

**Address by L N Sisulu, MP,
Minister for Human Settlements, Water and Sanitation on the occasion of
the Debate on the Human Settlements Budget Vote (33) in the National
Assembly
21 July 2020**

Chairperson,
Honourable Members,
Acting Director-General, Heads of Provincial Departments and officials
Members of Boards and Councils of Human Settlements Entities
Ladies and Gentlemen.

Twelve months ago I was here before you. We had a great many plans. We were going to upscale the delivery of houses, declare 94 priority development spaces for human settlements development. We were going to empower people to build their own houses through stokvels. We were going to do all of those things that we knew after 25 years in government was achievable and urgent. At the end of the speech, the progressive forces in the House agreed to support the department and we set about to create programmes to move forward. We were all geared up by these great many plans of what was to be done and in what time it would be achieved.

The advent of Covid-19 changed much of that. It changed the way we lived, it changed our tempo. It agitated for solutions here and now. It incidentally thrust innovation in our face. It created a certain urgency around making sure people are protected from the elements and consequently most of the plans we laid out had to be delayed. But these plans have been replaced by an even greater drive to deliver more, deliver differently, deliver faster. Driven by the pandemic, what we have been able to achieve in the past five months has been nothing but outstanding. It may not

have been part of our original plans, but it showed our ability to respond to any situation as it unfolded.

At the back of this pandemic we have gained greater impetus, provided society with greater insight into the urgency and need for shelter and showed the Department for what it is – a caring Department, ready to reach out and find solutions for most of the problems we encountered, including, unfortunately evictions and invasions.

I want to take this opportunity to thank the acting Directors-General, the Department and the entire Human Settlements value chain for the urgency with which they attended to that which was necessitated by the pandemic. I want to thank particularly the ANC members of the Portfolio Committee for the support they have given us, unraveling every situation we found ourselves in, being there to help us negotiate new terrain. I would like to thank Deputy Minister Tshwete for holding the fort in the Eastern Cape. I am proud of what we are able to show the country – a team that is dedicated to the rights of our people. A team dedicated to work all hours to find new solutions to the extent it was possible.

Today we are celebrated at international fora for the innovative ways we have used to house our people, notably the community of Wilgeheuwel in Roodepoort. In less than three weeks we were able to provide 70 families with decent shelter, water and sanitation. In the Eastern Cape, we are onsite building 1000 TRUs in Buffalo City at Duncan Village. These will also allow us to fast track the implementation of the Duncan village housing project which has been delayed for a while though court processes. In Gauteng, we also have TRUs being rolled out to provide space for social distancing and future development of the informal Settlements. Among others, Zandspruit will yield 1402 units, Tanganani Ext 7 will yield 1108, Rabbie Ridge will yield 1200 units. In the immediate term, the Housing

Development Agency (HDA) will assist government to build 6371 TRUs of these units across the country – with other provinces such as KZN, Limpopo, Eastern Cape building more with the private sector.

It took this crisis to indicate to us and the world what we are capable of. We have more of these plans to ensure that our people are urgently provided with some form of shelter. This has helped us change to new ways to propel us forward. We have, as a result, revised most of our plans and methods to suit our current situation. We have also used the Level 3 provisions to scale up our Social Housing yield.

Where much has been lost in terms of delivery, much more has been gained in terms of the credibility of the institution. We need this credibility, to have our people and the private sector buy into our vision and commitment. Human Settlements has the greatest ability to turn around our economy after the pandemic. We have shown the private sector, we have shown the donor community and we have shown our people that we are a dependable team. We would like them to invest in us, support us and join us in our work to achieve a more equitable social order. Mass housing delivery will provide us with what the Marshall-plan provided Europe.

A great deal of how we have done things differently has revealed what is possible and it has also indicated to us that as the world moves on, new ways will be the dominant feature of our work for the next two years. Having seen the vulnerability of our people, we hope that we will provide the anchor to regenerate the economy. We will provide the anchor to ensure that we rebuild the infrastructure of the country. This is especially important in order to stretch the ever more tightening fiscal purse. Each Rand we have will be used in support of the people and with their collaboration.

Inequality, that is so pervasive in our country, is still our greatest weakness. We learned with the pandemic that we need to move together, because in this pandemic we are all equal; both the privileged and the under-privileged suffer. It does not choose race, gender, religion or status.

Now, more than ever we need to focus on supporting people to do things for themselves. We can harness the energy, the values, the success and long held capacity of our people, especially women. Women have been building homes and homesteads for generations. We want to help them do that now, and build homes of value which they can hold as assets and pass on to their children. It is our purpose to bring to bear the full might of our resources and institutions to help people help themselves and to create wealth with their own hands. Thus, apart from releasing serviced sites, we are bringing partners to help people and expand their efforts.

