



housing

Department:
Housing
REPUBLIC OF SOUTH AFRICA



RURAL INTERVENTION: INDIVIDUAL RURAL HOUSING SUBSIDY VOUCHER PROGRAMME: COMMUNAL AND INFORMAL LAND RIGHTS

Presentation to : Rural Housing Loan Fund

17 October 2008

1. Overview

- Rural low density dwellings on communal land
- Claiming the housing subsidy where it benefits them most
- Option to claim the housing subsidy on an individual basis
- Rural Housing Voucher can be used on quality controlled building materials, utility systems and related equipment
- Communal Land Rights Act, 2004 (Act No. 11 of 2004)

2. Benefits of the Programme

- Direct empowerment of rural households
- Skills development of owner-builders
- Possible creation of construction and manufacturing co-operatives
- Increase of local incomes
- Promotion of ASGISA and ISRDP

3. Policy Prescripts and Provisions

- **Policy intent**
- **Legal framework**
- **Principles of the Programme:**
 - Facilitation of housing development on communal land
 - IPLRA
 - Subsidies
 - Access to funding
 - Subsidy to individual beneficiary
 - Security of communal tenure
 - Reallocation of subsidized unit
 - Development activities covered

3. Policy Prescripts and Provisions

Application of the Programme

- Qualifying individual beneficiaries
- Security of tenure key to this Programme
- Persons who have uncontested old order rights
- Persons who have new order rights

Who will be assisted?

- Resident
- Competent to contract
- Not yet benefited from government assistance
- Not previously owned a fixed residential property
- Married or cohabiting etc.

3. Funding Arrangements

- **Program Budgeting**
- Funding for the voucher program will be reserved by the PHD from their annual housing allocation.
- Will be paid to RHLF for the implementation of the program
- **Subsidy Quantum**
- Subsidy amount R 54,650
- **Application for other Funding:**
- Funding obtained from other government programs must be declared and deducted from the subsidy.
- **Variations**
- May apply where applicable
- **Progress Payment System:** 5 milestone payments

3. Policy prescripts and provisions

3.7 Institutional arrangements

- The role of Traditional Councils
 - ✓ In terms of CLaRA
- The role of Municipalities
 - ✓ Building plan approval, only applicable where the beneficiary is not utilizing a pre-approved building plan from the NHBRC
- The role of the PHDs
 - ✓ Conduct an investigation into the informal land rights allegedly held (where required)
 - ✓ Guide, assist and collaborate with the RHLF in the preparation and submission of individual subsidy applications
- Consider, approve and fund subsidy applications and monitor the implementation of the MOU with the RHLF
 - ✓ Appoint certifiers
- The role of the National Department of Land Affairs
 - ✓ Ensure the protection of informal land rights
 - ✓ Institute land tenure enquiries
 - ✓ Provide clarity on the development of state land
 - ✓ Make determinations as provided for in the CLaRA
- The role of the Land Admin Committee
 - ✓ In terms of CLaRA
- The role of HSS
 - ✓ No parallel system is allowed.

