

**SPEECH BY LN SISULU MINISTER OF HOUSING AT THE LAUNCH OF THE
HOUSING DEVELOPMENT AGENCY**

2 March 2009

International Convention Centre

Durban

Master of Ceremonies,

Members of the Provincial Executive Councils

Chairpersons of Parliamentary Committees

Members of Parliament

Honourable Mayors and Councillors,

Esteemed Traditional Leaders

Members of the SALGA National Executive Committee,

Director-General of Housing and other Heads of Administrations

Municipal Managers and other municipal officials

Members of the Governing Board and the Chief Executive Officer of the Housing
Development Agency

Distinguished Partners in Housing Delivery

Friends, Ladies and Gentlemen,

2009 is a very important year in the history of our people. It is first of all a year of celebration. The month of April will be the fifteenth birthday of our young republic. South Africans of all walks of life will celebrate fifteen years of freedom, dignity, equality and democracy in their country.

The month of April will also mark a time when we will go to the polls, a time for the nation to take stock of the progress made over the past five years, to identify areas where we can improve our performance and for individual citizens to express their democratic choice (to return us to power).

This is happening at a time of dramatic change, as we navigate our way in the midst of a global crisis that presents great challenges to our nation, perhaps the greatest for our time. The global crisis is comprised of interlinked economic, environmental and political crisis, which have a direct impact on South Africa.

Through a combination of fiscal prudence on the part of government and the relative discipline of our banking sector, we have avoided the worst financial aspects of the crisis. But we are, however already feeling the economic impact as the credit crunch spreads through the wider economy and reduces demand for our exports, especially commodities, and effect the housing market during a number of our new entrance into the market into complete despair. And we will continue asking ourselves the nagging question: "Are we in recession?" Our Minister of Finance answers us, we are not, and

that not all that quacks is a duck. While our economy might be quacking they are not ducks yet.

We have a responsibility to confront the realities of our time and help find solutions to the problems they represent. To do this, we will need to call on all of our assets and skills: human, organizational, financial, technological and strategic. We believe that all of us working together is by far the best placed to lead South Africa as we grapple with the problems and uncertainties posed in this time of change. Our track record as a government together with yourselves speaks for itself on many levels, but for now let us restrict ourselves to what is pertinent tonight. Access to housing.

It is worth repeating that for us, we boast a record breaking delivery of 2.8 million houses! But the basis of our achievements must be beyond numbers, as a right enshrined in the Freedom Charter. It is worth repeating that we boast that, together with the private sector, we have provided access to 3.1 million houses translating into housing more than 15 million people.

For all of us at housing, from members of the executive at both the national and provincial government, the officials and all the role players who stayed the course with us, the event today is eventually the pinnacle of all we have set ourselves to do. We will finally be judged on the capacity to sustain our achievements; by our ability to create a basis for sustained growth and delivery. Since November 2004, many would recall, we searched for a solution to the capacity problems we faced in delivering greater numbers of housing units. Against a background of clear signs of increasing demand our delivery record was not promising.

Five years after the experience of those frustrations we are able today, during our tenure of office, to launch the Housing Development Agency. I trust that you share my exhilaration that we finally arrived at this. It gives me a great deal of satisfaction to hand over, at this point to the new administration. We have now overcome all our major obstacles. We have captured the high point.

When we experienced the first flutterings of this frustration, we resolved to look outside of ourselves and see how others in similar positions had dealt with this problem. We visited Malaysia in September 2004 to learn about that countries experience the efficacy of a well-thought out, resourced and state driven mechanism for meeting delivery targets was made clear. And this was being done without replacing or even diminishing the role of the private sector.

As we learn from other examples, state driven agencies are indeed no guarantee either of efficiency or fairer and speedier delivery. However, we know too, that they have a huge impact in arresting the escalation of prices through regulation but by also making available alternative means for access to housing land. The escalation in the price of

building materials is a matter we constantly drew attention to as an impediment to our delivery. But of even greater obstacle has been the issue of access to suitable land.

In the circumstances, the Housing Development Agency will not merely help address the weaknesses we had identified in our housing delivery chain. More fundamentally in the present, it will help us protect the gains we made since 2004 of delivering for the first time to the target of 250 000 units per annum; for the first time, reversing Apartheid spatial patterning, creating a very real basis, leading to real transformation of our societies.

