



human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

Government investment in human settlements & how citizens can access the opportunities created

Through the Provinces and Municipalities, the Department of Human Settlements is by far the largest constructor of residential property in South Africa. On average, the Department's low cost housing programme provides about 260 000 dwelling units per annum, compared to the 78 000 constructed by the private sector. The gross value of these 260 000 units can be estimated at R15 billion. It is estimated this investment has the potential to create 22,600 direct and 21,100 indirect job opportunities.

This economic information is published on a quarterly basis through a publication called "Housing and the Economy of South Africa". It is an informative publication about developments in the economy and their impact on housing as well as the state of the building industry.

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Woman Empowerment

In the meeting of the Minister and Provincial MEC's (MinMEC) took the decision to allocate 30% of provincial housing project budgets to projects

led by women contractors in order to promote women entrepreneurs. Since inception in 2000, out of 2 573 projects a total of 290 have been allocated to women.

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Sub Programme: Youth empowerment

To involve youth in housing programmes the Department introduced a Scholarship programme that targets students pursuing housing related qualifications. Since 2007 the Scholarship programme is awarded to academically deserving students on a two (2) year cycles.

The scholarship programme's purpose is to assist the Department in its contribution the national effort to increase the levels of required scarce and critical skills while promoting the capacity to accelerate housing delivery.

Funding is available to interested students who wish to pursue the following fields of study at any South African University:

- Civil Engineering
- Town and Regional Planning
- Architecture
- Architectural Technology
- Construction Management
- Surveying/ Land Surveying
- Landscape Technology
- Cartography
- Urban and Rural Studies
- Construction Science
- Building Surveying
- Development Planning
- Development Leadership and Management
- Landscape Architecture

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Capacity Development
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Promoting Black Economic Empowerment (BEE)

In the effort to promote BEE and, facilitate greater participation of black service providers in the housing delivery chain, a preferential procurement regime was introduced in 2001. Thus, the Department has developed an SMME's database for suppliers of goods and services valued at below R200 000.

The Department has a Developer Driven Individual Subsidy Sub-Programme (DDIS) aimed at small scale developers that are unable to execute large project linked subsidy projects and, has historically built a small number of homes at risk which are then sold to beneficiaries who qualify for the Individual Subsidy Scheme. In essence these developers are invited to lodge applications for small-scale projects. If the projects are approved, the relevant number of subsidies is reserved and the MEC or his/her nominee enters into an agreement with the developer concerned.

Broad-Based Black Economic Empowerment (BBBEE)

In line with the national BBBEE policy, the NDoHS must award preference points based on the objectives of the PPPFA and its Regulations. With the use of scoring models, the NDoHS will determine the ratio of points for HDI development in the achievement of its pre-determined goals and targets for BBBEE.

The NDoHS also aims to meet the principles of Broad Based Black Economic Empowerment as stipulated in the BBBEE Act. Until such time that a specific sector adopts a charter (to provide a preference framework for suppliers) the following principles will apply:

- Internal Score Card, or
- In accordance with the Charter of a specific industry sector.

For the procurement of goods and services, the SMME's database was developed for suppliers of goods and services on contracts under R500 000.

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National Home Builders Registration Council (NHBC)

The NHBC is a statutory body established in terms of the Housing Consumer Protection Measures Act of 1998 and, it's mandate is to protect potential housing consumers from unfair homebuilders. The NHBC strives to regulate and provide better services to housing consumers through the registration of homebuilders and enrolment of homes.



Emerging Contractor Development Programme

In the quest to build capacity in the home building industry the NHBC introduced a skills training programme for home builders. These include CETA accredited training in financial management, project management and construction management. The NHBC currently has a budget of R47 million to be utilized in training 9 870 targeted emerging home builders in the sector. During the financial year 2007/8 4 512 home builders were trained. Currently, the training of emerging home builders is spread throughout all the provinces, municipalities encompassing urban and rural areas. In the near future the NHBC will establish Construction Centers throughout the country in order to bring training within easy reach of all those who meet their criteria.

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The National Housing Finance Corporation (NHFC)

The NHFC was established as a result of a Cabinet decision in May 1996, as envisaged in the White Paper on Housing, to search for new and better ways to mobilise finance for housing, from sources outside the state, in partnership with the broadest range of organisations.

English



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Amongst others the NHFC provides development finance for housing in the following instances:

- Funding of institutions providing affordable housing finance at the retail level.
- Such finance would be aimed at the lowest possible income levels able to afford credit on a sustainable and commercial basis.
- Funding of institutions offering a variety of tenure options for residential purposes, in the under-serviced and un-serviced segments of the housing market.
- Mobilising of savings into the housing process, through appropriate intermediaries.

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National Urban Reconstruction & Housing Agency (NURCHA)

Nurcha provides direct bridging finance to established contractors and, indirectly, through intermediaries, to emerging contractors for the construction of:

- Subsidy housing,
- Credit linked housing,
- Rental housing, and
- Infrastructure and community facilities.

During the 2004 financial year Nurcha approved 47 loans to the value of R63 million, for the building of approximately 17 000 housing units to emerging contractors. Research indicates that on average the contractors supported through this facility were able to produce a profit of R2 000 per housing unit. The institution disbursed 15 loans to the value of R55 million to established contractors during the same year. These loans facilitated the construction of 2 400 credit linked houses.

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CEO: Nurcha
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Social Housing Foundation (SHF)

The Social Housing Foundation is a section 21 Company which was

established on 4 November 1997 by the Government. The organisation was established as a national institution and, is formally mandated by the Department to develop and build capacity for social housing institutions and, to develop a policy framework for the social housing sector through the Housing Amendment Act, 1999 (Act No. 20 of 1999).

The SHF's mandate is to provide technical support in the establishment of social housing institutions and capacity building for the sustenance of housing institutions. Some of these institutions, especially cooperative housing, are developed by local communities. The development of these institutions creates job opportunities for the communities in which they are located.

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Rural Housing Loan Fund (RHLF)

The Government established the mandate of the Rural Housing Loan Fund (RHLF) in 1996: "to contribute to the improvement of the housing and living conditions of poor families in rural areas." The German and South African government agreed on certain operational principles with regards to wholesale development finance. The rural housing market is a high-risk market and the department created the RHLF to offer incremental housing finance to this market.

During the financial year 2004, RHLF, as a wholesale credit provider, had 6 active retail credit providers as clients, to whom R69 145 000 was disbursed.

In turn these funds were utilised to grant 15 202 end-user loans. It is estimated that 71% of these loans are used for housing purposes and, 44% of the borrowers are female.

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NB: For information related to housing support institutions contact the National Department of Human Settlements.
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