

## MASTER

### Facilitation of social housing delivery in urban South Africa

investigation into the role and power of local government regarding the formulation and implementation of social housing policies in case studies Tshwane and Ekurhuleni

Houët, W.

*Award date:*  
2004

[Link to publication](#)

#### **Disclaimer**

This document contains a student thesis (bachelor's or master's), as authored by a student at Eindhoven University of Technology. Student theses are made available in the TU/e repository upon obtaining the required degree. The grade received is not published on the document as presented in the repository. The required complexity or quality of research of student theses may vary by program, and the required minimum study period may vary in duration.

#### **General rights**

Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

- Users may download and print one copy of any publication from the public portal for the purpose of private study or research.
- You may not further distribute the material or use it for any profit-making activity or commercial gain

# **Facilitation of Social Housing Delivery in Urban South Africa**

Investigation into the role and power of local government  
regarding the formulation and implementation of social  
housing policies in case studies Tshwane and Ekurhuleni

Master of Science thesis  
**Wouter Houët**

Student number: 456024  
Technology and Innovation Policy for Developing Economies  
Technology and Society  
Faculty of Technology Management  
Eindhoven University of Technology, TU/e

Committee of supervisors:

*Mr. Ing. E.P. Mol*  
Faculty of Technology Management, TU/e

*Prof. Dr. Ir. B.E.J. de Meulder*  
Faculty of Architecture, Building and Planning, TU/e

*Dr. Ir. E.L.C. v. Egmond-de Wilde de Ligny*  
Faculty of Technology Management, TU/e

Research is carried out in co-operation with VNG-International and SALGA

Local supervisor:

*Drs. F.W.D.M. Burgers MPA*  
Senior Project Manager, VNG-International

November 2004

## Preface

This report presents the results of my final research leading to a MSc degree in Technology and Society. One year ago, I started doing my fieldwork in South Africa, resulting from an assignment from VNG-International, in co-operation with SALGA, in the light of the Social Housing Implementation Support Programme.

The following six months were an incredible experience. The friendliness of the South African people and the diversity of the country made me feel at home immediately. Soon I learned to know more about the immense challenges that South Africa is facing. The subject of my research turned out to be a very complicated one. First of all, the housing problems in South Africa are immense. Second of all, local government in South Africa has to cope with a lot of challenges, being a very young and dynamic sphere of government, after major restructuring processes during the last ten years.

I was lucky to be able to execute my research in the framework of the Social Housing Implementation Support Programme of SALGA. This provided me with a lot of opportunities to talk to the right people. Therefore, I would like to thank Frank Burgers from VNG-International, for being my supervisor during my fieldwork, and therefore for all his support, especially. Moreover, a word of thanks goes to Joseph Leshabane from SALGA, for giving me the opportunity to execute my research under his programme and sharing his knowledge with me. Furthermore, I would like to thank the people at SALGA, for making me feel welcome and letting me experience the dynamics of their daily work. Lastly, I thank all the respondents of my interviews at the municipalities Tshwane and Ekurhuleni. They helped a lot in giving me an insight of the actual practice of the problems relating to housing and social housing specific in their municipalities.

Back in the Netherlands, my supervisors helped me in structuring my information and the process of writing my final thesis. Therefore, I would like to express my thanks to Bert Mol, my first supervisor, for his feedback and support, Bruno de Meulder, for his criticism and sharing his knowledge with me, and Emilia van Egmond, for reviewing my research.

My family, friends and student mates also supported me the whole time. They kept me motivated, but more importantly, they gave me welcome distraction from my research, when it was occupying my mind too much. Baie Dankie to all of you!

