



Social Economics Rights Project

Human Settlements: Subsidy framework

Human Settlements: Funding

The National Department of Human Settlements Receives approximately R15 Billion from National Treasury to deliver housing countrywide.

In 2010/11 The Dora Allocation to the Western Cape, after adjustment, was R1 953

The Province then allocates funding to municipalities :

- R104m was set aside for Individual Subsidies, Operating Capital and Extended Discount Benefit Scheme
- The balance is allocated to municipalities, primarily based on the backlogs as identified in the 2006 Sanitation backlog study
- Projects in the City of Cape Town Metro (including N2Gateway) receive approximately 74% of budget, because of need. The balance is distributed between the smaller municipalities based on need

2

Housing projects & subsidy instruments

Range of subsidy instruments with largely equivalent prescribed values and with prescribed standards

Municipalities package projects in terms of these instruments, formulate projects and submit projects to Province for approval

3 main ones

- greenfield ("project linked" or IRDP);
- PHP for top structures on serviced sites only
- area-based upgrade of informal settlement resulting in serviced sites

Others

Emergency housing – temporary after disasters
 Rental housing: social housing and community residential units
 Individual subsidies – for the purchase of existing resale houses
 Extended discount benefit scheme – transfer of state rental houses to occupants

FLISP (R3500 - R7000) – for gap housing, under reform at present

3

Key products

- Serviced sites
- Serviced sites with single housing units for ownership
- Rental accommodation: rent to buy
- Rental accommodation: social housing

No products in which accommodation is linked to care, as in the kind of products offered NPOs: the housing subsidy never intended for this use, and such use would be a departure --- at present there are some proposals being discussed in the Social Services Cluster at national level

4

Eligibility criteria

- 18 and above, and resident in SA
- Household income R3500 or below per month
- Married or cohabiting or with at least one financial dependent, except if classified as aged person (minimum age to receive OPG)
- Not yet benefitted from govt assistance
- Previously did not own a residential property

5

Municipalities select beneficiaries for green field projects

Each municipality has it's own approach

Provincial govt in the process of introducing guidelines, and guidelines still being drafted and consulted with municipalities

Considering:

- Registration date ordering
- Limited quota for households desperately in need: e.g. permanent disabled persons who do require intensive institutional care; aged person who are primary care givers for minor orphans
- Limited quota for "proximate households" in special circumstances (social & economic ties and displacement)

6

Size of subsidies and some variations

All subsidies are set more or less at the same level per unit, although extra subsidies for social housing because of the cost of construction

An amount for servicing the site: approx R22K

Amount for the top structure: approx R55K

Subsidy variations per site:

- difficult geo-technical conditions,
- Cape condensation area (paint & ceiling),
- disability (depending on the type of disability: kick plates, hand rails & grab rails, lever action taps, folding door in bathroom, increase bathroom size, ramp at door way & paving)

7

Performance targets for 2010/11

Serviced sites: 18 000

Houses: 15 000

Plus:

- Purchase of land for development : R90m
- Upgrade of rental stock, CRU Programme : R230m
- Provision of temporary housing units (TRA) : R27m
- Operational Capital : R80m

Total budget: R1 953 million

8