4. Nature of guidelines

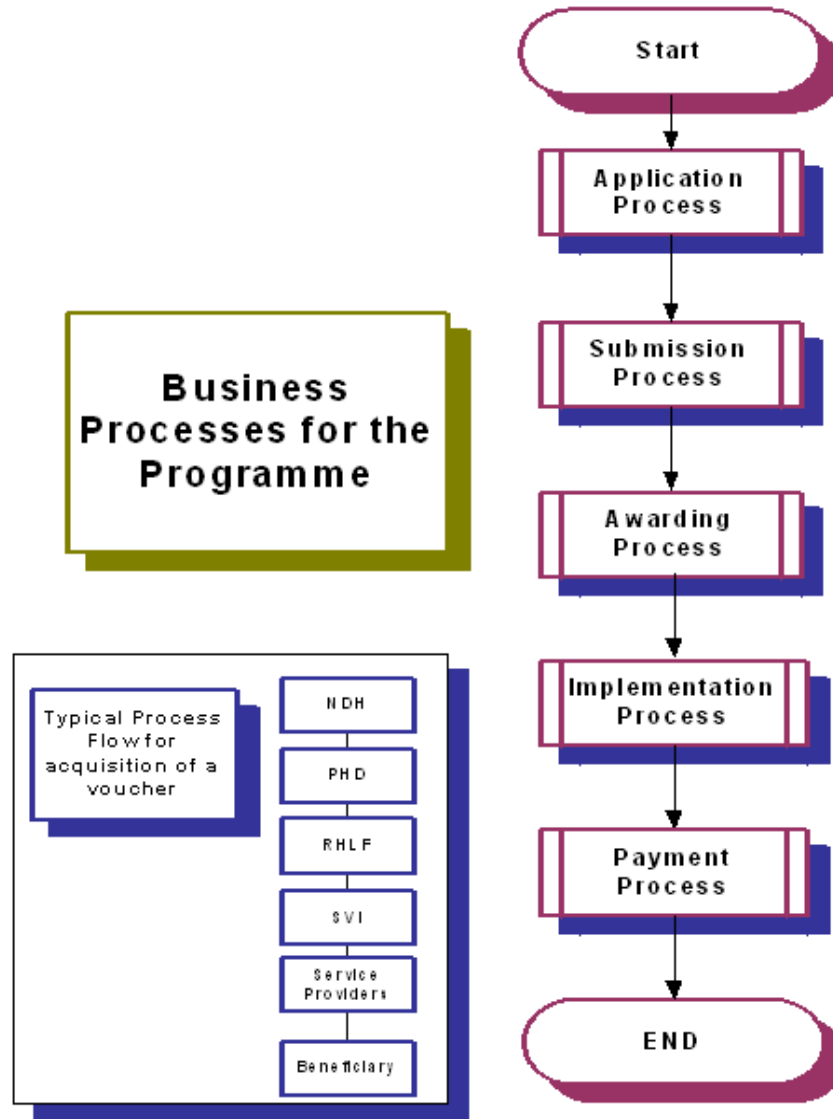
Key Legislation governing this Programme

- The Constitution of the Republic of South Africa Act
- The Public Finance Management Act
- The Local Government: Municipal Finance Management Act
- The Housing Act

Important considerations

- Security of tenure
- Subsidy amount
- Zero rating of housing subsidies for VAT
- Transitional measures (until CLaRA is promulgated)

Business Processes for the Programme



5. Usage of the Individual Rural Housing Subsidy Voucher

- The usage must accomplish the objectives of the Housing Act, No 107 of 1997

The voucher may be used for:

- *permanent residential structures with secure tenure, ensuring internal and external privacy and providing adequate protection against the elements*
- *potable water, adequate sanitary facilities and domestic energy supply*

Owner-builder

- The development of the Rural Housing Voucher would require the direct and personal involvement of the beneficiary
- Recipients of a Rural Housing Voucher must be owner-builders
- Genuine owner-builders are not obliged to register with the NHBRC
- Individual households must empower themselves in the actual building of their home

6. Cataloguing of building material supplies

6.1 Cataloguing of approved materials and systems

- Building materials account for a high percentage of self-help housing projects
- One of the biggest problems experienced by owner-builders is the professional control of project's cost
- Owner-builders risk cash flow problems and the shortage of funds with which to complete the project if the building materials required are not quantified upfront
- Hence, a bill of quantities is required prior to the commencement of the construction of the house

7. Control Measures for the Implementation of the Rural Housing Subsidy Voucher Scheme

7.1 Land Tenure

- It is proposed that the form of functional tenure that is currently in existence in a specific traditional community be used

7.2 Rules to be applied in applying for a Rural Housing Voucher

- Rural Housing Voucher cannot be ceded, exchanged, sold, pawned, or disposed of in any manner other than its intended purpose

