisted housing programme.

2.3.3 Project management and other support

Significant capacity constraints are currently being experienced in the public sector. It is accordingly vital that the resources of the private sector be harnessed to deliver housing programmes at scale. A portion of the capital budgets is to be made
available for operational expenses and outsourcing planning, engineering, project management and social facilitation to the private sector to ensure delivery in the short term. It will be expected of the private sector teams to provide skills transfer and training to public sector employees who will increasingly have to take on the responsibilities for ensuring delivery. The need for outsourcing will depend on the capacity across government and will not be the same everywhere.

2.3.4 **Employer-assisted Housing**

It is imperative that the private sector and particularly employers take an active roll in the housing process for low to moderate income earners. Discussions will be held with employer groups regarding their contribution to the process.

2.4 **Creating linkages between the primary and secondary residential property market**

Housing represents the most significant investment that most families make and is often their only provision for long term security. Currently, the secondary property market is dysfunctional at the lower end of the market. A dysfunctional secondary market undermines the realizable value on properties and consequently the value underpinning security for mortgage loans. Mechanisms must accordingly be introduced to support the development of a functioning residential property market and to enhance the linkages between the primary and secondary residential property market. This is discussed in greater detail in the Stimulating the Housing Market Business Plan. The new human settlement accordingly introduces the following inter-related interventions:

- **Supporting individual housing demand** – The operation of a secondary market is dependent upon the existence of effective housing demand i.e. purchasers with the necessary funds to acquire property. The existing subsidy scheme is presently associated with a supply side delivery model in which subsidies are accessed through new housing projects. This makes it difficult for people to acquire housing in other circumstances. In response, the Department will now reintroduce and promote the demand-side individual subsidy instrument which will enable individuals to purchase properties on an individual basis. Due to previous abuses of this mechanism, this subsidy will only be available to support secondary market transactions.

- **Removing barriers to housing trade** – Section 10A of the Housing Act prohibits the sale of government-subsidised property for a period of eight years. This section was enacted to protect subsidy beneficiaries from downward raiding. The provision has also had the unintended consequence of undermining beneficiary choice and housing mobility and has created a significant barrier to formal secondary transactions. For this reason, an amendment to Section 10A of the Housing Act, 1997, is to be introduced to reduce the prohibition period following occupation to five years.

- **Focusing on the local level** - The supply of state-assisted housing must respond to housing demand. This relationship is best packaged at local level. Municipalities must accordingly take the lead role in negotiating the location of housing supply to facilitate spatial restructuring. Municipalities must also facilitate a greater match between the demand and supply of different state-assisted housing typologies. This approach envisages that municipalities will play a significantly increased role in the housing process. This will help to build linkages
between housing delivery, spatial planning, and transportation systems and will also support the integration of housing into Municipal IDPs, ensuring greater budgetary coherence. This issue is dealt with in greater detail under the Institutional Arrangements Business Plan.

- **Enhancing access to title** - Access to title is a fundamental principle of national housing policy. While security of tenure has been achieved in principle, a significant proportion of public housing stock has not yet been transferred into the names of the entitled individuals\(^3\). In addition, a large number of houses constructed under the existing housing programme have not yet been transferred to households. In order to address these problems, the Department will implement a range of measures to stimulate a renewed uptake in the Discount Benefit Scheme in order to transfer the balance of the free-standing public housing stock. The Department will also establish a high priority focus to complete the registration of transfer in respect of houses constructed under the existing housing programme.

3. **FROM HOUSING TO SUSTAINABLE HUMAN SETTLEMENTS**

Poverty manifests itself in different ways. In *Towards a 10 year Review*, poverty is understood to involve three critical dimensions: *income, human capital* (services and opportunity) and *assets*. A composite analysis of indicators in these three categories assists in compiling a broad picture of the experience of poverty in terms of deprivation of basic needs and the vulnerability, powerlessness and experience of exclusion which accompanies lived poverty\(^4\). Housing primarily contributes towards the alleviation of asset poverty. This contribution is to be strengthened in the new human settlements plan through supporting the development of sustainable human settlements and the development of housing assets.

After the 1994 elections, Government committed itself to developing more liveable, equitable and sustainable cities. Key elements of this framework included pursuing a more compact urban form, facilitating higher densities, mixed land use development, and integrating land use and public transport planning, so as to ensure more diverse and responsive environments whilst reducing travelling distances. Despite all these well-intended measures, the inequalities and inefficiencies of the apartheid space economy, has lingered on\(^5\).

The Cabinet has adopted the National Spatial Development Perspective (NSDP) as an indicative framework to inform decisions on infrastructure investment and development spending. This perspective has noted that several development programmes, including the housing programme, is not addressing the distortions of the inherited apartheid space economy. The Department of Provincial and Local Government has furthermore prepared the Draft National Urban Strategy (2004),

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\(^3\) The consequence of such titling backlogs is that residents are not able to participate in the residential property market. This undermines their mobility (and their ability to access work where it is available), their choice (and their ability to find housing that corresponds with their specific needs), and the asset creation potential of the state’s investment in their housing.

\(^4\) Asset poverty arises out of inadequate access to assets by individuals, households and communities, including inadequate shelter (which finds expression in badly located, low quality and overcrowded dwellings), the inadequate provision of appropriate infrastructure and the inadequate provision of basic services such as health, safety, emergency services, educational and day-care facilities.

\(^5\) The lack of integration between housing delivery and land use, transportation and bulk municipal infrastructure investment planning has meant that the existing spatial fabric has shown little change. Housing for low-income urban dwellers is still provided on the periphery and very limited delivery has taken place in rural areas.
which proposes a vision for South African towns and cities where they will be spatially and socially inclusive, well-designed and developed in an environmentally efficient way.

