

# Vote 29

## Housing

	2003/04 To be appropriated	2004/05	2005/06
MTEF allocations	R4 778 836 000	R5 039 708 000	R5 346 186 000
Statutory amounts	-	-	-
Responsible Minister	Minister of Housing		
Administering Department	Department of Housing		
Accounting Officer	Director-General of Housing		

### Aim

*The aim of the Department of Housing is to determine, finance, promote, co-ordinate, communicate and monitor the implementation of policy for housing and human settlement.*

### Programme purpose and measurable objectives

#### Programme 1: Administration

**Purpose:** Provide strategic leadership, and administrative and management support services to the Department.

#### Programme 2: Housing Policy Planning and Research

**Purpose:** Ensure the development of sustainable human settlements, determine national housing policy, and draft legislation.

**Measurable objective:** To develop national human settlement and housing policy that promotes equitable access to adequate housing in sustainable human settlements.

#### Programme 3: Programme Management

**Purpose:** Manage national housing programmes.

**Measurable objective:** To develop, administer and fund capacity-building frameworks and programmes, the Housing Subsidy Scheme, the Human Settlement Redevelopment programme and the Presidential Job Summit: Rental Housing projects in order to support housing delivery and improve the quality of human settlements.

#### Programme 4: Housing Sector Performance

**Purpose:** Monitor and assess the impact of housing delivery.

**Measurable objective:** To undertake effective monitoring of implementation processes by ensuring that the housing and human settlement information system provides accurate, strategic and statistically sound data to allow for regular evaluation of the implementation of housing policy, and to support decision making on enhancements to housing policy and programmes.

### **Programme 5: Communication**

**Purpose:** Promote and facilitate the flow of information between the Department and its stakeholders.

**Measurable objective:** To design and implement a communication strategy for the department.

### **Programme 6: Housing Development Funding**

**Purpose:** Fund national housing programmes in terms of the Housing Act (107 of 1997).

**Measurable objective:** To disburse and monitor funds for housing delivery in compliance with the Public Finance Management Act (1 of 1999) (PFMA).

### **Programme 7: Housing Equity**

**Purpose:** Take responsibility for implementing the Home Loans and Mortgage Disclosure Act (63 of 2000) (HLAMDA) and its regulation, and the Community Reinvestment Bill when the latter comes into operation.

**Measurable objective:** To promote fair lending practices by banking institutions, and provide for setting and enforcing specific minimum targets by financial institutions in lending to low and medium income level households for housing purposes.

## **Strategic overview and key policy developments: 1999/00-2005/06**

Access to housing and secure accommodation is an integral part of Government's commitment to reducing poverty and improving the quality of people's lives. Meeting this commitment requires a sustainable housing development process that will progressively provide adequate housing for all, as required by the Constitution. The Department of Housing aims to ensure that every South African has access to a permanent residential structure, within sustainable human settlements, that guarantees privacy and adequate protection against the elements. Housing assistance to the poor is therefore the core focus of the Department.

### *National housing programme*

The Department inherited a large backlog in the provision of adequate housing: in 1994 at least 1,5 million urban families and a large number of rural families did not have access to adequate housing. In order to address this and accelerate housing delivery, the Department put the national housing programme in place. Since 1994, the programme has provided poor people with the opportunity to build or upgrade their homes, while ensuring that the resulting residential environments are functional and sustainable. To date, through the programme, more than 1,4 million homes have been completed, and more than 5 million poor people have been given access to adequate shelter and secure tenure. Between 1995 and 1999, the proportion of people living in formal (adequate) dwellings increased from 65,8 per cent to 69,9 per cent. This reflects an improvement in living conditions for 4 per cent of the population.

### *National Housing Summit*

It is estimated that among the population of potential recipients of housing subsidies, 204 000 new households are formed each year. The housing shortage therefore continues to be a significant challenge. The persistence of poverty also means that there are many families that still cannot independently provide for their own housing, so the Department will continue for the foreseeable future, to focus on building new houses. In light of the lessons learnt since 1994, the Department is

developing a new housing policy agenda for the next 10 years. This policy agenda will have been confirmed at the National Housing Summit in March 2003. It will have built on the 1994 White Paper for Housing and addressed the key challenges facing the Department.

#### *Improving the quality of housing*

The quality of subsidised housing and residential environments in government subsidised housing projects is uneven. The Department's focus is therefore increasingly on the provision of medium-density housing on sites that are integrated into existing human settlements and which offer better access to job opportunities and urban amenities, rather than peripheral 'greenfield' developments. The Department needs to ensure that housing programmes do not encourage urban sprawl, but are integrated into wider development planning. The Human Settlement Redevelopment programme provides funding for a range of initiatives aimed at improving the quality of urban environments and addressing the legacy of dysfunctional urban areas. The quality of housing construction will also be improved as houses delivered through project-linked subsidies are now covered by the National Home Builders Registration Council's (NHBRC) structural warranty cover, and are therefore subject to its warranty inspection processes.

#### *Targeted housing subsidies*

To improve equity and eliminate the risk of duplicating subsidies, the administration systems for the Housing Subsidy Scheme and the Land Restitution Programme have been aligned. The Housing Subsidy Scheme will also be aligned with the reparation initiative of the Truth and Reconciliation Commission (TRC), to prioritise identified reparation beneficiaries. An emergency housing development programme will be put in place by October 2003 to allow rapid funding allocations to alleviate emergency housing needs. This approach flows, in part, from the Constitutional Court's Grootboom decision that confirms Government's responsibility to provide shelter for families with children in emergency situations. Policy guidelines for the provision of emergency housing have been developed, with provinces reserving a portion of their housing allocation for this.

To improve efficiency and to make housing delivery more demand-driven, the Housing Subsidy Scheme has been revised so that subsidies are now allocated on the basis of a competitive tendering process. In terms of the process, provincial housing departments tender for building subsidised housing projects. To maintain the effectiveness of the subsidy, it will now be adjusted annually to cater for the effects of inflation. The requirement that subsidy beneficiaries make a contribution either in kind or in cash as a condition to accessing a housing subsidy has been introduced to encourage private investment in housing. To help potential beneficiaries save their required financial contributions, the Department will introduce a structured national savings-linked housing subsidy scheme during 2003.

#### *Increased rental housing stock*

The need to increase rental housing stock in order to extend the housing and tenure options available to beneficiaries is also receiving attention, and a pilot rental housing programme will be implemented in 2003. The Rental Housing Act (50 of 1999) promotes improved relationships between landlords and tenants, and the Social Housing Foundation aims to establish social housing institutions that will develop and manage rental housing stock on a sustainable basis. Social housing policy and legislation is being developed to make provision for the establishment of these institutions, as well as for the establishment of a social housing regulatory body.

#### *More housing finance by private institutions*

To address private finance institutions' insufficient investment in the housing sector, the Department of Housing is proceeding with its community reinvestment programme by introducing

and implementing a package of legislation on community reinvestment. The Home Loan and Mortgage Disclosure Act (HLAMDA) will have come into force early in 2003, when the regulatory body (Office of Disclosure) and the Regulations under the Act are in place. HLAMDA compels financial institutions providing home loans to officially disclose information about their home lending business. The Community Reinvestment Bill, to be introduced in Parliament in 2003, increases the powers of the community reinvestment programme, as it enables the Minister to set targets and standards for financial institutions in the business of providing home loans.

#### *Improving capacity in provincial and local government*

There is limited capacity in the provincial and local spheres of Government to take up new programmes and make adjustments to existing programmes. To ensure that government housing policy and strategy are effectively implemented, building capacity in all spheres of Government and housing institutions is one of the Department's key objectives. The Department is presently finalising a strategy and guidelines on capacity building for effective and sustainable housing delivery. Central to this is the professionalisation of the housing sector. This entails continuing professional development, developing and managing a code of professional practice for housing practitioners, and co-ordinating standards and qualifications for housing education and training. To develop the required skills in the sector, the Department has also initiated a scholarship programme for matriculants wishing to pursue a career in housing.