7.3 Subsidy and financial administration

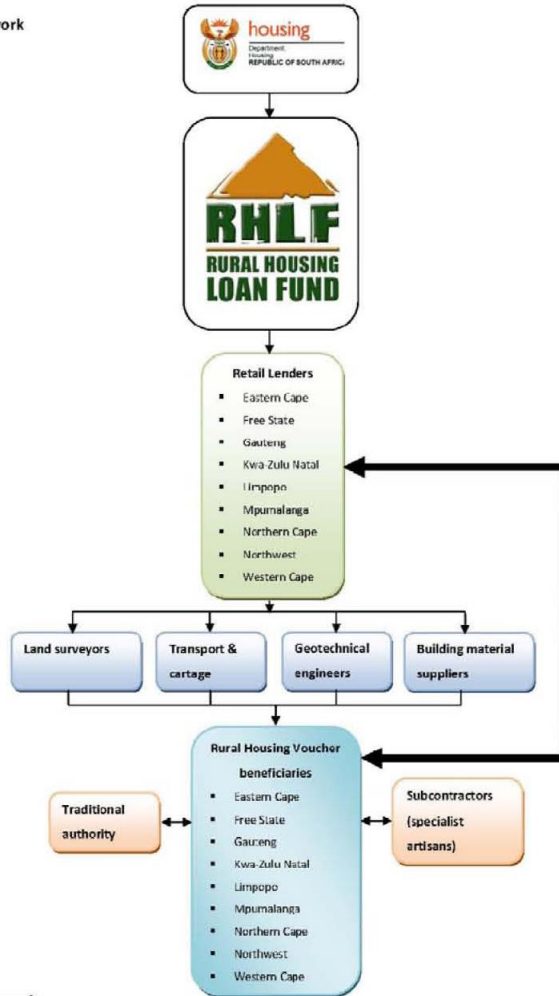
- A Subsidy Voucher Intermediary who has been appointed by RHLF will be responsible for subsidy administration and for financial administration of the payment of the subsidies

APPROVAL PROCESS

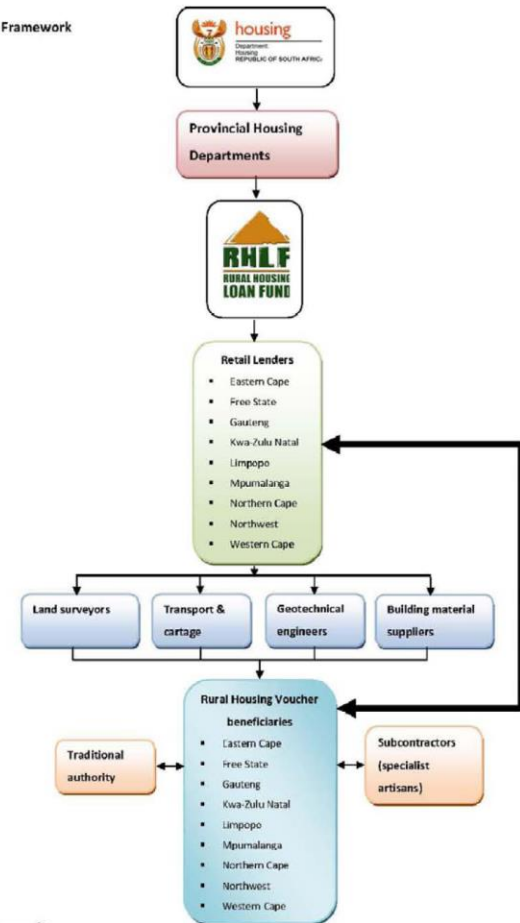
Option 1: *Status Quo* Framework

Option 2: New Framework

Option 2: New Framework



Option 1: *Status Quo* Framework



Legend
Relationship amongst the stakeholders

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Relationship amongst the stakeholders



8. Flow of funds

- National Department of Housing
 - Funds flow directly to PHDs
 - MTEF allocation
 - Quarterly drawdowns
- PHDs
 - RHLF to drawdown monthly
 - MTEF allocation
 - With regards to Option 2, the RHLF would receive funds directly
- RHLF
 - Disburse funds to accredited Subsidy Voucher Intermediaries monthly
- Subsidy Voucher Intermediaries
 - Disburse funds weekly to accredited service providers and approved beneficiaries

THANK YOU

