

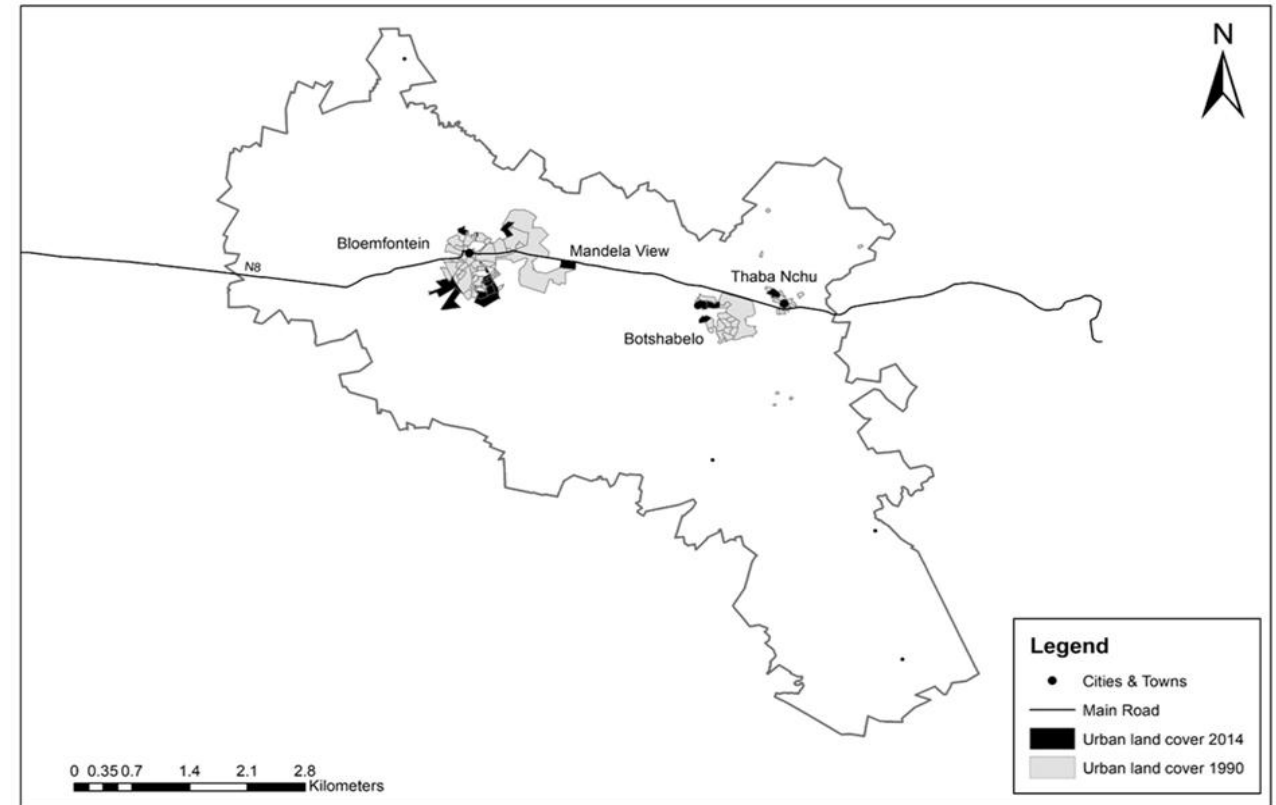
# **LIVED EXPERIENCES OF STATE-SUBSIDISED HOUSING IN MANGAUNG**

HUMAN SETTLEMENTS  
TENURE REFORM SYMPOSIUM

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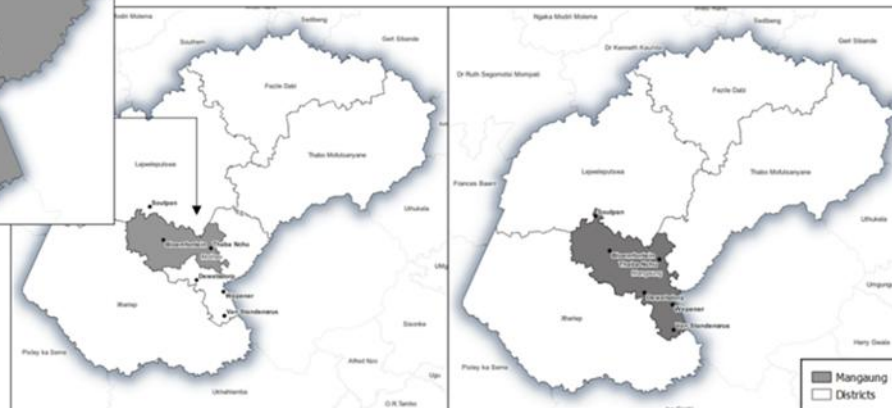
# The spatial context: Mangaung



## National – Provincial – Local Context



Local (Category B) municipalities in Mofeng District Municipality Before 2011



Mangaung Metropolitan Municipality (2011) after municipal reclassification

Mangaung Metropolitan Municipality (2016) after municipal merger

- 2001: MDB established Mangaung Local Municipality
- 2011: Mangaung declared a Metropolitan Municipality
- 2016: Naledi & Soutpan Local Municipalities added



Mangaung, subsidy programme  
succeeded in delivering 53,383  
houses between 1994-2020  
(Mokoena et al., 2023)

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Sections 10A and 10B of the  
Housing Act 107 of 1997 regulate  
the sale of these state-subsidised  
housing in South Africa  
*[Protect government investment]*