## **Expenditure estimates**

Table 29.1: Housing

Programme	Expenditure outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome			2003/04	2004/05	2005/06
R thousand	1999/00	2000/01	2001/02	2002/03				
1 Administration	26 249	34 293	39 847	51 851	32 431	44 850	59 063	67 128
2 Housing Policy Planning and Research	3 556	3 515	5 651	13 165	7 865	16 448	22 139	24 634
3 Programme Management	192 666	69 727	259 082	212 565	194 215	122 104	152 477	165 437
4 Housing Sector Performance	297 630	191 610	157 883	177 585	164 025	304 871	286 252	296 446
5 Communication	4 119	4 151	4 755	10 075	6 205	10 177	11 768	12 388
6 Housing Development Funding	2 970 156	3 026 199	3 254 022	3 829 474	3 829 474	4 275 039	4 502 397	4 774 204
7 Housing Equity	-	-	-	4 766	1 266	5 347	5 612	5 949
<b>Total</b>	<b>3 494 376</b>	<b>3 329 495</b>	<b>3 721 240</b>	<b>4 299 481</b>	<b>4 235 481</b>	<b>4 778 836</b>	<b>5 039 708</b>	<b>5 346 186</b>
Change to 2002 Budget Estimate				54 681	(9 319)	115 095	141 117	
<b>Economic classification</b>								
Current	412 553	293 380	395 295	391 523	328 083	421 943	447 624	476 227
Personnel	17 810	22 604	26 604	42 696	28 052	49 483	56 516	61 154
Transfer payments	371 941	237 123	323 698	266 570	237 970	311 853	289 642	299 793
Other current	22 802	33 653	44 993	82 257	62 061	60 607	101 466	115 280
Capital	3 081 823	3 036 115	3 325 945	3 907 958	3 907 398	4 356 893	4 592 084	4 869 959
Transfer payments	3 078 244	3 033 530	3 322 333	3 906 676	3 906 676	4 355 241	4 589 139	4 867 878
Acquisition of capital assets	3 579	2 585	3 612	1 282	722	1 652	2 945	2 081
<b>Total</b>	<b>3 494 376</b>	<b>3 329 495</b>	<b>3 721 240</b>	<b>4 299 481</b>	<b>4 235 481</b>	<b>4 778 836</b>	<b>5 039 708</b>	<b>5 346 186</b>

R thousand	Expenditure outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome			2003/04	2004/05	2005/06
	1999/00	2000/01	2001/02					
Standard items of expenditure								
Personnel	17 810	22 604	26 604	42 696	28 052	49 483	56 516	61 154
Administrative	5 029	7 229	7 572	14 493	11 293	17 018	24 299	26 144
Inventories	3 316	2 349	1 350	3 611	3 611	2 267	3 903	4 274
Equipment	4 504	3 364	4 402	2 975	2 675	2 455	5 930	7 724
Land and buildings	-	-	-	-	-	-	-	-
Professional and special services	13 174	23 146	35 269	62 460	45 204	40 519	70 279	79 219
Transfer payments	3 450 185	3 270 653	3 646 031	4 173 246	4 144 646	4 667 094	4 878 781	5 167 671
Miscellaneous	358	150	12	-	-	-	-	-
Total	3 494 376	3 329 495	3 721 240	4 299 481	4 235 481	4 778 836	5 039 708	5 346 186

## Expenditure trends

Overall expenditure has been rising and is expected to increase from R3,5 billion in 1999/00 to R5,3 billion in 2005/06, an average annual growth rate of 7,3 per cent. Expenditure on *Housing Development Funding* dominates the Vote, reflecting the Department's key role in supporting the provision of new houses. *Administration* and *Housing Policy Planning and Research* have also seen consistent growth, illustrating their growing roles. Most of the other programmes have significant fluctuations in their allocations, reflecting the very specific nature of their tasks.

Transfer payments make up the vast majority of total expenditure. There have been significant increases in expenditure on personnel, which is expected to increase from R17,8 million in 1999/00 to R61,2 million in 2005/06, an annual average increase of 22,8 per cent. Expenditure on professional and special services is also set to increase, rising from R13,2 million to an expected R79,2 million over the same period, representing an annual average increase of 34,9 per cent.

## Departmental receipts

Departmental receipts are projected to be nearly R410 000 in 2002/03. The bulk of receipts flows from financial transactions (recovery of loans and advances), but also includes interest earned on housing subsidies, sales of publications, and other sales. Income over the medium term is expected to average R477 000 each year.

Table 29.2: Departmental receipts

R thousand	Revenue outcome				Adjusted appropriation	Medium-term revenue estimate		
	Audited	Audited	Preliminary outcome	2003/04		2004/05	2005/06	
	1999/00	2000/01	2001/02					2002/03
Tax revenue	-	-	-	-	-	-	-	
Non-tax revenue	44	96	73	76	70	58	54	
Interest	32	22	8	1	1	1	1	
Dividends	-	-	-	-	-	-	-	
Rent	-	-	-	-	-	-	-	
Sales of goods and services	11	74	47	52	45	39	30	
Fines, penalties and forfeits	-	-	-	-	-	-	-	
Miscellaneous	1	-	18	23	24	18	23	
Sales of capital assets (capital revenue)	-	-	-	-	-	-	-	
Financial transactions (recovery of loans and advances)	1 375	663	339	334	445	389	417	
Total departmental receipts	1 419	759	412	410	515	447	471	

## Programme 1: Administration

*Administration* provides the Department with strategic leadership, and administrative and management support services. The Special Investigative Task Team is housed within *Administration*, and investigates allegations of maladministration, irregularities, fraud and theft related to the Housing Subsidy Scheme.

### Expenditure estimates

Table 29.3: Administration

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2003/04	2004/05	2005/06
R thousand	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Minister <sup>1</sup>	518	694	745	691	746	791	835
Management	1 752	2 759	2 796	4 453	4 859	4 522	5 622
Corporate Services	23 879	30 806	36 263	46 706	39 244	53 749	60 670
Government Motor Transport	-	-	-	1	1	1	1
Sector Education and Training Authority	-	28	31	-	-	-	-
Special Functions: Thefts and Losses	100	6	12	-	-	-	-
<b>Total</b>	<b>26 249</b>	<b>34 293</b>	<b>39 847</b>	<b>51 851</b>	<b>44 850</b>	<b>59 063</b>	<b>67 128</b>
Change to 2002 Budget Estimate				(2 866)	6 110	13 149	

<sup>1</sup> Payable as from 1 April 2002. Salary: R552 984. Car allowance: R138 246.

#### Economic classification

Current	23 803	33 003	37 714	51 227	43 899	57 430	65 786
Personnel	10 626	12 514	14 880	19 939	21 413	26 479	29 065
Transfer payments	-	28	31	-	-	-	-
Other current	13 177	20 461	22 803	31 288	22 486	30 951	36 721
Capital	2 446	1 290	2 133	624	951	1 633	1 342
Transfer payments	-	-	-	1	1	1	1
Acquisition of capital assets	2 446	1 290	2 133	623	950	1 632	1 341
<b>Total</b>	<b>26 249</b>	<b>34 293</b>	<b>39 847</b>	<b>51 851</b>	<b>44 850</b>	<b>59 063</b>	<b>67 128</b>

#### Standard items of expenditure

Personnel	10 626	12 514	14 880	19 939	21 413	26 479	29 065
Administrative	3 575	4 398	4 499	7 449	8 796	11 911	13 457
Inventories	641	891	659	855	876	1 855	2 388
Equipment	3 301	1 759	2 353	1 526	1 289	3 264	3 467
Land and buildings	-	-	-	-	-	-	-
Professional and special services	7 856	14 618	17 413	22 081	12 475	15 553	18 750
Transfer payments	-	28	31	1	1	1	1
Miscellaneous	250	85	12	-	-	-	-
<b>Total</b>	<b>26 249</b>	<b>34 293</b>	<b>39 847</b>	<b>51 851</b>	<b>44 850</b>	<b>59 063</b>	<b>67 128</b>

#### Transfer payments per subprogramme

Government Motor Transport	-	-	-	1	1	1	1
Sector Education and Training Authority	-	28	31	-	-	-	-
<b>Total</b>	<b>-</b>	<b>28</b>	<b>31</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

## Expenditure trends

Expenditure increased significantly between 1999/00 and 2002/03, rising from R26,2 million to R51,9 million. This was mainly due to an expansion of administrative capacity to accommodate new functions such as strategic planning and the Special Investigative Task Team. Expenditure is expected to fall in 2003/04, but then to increase in the following two years, taking projected expenditure in 2005/06 to R67,1 million. Overall, expenditure between 1999/00 and 2005/06 is expected to grow at an annual average of 16,9 per cent.

