



SOCIAL HOUSING SOUTH AFRICA

National Home Builders Registration Council (NHBRC)

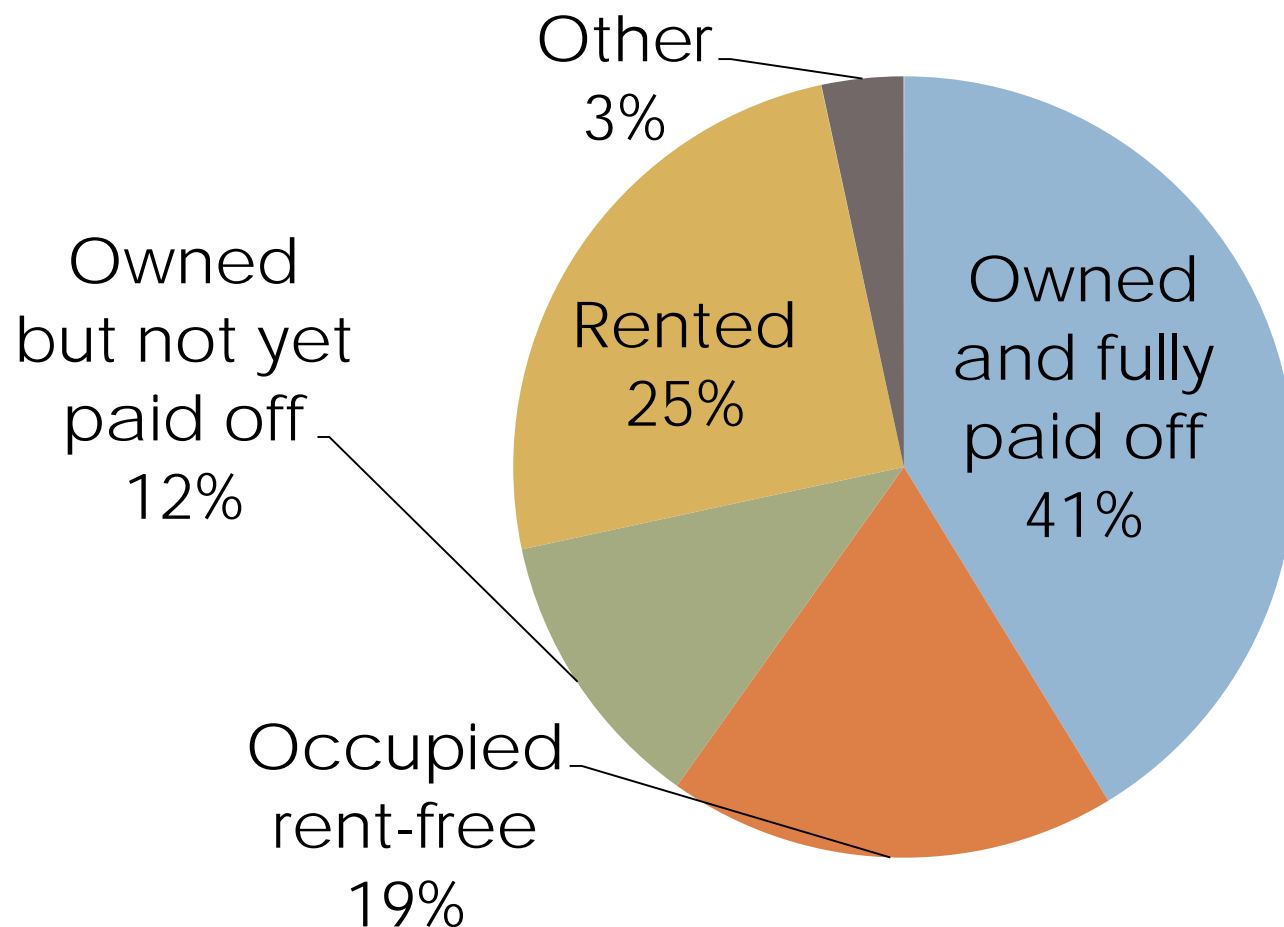
**Presentation to the
International Housing Association
November 3-4, 2016**