Through this new plan, the Department will shift towards a reinvigorated contract with the people and partner organizations for the achievement of sustainable human settlements. “Sustainable human settlements” refer to:

“well-managed entities in which economic growth and social development are in balance with the carrying capacity of the natural systems on which they depend for their existence and result in sustainable development, wealth creation, poverty alleviation and equity.”

At the heart of this initiative is the move beyond the provision of basic shelter towards achieving the broader vision of sustainable human settlements and more efficient cities, towns and regions. This issue is discussed in greater detail in the Spatial Restructuring and Sustainable Human Settlements Business Plan. In line with the NSDP and the Draft National Urban Strategy, the Department will enhance its contribution to spatial restructuring by:

3.1 **Progressive Informal Settlement Eradication**

Informal settlements must urgently be integrated into the broader urban fabric to overcome spatial, social and economic exclusion. The Department will accordingly introduce a new informal settlement upgrading instrument to support the focused eradication of informal settlements. The new human settlements plan adopts a phased in-situ upgrading approach to informal settlements, in line with international best practise. Thus, the plan supports the eradication of informal settlements through in-situ upgrading in desired locations, coupled to the relocation of households where development is not possible or desirable. The upgrading process is not prescriptive, but rather supports a range of tenure options and housing typologies. Where informal settlements are upgraded on well-located land, mechanisms will be introduced to optimize the locational value and preference will generally be given to social housing (medium-density) solutions. Upgrading projects will be implemented by municipalities and will commence with nine pilot projects, one in each province building up to full programme implementation status by 2007/8. In addition, it is indicated that a joint programme by the National Department, the Western Cape Provincial Government and Cape Town Metropolitan Council has already initiated the N2 upgrading project from the Airport to Cape Town, covering the informal settlement in Gugulethu, Cross Roads, Khayelitsha, and Langa as a lead pilot project. Therefore a further 8 projects are to be identified. This intervention is discussed in greater detail in the Informal Settlements Programme Business Plan.

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6The present and future inhabitants of sustainable human settlements, located both in urban and rural areas, live in a safe and a secure environment and have adequate access to economic opportunities, a mix of safe and secure housing and tenure types, reliable and affordable basic services, educational, entertainment and cultural activities and health, welfare and police services. Land utilization is well planned, managed and monitored to ensure the development of compact, mixed land-use, diverse, life-enhancing environments with maximum possibilities for pedestrian movement and transit via safe and efficient public transport in cases where motorized means of movement is imperative. Specific attention is paid to ensuring that low-income housing is provided in close proximity to areas of opportunity. Investment in a house becomes a crucial injection in the second economy, and a desirable asset that grows in value and acts as a generator and holder of wealth. Sustainable human settlements are supportive of the communities which reside their, thus contributing towards greater social cohesion, social crime prevention, moral regeneration, support for national heritage, recognition and support of indigenous knowledge systems, and the ongoing extension of land rights.

7It is recognized that high rates of urbanization within large cities and secondary towns will also necessitate the introduction of a fast-track land release and service intervention mechanism to forestall the establishment of informal settlements.
3.2 Promoting Densification and Integration

Integration and restructuring are public interventions in the way in which towns and cities are built and the processes by which wealth is generated and distributed. The key objective is to integrate previously excluded groups into the city and the benefits it offers, and to ensure the development of more integrated, functional and environmentally sustainable human settlements, towns and cities. The new human settlements plan includes the following interventions, which are discussed in greater detail in the Spatial Restructuring and Human Settlements Business Plan.

- **Densification policy** - Suitable policy instruments and adjustments to promote densification in urban areas are required. The National Department of Housing, in conjunction with the Department of Provincial and Local Government, will investigate the development of suitable policy instruments and adjustments to promote densification. This will interrogate aspects of promoting densification, including planning guidelines, property taxation, zoning, subdivision, and land swaps and consolidation. A draft densification policy will be ready for consideration by October 2004.

- **Residential development permits** – The Department will investigate the introduction of mechanisms such as residential development permits. These permits are used extensively in the international context and facilitate income integration by obliging developers either to set aside units within residential developments for lower-income groups or, alternatively developing lower-income residential accommodation in adjacent areas. In this instance it is proposed that 20% of all residential development would constitute low cost to affordable housing and would be prescribe through the permit. This can be achieved on site of in alternative location initially to overcome negative perception about property value depreciation. It is envisaged that once the programme has been successfully implemented those perceptions will change and on site development can be achieved in the medium term. In all instances, adequate provision is to be made for the construction of supportive social infrastructure in support of residential development.

- **Fiscal incentives** - The Department, in conjunction with Treasury and SARS, will investigate the development of fiscal incentives to promote the densification of targeted human settlements and whilst introducing disincentives to sprawl. This may require engagement with DPLG and municipalities.

3.3 Enhancing Spatial Planning

The development of sustainable human settlements must be undertaken within a broader spatial restructuring framework, incorporating the principles of the NSDP and the National Urban Strategy. In practice, however, spatial planning is spread between the Departments of Housing, DLA and DPLG, with significant aspects being addressed by the Department of Transport. Greater coordination and alignment of various planning instruments and economic policies lies at the heart of sustainable human settlements. This requires more than mere co-ordination between departments, but instead suggests the need to develop a single overarching planning

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8 Measures to promote higher density development will include a focus on measures promoting higher densities in existing built areas, i.e. “densification”; measure promoting the development of large vacant sites within built urban areas, i.e. “infill” development; and measures restricting the outward expansion of urban areas, and intended to force new development inward, i.e. “containment”.
authority and/or instrument to provide macro-level guidance to support the development of sustainable human settlements. This will enhance the sustainability and success of the new plan.