## Programme 2: Housing Policy Planning and Research

The aim of *Housing Policy Planning and Research* is to develop a coherent national human settlement and housing policy, and an accompanying legislative framework. It also makes a contribution to the United Nations (UN) Habitat Foundation. The programme is comprised of the following subprogrammes:

- National Housing Policy and Strategy undertakes analysis and research, collects information on the demand and supply of housing across the country, and develops housing policy.
- Housing Framework Legislation drafts the housing legislation needed to implement approved policy and strategies, monitors the implementation of housing legislation, and assesses the impact of legislation on the housing sector.
- Human Settlement Policy and Integration focuses on sustainable urban and rural human settlement development policy, and is responsible for international co-operation on human settlement policy.
- Research initiates, undertakes and manages research on human settlements and housing.

## Expenditure estimates

Table 29.4: Housing Policy Planning and Research

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2003/04	2004/05	2005/06
R thousand	1999/00	2000/01	2001/02	2002/03			
National Housing Policy and Strategy	658	890	2 275	5 099	5 596	6 361	7 083
Housing Framework Legislation	–	–	763	3 845	3 387	4 848	5 285
Human Settlement Policy and Integration	1 411	1 982	2 565	4 163	4 862	5 338	5 858
Research	–	–	–	–	2 550	5 538	6 351
Statutory Boards	961	618	–	–	–	–	–
Contributions	526	25	48	58	53	54	57
<b>Total</b>	<b>3 556</b>	<b>3 515</b>	<b>5 651</b>	<b>13 165</b>	<b>16 448</b>	<b>22 139</b>	<b>24 634</b>
Change to 2002 Budget Estimate				(1 078)	2 550	7 147	
Economic classification							
Current	3 413	3 277	5 263	12 938	16 148	21 619	24 433
Personnel	1 275	1 894	3 458	6 063	8 130	9 185	9 687
Transfer payments	526	25	48	58	53	54	57
Other current	1 612	1 358	1 757	6 817	7 965	12 380	14 689
Capital	143	238	388	227	300	520	201
Transfer payments	–	–	–	–	–	–	–
Acquisition of capital assets	143	238	388	227	300	520	201
<b>Total</b>	<b>3 556</b>	<b>3 515</b>	<b>5 651</b>	<b>13 165</b>	<b>16 448</b>	<b>22 139</b>	<b>24 634</b>

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2003/04	2004/05	2005/06
R thousand	1999/00	2000/01	2001/02	2002/03			
<b>Standard items of expenditure</b>							
Personnel	1 275	1 894	3 458	6 063	8 130	9 185	9 687
Administrative	440	523	625	1 909	2 437	3 833	3 851
Inventories	2	28	106	702	723	1 234	952
Equipment	144	266	439	540	409	1 106	1 167
Land and buildings	–	–	–	–	–	–	–
Professional and special services	1 151	773	975	3 893	4 696	6 727	8 920
Transfer payments	526	25	48	58	53	54	57
Miscellaneous	18	6	–	–	–	–	–
<b>Total</b>	<b>3 556</b>	<b>3 515</b>	<b>5 651</b>	<b>13 165</b>	<b>16 448</b>	<b>22 139</b>	<b>24 634</b>
<b>Transfer payments per subprogramme</b>							
<b>Contributions</b>							
Habitat Foundation	20	25	48	58	53	54	57
Urban 21 - African Regional Preparatory Conference	506	–	–	–	–	–	–
<b>Total</b>	<b>526</b>	<b>25</b>	<b>48</b>	<b>58</b>	<b>53</b>	<b>54</b>	<b>57</b>

## Expenditure trends

Expenditure on the *Housing Policy Planning and Research* programme has been growing rapidly, and this rapid growth is expected to continue until 2005/06. Expenditure is expected to increase from R3,6 million in 1999/00 to R24,6 million in 2005/06, an annual average increase of 38 per cent. The particularly sharp increase in expenditure between 2001/02 and 2002/03 is to fund increased capacity, through both personnel and professional and special services, and is being used to improve the efficiency and effectiveness of the Housing Subsidy Scheme.

## Service delivery objectives and indicators

### Recent outputs

Principal housing policy developments in 2002/03 were: introducing competitive tendering as the basis for allocating subsidies; extending the National Home Builders Registration Council's warranty to subsidised housing; introducing a beneficiary contribution as a pre-condition to accessing a housing subsidy; and developing a savings-linked subsidy mechanism to facilitate beneficiary contributions.

Key legislation developed during 2002/03 is the package of community reinvestment legislation. Work was done on the regulations for the Home Loan and Mortgage Disclosure Act, and the Draft Community Reinvestment Bill was put out for public comment. Complementing the community reinvestment legislation is the Draft Social Housing Bill, which is expected to be promulgated in 2003.

All these initiatives reflect an important point of transition in housing policy. The National Housing Summit in March 2003 will have marked the end of the first phase of housing delivery and the beginning of a new more demand-led approach approach to housing delivery.

## Medium-term output targets

### Housing Policy Planning and Research

Measurable objective: To develop national human settlement and housing policy that promotes equitable access to adequate housing in sustainable human settlements.

Subprogramme	Output	Measure/Indicator	Target
National Housing Policy and Strategy	A national savings-linked housing subsidy policy framework	Detailed policy guidelines finalised	June 2003
Housing Framework Legislation	Regulations for Home Loan and Mortgage Disclosure Act Community Reinvestment Act	Regulations published for public comment Promulgation of regulations Promulgation of Act Establishment of Office of Disclosure	April 2003 July 2003. July 2003 March 2003
Human Settlement Policy and Integration	Human settlement policy framework	Policy framework on sustainable human settlements approved and published	December 2003
Research	A research agenda for the housing sector that is aligned with the new housing policy agenda	One research project completed Two reports on research needs completed	March 2004 March 2004

## Programme 3: Programme Management

*Programme Management* manages the national housing programmes, and consists of four subprogrammes:

- National Housing Subsidy Scheme manages, develops and maintains the National Housing Subsidy Scheme, including ownership, informal land rights, social housing, rental and special needs subsidy programmes and the phasing out of old subsidy schemes.
- Capacity Building provides ongoing support and guidance to help build capacity in municipalities and provinces, to support delivery through the Housing Subsidy Scheme. It also facilitates continued professional development in the housing sector.
- Special Programmes Support is involved in managing special housing and human settlement programmes, and providing funding for special initiatives.
- Phasing Out of Subsidy Programmes undertakes the administration required to complete the housing subsidy programmes of the previous government in order to phase them out.

## Expenditure estimates

Table 29.5: Programme Management

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome				
R thousand	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
National Housing Subsidy Scheme	17 454	6 772	1 616	5 106	5 519	8 487	9 468
Capacity Building	11 728	10 648	1 864	12 317	3 365	21 880	27 569
Special Programmes Support	137 476	36 556	247 593	182 877	111 220	117 882	125 400
Phasing Out of Subsidy Programmes	26 008	15 751	8 009	12 265	2 000	4 228	3 000
Total	192 666	69 727	259 082	212 565	122 104	152 477	165 437
Change to 2002 Budget Estimate				(3 709)	(3 597)	(1 040)	

2003 Estimates of National Expenditure

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2003/04	2004/05	2005/06
R thousand	1999/00	2000/01	2001/02	2002/03			
<b>Economic classification</b>							
Current	55 567	33 559	162 485	106 531	13 021	36 498	42 800
Personnel	2 896	3 163	2 889	6 595	7 474	7 664	8 404
Transfer payments	51 925	28 751	158 009	87 265	2 000	9 228	13 000
Other current	746	1 645	1 587	12 671	3 547	19 606	21 396
Capital	137 099	36 168	96 597	106 034	109 083	115 979	122 637
Transfer payments	137 000	35 850	96 375	106 000	109 000	115 540	122 472
Acquisition of capital assets	99	318	222	34	83	439	165
<b>Total</b>	<b>192 666</b>	<b>69 727</b>	<b>259 082</b>	<b>212 565</b>	<b>122 104</b>	<b>152 477</b>	<b>165 437</b>