# Housing investment by subsidy type, 1994-2020

Housing subsidy programmes	Amount at time of investment (ZAR)	Percentage at time of investment	Investment at 2020 value	Percentage at 2020 value*
Project-linked	2,075,833,367	50.2	3,292,407,590	55.0
IRDP	982,807,575	23.7	1,171,130,180	19.6
Community residential units	500,473,015	12.1	664,449,692	11.1
Institutional subsidy	266,283,647	6.4	368,653,179	6.2
Project-linked – essential services	139,539,860	3.4	187,921,671	3.1
Project-linked – People’s Housing Process	64,104,705	1.5	117,006,492	2.0
Rectification programme	61,728,004	1.5	81,200,715	1.4
Consolidation subsidy	29,892,250	0.7	71,083,771	1.2
Individual subsidy	6,666,773	0.2	11,481,494	0.2
Discount benefit scheme	2,952,982	0.1	7,211,545	0.1
Relocation assistance	4,456,937	0.1	6,680,949	0.1
Rural housing programme	3,406,476	0.1	4,915,546	0.1
Financed linked individual subsidy programme	148,800	0.004	166,656	0.003
Total	4,138,294,391	100.0	5,984,309,479	100.0

# Housing delivery by sub-location in Mangaung, 1994-2020 (project linked subsidies)

Year	Bloemfontein	Botsabelo	Thaba Nchu	Dewetsdorp/ Soutpan/ Van Stadensrus/ Wepener	Mangaung total	Free State allocation	Mangaung as % of Free State allocation
<b>Phase 1: 1994–2003</b>	<b>18 066</b>	<b>3 468</b>	<b>3 081</b>	<b>993</b>	<b>25 608</b>	<b>89 135</b>	<b>28.7</b>
1994–2003 % (2016 boundaries)	70.5	13.5	12.0	3.9	100.0		
1994–2003 % (2001 boundaries)	73.4	14.1	12.5	n.a.	100		
<b>Phase 2: 2004–2013</b>	<b>11 454</b>	<b>8 080</b>	<b>5 187</b>	<b>2 475</b>	<b>27 196</b>	<b>104 009</b>	<b>26.1</b>
2004–2013 % (2016 boundaries)	42.1	29.7	19.1	9.1	100.0		
2004–2013 % (2001 boundaries)	46.3	32.7	21.0	n.a.	100		
<b>Phase 3: 2014– 2020</b>	<b>360</b>	<b>0</b>	<b>0</b>	<b>219</b>	<b>579</b>	<b>10 701</b>	<b>5.4</b>
2014–2020 % (2016 boundaries)	62.2	0	0	37.8			
2014–2020 % (2001 boundaries)	100	0	0	n.a.	100		
<b>Total</b>	<b>29 880</b>	<b>11 548</b>	<b>8 268</b>	<b>3 687</b>	<b>53 383</b>	<b>203 845</b>	<b>26.2</b>
Total % (2016 boundaries)	56.0	21.6	15.5	6.9	100.0		

# Issues with Sections 10A & 10B of the Housing Act 107 of 1997 in Mangaung

Lack of awareness and compliance	Many beneficiaries of state-subsidised housing are unaware of the restrictions imposed by Sections 10A and 10B. As a result, some homeowners sell or transfer their properties without following the legal requirements, leading to informal or illegal transactions
	<p>When homeowners (parents) pass away, their children often sell the property through various means, including verbal agreements, unofficial contracts</p> <p>Master of the High Court issues <b>Letters of Authority</b>, granting a (family) representative the legal power to manage and administer a deceased person's estate. These letters allow them to handle assets, settle debts, and facilitate property transfers.</p>
Enforcement difficulties	Government authorities struggle to monitor and enforce compliance due to limited resources & administrative capacity. There have been cases where properties were sold without obtaining the required consent, and authorities only discovered the violations after the transactions had been completed

# Issues with Sections 10A & 10B of the Housing Act 107 of 1997 in Mangaung

Housing market distortions	Regulatory restrictions – laws that limit property sales (e.g., resale restrictions on subsidised housing) can reduce market fluidity
	Sales are often way below market price
Difficulty in protecting involuntary sales (Section 10B)	Section 10B seeks to prevent forced sales of subsidised housing, but financial struggles (beneficiaries) often lead to repossession or eviction. In some cases, financial institutions may proceed with sales without fully considering the protective measures in the law

# Issues with Sections 10A & 10B of the Housing Act 107 of 1997 in Mangaung

Fraud and corruption	Some officials and third parties have exploited loopholes in the system, leading to fraudulent transfers of subsidised houses. Cases of bribery, forged documents, and illegal evictions have undermined the effectiveness of these provisions.
Illegal and informal sales	Due to sales restrictions, some homeowners bypass the law by selling properties informally, leading to legal complications and challenges in obtaining formal ownership rights.
Data deficiency	No sufficient data is available to determine the extent of the problem. This becomes evident during public events held for the distribution of title deeds
Delays in Government approval processes	When homeowners do apply for consent to sell, bureaucratic delays in processing their applications can cause frustration, leading some to bypass the process entirely



# Recommendations

- It is essential for the State to safeguard its investment in subsidised housing
- Enhance public awareness and education by conducting awareness campaigns to educate beneficiaries on the sale restrictions and implications
- Stronger role for the Master of the High Court to ensure estate transfers follow legal procedures, preventing unauthorised sales after a homeowner's death.
- Enhance the issuance of title deeds and property transfers by streamlining the process for beneficiaries
- Implement tighter oversight and penalties for unauthorised sales