THE TRANSACTION SUPPORT CENTRE:
LESSONS LEARNED & A WAY FORWARD
WEBINAR | JULY 2020

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Organisations and countries of webinar participants
AGENDA

The problem
What is the Transaction Support Centre?
The TSC experience: Solving cases
  Informal cash sales
  Deceased estates
  Primary transfers
A way forward for the TSC
South Africa’s housing market: properties

The delivery of affordable housing over the past twenty-six years has had a profound effect on South Africa’s residential property market: the majority of properties in South Africa’s residential property market fall in the “entry” and “affordable” categories.

As at end 2019, there are about 6.6 million residential properties on the deeds registry.

Just over half (55%) were valued at less than R600 000.

About 31% of all properties were financed by government (2 042 041 properties).

If all RDP properties were on the deeds registry, they would comprise about 43% of the market.

- **The entry market**—properties worth R300 000 or less
- **The affordable market**—properties worth R300 000 - R600 000
- **The conventional market**—properties worth R600 000 – R900 000
- **The high-end market**—properties worth R900 000 – R1,2 million
- **The luxury market**—properties worth over R1.2 million

Residential property by market segment:

number of properties, South Africa, 31 December 2019

Data source: CAHF’s Citymark, using deeds registry data supplied by Lightstone Pty. as at the end of December 2019 (sourced June 2020).
RDP houses are everywhere. They are diverse in size, shape, colour and value. There is clear investment interest, by households and lenders. They are the entry level rung to the formal property market. **Making these entry-level property markets perform should be a key focus of our national housing programme**
RDP houses are diverse in value and they are appreciating. They are the entry level rung to the formal property market, and provide **an important opportunity to support the availability of affordable housing targeted at the working class**. The vast majority have passed the 8-year period determined by the pre-emptive clause.

88% are over 8 years old

82% are over 8 years old

87% are over 8 years old

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Data source: CAHF’s Citymark, using deeds registry data supplied by Lightstone Pty. as at the end of December 2019 (sourced June 2020).
RDP houses are an entry-level rung to the property ladder – a real potential for asset wealth. In every city, the average value of RDP properties is lower than the price of the cheapest newly built house. The sale of an RDP house can give the seller a sizeable deposit (larger than the FLISP*) towards the purchase of their next house.

* The Finance Linked Individual Subsidy Programme (FLISP) provides a capital subsidy that acts like a deposit for a mortgage. The maximum value of the FLISP is R121 000, for a household earning R3501 per month.
Mortgage lending is important for realising the asset value of housing. RDP properties sold formally with a mortgage achieve higher prices than those sold without a mortgage – but there are far fewer of these. Still lenders have experience they can draw on in providing mortgage loans to buyers of RDP houses.

Data source: CAHF's CityMark, using deeds registry data supplied by Lightstone Pty, as at the end of December 2015 (sourced June 2020).
We can see that the RDP resale, or secondary, market is particularly important for first-time homebuyers. This is the property market beginning to work, giving households who would likely not afford a new house, the opportunity to purchase a home and join the property ladder – a clear intervention into the “gap market”, and specifically relevant for the working class.

Note the predominance of first-time homebuyers in Khayelitsha: this is key to that neighbourhood’s growth, even though formal transactions as a whole are very low.
We can see that the RDP resale market is particularly important for first-time homebuyers, and that **mortgage lenders are also financing these transactions**. Still, there is clearly room for growth, with bonded transactions in the bottom “entry” segment constituting only 11% of all resale transactions nationally. What are the barriers to mortgage lending in this market segment?

**Note the predominance of first-time homebuyers in resale transactions in Khayelitsha: this is key to that neighbourhood’s growth, even though formal transactions as a whole are very low.**
After 26 years of investment, one third of South Africa’s residential deeds registry comprises properties built by the State and given to qualifying beneficiaries for free. This is a serious asset, both for the low income households, and for the nation. Compared with the wider property market, however, there is clear evidence of underperformance, and many properties may well be “dead capital”.

Total residential properties on the Deeds Registry at end December

2019: 6,6m

- Properties financed by the private sector: 4 565 762
- Government subsidised properties: 1 033 303
- GSP in the major metros: 1 008 738
- GSP outside the metros: 1 008 738
- GSP national churn rate: 0,61%

GSP > 8 years: 905 367

Applying the national churn rate on government-subsidised properties in metros, older than 8 years suggests the potential for:

- 22 544 per annum

- New transactions of properties that sell less than cheapest newly built house
- New mortgage loans to support resale activity
- New buyers with equity to buy up the housing ladder
AGENDA

The problem
What is the Transaction Support Centre?
The TSC experience: Solving cases
   Informal cash sales
   Deceased estates
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A way forward for the TSC
The Transaction Support Centre is a pilot, action-research initiative in Khayelitsha, located in the Desmond Tutu Sport & Recreation Centre.