3.4 Enhancing the location of new housing projects

The location of housing projects has been criticized as reinforcing apartheid spatial settlement patterns. The objective of spatial restructuring demands a more decisive intervention in land markets. The new human settlements plan envisages the following interventions:

- **Accessing well-located state-owned and para-statal land** – An overall strategy to facilitate the release of well-located public land to municipalities will be developed in co-operation with the Department of Land Affairs and the Department of Public Works. Public land and land held by para-statal organisations, where deemed suitable for housing purposes, is to be transferred to municipalities at no cost. The strategy will be coupled to the Public Land Register, which is expected to enhance the coordination of land assembly at project level. Municipalities, in co-ordination with provincial departments, will request land parcels for vesting and transfer.

- **Acquisition of well-located private land for housing development** – A strategy will be developed in conjunction with the Department of Land Affairs to finance and guide the acquisition of private land for housing purposes. All land will be acquired by municipalities in line with Municipal IDPs, Spatial Development Frameworks and will be made available for housing development in line with the Housing Chapter of IDPs. Private land will only be acquired where there is no appropriate state-owned land and whilst preference will be given to the negotiated purchase of land, land may also be expropriated at market value as a final resort. The strategy is expected to be complete by December 2004, with full implementation by April 2005.

- **Funding for land acquisition** – The acquisition of land to enhance the location of human settlements constitutes a fundamental and decisive intervention in the Apartheid space economy. This cost should not be borne by the poor, but should be treated as a broader social cost. As a result, funding for the acquisition of land will no longer form part of the housing subsidy. Rather, the acquisition of well-located private land will be funded through a separate funding mechanism.

- **Fiscal incentives** – The Department will engage with SARS and Treasury to investigate the introduction of fiscal incentives (and disincentives) to support the development of well-located land. This will also require engagement with DPLG and municipalities.

3.5 Supporting Urban Renewal and Inner City Regeneration

Urban renewal is a targeted intervention by government to resuscitate declining urban areas. Housing plays an important role in a range of urban renewal interventions focused on urban centres and exclusion areas such as inner cities and

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9 The Draft National Urban Strategy makes it clear that restrictions will increasingly be placed upon the number and scale of future peripheral subsidized housing projects, whilst acknowledging that a lack of funding provides very little manoeuvering space, especially when considering the price of well-located land.
historical townships\textsuperscript{10}. Increasingly, the renewal of inner city areas has become focused on commercial and high-income residential property redevelopment. During the implementation of these projects, the current inhabitants of these areas are often excluded as a result of the construction of dwelling units that they cannot afford. Many municipalities are striving to avoid this by promoting, amongst others, affordable inner-city housing. The new human settlements plan will support this by:

- **Encouraging Social (Medium-Density) Housing** – Social Housing is generally medium-density and this housing intervention may make a strong contribution to urban renewal and integration. Social housing interventions may also be used to facilitate the acquisition, rehabilitation and conversion of vacant office blocks and other vacant/dilapidated buildings as part of a broader urban renewal strategy. Social housing developments should be dovetailed with other initiatives such municipal redevelopment projects and the urban development zone tax incentive offered by SARS.

- **Increasing effective demand** – The introduction of a new incentive to facilitate access to loan finance in the middle income group above the R3 500 income limit and the re-introduction of demand-driven individual subsidies will have the effect of increasing effective demand for existing, well-located property. This is expected to provide an incentive for the redevelopment of properties within inner city areas.

3.6 Developing social and economic infrastructure

There is a need to move away from a housing-only approach towards the more holistic development of human settlements, including the provision of social and economic infrastructure. The new human settlements plan proposes that:

- **Construction of social and economic infrastructure** - Municipalities must determine the need for social/community facilities through a community profile and facilities audit to ensure that facilities are appropriately targeted. It is thereafter envisaged that a multi-purpose cluster concept will be applied to incorporate the provision of primary municipal facilities such as parks, playgrounds, sport fields, crèches, community halls, taxi ranks, satellite police stations, municipal clinics and informal trading facilities.

- **New funding mechanism** – A new funding mechanism will be introduced to fund the development of the primary social/community facilities, which will focus on informal settlement upgrading projects, completed housing projects still lacking social facilities and new housing projects. The programme will provide funding assistance amounting to 50% of the primary, social/ community facility development costs of projects implemented by district councils, while 100% of the development costs of projects implemented by local municipalities will funded.

- **Municipal implementation** - Municipalities will be the primary implementation agencies and will submit business plans for approval to Provincial Housing Departments. Municipalities will be responsible for the operational and maintenance costs, but facilities may be managed/operated by CBO’s and NGO’s active within the beneficiary communities. Implementation will commence on 1

\textsuperscript{10} Inner city areas are traditionally integrated into the benefits of the urban economy, which are close to transport hubs and commercial enterprise and work localities. They also have higher order social amenities including hospitals, libraries and galleries. They accordingly provide a key focus for urban restructuring.
April 2005 and will continue for a three-year period after which the assistance provided will fall away and become the responsibility of all municipalities concerned.
3.7 **Enhancing the Housing Product**

There is a need to develop more appropriate settlement designs and housing products and to ensure appropriate housing quality in both the urban and rural environments. The new human settlements plan accordingly proposes the following:

- **Enhancing settlement design** – The Department will investigate the introduction of enhancing measures and incentives to include design professionals at planning and project design stages, and will develop design guidelines for designers and regulators to achieve sustainable and environmentally efficient settlements. This is aimed at promoting the development of dignified size of house that supports morality of family and society.