Standard items of expenditure

Personnel	2 896	3 163	2 889	6 595	7 474	7 664	8 404
Administrative	323	462	511	907	1 068	2 253	2 514
Inventories	1	733	22	85	94	109	117
Equipment	110	385	264	135	162	581	526
Land and buildings	-	-	-	-	-	-	-
Professional and special services	364	356	1 012	11 578	2 306	17 102	18 404
Transfer payments	188 925	64 601	254 384	193 265	111 000	124 768	135 472
Miscellaneous	47	27	-	-	-	-	-
<b>Total</b>	<b>192 666</b>	<b>69 727</b>	<b>259 082</b>	<b>212 565</b>	<b>122 104</b>	<b>152 477</b>	<b>165 437</b>

Transfer payments per subprogramme

<b>National Housing Subsidy Scheme</b>							
Hostels	14 917	-	-	-	-	-	-
Resettlement of Doornkop Community	-	3 000	-	-	-	-	-
<b>Capacity Building</b>							
People's Housing Partnership Trust	1 000	-	-	-	-	-	5 000
Provincial and Local Government Capacity Building	10 000	10 000	-	-	-	-	-
Professional Council	-	-	-	-	-	5 000	5 000
<b>Special Programmes Support</b>							
Presidential Job Summit: Rental Housing	-	-	150 000	75 000	-	-	-
Human Settlement Redevelopment Programme	1 000	35 850	96 375	106 000	109 000	115 540	122 472
Special Integrated Presidential Projects	136 000	-	-	-	-	-	-
<b>Phasing Out of Subsidy Programmes</b>							
First-Time Home Buyer Interest Subsidy Scheme	26 008	15 751	8 009	12 265	2 000	4 228	3 000
<b>Total</b>	<b>188 925</b>	<b>64 601</b>	<b>254 384</b>	<b>193 265</b>	<b>111 000</b>	<b>124 768</b>	<b>135 472</b>

## Expenditure trends

Transfers take up the vast majority of programme expenditure, and movements within these transfers drive total expenditure. There is no consistent pattern in expenditure on this programme, which has seen very significant fluctuations since 1999/00. Expenditure fell from R192,7 million in 1999/00 to R69,7 million in 2000/01, but then rose to R259,1 million in 2001/02. It is expected to fall to R122,1 million in 2003/04, and then to rise to R165,4 million in 2005/06.

The main source of the volatility has been the curtailment of the Special Integrated Presidential Projects in 1999/00, and then the expenditure of R150 million and R75 million in 2001/02 and 2002/03 respectively on the Presidential Job Summit: Rental Housing projects. The latter should deliver at least 50 000 medium-density houses through labour-intensive construction, with the

intention of creating jobs and developing skills as well as building houses. There has, however, been steady underlying growth in transfers to the Human Settlement Redevelopment programme, which has seen growth from R1 million in 1999/00 to an expected R122,5 million in 2005/06.

## Service delivery objectives and indicators

### Recent outputs

More than 100 projects are currently being funded through the Human Settlement Redevelopment programme and some 97 per cent of funds were transferred to provinces during the 2001/02 financial year. It is expected that 100 per cent of funds will be transferred during the current year as the programme is gaining momentum.

All poverty relief funds have been transferred to the National Housing Finance Corporation (NHFC) as the implementing agent for the first projects being initiated.

### Medium-term output targets

#### Programme Management

Measurable objective: To develop, administer and fund capacity-building frameworks and programmes, the Housing Subsidy Scheme, the Human Settlement Redevelopment programme and the Presidential Pilot Project on Rental Housing in order to support housing delivery and improve the quality of human settlements.

Subprogramme	Output	Measure/Indicator	Target
Housing Subsidy Scheme	Improved housing subsidy schemes	Approval of new schemes by MinMEC Guidelines for 3 new subsidy instruments Amendment of 3 existing subsidy instruments approved by MinMEC	October 2003 July 2003 March 2004
Capacity Building	Provincial housing capacity building	Alignment and relevance of national and provincial housing priorities Number of courses per province Number of participants	Approved business plans for housing capacity building 8 courses per province 1 000 participants
Special Programme Support	Human Settlement Redevelopment programme projects	Percentage of Human Settlement Redevelopment programme budget allocated in terms of approved business plans.	100% of budget allocated in terms of approved business plans

## Programme 4: Housing Sector Performance

*Housing Sector Performance* monitors the performance and assesses the impact of housing delivery, manages housing information, and supports housing institutions. The programme consists of the following subprogrammes:

- Policy and Programme Monitoring assesses the implementation of national housing policy and programmes, and the impact of these on their beneficiaries, the environment and the three tiers of Government. Under this subprogramme the Housing Support Institutions programme monitors the performance of the following housing institutions: National Housing Finance Corporation; Servcon Housing Solutions (Pty) Ltd; Peoples Housing Partnership Trust; Social Housing Foundation; National Home Builders Registration Council; Thubelisha Homes; National Urban Reconstruction and Housing Agency; and the Rural Housing Loan Fund.
- Information Management maintains national housing databases and information systems.
- Industry Analysis and Development Finance monitors and analyses the impact of Government's housing policy and programmes on the construction sector, the financial sector and the economy.

**Expenditure estimates**

Table 29.6: Housing Sector Performance

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2003/04	2004/05	2005/06
R thousand	1999/00	2000/01	2001/02	2002/03			
Policy and Programme Monitoring	1 921	1 970	2 309	3 526	2 908	5 607	5 872
Information Management	4 762	8 795	16 794	19 956	16 677	24 060	27 361
Industry Analysis and Development Finance	369	1 045	1 234	3 655	4 285	5 024	5 276
Contributions	290 578	179 800	137 546	150 448	281 001	251 561	257 937
<b>Total</b>	<b>297 630</b>	<b>191 610</b>	<b>157 883</b>	<b>177 585</b>	<b>304 871</b>	<b>286 252</b>	<b>296 446</b>
Change to 2002 Budget Estimate				(332)	(3 656)	(10 916)	

## Economic classification

Current	296 919	191 029	157 161	177 276	304 666	286 036	296 217
Personnel	2 089	3 606	4 390	6 647	7 349	7 807	8 294
Transfer payments	290 578	179 800	137 546	150 447	281 000	251 560	257 936
Other current	4 252	7 623	15 225	20 182	16 317	26 669	29 987
Capital	711	581	722	309	205	216	229
Transfer payments	-	-	-	1	1	1	1
Acquisition of capital assets	711	581	722	308	204	215	228
<b>Total</b>	<b>297 630</b>	<b>191 610</b>	<b>157 883</b>	<b>177 585</b>	<b>304 871</b>	<b>286 252</b>	<b>296 446</b>

## Standard items of expenditure

Personnel	2 089	3 606	4 390	6 647	7 349	7 807	8 294
Administrative	381	698	560	1 723	1 578	3 001	2 909
Inventories	53	189	148	352	320	440	535
Equipment	759	747	1 101	466	339	689	2 257
Land and buildings	-	-	-	-	-	-	-
Professional and special services	3 742	6 547	14 138	17 949	14 284	22 754	24 514
Transfer payments	290 578	179 800	137 546	150 448	281 001	251 561	257 937
Miscellaneous	28	23	-	-	-	-	-
<b>Total</b>	<b>297 630</b>	<b>191 610</b>	<b>157 883</b>	<b>177 585</b>	<b>304 871</b>	<b>286 252</b>	<b>296 446</b>

## Transfer payments per subprogramme

Contributions							
National Housing Finance Corporation	-	-	-	1	1	1	1
Servcon	163 778	68 800	63 059	67 000	61 000	40 200	59 300
South African Housing Trust	116 000	103 000	66 623	66 000	215 000	196 013	182 368
Social Housing Foundation	-	8 000	7 864	17 347	5 000	15 347	16 268
National Home Builders Registration Council	10 800	-	-	100	-	-	-
<b>Total</b>	<b>290 578</b>	<b>179 800</b>	<b>137 546</b>	<b>150 448</b>	<b>281 001</b>	<b>251 561</b>	<b>257 937</b>

**Expenditure trends**

Expenditure on the programme has been volatile, with no clear trend evident. Expenditure fell from R297,6 million in 1999/00 to R157,9 million in 2001/02, and is expected to rise to R296,4 million in 2005/06. Much of the programme is made up of transfer payments, and it is the movements in these that determine overall expenditure.

Transfers to Servcon Housing Solutions, a joint venture between Government and the banking industry to manage the disposal of properties owned by the banks at the cut-off date of 31 August 1997, were cut in 2000/01, falling from R163,8 million in 1999/00 to R68,8 million. They are expected to decline further, to R59,3 million in 2005/06 as Servcon concludes its work. Transfers

to the South African Housing Trust (SAHT), a non-profit housing delivery agency that was established by the pre-1994 government, have been volatile, moving from R116 million in 1999/00 to R66 million in 2002/03, to an expected R182 million in 2005/06. This volatility is due to the Trust's being closed, and the related costs of winding it up and completing its projects, as it no longer has a role to play in the current housing delivery environment.

## Service delivery objectives and indicators

### Recent outputs

The monitoring of housing programmes continued during 2002/03. Reports were published on some elements of the economic impact of public investment in housing, and delivery rates were tracked. The Housing Subsidy Scheme was further refined and the need for training for subsidy users in the provinces was addressed.

### Medium-term output targets

#### Housing Sector Performance

**Measurable objectives:** To undertake effective monitoring of implementation processes by ensuring that the housing and human settlement information system provides accurate, strategic and statistically sound data to allow for regular evaluation of the implementation of housing policy, and to support decision making on enhancements to housing policy and programmes.

Subprogramme	Output	Measure/Indicator	Target
Policy and Programme Monitoring	Comprehensive monitoring systems	Reports on national housing programmes on performance as well as alignment between policy and implementation Situational analysis report	4 quarterly reports per year  1 annual report
	Monitoring and assessing performance of housing support institutions	Reports on performance of housing support institutions Assistance for housing institutions to ensure compliance with PFMA	Quarterly  Compliance with PFMA
Information Management	Housing and human settlement information system	Number of calls logged on queries received Number of policy issues reported on based on trends emerging Number of accuracy checks on data in housing information systems	0% unresolved queries  Quarterly reports  4 project reports per month
Industry Analysis and Development Finance	Monitoring and assessment of the impact of housing policy on various industries	Reports on the construction sector  Reports on the economy and the financial sector Profile of emerging contractors	4 reports per year  Bi-annually Quarterly

## Programme 5: Communication

The aim of the *Communication* programme is to facilitate and promote the free flow of information between the Department and its stakeholders. It consists of three subprogrammes:

- Housing Communication promotes the vision and mission of the Department of Housing and disseminates housing information to internal and external stakeholders.
- Public Relations helps communicate housing policy, through targeted and focused public relations exercises.
- Provincial, Media and Local Liaison maintains relationships with stakeholders by managing information flows through links with non-governmental community structures, the academic community, the building industry and the media.

**Expenditure estimates**

Table 29.7: Communication

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome				
R thousand	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Housing Communication	4 119	3 396	1 203	6 062	5 314	6 633	6 944
Public Relations	–	420	3 381	2 867	3 121	3 310	3 509
Provincial, Media and Local Liaison	–	335	171	1 146	1 742	1 825	1 935
<b>Total</b>	<b>4 119</b>	<b>4 151</b>	<b>4 755</b>	<b>10 075</b>	<b>10 177</b>	<b>11 768</b>	<b>12 388</b>
Change to 2002 Budget Estimate				(3 100)	–	–	
<b>Economic classification</b>							
Current	3 939	3 993	4 608	9 985	10 082	11 667	12 281
Personnel	924	1 427	987	2 353	3 538	3 715	3 938
Transfer payments	–	–	–	–	–	–	–
Other current	3 015	2 566	3 621	7 632	6 544	7 952	8 343
Capital	180	158	147	90	95	101	107
Transfer payments	–	–	–	–	–	–	–
Acquisition of capital assets	180	158	147	90	95	101	107
<b>Total</b>	<b>4 119</b>	<b>4 151</b>	<b>4 755</b>	<b>10 075</b>	<b>10 177</b>	<b>11 768</b>	<b>12 388</b>
<b>Standard items of expenditure</b>							
Personnel	924	1 427	987	2 353	3 538	3 715	3 938
Administrative	310	1 148	1 377	2 345	2 972	3 126	3 228
Inventories	2 619	508	415	1 608	244	255	270
Equipment	190	207	245	229	236	252	267
Land and buildings	–	–	–	–	–	–	–
Professional and special services	61	852	1 731	3 540	3 187	4 420	4 685
Transfer payments	–	–	–	–	–	–	–
Miscellaneous	15	9	–	–	–	–	–
<b>Total</b>	<b>4 119</b>	<b>4 151</b>	<b>4 755</b>	<b>10 075</b>	<b>10 177</b>	<b>11 768</b>	<b>12 388</b>

**Expenditure trends**

Expenditure on this programme is low, although it is increasing significantly. Overall expenditure is expected to rise from R4,1 million in 1999/00 to R12,4 million in 2005/06, an average annual growth rate of 20,1 per cent. Much of this growth came in 2002/03, funding an increase in capacity.

**Service delivery objectives and indicators****Recent outputs**

The development of a communication strategy was not completed during 2002/03, and remains a goal for 2003/04. Communication highlights included: hosting the second National Housing Awards in recognition of contributions by people and organisations to the housing sector; hosting a tour of housing projects for ministers responsible for human settlements in other African countries; and launching various housing projects around the country.

## Communication

Measurable objective: To design and implement a communication strategy for the Department.			
Subprogramme	Output	Measure/Indicator	Target
Housing Communication	Dissemination of relevant information to stakeholders	Number of recipients of information increased	10% increase by March 2004 from current levels
Public Relations	Communication strategy to guide and support housing programmes	Completion of communication strategy	August 2003
Provincial, Media and Local Liaison	Information to target audience at the local level	Public information campaigns	At least 6 public campaigns per year ending 2003

## Programme 6: Housing Development Funding

*Housing Development Funding* manages the funding of national housing programmes. It consists of two subprogrammes:

- Grant to Housing Funds allocates funds to the nine provincial governments to finance national and provincial housing programmes.
- Interest and Redemption on Private Loans provides for paying interest on and redeeming the private loans of the former National Housing Board.

### Expenditure estimates

Table 29.8: Housing Development Funding

Subprogramme	Expenditure outcome			Adjusted Appropriation	Medium-term expenditure estimate		
	Audited 1999/00	Audited 2000/01	Preliminary outcome 2001/02		2002/03	2003/04	2004/05
R thousand							
Grant to Housing Funds	2 941 244	2 997 680	3 225 958	3 800 674	4 246 239	4 473 597	4 745 404
Interest and Redemption on Private Loans	28 912	28 519	28 064	28 800	28 800	28 800	28 800
<b>Total</b>	<b>2 970 156</b>	<b>3 026 199</b>	<b>3 254 022</b>	<b>3 829 474</b>	<b>4 275 039</b>	<b>4 502 397</b>	<b>4 774 204</b>
Change to 2002 Budget Estimate				61 000	108 341	127 165	
Economic classification							
Current	28 912	28 519	28 064	28 800	28 800	28 800	28 800
Personnel	-	-	-	-	-	-	-
Transfer payments	28 912	28 519	28 064	28 800	28 800	28 800	28 800
Other current	-	-	-	-	-	-	-
Capital	2 941 244	2 997 680	3 225 958	3 800 674	4 246 239	4 473 597	4 745 404
Transfer payments	2 941 244	2 997 680	3 225 958	3 800 674	4 246 239	4 473 597	4 745 404
Acquisition of capital assets	-	-	-	-	-	-	-
<b>Total</b>	<b>2 970 156</b>	<b>3 026 199</b>	<b>3 254 022</b>	<b>3 829 474</b>	<b>4 275 039</b>	<b>4 502 397</b>	<b>4 774 204</b>
Standard items of expenditure							
Personnel	-	-	-	-	-	-	-
Administrative	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-
Land and buildings	-	-	-	-	-	-	-
Professional and special services	-	-	-	-	-	-	-
Transfer payments	2 970 156	3 026 199	3 254 022	3 829 474	4 275 039	4 502 397	4 774 204
Miscellaneous	-	-	-	-	-	-	-
<b>Total</b>	<b>2 970 156</b>	<b>3 026 199</b>	<b>3 254 022</b>	<b>3 829 474</b>	<b>4 275 039</b>	<b>4 502 397</b>	<b>4 774 204</b>