The TSC provides free, hands-on assistance and advice for individuals who need to regularize ownership or who are looking to buy and sell residential properties.
The Transaction Support Centre is an action-research pilot project

**Policymakers**
- Identify key insights and implications at a policy level
- Identify scalable elements of the solution

**Service providers**
- Optimised administration: municipal, provincial commitment to processes & timeframes
- Optimised servicing models and products from private sector providers including lenders, conveyancers and other service providers

**Clients**
- Day to day operations
  - Signing up new clients
  - Diagnosing and resolving issues in partnership with public and private sector providers
  - Documenting case studies
The Transaction Support Centre team: Thank you!

- **JESSICA**
  - Monitoring market activity
  - Case studies
  - Presentations & reports
  - Reviewing listings and identifying transactions for attention
  - Assisting with transactions
  - Preparing client case studies, TSC presentations & reports
  - Administering client cases

- **MASI**
  - Office & client administration
  - Staffing office, signing up new clients and checking documentation
  - Educating clients on what documentation is required
  - Following up on client cases

- **LISA**
  - Legal support
  - Case administration
  - Stakeholder engagement
  - Meeting with clients and advising them on next steps
  - Preparing paperwork for conveyancers
  - Engaging with conveyancers and other service providers
  - Preparing legal commentary for national policy consideration

- **MYOLISI**
  - Community engagement officer
  - Identifying and meeting with informal buyers and sellers and hearing their cases
  - Meeting with street committees and local leadership
  - Arranging community meetings and promoting formal market transaction processes
### The Transaction Support Centre stakeholders and partners: Thank you!

<table>
<thead>
<tr>
<th>Private sector</th>
<th>Funders</th>
<th>NGO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norton Rose Fulbright</td>
<td>ABRAHAMS &amp; CROSS</td>
<td>ProBono.Org</td>
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<tr>
<td>Finsa</td>
<td>STBB</td>
<td>DAG</td>
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<td>FNB</td>
<td>GHSP</td>
<td>Khayap Lam</td>
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<td>HDS</td>
<td>Cities Alliance</td>
<td>Transformation through ownership</td>
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<td>SESO GLOBAL</td>
<td>Cities Without Slums</td>
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<table>
<thead>
<tr>
<th>Government</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Cape Town</td>
<td>GeoAfrika Surveys</td>
</tr>
<tr>
<td>Isiko People's Assembly</td>
<td>Local street committees</td>
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<tr>
<td>Western Cape Government</td>
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<td>Human Settlements</td>
<td>Local street committees</td>
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<td>National Treasury</td>
<td>World Bank Group</td>
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The Transaction Support Centre – a local advice office in Makhaza, Khayelitsha

- 30km from the Cape Town CBD
- ~ 47,000 registered residential properties
- About two thirds of houses valued below R300,000
- Average churn rate of 1.16% per annum (City’s average is 3.5%)
- In 2019, 1028 residential properties in Khayelitsha were formally transferred through the Deeds Office:
  - 486 new transactions
  - 537 resale transactions
  - 158 were bonded transactions
- Of the 1028 transfers,
  - 467 were new RDP houses
  - 364 properties were RDP houses originally financed by the Government – and of these, 95 were bonded transactions

Source: CAHF CityMark data, sourced from Lightstone in February 2020, with data up to June 2019. Citymark data is available here: http://housingfinanceafrica.org/documents/citymark/
Why formalise property markets?

Administrative visibility

CITY
- Service delivery
- Governance
- Revenue

Title deed

CITIZEN
- Secure tenure
- Leverageable asset
- Household wealth

Bankability
The TSC has been running for two years and in that time signed up 392 clients. Client acquisition has relied primarily on community engagement and word of mouth.

### CLIENT ACQUISITION CHANNELS

- **Word of mouth; 24%**
- **Local radio; 14%**
- **Community meeting; 9%**
- **External referral; 9%**
- **TSC team referral; 3%**
- **Street committee; 30%**
- **Other; 11%**

### AWARENESS POSTERS

- **Protect yourself: do NOT buy or sell your home without speaking to a lawyer**

  - **ONLY USE A REGISTERED ESTATE AGENT**
  
  WHEN YOU BUY OR SELL A HOUSE

  The TRANSACTION SUPPORT CENTRE offers advice.

  VISIT US AT: Deomed Hall, Lower East Cape Town 061 853 7169

  CONTACT US ON: 081 783 0281

  The TSC is NOT an estate agent or a conveyancer.