STATUS OF SOCIAL HOUSING IN SOUTH AFRICA

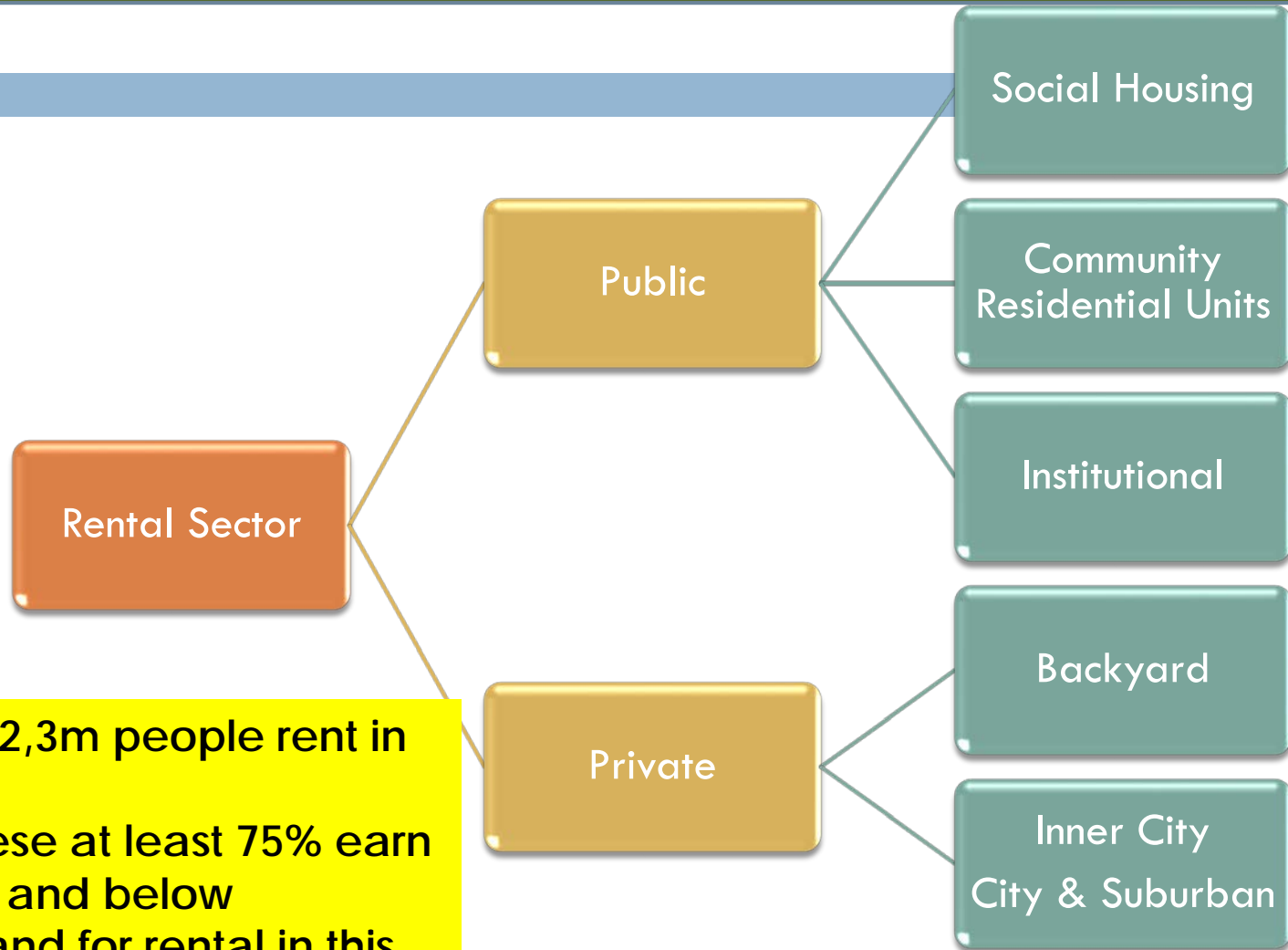
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- ❖ In South Africa, Social Housing specifically refers to rental or co-operative housing for low to medium income households (R1 500 - R7 500), in the form of medium to high-density flat units, providing good quality rental accommodation for the upper end of the low income market.
- ❖ At the end of the 2014/15 financial year, 20,447 houses constructed.