- **Enhancing housing design** - Within the rural context, there is a need to make housing interventions more effective, to enhance the traditional technologies and indigenous knowledge which are being used to construct housing in rural areas and to improve shelter, services and tenure where these are priorities for the people living there. Within the urban context, there is a need to focus on “changing the face” of the stereotypical “RDP” houses and settlements through promotion of alternative technology and design. The Department will investigate measures and incentives to enhance housing design and promote and alternative technologies, including support and protection of indigenous knowledge systems.

- **Addressing housing quality** - The Department will undertake an audit of and develop a programme to address the poor quality of houses built before the introduction of national norms and standards and the NHBRC Warranty Scheme. Municipalities must also play an increasing role to ensure compliance with building plan approvals and township establishment conditions. The maintenance of construction standards in the face of the shift towards supporting smaller economic interests will be addressed by capacitating municipalities and the National Home Builders Registration Council to monitor quality.

4. **EXISTING AND NEW HOUSING INSTRUMENTS**

A range of housing instruments were developed to respond to the policy imperatives of the first 10 years of delivery. It is not anticipated that any of these instruments will be discontinued or terminated. Rather, existing instruments will supplemented by additional instruments to provide flexible solutions to demand-side needs. The new instruments focus attention on sectors which have been previously neglected. These instruments place greater emphasis on flexibility and responsiveness to local circumstances particularly the physical context within which housing is to be delivered. This is a natural consequence of an increased focus on the development of sustainable human settlements as opposed to the delivery of commoditized housing units. There is accordingly a greater emphasis on the process of housing delivery (emphasizing planning and engagement), the quality of the housing product (both in terms of location but also in terms of final housing form) and the long-term sustainability of the housing environment (leading to a focus on institutional capacity).

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11 This includes methods to enhance the quality and durability of all housing designs and traditional housing with a view to preserving the ambience of rural areas.
4.1 The Informal Settlement Upgrading Instrument

There is a need to respond positively and proactively to processes of informal housing development which are taking place across the country. A more responsive state-assisted housing policy, coupled to delivery at scale is expected to decrease the formation of informal settlements over time. There is however a need to acknowledge the existence of informal settlements and recognize that the existing housing programme will not secure the upgrading of informal settlements. There is also a need to shift the official policy response to informal settlements from one of conflict or neglect, to one of integration and co-operation, leading to the stabilization and integration of these areas into the broader urban fabric.

The new human settlements plan adopts a phased in-situ upgrading approach to informal settlements, in line with international best practise. Thus, the plan supports the eradication of informal settlements through in-situ upgrading in desired locations, coupled to the relocation of households where development is not possible or desirable\(^\text{12}\). This process is described in greater detail in the Informal Settlements Upgrading Programme Business Plan. Several interventions are required to support this process:

- **New funding mechanism for informal settlement upgrading** — The upgrading of informal settlements must be undertaken in flexible manner to cater for local circumstances. A new funding mechanism is accordingly to be introduced to support upgrading on an area-wide, as opposed to individual basis. This approach will maintain fragile community networks, minimize disruption, enhance community participation in all aspects of the development solution. This funding mechanism will support the upgrading of informal settlements through a phased process:
  
  o **Phase 1** - The first phase will survey the community, will determine the housing and infrastructural needs of the community through a process of consultation and will determine the geo-technical and physical suitability of the land for in situ upgrading.
  
  o **Phase 2** - The second phase focuses on the provision of basic services, social amenities and secure tenure to the entire community.
  
  o **Phase 3** - During the final phase, housing is to be developed in response to community demand and may take a variety of forms including medium-density housing and free-standing houses constructed through mutual aid and community self-help or local contractors.

- **Implementation** — Upgrading projects will be implemented by through partnership between Nationa, Provincial government and municipalities with and will commence with nine pilot projects, one in each province building up to full programme implementation status by 2007/8. In order to support these projects, funding will be provided to source external capacity to assist with project initiation, project planning and management. The programme will require the support of the Departments of Home Affairs, Education, Public Works Provincial and Local Government, Environmental Affairs and Health. It is envisaged that

\(^{12}\) It is recognized that high rates of urbanization within large cities and secondary towns will also necessitate the introduction of a fast-track land release and service intervention mechanism to forestall the establishment of informal settlements.
the identification of pilots will proceed from October 2004 and that the programme will be fully operational from 1 April 2005.

- **Redirecting the People’s Housing Process** - Housing authorities at all levels are moving in the direction of increased use of the People’s Housing Process (PHP). The thinking behind this expansion is however contradictory. One the one hand, PHP is promoted as it provides residents a greater choice over the use of their subsidy. This generates positive housing outcomes, increased beneficiary input, and greatly enhances beneficiary commitment to those outcomes\textsuperscript{13}. Thus, the PHP achieves its two main goals of ‘more for less’ and improved beneficiary commitment to housing outcomes by increased productivity through ‘intellectual equity’ (not primarily cost reduction through ‘sweat equity’), and by increasing beneficiary ‘ownership’ through the exercise of considered choice (not by forcing beneficiaries to provide free labour). Other participants view PHP as primarily a vehicle for the mobilization of sweat equity as an alternative to existing beneficiary contributions. This ‘sweat equity’ approach to the PHP tends to undermine the key benefits of the approach. The current approach towards PHP is thus inherently contradictory. The new plan introduces the following interventions:

  o **Redefining the People’s Housing Process** – There is a need to redefine the nature, focus and content of PHP in order to build greater consensus and understanding between all stakeholders of the focus and intention of PHP. This is intended to address the emerging programmatic contradictions.

  o **New funding mechanism for PHP** – There is a need to establishing a new funding mechanism for PHP, adopting an area-wide or community, as opposed to individual approach. In particular, this revision should ensure that resources and support for beneficiary-level capacity building and organization building are made available to beneficiaries from local government via CBOs and NGOs in accordance with locally-constructed social compacts.

  o **Institution Building** – The existing framework for the development of institutional support for the PHP is insufficient. This aspect is to be addressed during the redefinition phase and consideration will also be given to establishing accreditation and institutional support mechanisms whilst expanding and enhancing the existing facilitation grant in support of PHP.