  We help you understand the legal and financial aspects of buying and selling your home effectively.
TSC case load as at 11 May 2020: 392 total cases

189
Onboarding / case preparation phase

52
Transactions instructed / transfers in progress

33
Cases resolved / title deeds handed over*

102
Cases pended or closed

TYPES OF CASES
(All cases submitted to date)

Types of Title Deed Problems**
(Multiple response)

- 112 Informal cash sale
- 112 Deceased estate
- 61 Primary transfer
- 42 Other / administrative

Note: *Includes cases lodged at the Deeds Office. ** Total exceeds number of cases with title deed problems as one case may have multiple problems to regularise the title deed (e.g. informal cash sale & deceased estate). Other / legal problem includes incomplete subsidy houses, friend sold property without owner's knowledge, husband trying to sell the house without the wife's consent etc. Administrative title deed problems include: names or ID number incorrect, add spouse to title deed, missing title deed.
The TSC’s client base is predominantly female and deceased estate cases in particular are strongly skewed towards female clients*

CASE TYPES BY GENDER

- Title deed problem: 61% female, 39% male
- House purchase: 68% female, 32% male
- Subsidy application: 65% female, 35% male
- House sale: 40% female, 60% male

TOP 3 TITLE DEED PROBLEMS BY GENDER

- Deceased estate: 76% female, 24% male
- Informal cash sale: 59% female, 41% male
- Primary transfer: 54% female, 46% male

Note: *According to the latest StatsSA mortality statistics (2016), the median age at death for men in South Africa is 52,7 and 62 for females. Source: https://www.statssa.gov.za/publications/P03093/P030932016.pdf
In addition to walk-in client cases, the TSC has worked closely with the City of Cape Town on a pilot blockchain-based registry for properties in Makhaza where no primary transfer has occurred (i.e. properties have no title deeds)

- **930** Properties surveyed
- **656** Data validated; no impediment to transfer
- **257** Signed sale agreements
- **399** Awaiting signature
- **274** Further case investigation / resolution required
The problem
What is the Transaction Support Centre?
The TSC experience: Solving cases
  » Informal cash sales
  » Deceased estates
  » Primary transfers
A way forward for the TSC
The TSC has 112 clients who need to regularise informal cash sales that have taken place in the past. Many of these transactions were endorsed by street committees or local SANCO branches.

### Examples of SANCO endorsed property transactions

<table>
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<tr>
<th>Status</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Onboarding / case preparation</td>
<td>47</td>
</tr>
<tr>
<td>Instructed / transfer in progress</td>
<td>18</td>
</tr>
<tr>
<td>Case resolved / title deed handed over</td>
<td>10</td>
</tr>
<tr>
<td>Case pended / closed</td>
<td>37</td>
</tr>
</tbody>
</table>

**Total: 112 cases**

Note: Updated as of 11 May 2020
To date, the TSC has secured title deeds for ten of these clients and has a further 18 cases where sellers or their heirs have been located and where there are no impediments to transfer.

INFORMAL CASH SALES

Total: 112 cases

- Onboarding / case preparation: 47
- Instructed / transfer in progress: 18
- Case resolved / title deed handed over: 10
- Case pended / closed: 37

Note: Updated as of 11 May 2020

Client case study available at: [http://housingfinanceafrica.org/documents/tsc-case-study-7-regularising-an-informal-cash-sale-after-12-years/](http://housingfinanceafrica.org/documents/tsc-case-study-7-regularising-an-informal-cash-sale-after-12-years/)
INFORMAL CASH SALES

Some cases have been resolved quickly while others have taken many months

• Delays in locating the original seller and / or negotiating an agreement
• Sellers live in different provinces (e.g. Eastern Cape) and it takes time to send documents back and forth
• Estates of deceased sellers have to be wound up before regularisation can take place
• Delays due to applications for lost original title deeds (VA application for title deed), issues include:
  » Cost (R1 200 – R1 500)
  » Time for advertising process (two weeks)
• High arrears on municipal accounts
Some cases have been resolved quickly while others have taken many months.

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- Delays due to applications for lost original title deeds (VA application for title deed), issues include:
  - Cost (R1 200 – R1 500)
  - Time for advertising process (two weeks)
- High arrears on municipal accounts
Informal cash sale cases are closed or pended when they cannot be resolved through existing processes either because:

- We cannot trace the seller through the buyer, community networks or credit bureaus
- The facts of the original sale are disputed

But, there is an opportunity…

- The Land Titles Adjust Act (LTAA) could be an option to resolve these cases

The purpose of the LTAA is “to regulate the allocation....of certain land in respect of which one or more persons claim ownership, but do not have registered title deeds in respect thereof.”
Aside from resolving past cases, we need to reduce the number of new informal sales that take place. This is not only a function of the costs of formal processes.