As we speak, the housing and human settlements problems facing South Africa are very real, very vast, extremely complex and therefore require bold and imaginative solutions.

Great strides in housing delivery have been made in the past 15 years to improve shelter and habitation needs of a third of our people. This standard is worth celebrating as it is not comparable to any other country! As we celebrate this achievement, we find ourselves and our delivery systems challenged by an unprecedented growth of housing needs compounded by rapid urbanization and migration to cities.

Our gathering here tonight occurs amidst the reality that over 1.2 million families remain to be housed in decent homes. Their need for better housing cannot be ignored nor postponed, for it is very real and therefore requires a robust response. Their collective housing need is very vast as reflected by the sheer numbers. The living conditions of families in need of housing is far more complex than just want of shelter – these families require access to schools, health care, effective transport, social and economic networks including work opportunities. Although we know that our housing programme is yielding results, we are mindful of remaining needs.

A recent report by UN-Habitat estimates that three out of ten urban households in South Africa are slum households despite our resolve to address this in line with the Millennium Development Goals. (Du Noon)

We remain resolute in our determination to bring an end to homelessness and under-development. I know I speak for most of us here when I say, actually, our determination has become an obsession. Because that is what housing does, it gets under your skin and consumes the conscious mind.

As we continue to assemble better ways and tools to accelerate housing delivery, we are confronted with new problems, throwing us therefore into a continuous cycle of difficulties, blockages, bureaucratic inefficiencies, turf wars, unhappy communities and some dishonest builders that have plagued housing delivery throughout the past decade.

Our review of the Housing delivery value-chain revealed, as was repeatedly pointed out by some of our partners, that the most debilitating bottleneck in housing delivery, however has been the land release and development process. The difficulty in

acquiring, preparing and releasing land for housing development is well documented. In addition the assembly of land, and the associated costs, has worked to frustrate organs of state, developers and investors as well as communities. Next to financial engineering, the systematic resolution of the land inputs to housing is sure to deliver affordability of housing to most families. Affordability must not be allowed to evade us any more, especially as our people begin to feel the effects of the financial crunch.

Through the Housing Development Agency we are not only rising to this challenge, but we are certain to begin a different conversation with many partners. The conversation that is possible through the Housing Development Agency requires that all spheres of government and our partners collaborate more than ever in responding to the many hurdles.

The challenges of aligning financing, infrastructure, settlement planning and community amenities confronting many localities compel all of us to set development priorities even in the context of difficult trade-offs. No single stakeholder must seek to act alone in responding to these difficulties. The Housing Development Agency is now available to offer a platform for this conversation, for collective action and as a focal point for collaboration across diverse role players.

Building on the achievements of the first fifteen years of our democracy, our Comprehensive Plan for the Creation of Sustainable Human Settlements cannot fail. In achieving the objectives of this plan, we have already demonstrated that we can build integrated communities to ensure that the poor do not continue to be marginalized through failure to plan for integrated settlements.

The Plan consolidates our housing delivery strategies to date to give effect to the building of communities that reflect our hard won democracy and the spirit of the Freedom Charter. Furthermore, the Plan recognises that urbanization is rapidly changing our spatial landscape - thus presenting us with threats, but also opportunities to development. This must create a beneficial relation between the urban and the rural parts of our country instead of maintaining a superficial and unsustainable dichotomy of the two. My party has now prioritized rural development, and therefore this launch could not have come at a more appropriate time as we attend to a sector that has lagged so far behind in our development.

Given the scale of work and the bold instruments entailed in the plan, we have also opted for increased inter-governmental co-operation requiring a unique commitment of the three spheres of government to work in a collaborative and co-operative manner to effect immediate, meaningful and sustainable improvements in the living conditions of our people. An undeniable fact of our history is that the apartheid mode of development and planning left many families landless and asset-less and so condemned to a

permanent state of peripheral existence. This is the scandalous legacy that we must now bring to a decisive end without apology or through half measures.

