



MINISTRY
HUMAN SETTLEMENTS
REPUBLIC OF SOUTH AFRICA

**REMARKS BY THE MINISTER OF HUMAN SETTLEMENTS, MMAMOLOKO KUBAYI,
SONA DEBATE, 14 FEBRUARY 2022**

His Excellency President Cyril Ramaphosa

Deputy President David Mabuza

Presiding Officers

Cabinet Colleagues

Honourable members

Ladies and Gentlemen

Good Evening

I would like to start by quoting Chris Hani when he said '*what we need in South Africa is for egos to be suppressed in favour of peace. We need to create a new breed of South Africans who love their country and love everybody irrespective of their colour*'

Honourable members, these words are as relevant today as when they were spoken. To defend the gains of democracy and build a better country, we need everyone to commit to working together. As President Ramaphosa said on Thursday evening, that we need a social compact to build a better country together. A question that arises before us today as members of this august house is: What role do we want to play in this work of building a better country? More importantly, we need to ask ourselves: What are the non-

negotiables that all of us are prepared to agree upon across party-lines so that we can build our economy?

South Africans of all races and creeds agree that the work towards eliminating the legacy of apartheid needs to continue without hindrance. This work includes addressing the well-entrenched apartheid spatial development, which for many years has aggravated social inequality and economic inefficiency. This is because apartheid spatial development relegated the majority of South Africans to geographical areas far away from work, where availability of bulk services could not be guaranteed.

Over the years, our policies have been refined to be responsive to housing challenges in line with the bill of rights and the ever evolving economic status of the South African population. The change was a recognition that we needed an approach to housing that provides quality houses in locations that are economically viable, has a higher impact on poverty and inequality, is responsive to the changing nature of housing demand and able to address the limited contribution from the private sector, in particular, the financial sector.

Honourable members,

Social housing is our most promising programme that will help us disrupt the apartheid spatial development and make our cities more inclusive. The primary purposes of social housing are urban restructuring and regeneration, and increasing the supply of rental housing in good locations for low- to moderate-income earners.

Social housing is financed with a combination of government funding, debt and equity making this subsector more dynamic and attractive for public/private partnership. It is for this reason that social housing has been identified as an integral part of the infrastructure investment, which is central to the success of the Economic Reconstruction and Recovery Plan (ERRP). In this regard, President Ramaphosa stated in his State of the Nation Address that, “The Infrastructure Fund is now working with state entities to prepare a pipeline of projects with an investment value of approximately R96 billion in..., social housing, ...” amongst others.

There are six social housing projects which will be constructed over two years, starting in the financial year 2022/23. Five Social Housing Institutions and one other development agency will be funded through equity and debt financing to develop these projects. The projects include the following:

1. Fochville Extension 11 in the West Rand District Municipality, Gauteng. The proposed development will consist of 2,198 residential units, out of which 258 will be Social Housing Units (SHU). This project is expected to create 953 jobs.
2. Hospital Street in Mujuba District Municipality, KwaZulu-Natal. The proposed development consists of 53 four-storey building blocks consisting of 1,056 units. This project is expected to create 3384 jobs.
3. Germiston Extension 4 in Ekurhuleni Metropolitan Municipality, Gauteng. The project has planned 201 SHUs to accommodate 601 people. This project is expected to create 847 jobs.
4. Kwandokuhle Social Housing Project in Gert Sibande District Municipality, Mpumalanga. The project involves construction of a total of 492 SHUs in Govan Mbeki Local Municipality in the Gert Sibande District Municipality, Mpumalanga province. This project is expected to create 1544 jobs
5. Hull Street Phase 1 in Francis Baard District Municipality, Northern Cape. The Hull Street Social Housing Project envisions delivering a total of 600 SHUs in two phases. This project is expected to create 1152 jobs.
6. The Willow Creek Project is located in Ermelo, in the Msukaligwa Local Municipality in the Gert Sibande District Municipality, Mpumalanga province. The project entails the construction of 360 SHUs in the Ermelo Central Business District (CBD). This project is expected to create 1062 jobs.

Honorable members, this is a demonstration that we are a government at work and our infrastructure programme is on track to uplift our economy. This is also a strong indication that we are a government that listens and we listened when our social partners advised us to develop a model for partnership that will attract investment. Hence, as Government we have developed an infrastructure delivery model for social housing that will assist private sector players to unlock multiple projects.

There are still some barriers to the development of economically viable social housing projects and prominent amongst these is the lack of availability of well-located affordable land for social housing development. As a result, some projects have started to shift away from centers of economic activities leading to failure and defeating the purpose for the social housing programme. In response, government devised a rapid land release programme of government owned land in well-located areas. In these pieces of land, Government will hasten the provision of bulk services so that these areas can quickly be developed for human settlements.

Honourable members,

We are also cognisant that lack of funding is one of the most fundamental barrier in this sector, often leading to project failure and most concerning, the slow pace of transformation. The social housing policy had envisaged that the National Housing Finance Corporation would be a key lender in the short to medium term, and commercial lenders would fill in the gap in the long-term. However, this has not happened. In response to this challenge, we are converting the National Housing Finance Corporation into the Human Settlements bank so that we can consolidate the funding streams for the projects and crowd-in a broader section of the private sector. Work is also ongoing to get commercial lenders to come on board and partner with us and widen the funding pool so that we can be able to meet the housing demand.

The centrality of the infrastructure programme to economic development cannot be overemphasized. Commenting on how Africa can close infrastructure gap the world-renowned professor of economics, Jeffrey Sachs said: "There is no choice, Africa needs 10 per cent per year of economic growth in the next 15 years, the only way to achieve this, was to focus on large-scale investments in trans-national infrastructure projects in power, roads, broadband, human settlements and other core regional infrastructure needs.

Honourable members,

Our hard won democracy has made it possible for our country to create policies that are in line with the universal declaration of human rights for all citizens. More work still needs

to be done in reshaping the apartheid spatial development, however, significant progress has already been achieved. The Bill of Rights contained in our constitution affirms the right of all to a healthy environment; access to adequate housing; and access to basic services. Our communities, especially the poorest of the poor, deserve better from us their representatives. Not only do we have the constitutional obligation to ensure that we provide our people with decent housing, we also have the moral obligation to ensure that the quality of service we provide is anchored on competence and high ethical standards. It is for this reason that I make bold to say the defence of the constitution and our hard won democracy and the gains we have accumulated, is a defence of the rights of all citizens, especially the most vulnerable in our communities.

Honourable members,

Ours is a protracted struggle to eliminate the legacy of apartheid. President Ramaphosa, last week Thursday, reaffirmed our commitment to work practically to change the material conditions of our people for the better, especially the poor, when he said: “We remain focused on the priorities we identified in the State of the Nation Address last year:” which include “a massive rollout of infrastructure”. And that “This work will build on the foundation of the Economic Reconstruction and Recovery Plan, which remains our common programme to rebuild the economy,”

He further emphasized that “To be effective, this social compact needs to include every South African and every part of our society. No-one must be left behind.”

Let us rise to the Chris Hani challenge and become a new breed of South Africans who love their country and love everybody irrespective of their colour. Let us all heed the call made by the President and work together to defend our democracy and rebuild our country on a better economic footing towards making a better life for all.

I thank you!