House for sale posted on Facebook Marketplace: July 2020

Example of pre-emptive waiver received

“This is a cash deal because of the condition of no selling in the first 8 years”
**Recommendations – Informal cash sales**

- Revise or remove Section 10A and Section 10B of the Housing Act of 1997  
  **National Department of Human Settlements**

- Review requirements and process to obtain a VA copy of a title deed  
  **Department of Agriculture, Rural Development and Land Reform**

- Appoint a Commissioner under LTAA for a small number of test cases in Makhaza to test the application of the Act for regularising informal transactions and adjudicating disputes

- Encourage referrals to TSC from street committees / SANCO  
  **Transaction Support Centre**

- Increase the visibility of the TSC to change perceptions of accessibility of formal system

- Increase awareness regarding risks of informal cash sales

- Develop formal Memorandum of Understanding (MOUs) with City of Cape Town to streamline payment plan negotiations and manage high arrears  
  **Transaction Support Centre / City of Cape Town**
AGENDA

The problem

What is the Transaction Support Centre?

The TSC experience: Solving cases

   Informal cash sales

   >> Deceased estates

   Primary transfers

A way forward for the TSC
According to a recent analysis of Deeds Office data and Home Affairs data*, approximately **16% of properties in Khayelitsha**, or 7 580 properties, are owned by deceased individuals. We have seen 112 such cases many of which are also informal sales*.

Note: *Analysis conducted by Knowblet Data Science free of charge as a service to the TSC, see more here - [http://housingfinanceafrica.org/documents/tsc-case-study-6-small-estates-threshold-makes-deceased-estates-dead-capital/](http://housingfinanceafrica.org/documents/tsc-case-study-6-small-estates-threshold-makes-deceased-estates-dead-capital/)

**Of the 112 cases, 45 have a combination of problems (i.e. informal cash sale + deceased estate, or primary transfer + deceased estate). Sixty seven cases are 'purely' deceased estate cases.

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**DECEASED ESTATES**

<table>
<thead>
<tr>
<th>Onboarding / case preparation</th>
<th>22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instructed / transfer in progress</td>
<td>19</td>
</tr>
<tr>
<td>Case resolved / title deed handed over</td>
<td>7</td>
</tr>
<tr>
<td>Case pended / closed</td>
<td>19</td>
</tr>
</tbody>
</table>

**Total deceased estates cases ('pure'): 67**

**Client case study**

2003
- Client’s husband, the registered property owner, passes away

2010
- Client reports deceased estate at the local Magistrates Court
- Client attempts to access building subsidy to build top structure on property
- Client informed that she can’t qualify for subsidy because property not registered in her name
- Client doesn’t know what steps to follow to transfer property into her name so it remains in deceased estate until 2019

2019
- Client’s friend refers her to the TSC office and eight months later, the TSC has helped facilitate the transfer of the property into her name and she has a new title deed
Deceased estate matters can take many months to resolve. The simplest case was resolved by the TSC in six months.

- Significant backlog at the Master’s Office for documents that are required for transfer (i.e. Next of Kin affidavit)  
- No system for applicants to track matters online. The Master’s office does not send notifications when documents are ready for collection or when they have been posted  
- Clients may not have other required documents (e.g. death certificates, marriage certificates, ID documents)  
- In some cases, clients have lost the original title deed  
- In some cases there are high arrears on municipal accounts (not unique to deceased estates)
Deceased estate matters can take many months to resolve, the simplest of cases was resolved by the TSC in six months.

**Number of months to resolve deceased estate cases**

- Significant backlog at the Master’s Office for documents required for transfer (i.e. Next of Kin affidavit)
- No system for applicants to track matters online and the Master’s Office does not send notifications when documents are ready for collection or when they have been posted.
- Clients may not have other required documents (e.g. death certificates, marriage certificates, ID documents).
- In some cases, clients have lost the title deed.
- In some cases there are high arrears on municipal accounts (not unique to deceased estates).
Cases where the value of the property is above the small estate threshold of R250 000 can be particularly challenging to resolve because of the cost of winding up the estate.