Sometimes it is important to learn from our past what worked and what did not. Last year I talked about supporting stokvels. This is an idea we should rigorously follow through. This is an idea that has made India's Slum Dwellers International (SDI) an internationally acclaimed organisation that has taken millions of people out of slums and into decent accommodation from their own savings. This is where Sanlam and Old Mutual started and today they are international players. We should find a formula where stokvels can be supported to the levels of SDI, Sanlam and Old Mutual.

As I have said, it is tempting to introduce new interventions and try new things. However, we should see how we can make sure that what we have been doing keeps improving and yielding better outcomes. In this regard, we are engaging with the private sector on our programs.

We have fast-tracked the release of serviced stands, because in that way we will have greater yield and less possibility of the temptation to sell or rent out the houses we provide. When people have built with their own hands and have created their own wealth, they are less likely to act irresponsibly with the asset. Ours would be to provide the infrastructure, the services and subsidies and to bring partners on-board to assist.

Currently we are readying ourselves and our institutions to anchor human settlements as the biggest catalyst for reinvigorating the economy after the pandemic. Recently, as part of the response to Covid 19, we fast tracked the launch of Elijah Baray Mega project in Gauteng where 1500 approved beneficiaries from Khuthong Informal settlements are being relocated into their homes. Hostels have also been identified as overcrowded spaces that would place our people in danger. In line with this we have identified Mamelodi Hostel which is one of the most overcrowded hostels in the country. For the dedensification programme here we are currently constructing over 1000 Temporary Residential Units for the residents of the hostel.

In Roodepoort, I instructed the HDA to intervene in providing alternative accommodation for our people who had been victims of multiple farm evictions and have been living in tents for over four years. Thanks to the combined efforts of the HDA and the City of Johannesburg and a generous donation from our private sector partner SAHIF, I am happy to report that in less than 3 weeks we were able to construct 70 housing units to address the plight of our people there. This work was acknowledged by the World Bank as one of the critical interventions in the fight against Covid-19 and as part of a broader strategy to shelter our people.

We are all aware of the predictions that the Covid-19 pandemic will remain with us in the short-term. This, coupled with the current housing backlog, which is estimated at 2.6 million across the country, calls for us to not only redouble our

efforts but to be bold and innovative in implementing the policies and political decisions we have already taken. Our solutions must address persistent challenges that impede our delivery of human settlements in a way that spatially transforms our society and provides security of tenure on a broad level, and that ensures our people are living in safe and healthy environments as we continue to battle to overcome the Covid-19 pandemic.

The Banking sector has expressed renewed energy and commitment to our FLISP programme. They have committed rethinking and re-imagining to the Finance Linked Individual Subsidy Program (FLISP) so that it can work better and achieve more than it has over the past. Secondly, and in respect to the Zenzeleni program the Banks will develop a new regime of building bonds for low-income earners.

With this program, we aim to deliver billions of rands in home assets over the medium term. The Zenzeleni programme has the potential to deliver wealth of as much as R140 billion into the hands of beneficiaries. The model assumes that:

- 100 000 serviced stands a year over the medium term 2020/21 – 2022/23
- Well located land in the hands of both the Housing Development Agency and the Department of Public Works is made available
- The NHBRC will ensure the quality of the products

Finally, the operating business model for the Human Settlements Development Bank (HSDB) has been approved by National Treasury. This now means the Bank is to become the preminent development finance institution in human settlements and is expected to play the lead role in the financing of activities across the Human Settlements value chain.

We have started a process of engagement with BASA to strengthen partnerships within the banking sector and expect this to yield positive results in the near future. The NHFC has exceeded targets set for the FLISP programme which supports bank finance to first time home buyers.

The NHFC is obliged to also assist the SHRA and support its funding requirements. The new NHFC now has the benefit of a larger balance sheet to ensure the rapid mobilisation of capital to meet the of the SHRA programme targets. The NHFC is currently involved in a funding mobilisation plan to raise the nearly R4bn in debt finance from the private sector and other DFIs in response to the debt funding requirements to meet the 30 000 unit target alongside of the SHRA grants. The potential for Human Settlements Programmes to act as both a construction stimulus and economic lever should be noted.

Employing a combination of innovative and alternative construction technologies which are much quicker and cost effective than the conventional brick and mortar, the HDA has implemented over 8000 units in the major Metropolitan areas of the country with more still in the pipeline. This is part of our contribution to alleviate the impact of Covid-19 on our poor communities.

With the budget allocated to us last year, although limited compared to the housing and settlements needs facing us, I am happy to report that together with Provinces and Municipalities, we have completed the delivery of over 69 600 new houses and over 51 000 serviced stands - and in the process, developed more than 1100 new settlements and neighborhoods.

I must thank the MECs for Human Settlements in all Provinces for our joint working relationship, as well as the Metropolitan municipalities for advancing the development of human settlements. At this point, I once again pay tribute to MEC

Gordon Kegakilwe in the North West who sadly passed away due to COVID-19. He had only been in this portfolio a year when he passed on. To his family, his province and department please receive our deepest condolences, for us in human settlements.