DISTRIBUTION OF HOUSING TENURE

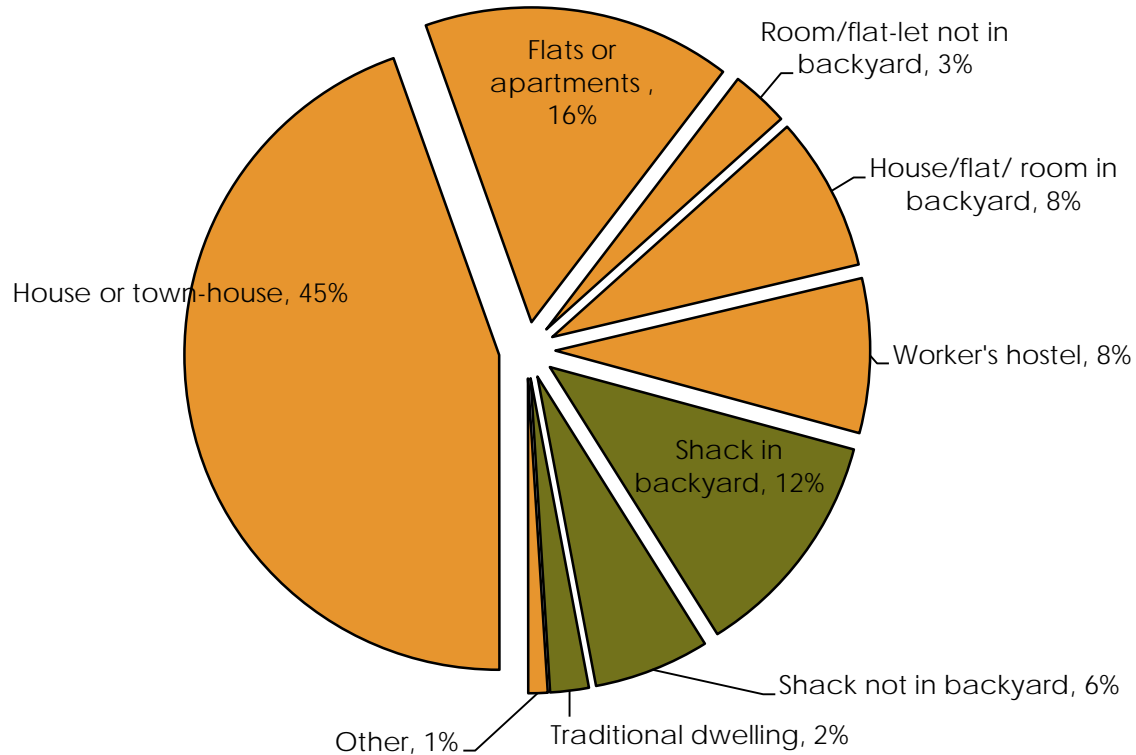


THE RENTAL SECTOR IN SOUTH AFRICA

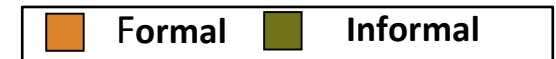


- Over 2,3m people rent in SA
- Of these at least 75% earn R7,5k and below
- Demand for rental in this category is at the average of 120 000 units per annum

RENTAL DWELLING TYPES



About 20% of rented dwellings are shacks



RENTAL CONTEXT

- 44% of people that rent earn between R1500 (\$150) and R7500 (\$750) per month
- The demand for rental units nationally is growing at a rate of about 250 000 units per annum
- In order to cater for the income category of between R1500 to R7500, government needs to provide 110 000 units (44%) per annum
- The great concern is the number of people earning below R1500 which represents up to 50% of the employed, who require some kind of rental solution.

How is social housing being delivered (public/private/combination)?

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The Social Housing Regulatory Authority (SHRA) was created in terms of the Social Housing Act 16 of 2008, and is the current Custodian of Social Housing in South Africa. The purpose of Social Housing is to contribute to the National priority of restructuring South African society in order to address structural, economic, social and spatial dysfunctions; therefore contributing to Government's vision of Sustainable Human Settlements.

Social Housing contributes to widening the range of housing options available to the poor.

- The Social Housing Investment Programme was established through this Act and consists of different investment categories, being:
 - ❖ Capital Investment in respect of social housing projects; and
 - ❖ Institutional Investment in respect of Institutional Development and Accreditation, Project Packaging, and Risk Management.
- Funding is provided annually from National Government through two streams:
 - 1) A direct allocation of capital funding to the SHRA from National Treasury disbursed through the NDHS; and
 - 2) Funds allocated to the Provincial Governments in terms of the Annual Division of Revenue Act (DoRA).

Financiers in the social housing sector include the following:

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- The Social Housing Regulatory Authority;
- Gauteng Partnership Fund (GPF);
- Development Bank of South Africa (DBSA);
- Commercial Banks;
- International Financiers;

INSTRUMENTS FOR FINANCING SOCIAL HOUSING:

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The funding of social housing projects requires a combination of government subsidies, equity from SHIs and debt finance. No single initiative is solely utilised to fund social housing development and the social housing funding model incorporates a range of components working in synergy. The most important of these are as follows:

- **Restructuring Capital Grant (RCG):** The RCG is administered by SHRA, and stands at R125,615 per unit in 2015;
- **Institutional Subsidy (IS):** The IS is administered by provincial human settlements departments. . Currently, the IS is valued at R110,000 per unit and has been increased periodically in line with Construction Price Inflation along with other national subsidy instruments;
- **Equity from the SHI:** Equity contributions are sought in respect of the Social Housing Policy. In most cases SHIs are required to invest some equity in social housing projects. Currently, this is limited to an average of 3% of total capital costs in social housing projects; and
- **Debt Finance:** Balance of financing for social housing is provided by debt. Currently, the bulk of debt finance is provided by Development Finance Institutions (DFIs).

PARTNERING WITH OTHER ORGANISATIONS

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The SHRA partners with a range of other government and non-government organisations and entities including:

- National Association of Social Housing (NASHO)
- National Housing Finance Corporation (NHFC)
- Provincial Rental Tribunals
- Provincial Departments of Human Settlements
- Provincial Steering Committees
- Service providers
- Municipalities Funders and financial institutions
- Other Human Settlements sector entities and stakeholders

PARTNERING WITH OTHER ORGANISATIONS

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- The Social Housing Policy emphasises the need to maximise private sector involvement as a key principle to guide housing policy and strategy.
- To date, the private sector has not played a primary role in financing, delivering and managing social housing as envisaged by the Social Housing Policy.



THANK YOU.



IHA Secretariat