### Client case study: Noma’s deceased estate – asset rich, but income poor

<table>
<thead>
<tr>
<th>Property value</th>
<th>R363 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard legal fees to wind up estate* (3.5% of estate value)</td>
<td>R12 705</td>
</tr>
<tr>
<td>Advertising in newspaper</td>
<td>R2 000</td>
</tr>
<tr>
<td>Master’s Office fees</td>
<td>R600</td>
</tr>
<tr>
<td>Conveyancing fees to transfer property</td>
<td>R13 075</td>
</tr>
<tr>
<td><strong>Total costs</strong></td>
<td><strong>R28 380</strong></td>
</tr>
</tbody>
</table>

- Nomsa (not client’s real name) is 40 years old and currently unemployed.
- She approached the TSC for assistance with transferring her grandmother’s RDP property in Khayelitsha into her name. The property is valued at R363 000 by the City of Cape Town.
- Nomsa’s grandmother did not have a will, and in line with the rules of intestate succession, ownership of the property passes to Nomsa’s mother who is the sole heir of the deceased estate.
- Her mother lives in the Eastern Cape and was happy to renounce her rights to the estate so that the house could be transferred to Nomsa.
- The process of renouncing a right to an inheritance is relatively straightforward; Nomsa just had to take some documents that the TSC prepared for her to her mother in the Eastern Cape to sign.
- The major challenge with this case is the value of the property which exceeds the small estate threshold, meaning the estate could not be wound up using the much simpler and cheaper small estate process.
- Because of this, Nomsa’s case has had to follow the regular estate process including appointing a lawyer (at 3.5% of estate value*), getting a Letter of Authority from the Master’s office (took 83 working days), preparation of a Liquidation & Distribution (L&D) account and advertising the L&D account for creditors to the estate to submit claims within 30 days.
- After this another advert will be submitted to notify interested parties to review the L&D account at the Master’s Office, and only then will the attorney be able to finalise the estate after which the conveyancer can start the process of transferring the property.

Note: *The TSC approached a lawyer who agreed to wind up the estate at a reduced cost of R9 500 and enter into a payment plan with the client.*
## Client case study: Noma’s deceased estate – 413 days and counting

<table>
<thead>
<tr>
<th>Day</th>
<th>Date</th>
<th>Progress</th>
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<tbody>
<tr>
<td>1</td>
<td>2018/11/22</td>
<td>Client signs up and submits relevant documentation to TSC</td>
</tr>
<tr>
<td>47</td>
<td>2019/01/25</td>
<td>TSC reviews case &amp; establishes way forward</td>
</tr>
<tr>
<td>59</td>
<td>2019/02/12</td>
<td>TSC drafts estate documents to arrange signature</td>
</tr>
<tr>
<td>72</td>
<td>2019/03/01</td>
<td>Client and mother in Eastern Cape sign estate documents</td>
</tr>
<tr>
<td>78</td>
<td>2019/03/11</td>
<td>TSC enquires about pro bono assistance with partner conveyancing firm, they don't have an estate department</td>
</tr>
<tr>
<td>100</td>
<td>2019/04/10</td>
<td>TSC enquires about pro bono estate assistance from Probono.org, they can't assist because value of property is above threshold</td>
</tr>
<tr>
<td>112</td>
<td>2019/04/26</td>
<td>TSC discusses cost of transfer with client, client wants to proceed on a payment plan</td>
</tr>
<tr>
<td>114</td>
<td>2019/04/30</td>
<td>TSC finds an attorney prepared to assist with winding up the estate at a reduced fee</td>
</tr>
<tr>
<td>115</td>
<td>2019/05/01</td>
<td>TSC assists with signature of attorney's client mandate form. Attorney send letter of appointment required to report estate at Masters Office</td>
</tr>
<tr>
<td>118</td>
<td>2019/05/06</td>
<td>Client delivers outstanding document required to report estate at Masters office</td>
</tr>
<tr>
<td>121</td>
<td>2019/05/09</td>
<td>TSC reports estate at Masters office</td>
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<tr>
<td>167</td>
<td>2019/07/12</td>
<td>Masters office requests municipal valuation, TSC sends to attorney to submit</td>
</tr>
<tr>
<td>203</td>
<td>2019/09/02</td>
<td>Attorney receives letters of Executorship from Masters Office, proceeds to advertise estate for creditors to</td>
</tr>
<tr>
<td>258</td>
<td>2019/11/28</td>
<td>Attorney advises that estate has been advertised and is ready to draw Liquidation &amp; Distribution (L&amp;D) account</td>
</tr>
<tr>
<td>258</td>
<td>2019/11/28</td>
<td>TSC drafts renunciation of inheritance by mother, client collects to arrange signature with mother in EC</td>
</tr>
<tr>
<td>258</td>
<td>2019/11/28</td>
<td>TSC instructs conveyancer on estate transfer</td>
</tr>
<tr>
<td>309</td>
<td>2020/01/28</td>
<td>L&amp;D account ready for the clients to sign, client to arrange signature with mother in Eastern Cape</td>
</tr>
<tr>
<td>312</td>
<td>2020/02/01</td>
<td>Transfer documents prepared for signature by client and mother</td>
</tr>
<tr>
<td>338</td>
<td>2020/03/09</td>
<td>Client returned signed transfer documents and L&amp;D account</td>
</tr>
<tr>
<td>413</td>
<td>2020/06/22</td>
<td>L&amp;D account lodged at Masters Office, awaiting confirmation that it has been accepted</td>
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### Recommendations – Deceased estates