Our priorities we want to see through this Budget Vote 33 are as follows:

- 1. Together with Provinces, we will work with communities and municipalities to incrementally upgrade over 300 informal settlements** and improve living conditions of households. Our policy is clear that for those informal settlements on safe ground, the first choice is to upgrade in-situ. This means that an agreement is reached with the community on the development plan and clear priorities are then planned for. This includes consolidating the occupation rights into formal tenure, access roads, water reticulation as well as sanitation and electricity. **R2,4 billion and R2,2 billion is allocated for Provinces and Metros respectively** in the current budget towards upgrading of informal settlements

In the wake of the Covid-19 pandemic, the extent of housing needs across the country fell into sharp focus. The need to improve living conditions in informal settlements became even more pressing. The upgrading plans that were already agreed with communities and municipalities needed to be implemented instantly. I want to state categorically today, that our programme for the upgrading of informal settlements is strongly anchored in collaboration with resident communities. There can never be sustainable upgrading without the active participation and ownership of families who reside in informal settlements.

Similarly, I must categorically state here today that we have witnessed organised, syndicated and criminal acts of unlawful and sometimes forceful occupation of land. This will not be tolerated as it places families in harms way, and often syndicates rob families of monies under the misrepresentation that they are buying land when in fact they are being defrauded of their monies. Municipalities must be vigilant and work with law enforcement agencies to counter these criminal syndicates.

2. Increase the provision of **Emergency Housing Assistance** through alternative and affordable building technologies. There are far too many families whose housing circumstance are more extreme in vulnerability. We will have to prioritise the elderly, women and children whose housing needs are dire. R831 million is provided for in the current budget.
3. **Introduction of COVID-19 Impact relief measures to enable the sector to survive the serious shocks and constraints** brought about by the pandemic. These measures consist of:
 - a. No penalties for the Estate Agencies for late submission of audited statements until 31 October 2020. Furthermore, fees payable for mandatory training will be waved for the current financial year. The Estate Agencies Affairs Board will publish the relevant details before end of July 2020.
 - b. Friendly and developmental **rearrangements for loan repayment for affordable housing lenders who are indebted to the NHFC**. This includes penalty-free capital loan repayment holidays for up to six months. The NHFC will publish the details of these measures by 31 July 2020.

- c. **Rental relief to tenants in affordable rental housing** who face financial distress due to Covid-19 pandemic. This rental relief is solely aimed at assisting tenants in formal affordable rental housing to meet their monthly rent obligations. Of course, means testing will form part of necessary criteria to determine those who can be assisted. R600 million is allocated for this purpose. Details of this Rent Relief for Tenants in Affordable Rental Housing will be published in the next 30 days.
4. **Deliver subsidy housing opportunities for serviced stands, houses, and self-build options** using alternative building technologies. Over R12 billion is allocated to Provinces and a further R8 billion is allocated to Metros for this purpose. For capital projects that deliver social rental housing, over R725 million is allocated to the SHRA.

Through the home building and land servicing programmes, the construction and home building industry will serve as spring-board to jumpstart our economy. The industry itself must be positioned to absorb more workers, create and enable more black contractors. I have also instructed the Department to review the procurement arrangements to enable swift uptake of alternative building technologies.

Furthermore, we will revisit the Housing Subsidy Voucher System as part of enabling the Zenzeleni Programme and release more qualifying families to build their own homes.

5. **We maintain our focus to eradicate backlogs in registering title deeds.** As we stated before, a title deed empowers a household to be certain of the

ownership of the house they live in and frees them to participate in the property market. The priority is to complete all the outstanding township proclamations required to register title deeds. The funding for title deeds will henceforth form part of the Human Settlements Development Grant and so forms part of the mainstream programmes.

Going forward, we will no longer allow a situation where subsidy houses are built before township registers are open and the land is serviced. The Department will be submitting a turn-around strategy and implementation plan to once and for all overcome the now well known impediments that prevent registration of title deeds. This will take advantage of the reforms in the Deeds Registration System.

6. The **transformation of the property sector** remains a non-negotiable as we enter the path of economic revival. The Regulations to the Property Practitioners Act will be published in this year to enable the operation of the Property Practitioners Regulatory Authority. While we seek to exceed the 30% set aside for designated groups, we must also ensure transformation across the property sector because we are convinced that the only sustainable path is that of inclusivity, broad participation and growth in the sector.

The Department of Human Settlements, as part of housing and human settlements funding framework, provides a grant to Metropolitan Municipalities, namely the Urban Settlements Development Grant (USDG). The primary objectives of the USDG are the following:

1. To supplement the capital revenues of metropolitan municipalities in order to implement infrastructure projects that promote equitable, integrated, productive, inclusive and sustainable urban development

2. To provide funding to facilitate a programmatic, inclusive and municipality-wide approach to upgrading informal settlements

Chairperson, we will resist the unlawful occupation of land in the same way that we have resisted the eviction of people. The Constitution is very clear on these and the processes to be followed. Lawlessness does not reflect progressive ideals.

I thank you.