4.2 **The Social (Medium-density) Housing Instrument**

Enhancing the mobility of people and promoting a non-racial, integrated society is a key government imperative. The emphasis on the need to deliver housing products that provide adequate shelter to households whilst simultaneously enhancing flexibility and mobility, typically entails the establishment of institutional mechanisms to hold housing as a public asset over a period of time. The direct objective of the social housing instrument is accordingly to facilitate the production of effectively managed institutional housing in the areas where demand for institutional or managed housing, of all types, exists. This process is described in the Social (Medium-Density) Housing Business Plan. The new human settlements plan makes provision for the following interventions:

\textsuperscript{13} The main benefits of the PHP arises from allowing beneficiaries to make choices about and exercise control over the housing process. This ensures that the subsidy is converted into maximum output, and that housing ‘citizenship’ is cemented from inclusion in human settlement development decision-making.
• **Redefining the concept of Social (Medium-density) Housing:** Social housing may take various forms and it is essential that social housing typologies be conceptualized broadly to ensure the inclusion of all income groups. Social housing must be understood to accommodate a range of housing product designs to meet spatial and affordability requirements. Social housing products may accordingly include multi-level flat or apartments options for higher income groups (incorporating beneficiary mixes to support the principle of integration and cross-subsidization); cooperative group housing; transitional housing for destitute households; communal housing with a combination of family and single room accommodation with shared facilities and hostels.

• **New funding mechanism for social housing:** Social housing delivery will be scaled up to 110 000 units over the next 4 years. The existing uniform funding mechanism for social housing is however inadequate to support this enhanced delivery due to, amongst others, the capital costs of developing medium-density units and the variability of costs between locations and across product types. A new funding mechanism must accordingly be developed. Each project will in future be designed and costed around the actual needs and each project will be costed separately. Funding support will thus shift away from the current emphasis on uniform individual subsidies, towards equity support for social institutions, determined as a percentage of the total capital cost of the project. For example:

  o **Medium Density Housing:** Initial studies indicated that one bedroom flat in a four level walk-up apartment will cost in approximately R 80 000,00. If Government are to contribute 50% of the cost, the investment will amount to R40 000,00 per unit.

  o **Communal Housing:** The cost of communal housing options will be less as facilities are shared but it is envisaged that Government will have to contribute 70% of the total cost of such units. Based on the current consolidation subsidy that provides a 30 square meter house at R 16 581,00 per unit, it could be assumed that communal housing units of 30 square meter could cost in the region of R15 000,00 plus engineering shared services of R1 800,00 totaling at R16 800,00 per unit on average. These diverse rental options cater for the lower end of the income categories (R2 500,00 pm and less).

  o **Transitional Housing:** Transitional housing comprise rooms and on based on the hostels redevelopment programme the cost of a room amounts to approximately R5 775,00. Government will contribute 100% of the development cost of these units and the income target group would be persons earning R0 to R800 and less per month.

  o **Hostels:** The current hostels redevelopment programme provides for R25 800.00 for a family unit and this amount has been applied for hostels.

• **Building Institutional Capacity within the Social Housing Sector:** In order to support the anticipated scaled up delivery of social housing, the number of social housing institutions which are able to viably manage this stock will have to increase. A key challenge is accordingly to support the establishment and maintenance of sustainable and viable social housing institutions which are able to develop and manage social housing stock of various forms. This is to be addressed as follows:
A National Social Housing Accreditation Institution will be established through the provisions of the Social Housing Bill which is to be promulgated in early 2005. This institution will be established and operational by April 2005 and will administer the accreditation and monitoring of social housing institutions that wish to apply for capital grant for project execution. Social housing institutions will be invited to apply for accreditation and only accredited social housing institutions will qualify for grant funding and capital funds to undertake projects.

A new establishment grant is to be introduced to enhance capacity building and to operational support for new social housing institutions. The Social Housing Foundation will be responsible for the capacity building requirements of institutions.

- **Research on backyard rental accommodation** - Backyard rental accommodation in the form of backyard shacks, student accommodation and granny flats, is increasingly recognized as an important component of the overall private rental sector and is plays a significant role in the residential property market. Little public policy research has however been undertaken in this realm. In order to develop appropriate policies, the Department requires more information on the scale, conditions, rental charges and facilities which are provided within this sector and the linkages between this sector and the broader residential property market.

### 4.3 Developing a Rural Housing Instrument

The existing supply-side and commoditized housing programme reflects a significant and inherent urban bias. There is a need to address this through a stronger focus on rural housing instruments, whilst acknowledging that rural housing interventions are likely to be strongly directed towards the installation of infrastructure rather than the development housing. The human settlement plan envisages the following interventions:

- Developing a rural housing programme which is to deal with a comprehensive range of rural housing related issues, such as tenure, livelihood strategies and broader socio-cultural issues. The programme will also respond to the needs of farm workers and farm dwellers and will consider:
  - The economic, social, and institutional sustainability of farm worker settlements;
  - The required institutional framework, the roles and responsibilities of implementing agencies, technical norms and standards, tenure security, suitable subsidy mechanisms, and legislative amendments.\(^{14}\)
- Enhancing traditional technologies and indigenous knowledge which are being used to construct housing in rural areas and to improve shelter, services and tenure where these are priorities for the people living there.
- Developing appropriate funding mechanisms to support the rural housing programme.

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\(^{14}\) The policy will also make provision for eligibility criteria in respect of access to the housing subsidy, criteria for assessment of the suitability of land for housing purposes, institutional mechanisms, exit mechanisms for farm workers detailing rules for both off-farm and on-farm housing while considering the protection of the State’s assets in such cases, suitable strategies for the management of on-farm settlements and agri-villages villages, and mechanisms for capacitation of all stakeholders in construction and building of farm worker and farm dweller housing.
The National Department will develop the policy and programme in conjunction with the Department of Land Affairs and the Department of Agriculture and it is envisaged that a draft policy will be ready for consultation purposes by April 2005. After a policy development phase, it is anticipated that implementation would commence in April 2006.

5. ADJUSTING INSTITUTIONAL ARRANGEMENTS WITHIN GOVERNMENT

5.1 Redefinition of Roles, Responsibilities and Processes in Government

The key initial requirement for improved institutional arrangements in the sector is to achieve a clear understanding among the three spheres of the appropriate, legislated roles and responsibilities of all spheres of government going forward. To achieve this understanding, expert analytical work is required upon the basis of which an explicit national consensus between the three spheres will be defined, including consensus on the associated reform and capacity building agenda.

5.2 Expanding the role of Local Government

The previous housing programme granted private developers a leading role in the delivery of housing within a supply-driven framework. The new housing plan shifts away from a supply-driven framework towards a more demand-driven process. The plan accordingly places a substantially increased emphasis on the role of the State in determining the location and nature of housing as part of a plan to link the demand for and supply of housing. This does not detract from the role of the private sector as the primary vehicle for the delivery of housing.

This approach will enable municipalities to assume overall responsibility for housing programmes in their areas of jurisdiction, through a greater devolution of responsibility and resources to municipalities. It is assumed that municipalities will proactively take up their housing responsibilities given that clear guidelines and resourcing will be forthcoming from the national sphere. The following interventions are to be undertaken:

- **The accreditation of municipalities** – The new human settlements plan envisages the accreditation of municipalities particularly the nine metropolitan areas, secondary towns and ultimately to all municipalities. A framework is to be established to address various policy, constitutional and legislative aspects in order to enable municipalities to manage the full range of housing instruments within their areas of jurisdiction. In order to be accredited, municipalities will have to demonstrate their capacity to plan, implement, and maintain both projects and programs that are well integrated within IDPs and within the 3 year rolling capital investment programs mandated by the Municipal Finance Management Act (MFMA). In particular, it is envisaged that municipalities will be required to:
  
  - Establish housing units with staff complements adequate to carry out project and program requirements.
  - Establish cross-sectoral, Sustainable Human Settlements Planning Committees including senior staff from at least but not limited to the municipal offices for housing, planning, economic development, infrastructure/engineering, MIG PIU, and land reform.
o Submit complete inventories of municipally-owned land including identification of land suitable for low cost housing and justification for exclusion of other municipally-owned land.

o Submit a Council resolution indicating the willingness of the municipality to meet DoH anti-corruption, monitoring and reporting requirements as an integral part of the overall performance reporting required under the MFMA.

A range of stakeholders will be included in this process including National and Provincial Housing Departments, Metros, District Municipalities, and Local Municipalities. Implementation is expected to be December 2004 with the first nine municipalities and thereafter 20 more in year two until all 284 municipalities have been accounted for over a 10 year period.

- **Building municipal capacity**—Capacity building is critical to the success of the new housing plan and there is also a need to develop a comprehensive programme for capacity building in the housing sector as a whole. Priority is to be given to building the capacity of accredited municipalities through the establishment of housing units within accredited municipalities. The programme will be implemented from December 2004, upon approval of the accreditation framework. Extensive consultation will be required with the Department of Provincial and Local Government and SALGA in this process.

- **Housing and Municipal Integrated Development Plans**—The housing chapter of Municipal Integrated Development Plans must be considerably enhanced to include municipal housing needs assessment, the identification, surveying and prioritization of informal settlements, the identification of well located land for housing, the identification of areas for densification, the linkages between housing and urban renewal and the integration of housing, planning and transportation frameworks, and will link these to a multi year implementation plan. Community participation will be a key component of this process. In this regard:
  
  o National government should to provide a framework for the housing chapter in the IDPs.
  o The assessment of housing need in all the metros and the secondary cities should be completed by the beginning of the 2005/2006 financial year and the planning process be completed by mid 2005.
  o Additional funding and capacity should be provided to municipalities in order to undertake this task. It is estimated that R30 million will be required over the MTEF period – split equally over the three financial years - for this purpose.
  o It is also considered vital that local ward councillors be actively involved in the planning process to work with their constituencies.

5.3 **National and Provincial Institutional Reforms**

- **Institutional analysis**—As the process of municipal accreditation and accompanying shifts in delivery responsibilities proceeds, the roles and responsibilities of the National Department of Housing and Provinces will increasingly shift towards policy formation, monitoring, and facilitation. National and provincial housing department transformation plans will be prepared in 04/05 including the projected costs of these transformations, to be reflected in the MTEF beginning 05/06.
• **Review of National Housing Institutions** - A review of national housing institutions will be undertaken to improve efficiency and oversight and to ensure an improvement of the interface between the institutions, their clients and communities. This will also include revisiting and possibly amending their mandates to ensure that they support new policy directions.