- Adjust the small estates threshold beyond current R250 000 limit (application submitted with the FMF to the Minister of Justice)
- Increase capacity at the Master’s Office
- Enhance functionality of Paperless Estate Administration System (PEAS) and integrate directly with Home Affairs to limit risk of fraud

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<td>• Actively encourage property owners to sign a will</td>
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<tr>
<td>• Provide information on deceased estate processes (i.e. how intestate succession works)</td>
</tr>
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<td>• Proactively identify deceased estate cases that require resolution</td>
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<td>• Develop formal Memorandum of Understanding (MOUs) with Department of Justice: Access to Paperless Estate Administration System (PEAS)</td>
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AGENDA

The problem
What is the Transaction Support Centre?
The TSC experience: Solving cases
  Informal cash sales
  Deceased estates
  » Primary transfers
A way forward for the TSC
There are estimated to be over 1 million title deeds outstanding on RDP houses. A specific grant, the Title Deeds Restoration Grant, of R1.644 billion, was set aside in the budget over the period 2018/19 to 2020/21 to eradicate the pre-2014 backlog. The grant was recently reduced by R377 million in the adjusted budget.

### NUMBER OF TITLE DEEDS REGISTERED PER YEAR TO ERADICATE PRE-2014 BACKLOG

<table>
<thead>
<tr>
<th>Year</th>
<th>Current estimate</th>
<th>Future projections</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014/15</td>
<td>61545</td>
<td>206170</td>
</tr>
<tr>
<td>2015/16</td>
<td>60944</td>
<td>206170</td>
</tr>
<tr>
<td>2016/17</td>
<td>67458</td>
<td>206170</td>
</tr>
<tr>
<td>2017/18</td>
<td>38614</td>
<td></td>
</tr>
<tr>
<td>2018/19</td>
<td>247500</td>
<td></td>
</tr>
<tr>
<td>2019/20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020/21</td>
<td></td>
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</tr>
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Source: National Treasury based on NDHS
The backlog continues to grow even as we fund efforts to eradicate it.

**NUMBER OF COMPLETED SUBSIDY HOUSES VS. TITLE DEED REGISTRATIONS FOR NEW (POST-2014) PROJECTS**

Source: National Treasury Estimates of National Expenditure based on data supplied by the National Department of Human Settlements and National Home Builders Registration Council (NHBRC).

The TSC has seen 50 walk-in primary transfer cases with very few successes to date

- The City currently has no process to deal with these cases on an ad hoc basis (outside of areas that are being dealt with on a project basis through the title restoration grant)
- It is difficult to determine who at the City to contact about these cases and some officials are unresponsive
- Sometimes the title deed exists and it is just a matter of finding it. The TSC identifies and follows up with conveyancers who have been appointed by the City to conduct the transfer, or City officials who have title deeds in their offices
Sometimes the solution to primary transfer cases is simple such as following up with relevant City officials or conveyancers appointed to conduct the transfer.

**Client case study**

- Client approached the TSC in November 2018 asking for help getting his title deed.
- He received his plot in 1992 and signed a sale agreement with City of Cape Town in 2017.
- The City had appointed conveyancers to conduct the transfer. However, they had not proceeded with the matter.
- The TSC followed up with the conveyancer involved and after several months, received confirmation that the transfer was lodged.
- In August 2019, the client received title to the land he has been living on for the past 23 years.
Sometimes the solution to primary transfer cases is simple such as following up with relevant City officials or conveyancers appointed to conduct the transfer.

**WHERE IS THE TITLE DEED? – Client case study**

1. TSC requests original title deed from seller.
2. Seller says that she never received her original title deed from the City.
3. TSC calls conveyancer 1 listed on copy of title deed, says he was just a partner conveyancer, we must call conveyancer 2 listed on title deed.
4. Call conveyancer 2, says they handed over all title deeds to the engineering firm involved in project, gave us name and number to contact at the firm.
5. Call engineering firm, contact confirmed that they were the “middleman” for delivering all documentation received from conveyancer 2 to the client (City of Cape Town). Says if they received the original title deed, they delivered it to the City. Directs us to City official 1 who is “likely the person coordinating the handing out of original title deeds…”
6. City official 1 told TSC in previous engagements that all of the title deeds in their office have been handed over to a new division within the City that is responsible for coordinating the handout of all original title deeds.
7. TSC meets with City official 2 and enquires about the location of the missing title deed. City official 2 inform us that they do not have the title deed and have no record of receiving it. TSC goes back to City official 1 with feedback.
8. City official 1 loops in City official 3 who responds saying that many beneficiary’s collected their original title deeds but didn’t know what the document was and subsequently lost the document or it was stolen. Suggests that client applies for a new original title deed (VA copy) at the Deeds Office.
9. TSC requests proof from the City that the title deed was handed over to the client. City official 3 responds saying they “do not have the spreadsheet concerning these title deeds”. Suggests again that client applies for a new original title deed (VA copy).
The blockchain-based property register pilot