Wouter Houët

November 2004

## Table of Contents

PREFACE .....	I
TABLE OF CONTENTS.....	II
LIST OF ABBREVIATIONS.....	V
EXECUTIVE SUMMARY.....	VI
<b>PART A. METHODOLOGY.....</b>	<b>1</b>
<b>1 INTRODUCTION.....</b>	<b>2</b>
1.1 RESEARCH BACKGROUND.....	2
1.1.1 <i>Local Government and Integrated Development</i> .....	3
1.1.2 <i>Cooperation VNG-International and SALGA on social housing</i> .....	3
1.2 RESEARCH AIMS .....	4
1.3 RESEARCH QUESTION .....	4
1.4 RELEVANCY .....	4
1.4.1 <i>Social Relevancy</i> .....	4
1.4.2 <i>Scientific Relevancy</i> .....	5
<b>2 THEORETICAL ISSUES .....</b>	<b>6</b>
2.1 THEORETICAL BACKGROUND .....	6
2.1.1 <i>Housing delivery</i> .....	6
2.1.2 <i>Social housing</i> .....	6
2.1.3 <i>Decentralisation and local governance</i> .....	7
2.1.4 <i>Integrated urban development and housing</i> .....	8
2.1.5 <i>Facilitating role of local government through the enabling approach</i> .....	10
2.1.6 <i>Intervention mechanisms for local government in the enabling approach</i> .....	11
2.2 THEORETICAL FRAMEWORK.....	11
<b>3 RESEARCH DESIGN .....</b>	<b>13</b>
3.1 RESEARCH FRAMEWORK .....	13
3.2 DATA COLLECTION.....	15
<b>PART B. SUB-STUDIES.....</b>	<b>17</b>
<b>4 THE POLICY CONTEXT AND HOUSING DELIVERY.....</b>	<b>18</b>
4.1 NATIONAL LEVEL .....	18
4.1.1 <i>The White Paper on Housing</i> .....	18
4.1.2 <i>The Housing Act</i> .....	19
4.1.3 <i>Housing Subsidy Scheme</i> .....	20
4.1.4 <i>Institutions</i> .....	21
4.1.5 <i>Social Housing Policy</i> .....	22
4.1.6 <i>Development Facilitation Act</i> .....	23
4.1.7 <i>Urban Development Framework</i> .....	24
4.2 PROVINCIAL LEVEL, THE CASE OF GAUTENG PROVINCE .....	24
4.2.1 <i>The Gauteng Housing Act</i> .....	25
4.2.2 <i>The Housing Value Framework</i> .....	25
4.2.3 <i>Programme-specific Policies, Social Housing</i> .....	25

4.2.4	<i>Strategic Priorities</i> .....	26
4.2.5	<i>Gauteng Planning and Development Act</i> .....	26
4.3	HOUSING DELIVERY.....	27
4.3.1	<i>The Backlog</i> .....	27
4.3.2	<i>What has been delivered?</i> .....	27
4.3.3	<i>Social Housing delivery</i> .....	29
4.4	CONCLUSIONS.....	31
<b>5</b>	<b>THE ROLE OF LOCAL GOVERNMENT</b> .....	<b>33</b>
5.1	DEVELOPMENTAL LOCAL GOVERNMENT .....	33
5.1.1	<i>Integrated Development Planning</i> .....	34
5.1.2	<i>Challenges with IDP</i> .....	35
5.2	HOUSING DEVELOPMENT .....	36
5.2.1	<i>The Housing Act</i> .....	36
5.2.2	<i>Social housing</i> .....	37
5.3	THE POWER OF LOCAL GOVERNMENT .....	37
5.3.1	<i>Legislated power</i> .....	37
5.3.2	<i>Financial and institutional capacity</i> .....	39
5.4	CONCLUSIONS.....	40
	<b>PART C. CASE STUDIES</b> .....	<b>43</b>
<b>6</b>	<b>CASE 1: CITY OF TSHWANE METROPOLITAN MUNICIPALITY</b> .....	<b>44</b>
6.1	INTRODUCTION .....	44
6.2	THE HOUSING BACKLOG.....	45
6.3	SOCIAL HOUSING AS AN OPTION IN TSHWANE .....	46
6.4	EXISTING SOCIAL HOUSING DEVELOPMENTS .....	47
6.4.1	<i>YEAST City Housing</i> .....	47
6.4.2	<i>Housing Company Tshwane</i> .....	48
6.4.3	<i>Transnet Limited</i> .....	49
6.4.4	<i>City Property Administration</i> .....	49
6.5	FACILITATION OF SOCIAL HOUSING DELIVERY BY THE MUNICIPALITY .....	49
6.5.1	<i>Municipal structure</i> .....	49
6.5.2	<i>Existing projects</i> .....	50
6.5.3	<i>Planning for social housing in IDP</i> .....	50
6.5.4	<i>Densification Study</i> .....	51
6.5.5	<i>Problems with facilitation of SHIs</i> .....	52
6.6	CONCLUSIONS.....	54
6.6.1	<i>General conclusions</i> .....	54
6.6.2	<i>The municipality's approach towards social housing delivery</i> .....	54
<b>7</b>	<b>CASE 2: EKURHULENI METROPOLITAN MUNICIPALITY</b> .....	<b>56</b>
7.1	INTRODUCTION .....	56
7.2	THE HOUSING BACKLOG.....	57
7.3	SOCIAL HOUSING AS AN OPTION IN EKURHULENI .....	58
7.4	EXISTING SOCIAL HOUSING DEVELOPMENTS .....	58
7.4.1	<i>Greater Germiston Inner City Housing Corporation</i> .....	58
7.4.2	<i>Ikhaya Labantu Housing Association</i> .....	59
7.4.3	<i>Lethabong Housing Institute</i> .....	59
7.5	FACILITATION OF SOCIAL HOUSING DELIVERY BY THE MUNICIPALITY .....	60
7.5.1	<i>Municipal structure</i> .....	60
7.5.2	<i>Existing projects</i> .....	61
7.5.3	<i>Planning for social housing in IDP</i> .....	62
7.5.4	<i>Forum</i> .....	63
7.6	CONCLUSIONS.....	64
7.6.1	<i>General conclusions</i> .....	64
7.6.2	<i>The municipality's approach towards social housing delivery</i> .....	65