5.4 **Promoting inter- and intra-governmental co-ordination and alignment**

The new human settlements plan envisages increased inter- and intra-governmental co-ordination. The following specific interventions are proposed in this regard:

• **Integrated development and budget planning** - Integrated development planning instruments, provincial housing development plans and the national housing development plan must be consolidated, and simplified where necessary, to promote integrated delivery, coordinated funding prioritisation (including the Municipal Infrastructure Grant (MIG)) and targeting delivery to meet the unique sets of challenges faced by municipalities and provinces.

• **Intergovernmental co-ordination** – There is a need for greater co-operation and information sharing between the Department and municipal government, particularly the nine metropolitan local governments, particularly with regard to the accreditation of municipalities. This will require greater co-ordination with DPLG.

• **Bilateral co-operation** - In the short term, there is a need to maintain and deepen the current cooperation between the Department, the Social Cluster partner departments and the other spheres of government, particularly municipalities.

6. **INSTITUTION AND CAPACITY BUILDING**

Institution and capacity building is a critical component of the new human settlement plan. Although capacity building is a cross cutting theme that underpins the other objectives, it is also being articulated as a separate focus area in the new human settlement plan. The comprehensive programme for capacity building does not merely focus on education and training but includes organizational development issues such as the appropriate institutional arrangement support, systems and procedures training and adequate resourcing. Capacity building will focus on the following institutions under the new human settlement plan -

• **Municipalities** - Capacity building for municipalities will be targeted as an initial priority area and will focus specifically on metropolitan municipalities with a view to supporting the accreditation process. This process is dealt with in greater detail under the Institutional Arrangements Business Plan.

• **Social Housing Institutions** – Institution building is to be facilitated through the introduction of the new establishment grant which will provide operational support and through the establishment of a focused support institution in the form of the Social Housing Accreditation Institution. This process is dealt with in greater detail under the Social Housing Programme Business Plan.

• **PHP Institutions** - The existing framework for the development of institutional support for the PHP is insufficient. This aspect is to be addressed during the redefinition phase and consideration will also be given to establishing
accreditation and institutional support mechanisms whilst expanding and enhancing the existing facilitation grant in support of PHP. This process is dealt with in greater detail under the Informal Settlements Upgrading Business Plan.

- **Financial institutions** - This will specifically include a broad consumer education and support campaign to build the financial literacy of low income earners. This aspect is dealt with in greater detail under the Stimulating the Housing Market Business Plan.

- **Communities** - It is important that the programme respond to the capacity needs of communities, ensuring that they are empowered to constructively engage with municipalities in identifying and fulfilling their housing needs. A comprehensive targeted consumer education programme will be developed to meet the requirements of the new human settlements plan.

7. **FINANCIAL ARRANGEMENTS**

In order to address increased demand and accommodate greater responsiveness to demand, several amendments will be effected to the existing housing subsidy scheme:

7.1 **Restructuring the subsidy instrument**

The existing subsidy instrument will be adjusted as follows:

- **Collapsing of subsidy bands:** The existing 3 subsidy bands are to be collapsed so that all households earning below R3500 will be able to access a uniform subsidy amount. This mechanism will address housing bottlenecks in respect of households earning above R1500 who are currently unable to access a complete housing structure under the existing subsidy, but also lack the means to raise finance for the balance required. The collapsed subsidy bands are to be implemented from 1 April 2005.

- **Extending the subsidy limit:** The housing subsidy scheme is to be extended to provide a credit & savings-linked subsidy for households falling within the income category R3 501 to R7 000 per month. This mechanism is intended to unblock the provision of housing finance towards these households and is accordingly expected to stimulate the secondary residential property market. Approximately 108 000 additional households will be able to access housing as a result. The details of this programme will be finalized under the umbrella of the Financial Services Charter but it is anticipated that households will be supported through:
  
  - The introduction of systems for keeping records of informal savings;
  - The introduction of a government subsidy of approximately R10 000 as deposit support to acquire a bond, to be linked to individual savings;
  - The possible introduction of financial instruments with a variable as well as 20 year fixed interest rate;
  - The potential introduction of loss limit insurance; and
  - The introduction of the Rent to Buy programmes and systems.

- **Inflation-linking the subsidy** – One of the contributing factors to the slow-down in housing delivery has been the maintenance of the subsidy level without adjustments for inflation. As a result, developers have not been able to sustain
their profitability in the sector and have accordingly left. This problem is to be addressed in future by automatically adjusting the housing subsidy for inflation.

7.2 Adjusting Beneficiary contributions and criteria

- As a result of and in line with the adjustments to the subsidy bands and the extension of the subsidy to higher income groups, the following interventions will be introduced:

  - **Beneficiary contributions** - The subsidy scheme currently makes provision for the payment of a beneficiary contribution of R2479, which is payable by all beneficiaries. This provision has impacted negatively on delivery, and, in combination with the collapsing of the subsidy bands may have the effect of shifting housing delivery towards higher-earning beneficiaries who are more likely to have the necessary savings. Ongoing discussions will be held with stakeholders to review exclusions in order to address existing and potential problems.

  - **Adjusting Beneficiary criteria** – The qualification criteria for housing subsidies has been made more flexible to cater for the diverse needs at community wide level, to accommodate people in social housing and emergency circumstances and to support the upgrading of informal settlements. These programmes shift the focus of housing provision to a community/area-wide or institutional approach. Several key parameters for exclusion including citizenship however remain.

6.3 Enhancing Funding Flows

- **Accredited municipalities** – In order to reduce transaction costs and unnecessary administration, funding for accredited municipalities is to flow directly from the Department to those municipalities. It is envisaged that municipalities will however submit reports to both national and provincial government with regard to the usage of these funds and in order to interface with provincial planning processes.