Supported by funding from
In addition to walk in client cases, the TSC has worked closely with the City of Cape Town on a pilot blockchain-based registry for properties in Makhaza, Khayelitsha where no primary transfer has occurred (i.e. properties have no title deeds)

<table>
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<th>930</th>
<th>Properties surveyed</th>
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</thead>
<tbody>
<tr>
<td>656</td>
<td>Data validated; no impediment to transfer</td>
</tr>
<tr>
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<td>Signed sale agreements</td>
</tr>
<tr>
<td>274</td>
<td>Further case investigation / resolution required</td>
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Makhaza West
Number of properties: 246
Number of surveys: 185

Makhaza Central
Number of properties: 265
Number of surveys: 234

Makhaza East
Number of properties: 269
Number of surveys: 245

Makhaza Zone 14
Number of properties: 299
Number of surveys: 266

BLOCKCHAIN PILOT:
UMRHABULO TRIANGLE,
MAKHAZA, KHAYELITSHA

Total number of properties in four study sites: 1,079
Number of completed surveys: 930

NATURE OF TITLE DEED PROBLEM:
NO PRIMARY TRANSFER HAS TAKEN PLACE IN THESE PROJECTS
What is Blockchain Technology?

A blockchain is “an expanding list of cryptographically signed, irrevocable transactional records shared by all participants in a network. Each record contains a time stamp and reference links to previous transactions. With this information, anyone with access rights can trace back a transactional event, at any point in its history, belonging to any participant. A blockchain is one architectural design of the broader concept of distributed ledgers” - Gartner

THREE CORE COMPONENTS

1. A record of all verified transactions that take place on a network
2. Record is distributed among network participants who can inspect it
3. Records cannot be changed without agreement from the majority of the network

ONE IMPLICATION

Validity of the data contained in the blockchain is agreed upon by consensus and transactions can be viewed from end-to-end
Some key building blocks: Hashing
One way, deterministic, unique

Hash of the digital image using SHA256:
b0522ea66002cff64a9cb9347b80f5dbb821112f6436a95d84838517ba1c5678

Hash of the slightly altered digital image using SHA256:
dc7cdad56cdb2540f1dea64001108840a163e14a96e03b89c560c7cd0556d2ee
Some key building blocks: Blocks contain hashes of previous blocks

Each block contains a series of transactions

Create a hash of these transactions and store that hash on the next block
Seso Global

Properties You Can Buy, Properties You Can Trust.
LESSON #1
What Blockchain Technology does not do

"Simply put, blockchain does not resolve the primary challenge of land administration faced in many emerging economies—how to bring citizens and properties into the formal system. Blockchain will not help to identify who has what right and to where. It will not resolve property rights disputes as properties are brought into the formal system. Most importantly it won’t resolve the tedious and time consuming process of collecting, verifying and bringing data into the system in the first instance”

– Blockchain and Property in 2018: At the End of the Beginning, J. Michael Graglia and Christopher Mellon

But, the technology makes the effort worthwhile
In addition to walk in client cases, the TSC has worked closely with the City of Cape Town on a pilot blockchain-based registry for properties in Makhaza, Khayelitsha where no primary transfer has occurred (i.e. properties have no title deeds)

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BARRIERS TO TRANSFER

- **Beneficiary not in occupation** of property and not regarded as the owner by current occupant: 95 cases
- **Beneficiary sold property** to current occupant, according to the current occupant: 52 cases
- **Beneficiary sold property & now deceased**: death and sales transaction to be verified: 4 cases
- **Beneficiary does not have an approved subsidy**: need to apply or reapply: 46 cases
- **CoCT to verify / check HSS information** (e.g. incorrect erf number): 40 cases
- **Beneficiary deceased**: death to be verified: 37 cases
LESSON #2
Populating the register is just the first step. You have to develop processes to maintain the register over time

POPULATE A REGISTER

• Verify the identity of the ‘owner’ or entities who have a claim on the property
• Identify and specify the unique land / housing asset
• Validate the property claim
• Store data securely on a transparent ledger

MANAGE THE REGISTER

• Manage the processes of adding to, amending and drawing data from the register

• Transfer a property
  • Sale
  • Deceased estate transfer
  • Divorce
  • Marriage
  • Repossession

• Register a lien

• Subdivide or amend property boundary

• Other?
LESSON #2 (continued)
There is more to the solution than the tech. It needs to be supported by accessible processes that people trust and choose to use.
LESSON #3
There is real value in bringing in blockchain-based technology into the day-to-day operations of the TSC

1. Users login to Sesol platform with two factor authentication; clerk, admin, owner, conveyancer, bank, etc.

2. User selects one of the options on the platform to start an action; register new user, create case, send to 3rd party, etc.