It is also a sad reality of our present circumstances that the Municipalities that we established in 1996 are caught in a crisis of capacity. Two thirds of the blocked projects we inherited in 2004 were blocked because of lack of capacity at Municipal level. We, as Minmec had to take a drastic decision in 2006 that we would intervene decisively where Municipalities did not have the capacity. We now have an instrument that would assist us and that would be acceptable to themselves. It is intended to support Municipalities in giving them the added capacity they so badly require to ensure that we can deliver on scale. (Mt Frere)

The Housing Development Agency is established to serve as the focal point and special purpose vehicle for Municipalities, Provinces and National Government including parastatals to prioritise land assets in favour of housing. It means that, as a nation, we must be in agreement on prioritizing prime land for sustainable human settlements – this with a view to integrate communities. We cannot claim easy victories of delivery when we continue to exclude the poor segments of our society from sharing in and enjoying the basic privileges of amenities that they are entitled to: decent shelter, access to economic opportunities, schools, good neighbourhoods, etc.

So urgent was the priority to establish the Housing Development Agency that it took extra-ordinary effort by many who made sure that we could be at this point today. In particular, I am grateful to my Cabinet Colleagues, Members of Parliament and Members of Provincial Legislatures that worked tirelessly to process the Legislation that gives effect to the Housing Development Agency. In contrast to the normal three years it takes to establish a new government entity, the HDA was established in a record eleven months! Such was our resolve to fast-track housing delivery and meet the housing needs of those families that wait patiently.

The promulgation of the HDA Bill in 2008 heralded a new dawn for housing delivery. We now have an agency that will identify, acquire, hold and transfer well located land and landed properties. It will perform these functions in a manner that compliments the existing capacity across all spheres of government. Its mandate is to perform the functions in line with the objectives set in the Breaking New Ground strategy where the key determinant of success is the location of new housing projects.

To the HDA, I have the singular honour of having lead a group of very competent, dedicated MECs who have given their life's work to housing. We entrust you with this very important responsibility.

Ladies and gentlemen, tonight you are witnesses to the following charge to the Housing Development Agency:

§ It must show intolerance to poverty that has invaded some of our households and demonstrate real-time urgency as well as precision in its work to advance the fight against poverty and under-development - this is what goes directly to the heart of what we are trying to deliver. I should no longer fear to campaign for my party because I might encounter unfulfilled promises.

§ The HDA must, in the next 12 months, conclude collaborative agreements with key government Departments and secure land assets from Government and State-owned Enterprises.

§ The HDA must immediately facilitate a government-wide moratorium on the sale of public and state land until such time that across the three spheres of government we have clarity on our priorities for alienating land.

§ The Agency must work with municipalities and provinces to put in place special measures to ensure that the necessary land development permits can be fast-tracked.

In other words through the Housing Development Agency, we put in place practical measures that will remove our worst nightmares in housing delivery. It is now more possible and opportune to work collectively as government, private sector and communities to deliver more quality and sustainable settlements because, you see, we do believe that working together, we can do more!.

The primary commitment of our government remains firm in attacking poverty, squalor, under-development and spatial segregation! The Housing Development Agency is an addition to our arsenal in this assault on poverty in all its form – including poverty of assets and property.

Cabinet has approved that Taffy Adler, who is well-known within both the public and the private sector to head the Housing Development Agency. We ask him to do for us what he has been able to accomplish for the Johannesburg Housing Company. He will be assisted by both CEOs of Thubelisha and Servcon, who, as you know, have been able to turn around the fortunes of both companies. He will also be assisted by a newly appointed Chief Financial Officer, Rooksana Moola, who has a wealth of experience in both government and non-governmental organisations, and has previously been part of the highly innovative and effective Johannesburg Development Agency.

The Board has been meticulously selected from hundreds of nominations. The Chairman, Nkululeko Sowazi, well known in the housing sector, has a long track record

in development organisations, including Kagiso Trust, the Mortgage Indemnity Fund and the Homeloan Guarantee Company, and is currently Deputy Chairman of Tiso Investments. He is backed by a strong board with excellent experience in planning and development.

To all our housing development partners, I commend the Housing Development Agency to you to engage as your development partner of choice. This Agency is here to supplement our efforts, to help mature opportunities, harvest land assets and deliver them for housing and human settlements development.

To the Governing Board of the Housing Development Agency - working together with the Chief Executive Officer, Mr. Taffy Adler: you have accepted the call to undertake the mammoth task that lies ahead. With your collective wisdom, expertise, motivation and skills... Make us see and believe that we are not far from the day when it will be possible for every South African to access adequate housing that is secure and comfortable. Make our revolutionary ideals real. And make me proud, don't let the sun go down on our dreams.

I THANK YOU