



MEDIA STATEMENT

Statement Issued by: Development Action Group
Contact: Aditya Kumar
Phone: 021 448 7886
[Email: adi@dag.org.za](mailto:adi@dag.org.za)

20 May 2021

PRESS STATEMENT ON MINISTER SISULU'S HUMAN SETTLEMENTS BUDGET VOTE IN THE NATIONAL ASSEMBLY

Minister Sisulu's delivery of the budget speech shed some interesting light into the direction of the housing programme. It is important for citizens to understand the implications of the approach outlined by the Minister. For the last 35 years, DAG has worked along with community based and civic organisations in advocating for the realisation of housing and land rights. The Minister shared three refocus areas:

1. *Upgrading of Informal settlements*
2. *Integrated Residential Development Programme*
3. *Significant increase in affordable rental housing*

In principle, while DAG agrees with the focus areas highlighted by the Minister, we reiterate the acceleration of delivery across all housing programmes. Below we outline some of our concerns:

- Generally, the Minister has outlined the success of the housing programmes over the last 27 years. However, we note with concern that the Minister did not acknowledge the role of the housing programmes in reinforcing the apartheid spatial pattern in our cities. The approach of housing projects on periphery of the city has only magnified the spatial imbalance where the poorer households continue to live with inadequate services, whilst wealthy continue to live in well located areas.
- We are also disappointed that the Minister only spoke about the housing asset as the pathway out of poverty, but less so about the construction sector that enables it. Historically, most of the housing projects have been driven by large developers and construction companies, with smaller SMME's and emerging contractors acting as labour brokers. In order to realise the long-term impact of housing, the transformation of the construction sector and the economic empowerment of emerging contractors must be central to the approach. For years, DAG has been advocating that a 30% allocation for emerging contractors is not sufficient. Rather, the National Department needs to establish clear thresholds of business developments (such as CIDB growth) for emerging contractors so that the impact can be measured in real terms.
- We welcome the generous allocation for informal settlement upgrading over the coming years. Whilst the resources are much needed and welcome, it is critical that the National Department support municipalities to accelerate delivery and focus on the intent of the Upgrading of Informal Settlements Programme (UISP).
- A key focus is needed to improve the overall quality of neighbourhoods, in which many of these informal settlements are located. Currently it can take up to eleven years to upgrade

informal settlements and often leading to unrest and frustration. This needs to be a clear focus for all spheres of government.

- The Minister stated that *'Having studied our successes and setbacks, we have now concluded our new, additional programme – that of releasing land, putting in infrastructure and allowing our people to build their own houses. We believe that this policy shift is long overdue, and we have taken advantage of processes of land redistribution to request that all urban state land should be released for Social Housing.'* By saying this, the Minister has acknowledged that there is a policy shift and that this additional programme of land release (previously announced in media as rapid land release) is a new approach of providing people with serviced sites and allowing them to build their own homes.
 - Such a policy shift necessitates significant consultation with the broader housing sector, and we appeal to the Minister to make any further documentation of this policy shift available to the public.
 - Furthermore, the Minister outlined *'The main strategy is to expedite the implementation of the programmes by releasing service sites and support beneficiaries to build utilising a range of programmes such as PHP, Individual Subsidy Programme and FLISP. The plan is to establish and enhance the existing housing support centres in order to focus on supporting matters related to real estate and housing construction.'* Also, such an approach assumes that the construction sector and Housing Support Centres are available to provide both financial support to households as well as technical support to build their own homes. There are little details of how these housing support centres will be funded and who will manage them.
 - There is a conflation between using urban state land for social housing versus the land release programme. The utilisation of urban state land for social housing is primarily geared to address the spatial inequality in our cities. The land release programme, from the limited details appears to be a site and service programme, to allow residents to build their own home. It should be clearly articulated if indeed, these are two different approaches.
 - CSO's have long requested that the Minister commit to the release of military owned land in Cape Town (Ysterplaat, Wingsfield and Youngsfield). We are glad that the Minister is acknowledging the role of urban state land as an instrument to address the spatial inequality in our cities. We also hope that the Minister will publicly share further information and pipeline of Public Works land that will be used for social housing.
- The Minister also announced, *'The Human Settlements Development Bank (HSDB) has been established and its role is to assist our first-time buyers and working-class people to purchase their own houses.'* In previous budget speech, the HSDB was slated to be pioneer in providing finance for housing products that are not covered through conventional banks. The element of risk taking, and innovation was central to the HSDB. We hope that in the rollout of the HSDB, significant consideration should be given to financial products and equity for emerging micro-developers and homeowner landlords who are unable to access conventional bank finance (due to interest rates, backlog of title deeds, planning regulations etc).
- The Minister mentioned several times the notion of ownership being central to the focus area of the Department. DAG has witnessed the sale of BNG houses first-hand, when over 30% of the houses built between 2012-15 (in Khayelitsha) were informally sold in the open market for below market price. Our hypothesis is that this is to do with the location of the homes and backlog of title deeds. However, the Minister did not provide any clear guidance or approach towards alternative forms of tenure. This is critical any form of medium density housing innovation, particularly in developing more community led, owned, and managed developments.

- The Minister mentions 'emergency housing grant' to provide relief during natural and man-made disasters. This is critical part of protecting poorer households. However, we urge the Minister to extend this relief for any form of evictions leading to homelessness. COVID19 has created circumstances such that many households are in precarious housing situation, and it is important that their constitutional rights are protected.
- Finally, we urge the Minister to give greater emphasis on participatory process and engagement with poor households. Besides informal settlements, the plea of backyarders and public rental stock is not being absorbed into any of these programmes.

We call on community based and civic organisations to engage with budget vote and ensure that their rights are met in coordination with government policies and frameworks.

*** END ***

Established in 1986, the Development Action Group (DAG) is a leading non-profit, non-governmental organisation. DAG's mission is to create, implement and support community-centred developments to address economic, social, and spatial inequalities. DAG has been at the forefront of urban development initiatives for more than 30 years.