R thousand	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2003/04	2004/05	2005/06
	1999/00	2000/01	2001/02	2002/03			
<b>Transfer payments per subprogramme</b>							
Grant to Housing Funds	2 941 244	2 997 680	3 225 958	3 800 674	4 246 239	4 473 597	4 745 404
Interest and Redemption on Private Loans	28 912	28 519	28 064	28 800	28 800	28 800	28 800
<b>Total</b>	<b>2 970 156</b>	<b>3 026 199</b>	<b>3 254 022</b>	<b>3 829 474</b>	<b>4 275 039</b>	<b>4 502 397</b>	<b>4 774 204</b>

## Expenditure trends

This programme carries the bulk of the Department's expenditure, as it channels the funds for building houses. Consequently the programme consists entirely of transfers, with the vast majority taken up by the Conditional Grants to Housing Funds subprogramme, and a small amount by the redemption of loans of the former National Housing Board.

The expenditure on Conditional Grants to Housing Funds has seen a steady increase, which is expected to continue. Expenditure is expected to increase from R2,9 billion in 1999/00 to R4,7 billion in 2005/06. This is an annual average growth rate of 8,3 per cent. Expenditure on redeeming the loans of the National Housing Board has been stable throughout the period at about R29 million.

## Service delivery objectives and indicators

### Recent outputs

The Housing Subsidy Scheme's successes include the approval of approximately 1,5 million housing subsidies between April 1994 and March 2002. During the same period, 1,3 million housing units were built. Approximately 78 254 consolidation subsidies were approved for houses on serviced sites from the previous dispensation.

At the higher subsidy amount of R20 300 per household (increased from R16 000 per household in 2002/03), the allocation allows for an average of 190 000 subsidies per year over the next three years. About 33 000 beneficiaries of the former housing subsidy scheme (the First-time Homebuyers Interest Subsidy Scheme) will be supported until it has been phased out completely.

## Medium-term output targets

### Housing Development Funding

**Measurable objectives:** To disburse and monitor funds for housing delivery in compliance with the PFMA.

Subprogramme	Output	Measure/Indicator	Target
Conditional Grants to Housing Funds	Capital housing funds allocated to provincial governments	Percentage of funds disbursed to provinces	100% of funds disbursed
		Percentage of funds spent by provinces	100% of funds spent
Interest and Redemption on Private Loans	Interest on private loans paid	No interest outstanding for financial years on private loans	December 2008

## Programme 7: Housing Equity

The Office of Disclosure administers activities emanating from the provisions of the Home Loan and Mortgage Disclosure Act (HLAMDA), and is to oversee the implementation of the provisions of the Community Reinvestment Bill when it becomes law during 2003.

**Expenditure estimates**

Table 29.9: Housing Equity

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome				
R thousand	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Office of Disclosure	-	-	-	4 766	5 347	5 612	5 949
Total	-	-	-	4 766	5 347	5 612	5 949
Change to 2002 Budget Estimate				4 766	5 347	5 612	

## Economic classification

Current	-	-	-	4 766	5 327	5 574	5 910
Personnel	-	-	-	1 099	1 579	1 666	1 766
Transfer payments	-	-	-	-	-	-	-
Other current	-	-	-	3 667	3 748	3 908	4 144
Capital	-	-	-	-	20	38	39
Transfer payments	-	-	-	-	-	-	-
Acquisition of capital assets	-	-	-	-	20	38	39
Total	-	-	-	4 766	5 347	5 612	5 949

## Standard items of expenditure

Personnel	-	-	-	1 099	1 579	1 666	1 766
Administrative	-	-	-	160	167	175	185
Inventories	-	-	-	9	10	10	12
Equipment	-	-	-	79	20	38	40
Land and buildings	-	-	-	-	-	-	-
Professional and special services	-	-	-	3 419	3 571	3 723	3 946
Transfer payments	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total	-	-	-	4 766	5 347	5 612	5 949

**Expenditure trends**

This new programme was introduced because the Department's allocation was reprioritised. The projected allocation for the programme grows steadily over the next three years at an annual average of 7,7 per cent, from R4,8 million in 2002/03 to R5,9 million in 2005/06.

**Service delivery objectives and indicators**

## Housing Equity

Measurable objectives: To promote fair lending practices by banking institutions, and provide for setting and enforcing specific minimum targets by financial institutions in lending to low and medium income level households for housing purposes.

Subprogramme	Output	Measure/Indicator	Target
Office of Disclosure	Development of HLAMDA mechanisms and procedures	Guidelines for procedures of Office of Disclosure	July 2003
	Assist Directorate: Housing Framework Legislation and other stakeholders in finalising community reinvestment regulations	Promulgation of community reinvestment regulations in the Government Gazette	July 2003

## Public entities reporting to the Minister

### Servcon Housing Solutions (Pty) Ltd

The mandate of Servcon Housing Solutions (Pty) Ltd is derived from agreements between the Department of Housing (representing Government) and the Banking Council (representing participating banks). Servcon is mandated to manage the disposal of properties owned by banks as a result of non-performing loans in selected areas at the cut-off date of 31 August 1997. Servcon supports home ownership where possible, offering alternative options to those who cannot afford their own accommodation, and improving the viability of non-performing housing debt.

In the 2001/02 financial year Servcon achieved its primary objective by disposing of 41,8 per cent of its portfolio properties (against a target of 40 per cent). By December 2002 the agency had disposed of 50 per cent of its portfolio properties. The number of properties in the portfolio has declined from 33 322 to 16 798 (by December 2002), with a total value of R613 million.

### National Urban Reconstruction and Housing Agency

The National Urban Reconstruction and Housing Agency's (Nurcha) mission is to expedite housing delivery for low-income households over the short to medium term. It was established as a Presidential Lead Project in 1995 by agreement between Government and the Open Society Foundation of New York. Its primary function is to help release finance for low-cost housing from financial institutions. Nurcha's main activity is to offer guarantees to banks, to encourage them to make bridging finance loans available to developers.

Historically Nurcha has committed substantial guarantees to home loan programmes with the intention of releasing end-user finance to the lower end of the market, for those not covered by payroll deduction or provident fund mechanisms. Nurcha has not been very successful as lending institutions are still not willing to make unsecured loans, even when backed by a Nurcha guarantee. The goal is to wind down this initiative, except where it is part of the savings-linked lending programme, namely where a loan is granted on the basis of a savings record. The guarantee exposure was reduced from R23 million to R19 million during 2002/03, while the value of loans issued has risen from R5,7 million to R10,5 million.

### National Housing Finance Corporation

The National Housing Finance Corporation (NHFC) was established through a Cabinet decision in May 1996, as envisaged in the 1994 White Paper on Housing. Its purpose is to find better ways of mobilising finance for housing, from sources outside Government and in partnership with the broadest possible range of organisations. Its mission is:

- To develop and fund institutions providing affordable housing finance to low-income groups at the retail level
- To develop and fund institutions offering a variety of tenure options for residential purposes, in the under- and unserved segments of the housing market
- To mobilise savings into the housing process, through appropriate intermediaries.

In terms of its business plan, the NHFC aims to create housing opportunities for low and medium income families by:

- Funding intermediaries to promote broader access to housing
- Building adequate and sustainable capacity within the organisations it funds
- Building partnerships with various organisations to pioneer new finance and housing delivery.

Since its inception on 31 March 2002, the NHFC has approved facilities totalling R1,5 billion, and disbursed R1,2 million. Through its lending activities more than 82 897 new housing units will be

built, with over 164 996 loans originated and facilitated, and a total of 25 new and emerging institutions will have been set-up. To date, more than 2,5 million people's lives have been improved through the Corporation's funding activities.