3. When action is verified by the case manager it activates the smart contract which will take the data from the frontend form to the backend.

4. The Smart Contract stores the hash of the document’s metadata, timestamp of the transaction, record that the smart contract was executed, and the parties involved in the contract onto the Blockchain.

5. The documents are stored on AWS in a secure database.

6. After the predetermined number of transactions, the block on the Blockchain is complete and connected to the next and previous to ensure immutability.

Each action has preset requirements of text, documents and user approvals to conduct.

A smart contract is code on the Blockchain that is immutable thus we know it will execute the same each time.

This is self executing and stores onto a private ethereum Blockchain.

The record on the Blockchain allows us to check if the document stays the original and further context of the document.

Each transaction is labeled so we can also view which transactions relate to which case.
LESSON #4
Once you have trust, you can scale
Recommendations – Primary transfers

- Align policy on restoration with market realities

National / Provincial / City Departments of Human Settlements

- Develop a track and trace system for title deeds (and apply to title deeds currently at the City)
- Develop clear beneficiary data management protocols for project managers
- Integrate beneficiary data into City systems from the start (don’t wait for a title deed)
- Develop clear protocols for occupancy survey data collection, verification
- Develop processes to enable beneficiaries to keep their own data up to date, from the start (this includes sales)

City of Cape Town

- Encourage beneficiaries to keep their data up to date
- Develop mechanism to share verified occupant details with the City to enable integration into City systems
- Increase awareness regarding risks of informal cash sales

Transaction Support Centre
AGENDA

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The TSC experience: Solving cases
  - Informal cash sales
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A way forward for the TSC
The TSC’s growth strategy

Change the fundamentals: Policy, legislation and regulation

Develop property law advisory panel
- Advise on and draft required amendments to legislation and regulation
- Monitor court cases and rulings closely
- Prepare and lead test cases, representing clients through the courts

Develop National, Provincial and Municipal Human Settlements Policy Engagement
- Review 10A and 10B of the Housing Act, and proposed 10C for X-properties
- Review policy on backlog transfer to non-qualifiers

Develop property and technology advisory panel
- Monitor trends and developments in eGovernment and digital property registration locally and globally
- Regular interactions with property law advisory panel to explore implications of new technology for existing legislation and policy

Develop expert panel: property in the economy

Optimise current model: People, process and technology

Develop case management system
- Create an irrefutable record of key events and documents associated with a case
- Automate client communication and reminders
- Integrate seamlessly between various service providers

Sign formal MOUs with local and provincial government
- Access to FLISP subsidies
- Resolution of municipal queries (arrears, rates clearances, building plan approval)
- Title deed restoration programme

Implement resolution mechanism – LTA, D&TCSLA
- Disputed properties
- Other transactions where there is a break in the back-to-back record of transactions (LTA)
- Primary transfers to non-qualifiers and disputes (D&TCSLA)

Scale up locally

Drive local scale through pro-active project-based interventions
- Implement door-to-door enumeration in the area around the TSC to gather data on occupancy and ownership and identify cases for resolution

Pilot new front-end formats with local partners
- Set up and test TSC frontend format for implementation at banks/retailers

Replicate nationally

- Identify and prioritise sites for replication outside of Cape Town
- Establish MOUs with new municipalities, provinces and the NHFC
- Establish MOUs with Department of Justice and Home Affairs
- Identify partners for front-end office roll out

Phasing

Workstream 1
Workstream 2
Workstream 3
Workstream 4
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The Centre for Affordable Housing Finance in Africa (CAHF) focuses on sustainable solutions for affordable housing finance in Africa.
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In closing
A few thoughts

The housing programme has created real assets. But weak administration limits the potential value of these assets and undermines the sustainability of cities.

There are some big, slow moving systems that underpin the administration of subsidy housing and property transfers. There is significant scope to build efficient solutions around them.

Because we haven’t charged households doesn’t mean we shouldn’t.
Q&A and discussion
THANK YOU!

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http://housingfinanceafrica.org/projects/transaction-support-centre/

Illana@71point4.com
https://www.71point4.com/Projects/the-transaction-support-centre/

The TSC has benefited from the support of: