



**MINISTRY  
HUMAN SETTLEMENTS  
REPUBLIC OF SOUTH AFRICA**

**REMARKS BY THE MINISTER OF HUMAN SETTLEMENTS, MMAMOLOKO KUBAYI,  
AFFORDABLE HOUSING INDABA, CTICC, 08 APRIL 2022.**

**Programme director**

**Western Cape premier, Alan Winde**

**Executive Mayor of the CoCT, Geordon Hill-Lewis**

**MEC for Human Settlements, Tertuis Simmers**

**MMC for Human Settlements, Malusi Booi**

**Business leaders**

**Distinguished guests**

**Ladies and gentlemen**

**Good morning**

At the centre of the rising demand for urban human settlement land is the rapid rise of urbanisation. Urbanisation is not a uniquely South African or African phenomenon, it is a global issue that requires urgent attention. In our country, the majority of the poor people who migrate to cities end up in informal settlements, either adding to the already overcrowded settlements or establishing new settlement through illegal land occupation.

What is concerning is that a significant number of these ever increasing informal settlements lack basic services, such as electricity, clean water and sanitation. Most of the residents of these settlements are left vulnerable to fires, natural disasters, diseases and crime. Another housing option for poor and low income city dwellers is what is referred to as backyard dwellers. Many of the backyard dwellers fall within the social

housing market but they have yet to get access to a social housing unit. It is worth noting that more than half of the population in South Africa lives in just three provinces – Gauteng, KwaZulu-Natal and the Western Cape and this is because these three provinces are the most urban.

The multitudes of our people who flock into the cities are looking for better economic activities. Without access to economic opportunities, these multitudes become the reserve labour ripe for exploitation, they become the face of urban poverty and contribute to the increase in urban inequality. This means that beyond responding to the housing needs, we need to put effort in stimulating growth in the economy so that more people can be in employment and earn income.

There is growing recognition of the importance of the social housing sector to South Africa's ability to deal with fast-paced urbanization, rising inequality, urban poverty, and spatial fragmentation. Social housing is the only state-subsidized form of housing that can achieve the desired densities to support spatial transformation, public transport efficiency and urban inclusivity. South Africa is facing an unprecedented rate of urbanization, especially in four city regions – Gauteng, Cape Town, eThekweni and Nelson Mandela Bay. The United Nations Human Settlements Programme (UN-Habitat) and Statistics South Africa estimate that by 2030, 71.3% of the South African population will live in urban areas, reaching nearly 80% by 2050.

Social housing is an important dimension of social welfare policy and affordable housing provision. In our country, it is also a critical element of spatial and social transformation. One of the objectives of social housing is to achieve social mixing between high and low income earners, yet the sector is increasingly becoming home to lower-income and vulnerable tenants. This development poses a risk to the sustainability of the sector and the businesses that gets involved in the sector.

In our country, and because of the historical development of our cities that is centred on exclusion, the lack of availability of land has led to a phenomenon referred to as urban drift. what this means is that increasingly, many social housing projects are drifting far away from the urban centres. If this phenomenon continues, it will defeat the very purpose

of social housing which to bring low income earners to places of work, closer to social amenities and social mixing.

What is clear is that there is an urgent need for urban human settlement land. Cabinet has approved just over 14 000 hectares made up of 167 portions of land held by the DPWI for release for human settlements development. These portions of land will be held by the Housing Development Agency. So far just over 2000 hectares were released in the financial 2021/22 and over 7000 hectares of land will be released in the current financial. This programme is aimed at fast tracking the access to land for the poor and marginalised, especially in urban areas. These portions of land will be used for various human settlements programmes including social housing. Hence, I welcome and congratulate the City of Cape Town for the launch of the Land Release Programme for More Affordable Housing.

The Social Housing programme has struggled to achieve the scale required to the demand for social housing. Delivery over the prior five-year term from 2014 to 2019 was 13 968 units out of the targeted 27 000 units (52%). This is way below the demand in the market. The delivery challenges include lack of funding, unsustainable social housing institutions and the unstable employment status of the target market.

Since the last adjustment in 2018, tenants are struggling to pay their rentals due to inflation and substantial increases in utility costs. The stagnant income bands also posed several challenges in implementing sustainable projects. These were mainly cases where we did see more brownfield projects and there were lower numbers of projects presented to the Social Housing Regulatory Authority (SHRA) for approval, while existing projects in planning struggled to meet financial closure.

In response, we took a decision to revise the income bands for qualifying households. The bands for households within the target market has been changed to households earning from R1 850 to R22 000 gross monthly income as opposed to the previous qualification criteria for household income from R1 500 to R15 000. The expansion of the target market to households earning up to R22 000 gross monthly income, would align with the broader definition of the affordable housing programmes such as Finance-Linked Individual Subsidy Programme (FLISP).

The revision of the bands, coupled with the increase in quantum, will expand the potential households eligible for Social Housing and assist with a greater degree of cross-subsidization, while maintaining affordable rentals. It will also allow for those households that are struggling and cannot secure a bond to be accommodated in the programme.

The changes will lead to more interest and a stronger, credible social housing pipeline to then increase the volume of bankable Social Housing projects and assist those struggling to meet financial closure. We also anticipate increased interest from other public Debt Funding Institutions (DFIs) and private debt funders to participate in the programme and assist us to bridge the funding gaps.

The SHRA is mandated to Invest in, Regulate and Transform the Social Housing Sector. In terms of the Regulatory enforcement, the SHRA has been increasing its capacity to deal with non-compliance.

With regards to investment, the SHRA will be leading the effort of putting together the social housing projects pipeline that will help in crowding-in private sector investment into the sector. We recognise that for our country to meet the growing demand for social housing rental stock, we need to work closely with the private sector. We are in the process of converting the National Housing Finance Corporation (NHFC) into a human settlements bank. This entity will assist in mobilising funding for projects in the human settlements sector.

President Cyril Ramaphosa expressed our government's approach to private public partnership in housing during the launch of the Tshwane Mooikloof Development when he said: "The success of any future mega housing development rests with public/private sector collaboration. Private sector resources and expertise will aid government's efforts to meet the housing demand. The public sector can incentivize further investment by providing the necessary bulk infrastructure to enable development."

To make this pronouncement a reality, President Ramaphosa in his State of the Nation address early this year, made a commitment that: "The Infrastructure Fund is at the centre of this effort, with a R100 billion allocation from the fiscus over 10 years."

He went further to say that “The fund is now working with state entities to prepare a pipeline of projects with an investment value of approximately R96 billion in, amongst others, social housing.”

The success of the social housing programme will rely on the following:

- The creation of more sustainable social housing institutions.
- The creation sustainable funding ecosystem for social housing institutions and other projects developers.
- The development of mechanisms for better social housing management.
- The creation of a framework for a more dynamic public private partnership that will lead to increased investments in the social housing sector.
- A thriving economy that will ensure that more workers move away from the precariat status.

For the aforementioned to be achieved, it requires the three spheres of government to work together in a coordinated manner.

Ultimately, all our efforts should be aimed at creating a growing inclusive economy that is able to provide opportunities for many people that still find themselves outside the mainstream economy. It is through economic opportunities that many people will be able to eke out a living and escape urban poverty. More importantly, a more sustainable social housing sector can only be created if the employed beneficiaries stay in their employ without a risk of being thrown back into the unemployed army.

Social housing can help us transform our society for the better. Lets work together to create a better life for all

I thank you.