The NHFC has been appointed as implementing agent for the Presidential Job Summit: Rental Housing projects, and the pilot phase is expected to provide 15 000 homes in the KwaZulu-Natal, Mpumalanga and Gauteng provinces over the next three years. The next phase of the project is expected to provide 35 000 homes, with the intention of moving to 150 000 homes if the initial projects prove successful. Substantial private sector funding will be required for this ambitious project, and consequently the NHFC has increased the capacity of its Treasury department. The first phase of implementation is expected to begin within the next few months.

### **Social Housing Foundation**

The Social Housing Foundation assists in the delivery of housing to low-income communities by offering alternative tenure. Its specific focus is assisting in setting up social housing institutions that provide housing to low-income working households. It works primarily with emerging institutions by offering capacity-building and technical support.

### **South African Housing Trust**

Cabinet approved the disestablishment of the South African Housing Trust in 1998 and agreed that the remaining assets and liabilities be transferred to Government. The National Housing Finance Corporation will manage the collection of loan payments on behalf of Government, and provision will be made to fund the liabilities of the Trust from the budget of the national Department of Housing until they are fully paid up or Government directs otherwise. This is in terms of the Disestablishment of the South African Housing Trust Limited Act (26 of 2002) which was proclaimed on 5 December 2002.

### **National Home Builders Registration Council**

The National Home Builders Registration Council (NHBRC) is a Section 21 company established in terms of the Housing Consumers Protection Measures Act (95 of 1998). Its purpose is to provide housing consumers with warranty protection against defects in new homes and to provide protection against any failure of builders to comply with their obligations in terms of the Act.

For the year ending March 2002, NHBRC registered 5 776 home builders. Approximately 43 per cent of home builders registered in 2001 did not renew their registrations. The NHBRC registered 37 438 houses in the year ending 2002, an increase of about 24 per cent, compared to the 30 104 houses that enrolled in the year ending 2001. Complaints received amounted to 2 998 in 2002, an increase of 39 per cent on the 1 859 complaints received in 2001. The NHBRC warranty scheme provides for structural integrity in any registered residential buildings for up to five years, and is therefore required to retain funds in reserve to cover these potential liabilities.

### **Thubelisha Homes**

Thubelisha Homes (a Section 21 company) was established in June 1998 as a special purpose financial vehicle to create rightsizing stock. Rightsizing is a process in which occupants of bank-owned properties in possession of mortgage loans in default are assisted in relocating to more affordable homes.

### **Rural Housing Loan Fund**

The Rural Housing Loan Fund (RHLF) was incorporated in 1997 as a subsidiary to NHFC. Its main business is to raise money and lend it on as a wholesale lending institution, to enable retail institutions to provide loans to low-income earners to finance housing in rural areas. RHLF is no longer a subsidiary of NHFC, existing as an entity in its own right since April 2002.

The RHLF has channelled funds to homeowners in dozens of rural areas in all nine provinces of South Africa, through 20 medium and small retail lenders. Of these, 11 were established and assisted directly by RHLF. Ten of these are commercial and the RHLF owns an equity stake in them. One is a non-governmental organisation and six are black-owned or women-led. By the end of March 2002, RHLF had committed R199 million and disbursed R160 million to its retail lenders. Intermediaries on-lent the funds to some 35 000 low-income households for new houses, house extensions, home improvements, repairs and water and electricity connections.

### **The South African Housing Fund**

The South African Housing Fund aims to provide adequate funds for provincial governments to establish and maintain habitable, stable and sustainable residential environments. This includes the provision of:

- Permanent residential structures with secure tenure and privacy, and which provide adequate protection against the elements
- Potable water, adequate sanitation facilities and domestic electricity supply.

Housing funds for national housing programmes are budgeted for and appropriated in the South African Housing Fund programme. Since 2000/01 the funds have been allocated through the conditional grant mechanism to the nine provinces in accordance with the Housing Act (107 of 1997). Housing funds are now reflected in the revenue funds and expenditure appropriations of provinces, enhancing provincial accountability. The formula used for allocation to the provinces is based on equity, taking into account each province's housing backlog and income profile.

The conditions attached to the funds are also based on the Housing Act and have been agreed upon between the Department and the provinces. The Department developed guidelines for the process of transferring funds from the South African Housing Fund to provinces, and for reporting processes, in terms of the Public Finance Management Act, the Division of Revenue Act and the Housing Act.

## **Annexure**

### **Vote 29: Housing**

Table 29.10: Summary of expenditure trends and estimates per programme

Table 29.11: Summary of expenditure trends and estimates per economic classification

Table 29.12: Summary of expenditure trends and estimates per standard item

Table 29.13: Summary of personnel numbers and costs

Table 29.14: Summary of expenditure on training

Table 29.15: Summary of information and communications technology expenditure

Table 29.16: Summary of conditional grants to provinces

Table 29.17: Summary of donor support

Table 29.18: Summary of expenditure on infrastructure

Table 29.10: Summary of expenditure trends and estimates per programme

	Expenditure outcome				Medium-term expenditure estimate								
	Audited		Preliminary outcome		Main appropriation	Additional appropriation	Adjusted appropriation	Revised estimate	Medium-term expenditure estimate				
	1999/00	2000/01	2000/01	2001/02					2002/03	2003/04	2004/05	2005/06	
R thousand													
1 Administration	26 249	34 293	39 847	39 847	61 877	(10 026)	51 851	32 431	43 899	951	44 850	59 063	67 128
2 Housing Policy Planning and Research	3 556	3 515	5 651	5 651	14 243	(1 078)	13 165	7 865	16 148	300	16 448	22 139	24 634
3 Programme Management	192 666	69 727	259 082	259 082	211 232	1 333	212 565	194 215	13 021	109 083	122 104	152 477	165 437
4 Housing Sector Performance	297 630	191 610	157 883	157 883	170 636	6 949	177 585	164 025	304 666	205	304 871	286 252	296 446
5 Communication	4 119	4 151	4 755	4 755	13 175	(3 100)	10 075	6 205	10 082	95	10 177	11 768	12 388
6 Housing Development Funding	2 970 156	3 026 199	3 254 022	3 254 022	3 768 474	61 000	3 829 474	3 829 474	28 800	4 246 239	4 275 039	4 502 397	4 774 204
7 Housing Equity	-	-	-	-	5 163	(397)	4 766	1 266	5 327	20	5 347	5 612	5 949
<b>Total</b>	<b>3 494 376</b>	<b>3 329 495</b>	<b>3 721 240</b>	<b>3 721 240</b>	<b>4 244 800</b>	<b>54 681</b>	<b>4 299 481</b>	<b>4 235 481</b>	<b>421 943</b>	<b>4 356 893</b>	<b>4 778 836</b>	<b>5 039 708</b>	<b>5 346 186</b>
Change to 2002 Budget Estimate							54 681	(9 319)			115 095		141 117

Table 29.11: Summary of expenditure trends and estimates per economic classification

	Expenditure outcome				Main appropriation	Additional appropriation	Adjusted appropriation	Revised estimate	Medium-term expenditure estimate				
	Audited	Audited	Preliminary outcome	Current					Capital	Total			
	1999/00	2000/01	2001/02	2002/03					2003/04	2004/05	2005/06		
R thousand													
Current	412 553	293 380	395 295		399 842	(8 319)	391 523	328 083	421 943	-	421 943	447 624	476 227
Personnel	17 810	22 604	26 604		45 989	(3 293)	42 696	28 052	49 483	-	49 483	56 516	61 154
Salaries and wages	12 979	16 442	15 639		28 521	(2 551)	25 970	16 320	30 724	-	30 724	35 169	38 898
Other	4 831	6 162	10 965		17 468	(742)	16 726	11 732	18 759	-	18 759	21 347	22 256
Transfer payments	371 941	237 123	323 698		260 334	6 236	266 570	237 970	311 853	-	311 853	289 642	299 793
Subsidies to business enterprises	279 778	171 800	129 682		144 121	(11 121)	133 000	133 000	276 000	-	276 000	236 213	241 668
Other levels of government	-	-	-		-	-	-	-	-	-	-	-	-
social security funds	-	-	-		-	-	-	-	-	-	-	-	-
universities and technicians	-	-	-		-	-	-	-	-	-	-	-	-
extra-budgetary institutions	26 717	8 000	157 864		75 100	17 347	92 447	74 147	5 000	-	5 000	20 347	26 268
provincial government	10 000	13 000	-		-	-	-	-	-	-	-	-	-
local government	-	-	-		-	-	-	-	-	-	-	-	-
Households and non-profit institutions	55 426	44 298	36 104		41 065	-	41 065	30 765	30 800	-	30 800	33 028	31 800
Foreign countries and international credit institutions	20	25	48		48	10	58	58	53	-	53	54	57
Other	22 802	33 653	44 993		93 519	(11 262)	82 257	62 061	60 607	-	60 607	101 466	115 280
Capital	3 081 823	3 036 115	3 325 945		3 844 958	63 000	3 907 958	3 907 398	-	4 356 893	4 356 893	4 592 084	4 869 959
Transfer payments	3 078 244	3 033 530	3 322 333		3 843 676	63 000	3 906 676	3 906 676	-	4 355 241	4 355 241	4 589 139	4 867 878
Other levels of government	2 942 244	3 033 530	3 322 333		3 843 674	63 000	3 906 674	3 906 674	-	4 355 239	4 355 239	4 589 137	4 867 876
Other capital transfers	136 000	-	-		2	-	2	2	-	2	2	2	2
Movable capital	3 579	2 585	3 612		1 282	-	1 282	722	-	1 652	1 652	2 945	2 081
Motor vehicles (transport)	576	-	-		-	-	-	-	-	-	-	-	-
Equipment - Computers	2 863	1 458	2 558		1 282	-	1 282	722	-	1 402	1 402	2 355	1 515
Equipment - Other office equipment	140	1 127	1 054		-	-	-	-	-	250	250	590	566
Other	-	-	-		-	-	-	-	-	-	-	-	-
Fixed capital	-	-	-		-	-	-	-	-	-	-	-	-
Land	-	-	-		-	-	-	-	-	-	-	-	-
Buildings	-	-	-		-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-		-	-	-	-	-	-	-	-	-
Other	-	-	-		-	-	-	-	-	-	-	-	-
Total	3 494 376	3 329 495	3 721 240		4 244 800	54 681	4 299 481	4 235 481	4 219 943	4 356 893	4 778 836	5 039 708	5 346 186

Table 29.12: Summary of expenditure trends and estimates per standard item

	Expenditure outcome				Medium-term expenditure estimate					
	Audited	Audited	Preliminary outcome	Main appropriation	Additional appropriation	Adjusted appropriation	Revised estimate			
	1999/00	2000/01	2001/02					2002/03	2003/04	2004/05
Personnel	17 810	22 604	26 604	45 989	(3 293)	42 696	28 052	49 483	56 516	61 154
Administrative	5 029	7 229	7 572	17 366	(2 873)	14 493	11 293	17 018	24 299	26 144
Inventories	3 316	2 349	1 350	4 411	(800)	3 611	3 611	2 267	3 903	4 274
Equipment	4 504	3 364	4 402	3 030	(55)	2 975	2 675	803	1 652	2 455
Land and buildings	-	-	-	-	-	-	-	-	-	-
Professional and special services	13 174	23 146	35 269	69 994	(7 534)	62 460	45 204	40 519	70 279	79 219
Transfer payments	3 450 185	3 270 653	3 646 031	4 104 010	69 236	4 173 246	4 144 646	3 118 533	4 355 241	4 667 094
Miscellaneous	358	150	12	-	-	-	-	-	-	-
<b>Total</b>	<b>3 494 376</b>	<b>3 329 495</b>	<b>3 721 240</b>	<b>4 244 800</b>	<b>54 681</b>	<b>4 299 481</b>	<b>4 235 481</b>	<b>4 219 943</b>	<b>4 356 893</b>	<b>4 778 836</b>

Table 29.13: Summary of personnel numbers and costs<sup>1</sup>

Personnel numbers	1999/00	2000/01	2001/02	2002/03	2003/04
1 Administration	128	130	120	133	133
2 Housing Policy Planning and Research	16	31	31	31	31
3 Programme Management	30	33	33	39	39
4 Housing Sector Performance	25	35	51	51	51
5 Communication	14	16	16	16	16
7 Housing Equity	-	-	-	6	6
<b>Total</b>	<b>213</b>	<b>245</b>	<b>251</b>	<b>276</b>	<b>276</b>
<b>Total personnel cost (R thousand)</b>	<b>17 810</b>	<b>22 604</b>	<b>26 604</b>	<b>42 696</b>	<b>49 483</b>
<b>Unit cost (R thousand)</b>	<b>83.6</b>	<b>92.3</b>	<b>106.0</b>	<b>154.7</b>	<b>179.3</b>

<sup>1</sup> Full-time equivalent

Table 29.14: Summary of expenditure on training

	Expenditure outcome					Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome						
R thousand	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06		
1 Administration	236	219	71	1 194	1 181	1 252	1 327		
2 Housing Policy Planning and Research	33	75	18	285	109	119	124		
3 Programme Management	18	41	16	100	136	183	188		
4 Housing Sector Performance	135	43	47	250	325	350	371		
5 Communication	-	139	8	559	214	227	240		
7 Housing Equity	-	-	-	14	13	13	14		
Total	422	517	160	2 402	1 978	2 144	2 264		

Table 29.15: Summary of information and communications technology expenditure

	Expenditure outcome		Adjusted appropriation	Medium-term expenditure estimate		
	2001/02	2002/03		2003/04	2004/05	2005/06
1 Administration	16 847	12 247	7 322	8 009	8 266	
Technology	1 482	1 059	1 317	1 639	1 511	
IT services	15 365	11 188	6 005	6 370	6 755	
2 Housing Policy Planning and Research	342	506	245	267	280	
Technology	342	506	245	267	280	
IT services	–	–	–	–	–	
3 Programme Management	100	102	120	380	402	
Technology	100	102	120	380	402	
IT services	–	–	–	–	–	
4 Housing Sector Performance	21 994	20 781	9 509	21 810	22 975	
Technology	1 006	444	257	294	316	
IT services	20 988	20 337	9 252	21 516	22 659	
5 Communication	604	10	236	252	267	
Technology	604	10	236	252	267	
IT services	–	–	–	–	–	
7 Housing Equity	–	–	20	38	39	
Technology	–	–	20	38	39	
IT services	–	–	–	–	–	
<b>Total</b>	<b>39 887</b>	<b>33 646</b>	<b>17 452</b>	<b>30 756</b>	<b>32 229</b>	

Table 29.16: Summary of conditional grants to provinces<sup>1</sup>

	Expenditure outcome						Medium-term expenditure estimate		
	Audited		Preliminary outcome		Adjusted appropriation				
	1999/00	2000/01	2001/02	2002/03		2003/04	2004/05	2005/06	
R thousand									
3 Programme Management									
Resettlement of Doornkop	-	3 000	-	-	-	-	-	-	
Provincial and Local Government Capacity Building	10 000	10 000	-	-	-	-	-	-	
Human Settlement Redevelopment Programme	1 000	35 850	96 375	106 000	109 000	115 540	122 472		
6 Housing Development Funding									
Conditional Grant to Housing Funds	2 941 244	2 997 680	3 225 958	3 800 674	4 246 239	4 473 597	4 745 404		
Total	2 952 244	3 046 530	3 322 333	3 906 674	4 355 239	4 589 137	4 867 876		

<sup>1</sup> Detail provided in the Division of Revenue Act, 2003.

Table 29.17: Summary of donor support

R thousand	ODA programme/project name	Donor	Cash or Kind	Outcome			Medium-term expenditure estimate		
				1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
	Social Housing Support Programme	EU Commission	Cash	-	-	9 814	-	-	-
	Cato Manor	EU Commission	Cash	42 446	16 287	-	-	57 000	-
	Support to Beneficiaries Khayelitsha Site C	USAID	Cash	-	-	-	11 560	-	-
	Development of Co-op Housing sector in SA	Norway	Cash	-	-	-	2 630	-	-
	Support for Peoples Housing Process	USIAD	Cash	-	-	-	10 572	-	-
	Housing strategy for new Millennium	USAID	Cash	-	-	484	-	-	-
				42 446	16 287	10 298	24 762	57 000	-

