



MINISTRY
HUMAN SETTLEMENTS
REPUBLIC OF SOUTH AFRICA

**REMARKS BY THE MINISTER OF HUMAN SETTLEMENTS, MINISTER
MMAMOLOKO KUBAYI, BLACK BUSINESS COUNCIL IN THE BUILT ENVIRONMENT
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Distinguished Guests

Ladies and Gentlemen,

Good Morning

I am pleased to join you this morning in your gathering which is under the theme “BUILDING A TRANSFORMED BUILT ENVIRONMENT THROUGH COLLABORATION, PROCUREMENT AND SKILLS DEVELOPMENT”. Left, as a country, with less than 60 days before the end of the sixth administration, the discussion as you have themed it is timely and necessary. It is timely because it gives us an opportunity to pause and reflect on the journey that we have travelled in building a sustainable and growing built environment sector, as well as creating a transformed and inclusive sector.

Looking at the list of your speakers, I am quite certain that by the end of this Indaba, you would have exhausted all aspects of this Important discussion. I say this because I expect the outcomes of this gathering to help the seventh administration to structure its policies and programmes in a manner that is responsive to the imperatives of transformation. You

have asked me to speak about “HOUSING AND INFRASTRUCTURE BACKLOG AND PROPOSED SOLUTIONS” as it is an area which I currently lead in government. My colleague minister Zikalala, who joined you yesterday, would have covered the issue of infrastructure broadly, where the gaps are and the nature of intervention that our government is making. I am therefore going to limit myself to housing and infrastructure gaps or backlog as it pertains to human settlement.

Our government is guided by a clause contained in the Freedom Charter that says: “There shall be houses, security and comfort for all” and it is for this reason that the ANC insisted that this 1955 vision must be codified and enshrined in our Constitution of 1996. I just want to make it clear that it is the ANC and the government that it leads that has always been the champion of decent housing for all our citizens.

I got myself into trouble early this year when I was trying to clarify the fact that government alone, with limited resources, will not be able to meet all the housing needs of our population. I then proceeded to say therefore that as government, we incentivize the private sector to invest in the development of housing stock, especially for the missing middle. Let me remind and assure those who think that they have now become better guardians of the clauses of the Freedom Charter, that the Freedom Charter is still the guiding document of the ANC government and will never veer away from achieving this vision.

With the population increase, the demand for housing will always be on the increase as more and more people look for shelter. What is of great interest for us as a sector is where, geographically, people want houses and what type of houses they want. In addition to access to economic opportunities and social amenities, there are important trends that have become dominant in determining the location and type of housing namely, urbanization, climate change and innovation in Alternative Building Technologies. Urbanization has placed 60% of South Africans in major and secondary cities, which means that the demand for housing in urban centers has significantly increased. It therefore stands to reason that the infrastructure backlog that we find in housing is concentrated in urban centers, both in major and secondary cities.

The housing market, as you are aware, is made up various market segments which can be loosely be categorized as, firstly, the high end market made up of those who can afford to buy themselves houses; secondly, the missing middle which is composed of those who cannot get a bond with financial institutions and yet they do not qualify for free houses as they have an income of between R 3500 and R 30 000 and thirdly and lastly, those who cannot afford to buy or build a house for themselves.

As government, we directly intervene in various ways in the second and third market. Indeed, our government has made significant inroads in this regard. The statistics South Africa Census 2022 noted that the number of formal households grew from 5.2 million in 1996 to 15.8 million in 2022. Households living in traditional dwellings, has likewise, significantly reduced since 1996 - with over 1 million fewer households living in traditional dwellings in 2022 as compared with 1996. Furthermore, of the 10,6 million additional households now living in formal dwellings, 4.8 million households were provided formal houses by the ANC government. In terms gender, we are also proud to state that 1.9 million houses were given to women beneficiaries.

I must clarify before I continue that as a department, we have moved away from focusing on housing to human settlement development. The focus shifted from housing being just a roof over people's heads, to providing sustainable and integrated human settlements where people can work, pray, play and have access to amenities required for their day-to-day living, such as educational and health facilities. Hence, we have embraced integrated human settlement development approach, with projects that spur Municipalities, Provinces, Developers and the Human Settlement Agencies into a series of carefully structured projects triggering secondary investments, allowing for mixed income developments and integrating the city.

Social and affordable housing, which includes rental stock and bonded houses respectively, are programmes aimed at providing housing for the missing middle. Social and affordable housing provision our country contributes to spatial and social transformation. This is because these programmes are aimed at achieving social mixing between high- and low-income earners, thereby providing access to economic

opportunities and social amenities to low-income earners. The demand for this type of houses has been on the rise and the supply market has not met this demand because of high cost of well-located land, the unavailability of urban land for human settlement and low investment levels in the sector. It is for this reason that we have increased our efforts to crowd-in public and private sector investment in the sector.

Our desire to see increased private/public partnerships in the housing sector will be complemented by policy frameworks that are underway and will be ready for implementation in the seventh administration. The first one is the review of the public/private partnership framework by the National Treasury, which will make it easier and quicker for private sector to partner with government on projects; the second is the public procurement bill which is very clear on localization, transformation targets and the need for compliance and lastly, the human settlements White Paper which will lead to the change of the housing code and other pieces of legislation related to human settlements.

Going forward, under the new policy framework, we will put together innovative project funding mechanisms that are attractive to private sector funding. This provision will allow for Provinces and Municipalities with private sector partners to improve certainty with regards to bulk and link availability, which has been identified as one of the key constraints to upscaling delivery, especially for multiyear mega projects. It will also allow for the front loading of funding for developments to take place at scale as we have started in the Northern Cape province. In this regard, the National Housing Finance Corporation (NHFC) is in the process of conceptualizing funding mechanisms to serve as a platform to mobilize private sector investors into equity investments and debt financing of Integrated Residential Development Programme and meet requirements of the future pipeline. This will allow a significant scaling up of the development of the affordable housing stock which is going to experience a spike in demand in the coming years.

We are mindful that funding for Black business remains a barrier to entry, which is one of the major reasons why the sector remains largely untransformed. It is for this reason that I have asked the Social Housing Regulatory Authority together with NHFC to initiate an incubation programme aimed at accelerating transformation. These incubation programmes will empower Black businesses with business and financial management,

get them funding ready and fund them to enter the housing development sector in a sustainable manner. I have always said previously that transformation must be deliberate and requires deliberate steps, otherwise it will remain an unfulfilled intention.

With the benefit hindsight, our government has on many platforms, made an admission that transformation of the built environment sector has been slow. The question that must be answered by all of us participating in this gathering is: what is it that we need to do to accelerate the pace of transformation in the built environment sector? Our government remains committed to the implementation of transformation and Black Economic Empowerment initiatives.

I have no doubt that your deliberations in these todays have come up with instructive solutions to our many challenges, especially when it relates to tackling the infrastructure backlog and accelerating transformation. I am looking forward to reading the outcomes.

I thank you.