- **Operations costs** – Accredited municipalities will receive operational funding support from the Department in order to sustain the operational costs of municipal housing units. Discussions will also be required with DPLG to harmonize transfers linked to the long-term operational costs of the social and economic infrastructure which is to be provided. Discussions will also be held with DPLG in order to clarify municipal indigency plans and the provision of free basic services.

- **Enhancing cash flow management** – The Department will review existing payment cycles and progress payments to private developers in order to streamline contract management. Where possible, progress payments will be shortened and restructured in order to ensure that funds are released at points which balance project risks in an appropriate manner.

- **Bridging finance** - The Department will work through NURCHA and private financial institutions to implement support programmes for the provision of bridging finance to emerging contractors.

6.4 Addressing Fraud, Corruption and Maladministration

To address the government’s call for fighting corruption, the Department will initiate the following steps to addressing corruption within the housing delivery system:
• Establish a Special Investigative Unit to deal with fraud and corruption and commission forensic investigations where necessary;
• Establish a toll free whistle blowing hotline;
• Consolidate the legislative framework governing aspects relating to corruption by drafting Department’s specific strategies such as Risk and Fraud management.

The stakeholders involved in the implementation of the plan will be the Provincial Departments of Housing, Department of Provincial and Local Government, Municipalities, Housing Support Institutions and Special Investigative Unit (SIU).

7. JOB CREATION AND HOUSING

Housing delivery also contributes towards alleviating income poverty by providing direct and indirect jobs within the construction sector. The Expanded Public Works Programme (EPWP) is a nationwide programme that includes government interventions in four sectors, namely: infrastructure, economic, social, environment and culture. The Department of Housing’s programmes are part of the scope of the infrastructure sector in line with the EPWP. The new human settlements plan will maximize job creation as follows:

• **Job Creation Strategy** - A Job Creation Strategy will be developed to encourage the creation of increased job opportunities through the installation of infrastructure, the construction of houses, the construction of social/economic infrastructure and the management and maintenance of housing stock.

• **Labour intensive guidelines** - Labour-intensive construction methods will be incorporated into the provision of housing. Specifically, Provincial Housing Departments and accredited municipalities will be required to use the “Guidelines for the implementation of labour intensive infrastructure projects under the EPWP” agreed upon between SALGA, National Treasury and the Department of Public Works’ EPWP for identification, design and construction of projects.

• **Suitability assessments and targets** - A suitability assessment of the housing delivery programmes will be undertaken to identify work activities that have potential of drawing in as many people as possible through labour-intensive construction and it is anticipated that a 70% target for labour intensity in relation to the construction of state-assisted housing will be implemented.

• **On-site materials production** - Labour absorption and job creation throughout the housing supply chain will also be facilitated through the establishment of on-site housing materials production activities.

• **Capacity building for job creation** - In the short- to medium-term, there will be a need to mobilise external capacity to enable provincial governments and municipalities to develop the required capacity to plan, implement and manage the labour-intensive housing programmes. This is to be undertaken in close co-operation with the Department of Public Works.

• **Enhancing capacity** - The Department will focus increasing attention on the development of local contractor capability, including the growth of construction SMEs and black economic empowerment within the construction sector.
8. INFORMATION, COMMUNICATION AND AWARENESS BUILDING

Several inter-related strategies are required to provide housing related information to sector stakeholders and communities. This information and communication process is however no longer restricted to information on the subsidy, but has been broadened to focus on the broader residential market and now encompasses a greater emphasis on community mobilization.

8.1 Improving market information and transactional support

One consequence of the dual economy is that the regular residential property market information and transactional support that exists in upper income segments of the market does not exist for lower income earners. The new human settlements plan will accordingly focus on:

- **Estate Agents and property brokers** - In conjunction with the relevant players, the Department of Housing will spearhead a national programme to actively improve market information and transactional support in the low income residential property market. The focus of this intervention will be on integrating the estate agency sector in the housing subsidy delivery process (both credit and non-credit linked), on an affordable and sustainable basis, so that the participation of estate agents and other property brokers in low income communities is encouraged.

- **Municipalities** - Residents in townships, in peri-urban and in rural areas do not have easy access to financial institutions and struggle to reach the provincial subsidy office to apply for their housing benefit. Residents are also unaware of rental housing opportunities within their area. To overcome these problems, the Department, in cooperation with local municipalities and local private sector bodies will establish housing information centres, initially on a pilot basis, in areas that have had little access to such services. These centres would offer housing availability and subsidy information, application facilities and housing consumer protection resources.

8.2 Mobilizing communities

It is essential that communities and the beneficiaries of government housing programmes be mobilized to partner the Department in the implementation of the new human settlements plan. Upon approval of the new plan, several processes will be implemented including:

- **Communications strategy** – A comprehensive mobilization and communication strategy will be developed to clarify the intentions of the policy and to raise awareness on the implications of the policy.

- **Letsema campaign** - A “Letsema” campaign will be launched to encourage communities to work together to improve each other’s lives.

8.3 Strengthening the People’s Contract

Communities and community-based organisations must be mobilized to engage more effectively with the housing programme. In order to bring government housing programmes closer to the community, a cadre of community development workers is to be established. It is envisaged that 250 CDWs will be appointed over the next 3
years and that each Province will have 1 CDW Provincial Coordinator who will be responsible for daily activities of CDW's throughout the Provinces. The CDWs will be used to create awareness, provide consumer education, undertake assessments and surveys, handle complaints and provide after hour support to communities. This will be done in consultation and collaboration with Provincial Housing Departments, municipalities and Ward Committees. It is envisaged that the first Pilot Projects will be launched in October 2004.