<b>PART D.</b>	<b>CONCLUSIONS &amp; RECOMMENDATIONS.....</b>	<b>67</b>
<b>8</b>	<b>CONCLUSIONS .....</b>	<b>68</b>
8.1	INTRODUCTION .....	68
8.2	SOCIAL HOUSING DELIVERY IN THE HOUSING POLICY CONTEXT .....	68
8.3	THE CO-ORDINATING AND FACILITATING ROLE OF LOCAL GOVERNMENT.....	69
8.4	CASE STUDIES AND OVERALL RESEARCH QUESTION.....	70
8.4.1	<i>The case of Tshwane, constraints and opportunities.....</i>	<i>70</i>
8.4.2	<i>The case of Ekurhuleni, constraints and opportunities .....</i>	<i>71</i>
8.4.3	<i>Overall research question .....</i>	<i>73</i>
<b>9</b>	<b>RECOMMENDATIONS.....</b>	<b>75</b>
9.1	FORMULATION OF A MUNICIPAL SOCIAL HOUSING POLICY .....	75
9.1.1	<i>Demand oriented planning.....</i>	<i>75</i>
9.1.2	<i>Spatial Development Framework.....</i>	<i>75</i>
9.2	IMPLEMENTATION OF A MUNICIPAL SOCIAL HOUSING POLICY .....	76
9.2.1	<i>Horizontal integration.....</i>	<i>76</i>
9.2.2	<i>Vertical integration.....</i>	<i>76</i>
9.2.3	<i>Providing incentives.....</i>	<i>77</i>
9.3	RECOMMENDATIONS FOR FURTHER RESEARCH .....	77
<b>10</b>	<b>EPILOGUE.....</b>	<b>78</b>
	<b>REFERENCES .....</b>	<b>79</b>
	<b>APPENDICES.....</b>	<b>83</b>
<b>APPENDIX A</b>	<b>GENERAL INTRODUCTION TO SOUTH AFRICA.....</b>	<b>84</b>
<b>APPENDIX B</b>	<b>SOCIAL HOUSING IN THE NETHERLANDS, A COMPARISON.....</b>	<b>87</b>
<b>APPENDIX C</b>	<b>DRAFT NATIONAL SOCIAL HOUSING POLICY – JULY 2003 .....</b>	<b>90</b>
<b>APPENDIX D</b>	<b>IMPACT OF INSTITUTIONAL SUBSIDY ON AFFORDABILITY .....</b>	<b>94</b>
<b>APPENDIX E</b>	<b>LIST OF INTERVIEWEES CASE STUDIES.....</b>	<b>97</b>
<b>APPENDIX F</b>	<b>QUESTIONNAIRE KEY PERSONS MUNICIPALITIES .....</b>	<b>98</b>
<b>APPENDIX G</b>	<b>QUESTIONNAIRE KEY PERSONS SOCIAL HOUSING INSTITUTIONS.....</b>	<b>100</b>
<b>APPENDIX H</b>	<b>INTERVIEWS.....</b>	<b>101</b>
<b>APPENDIX I</b>	<b>PICTURES OF SOCIAL HOUSING PROJECTS IN TSHWANE .....</b>	<b>118</b>
<b>APPENDIX J</b>	<b>PICTURES OF SOCIAL HOUSING PROJECTS IN EKURHULENI.....</b>	<b>121</b>
<b>APPENDIX K</b>	<b>M.SC. THESES IN TECHNOLOGY AND DEVELOPMENT STUDIES .....</b>	<b>123</b>

## List of Abbreviations

ANC: African National Congress  
CBD: Central Business District  
CTMM: City of Tshwane Metropolitan Municipality  
DFA: Development Facilitation Act  
DoH: Department of Housing  
DPLG: Department of Provincial and Local Government  
EMM: Ekurhuleni Metropolitan Municipality  
GDoH: Gauteng Department of Housing  
GEAR: Growth Employment and Redistribution policy  
GGIHC: Greater Germiston Inner City Housing Corporation  
GPF: Gauteng Partnership Fund  
HCT: Housing Company Tshwane  
HIDF: Housing Institutions Development Fund  
HSS: Housing Subsidy Scheme  
IDP: Integrated Development Planning / Integrated Development Plan  
ILHA: Ikhaya Labantu Housing Association  
LDO: Land Development Objective  
LHI: Lethabong Housing Institute  
MSDF: Metropolitan Spatial Development Framework  
NASHO: National Association of Social Housing Organisations  
NGO: Non Governmental Organisation  
NHFC: National Housing Finance Corporation  
NPLP: National Presidential Lead Project  
NURCHA: National Urban Reconstruction and Housing Agency  
PHD: Provincial Housing Departments  
PHP: People's Housing Process  
RDP: Reconstruction and Development Programme  
RSA: Republic of South Africa  
SALGA: South African Local Government Association  
SDF: Spatial Development Framework  
SHF: Social Housing Foundation  
SHI: Social Housing Institution  
UDF: Urban Development Framework  
USN: Urban Sector Network  
VNG: Vereniging Nederlandse Gemeenten (Association of Netherlands Municipalities)  
YCH: Yeast City Housing

## Executive Summary

This research investigates the role and power of local government in the formulation and implementation of policies for social housing delivery in the South African metropolitan municipalities Tshwane and Ekurhuleni. The research took place within the framework of the Social Housing Implementation Support Programme of SALGA in co-operation with VNG-international. Goal of this programme is to support local government in South Africa with the development of social housing policies. This research tries to contribute to this programme by answering the following research question: *Which local government interventions should be considered in view of the formulation and implementation of a municipal social housing policy, with the aim of facilitating social housing delivery that contributes to the integrated urban development of the South African municipalities Tshwane and Ekurhuleni?*

The housing problems in South Africa are immense. There is a huge housing backlog, especially in the urban areas in the low-income sector. As a consequence of this, many low-income people try to provide themselves with housing and live in informal settlements or in informal rental accommodation in the city. Furthermore, there are the apartheid legacies, whereby low-income housing has been developed segregated in peripheral areas, far away from social and economic opportunities. In post apartheid South Africa, the government has put a lot of effort in fighting these housing problems. A large housing programme has been set up.

Since a few years, the South African approach towards housing starts to shift from a major focus on quantity to the quality of housing. Social housing is one of the approaches to provide low- to middle-income people with an adequate housing option, especially in the urban areas. The definition of social housing hereby is: *A rental housing principle, offering a range of secure tenure forms to low- to middle-income persons, providing good quality, subsidised housing, which is managed by independent social housing institutions.*

The point of departure of the research is the enabling role of local government to facilitate integrated urban development through social housing. Integrated urban development in this sense refers to the development of the urban area in an integrated way, so that the poor are not locationally disadvantaged or socially excluded.

To find the answer to the overall research question, two sub-studies and two case-studies have been executed. The first sub-study is a literature study on the housing policy context and low-income housing delivery in South Africa. Within the context of housing, delivery for the low-income people, local government is dependent on the national and provincial formulated housing policies, which together form the policy context in which low-income housing delivery takes place. It is therefore important to identify the role of social housing within this broader policy context. The second sub-study is a literature study on the role and power of local government in the facilitation of low-income housing and specifically social housing delivery in South Africa. The two case-studies describe the existing social housing initiatives, and the policy initiatives regarding future social housing delivery in the municipalities Tshwane and Ekurhuleni.

In this first sub study it was found that the national Housing Subsidy Scheme (HSS) became the central mechanism to set aside national budget for providing housing assistance to low-income households, being identified as households earning less than R3500 per month. This subsidy mechanism involves capital subsidies to ensure fast-track delivery via the province. Important in this is that the government sees itself as the enabler of private sector driven low-income housing delivery and not as the direct provider. Approximately a total of 1,4 million housing units have been built through the HSS. However, in terms of quality one can be critical. Most low-income housing projects that have been delivered made use of the project-linked subsidy, paid to the developer for each housing unit being delivered in the project. This is seen as a result of the focus of the national housing strategy on one type of delivery, coupled with short-term political pressure for large-scale delivery. The housing being delivered hereby follows unsustainable patterns of low-density sprawl and large sterile mono-functional environments not conducive to the socio-economic development of the local communities, being located far from economic and employment opportunities. Hereby, the need for



affordable rental housing in the urban areas is not addressed. For social housing as housing delivery approach through independent SHIs, the South African government did not implement a policy framework yet. The only mechanism that is supposed to facilitate social housing delivery is the institutional subsidy. However, a national social housing policy is currently being drafted and it is expected that this will be approved soon. This policy framework will specify on the roles of the different spheres of government in the social housing delivery process. Additionally, a new funding and regulatory framework will be established by the policy. Currently therefore, social housing has been delivered as a result of organisational will, and with the help of donor funding. The institutional subsidy mechanism from the HSS has only had a marginal impact on social housing delivery. The SHIs that have been established have difficulties in staying financially sustainable, partly because of the limited support from government. Current projects show to be only suitable for people earning R2 500 per month or more. This makes the social housing option very limited in terms of providing an affordable housing option to low-income people.

The second sub-study on the role and power of local government revealed that the past ten years, local government has been transformed towards developmental local government, in structure, functions and shape. Integrated Development Planning (IDP) is the new method to stimulate integrated development within the municipality. It should guide development in every municipality, as being compelled by the Municipal Systems Act of 2000, also housing development, as required by the Housing Act. In light of this, local government's role in housing is mainly to plan, coordinate and facilitate appropriate housing development within its boundaries. To plan for and control housing development in an integrated and strategic way, it therefore has to be incorporated in IDP and linked to a Spatial Development Framework (SDF) of the municipality. However, housing development turns out to be not yet as integrated and co-ordinated at the local level as it should be. There are still challenges in relation to IDP in general, whereby inadequate capacity in the municipality is a major constraint. IDP is taken too much as a comprehensive plan; the strategic component needs to be developed further.

The case studies of Tshwane and Ekurhuleni showed that social housing delivery did not yet take place in the framework of IDP and a broader housing strategy, but more on an ad hoc basis. Both municipalities did devote a municipal section in the Housing Department specifically to the support of social housing delivery. It became clear that the SDF as strategic spatial framework could provide some guidance to where investment in social housing must be directed. In both case studies there is a metropolitan development vision that is spatially reflected in a Metropolitan SDF. However, important in this sense is to understand by which forces the municipal area develops. As local government has less control over patterns of development, it should be more strategic, targeted and action oriented. For social housing development it is thus important that priority projects are identified. As is shown in the case of Ekurhuleni, social housing could for example form part of an urban renewal programme.

Therefore, to answer the overall research question, the following local government interventions should be considered:

In view of the *formulation* of a municipal social housing policy:

- In order to be strategic, it is important to be demand driven. Therefore, the demand for social housing in the municipal areas needs to be explored by the municipalities, together with the SHIs. The preferred types and forms of tenure are essential elements of this.
- The institutional environment through which social housing can be delivered needs to be assessed. It is important to know what is the viability and sustainability of the different SHIs operating in the municipal area and through which institutions social housing can be delivered. Furthermore capacity should be created in the form of human resources in the municipality that can perform the functions related to municipal support of social housing delivery in the municipality. Political support for the social housing delivery option should be acquired in the form of council resolutions.
- A municipal social housing policy needs to be linked to the IDP of the municipality. A social housing strategy should be based on the vision, mission and goals as expressed in an IDP. Spatially, the social housing strategy should be informed by the SDF, as being incorporated in the IDP, in which strategic locations for the development of social housing need to be identified.

- The strategic locations for the development of social housing need to be checked on availability of land or buildings to develop social housing. Feasibility studies need to be done to see if project development is viable and sustainable in the long run.

In view of the *implementation* of a municipal social housing policy:

- IDP should be the process through which a social housing strategy is implemented, to facilitate integrated urban development. An implementation plan should be incorporated in IDP.
- Making land or buildings available for development at low cost to the SHIs. This is essential to make sure social housing delivery takes place at better locations, where land is unaffordable for SHIs.
- Provide a development friendly environment for the SHI, by subsidising bulk services, infrastructure and looking at the possibility of tax rebates.
- Supporting the SHIs where necessary by providing technical and capacity building support. If necessary, the municipality can initiate a new SHI, for which it then should facilitate the support during its establishment stage.
- Creating a forum for the delivery of social housing in the municipal area where all stakeholders can consult and make agreements. The forum should consist of stakeholders from the provincial Housing Development Board, the municipality, financial institutions, social housing institutions, private developers and other stakeholders, as private landowners or parastatals with a possible role as partners in social housing delivery.

Furthermore, recommendations are given on how to better achieve these interventions and what aspects need to be investigated further. Focal points with regard to the formulation of municipal social housing policy are demand oriented planning with the help of the housing waiting list, strategy formulation by identifying priority projects through a spatial development framework. With regard to the implementation of social housing policy, horizontal integration in the municipality can be provided by multi-disciplinary cross-sectoral teams, in order to be able to get organisation-wide support and to co-ordinate departmental actions. Furthermore, a social housing forum, where all stakeholders participate and their specific roles and responsibilities are articulated, can facilitate vertical integration. To be able to provide incentives, the municipality can more actively pursue land policy, by acquiring privately owned land, transfer municipal owned land or provide long term lease arrangements for publicly owned land. It can also provide bulk services contribution and tax rebates to SHIs and increase public investment in certain areas. However, the impact of these incentives on the municipal budget needs to be investigated further.

## **Part A. Methodology**

# 1 Introduction

This M.Sc. research report is the result of a research conducted in the framework of the Social Housing Implementation Support Programme of SALGA in co-operation with VNG-International. This first chapter outlines the background of the research and from this the formulation of the research aims and question. Thereafter, the relevancy of the research is discussed.

## 1.1 Research Background

Like many developing countries, South Africa is facing enormous problems concerning housing. The country experiences high urbanisation rates and there is a huge housing backlog, especially in the low-income sector in the urban areas. As a consequence of this, many low-income people try to provide themselves with housing and live in informal settlements or in informal rental accommodation in the city (Gilbert 1995). Added to this housing backlog there are the spatial inefficiencies and social injustices of the South African cities, inherited from apartheid urban planning, by which South Africa was affected during most of the second part of the 20<sup>th</sup> century; low-income housing has been developed segregated in peripheral areas and service delivery levels are greatly different in rich and poor areas. Furthermore residential and business areas are divided.

Since the democratic government of 1994 was established, South Africa developed a housing policy to fight the constraints of the housing environment created by the apartheid policies of the past. Housing became core of the Reconstruction and Development Program (RDP). In December 1994, the White Paper on Housing was launched. The policy's aim was to build as many housing units as possible, a so-called short-term and quantity driven approach. The target was to have built one million housing units by the year 2000. Up to now, according to the website of the Government of South Africa<sup>1</sup>, since the White Paper on Housing, "some 1,45 million housing subsidies were approved and 1,3 million housing units were constructed, providing more than six million poor people with secure tenure and safe homes". The delivery of so many houses to the poor is unprecedented in the history of housing delivery throughout the world (UNHabitat 2003)<sup>2</sup>.

However, with the quantity-driven approach to housing delivery, many of the (infra) structural problems concerning housing that are legacy of apartheid policy remain existent. Hendler (1999) mentions that while one can measure significant progress in quantitative terms, the quality of life of low-income households is still impeded by the peripheral location of housing, which is now even reinforced by the land market values. Additionally, Hendler (1999) points out that while there are significant numbers of low cost housing units being completed, their size and design is not conducive to the positive development of individuals and families.

Since a few years, the South African approach to housing is shifting its focus more to quality. South Africa explicitly committed to the UN Habitat agenda for sustainable human settlements, during the Johannesburg World Summit on Sustainable Development in 2002. Housing is seen as key component in the creation of sustainable human settlements and therefore should be approached not only in terms of shelter, the need to provide dwelling units, but should take into account the creation of quality living environments (Dewar in Tilman et al. 1997). "There is no 'one big solution' to the housing problem. Different kinds of approaches and solutions are needed. Housing should mean more than just blindly supplying houses, and instead should focus on creating effective living environments" (Tilman 1997: 7).

Initially, housing policy was too much emphasised on ownership, but it has been recognised by the government of South Africa that the lack of a co-ordinated rental housing policy is a shortcoming, especially in providing the low- to middle-income sector with tenure options. A social housing policy, which is currently being developed at a national level, has a specific purpose within the creation of quality living environments. In the draft version of the social housing policy document (2003), South African government has identified the purpose of social housing as follows.

---

<sup>1</sup> Source: <http://www.gov.za/yearbook/2002/housing.htm>

<sup>2</sup> Source: [http://www.unhabitat.org/whd/2003/2003\\_winners.asp](http://www.unhabitat.org/whd/2003/2003_winners.asp)

*"Social housing developments ... are providing the opportunity to increase the range of tenure options currently available to low to moderate income earners. They are able to do this while addressing macro issues of creating quality living environments, which has been a shortcoming of the South African low-income housing sector to date. Social housing also has the potential to significantly address concerns around urban regeneration and improve on housing densities, and sustainable development especially when location, integration, viability and sustainability are carefully considered".*

Looking at South Africa's purpose of social housing, it is clear that social housing is not focused on immediately solving the quantity problem of low- to middle-income housing. It is more focused on addressing the quality problems the low- to middle-income housing sector is facing.

In the housing policy environment as it is now, social housing has only been developed as a result of organizational will, rather than because of an enabling policy environment. The government of South Africa experimented with the setting up of social housing institutions and pilot projects over the last five years. It has made the legal frame available, but it does not actively encourage the creation of such institutions by any means as fiscal incentives or technical support (Morange 2003). Many projects were developed with the help of international donors, like for example the Dutch government in the case of the Housing Association of East London.

### 1.1.1 Local Government and Integrated Development

Since the new Constitution of South Africa of 1996, local government is recognised as a sphere of government and with that it has received the new dynamic role as instrument of delivery (RSA 2003<sup>3</sup>). Integrated Development Planning (IDP) is seen as the 'new' planning approach (instrument) that should be able to deal with the problems resulting from the apartheid era at the local level. Every five year each municipality has to draw an integrated development plan (IDP), in which it directs the strategic development programs for its area of jurisdiction. The plan should integrate all policy and legislation produced by line departments (e.g. Water Affairs, Land Affairs, Transport, Housing and Environmental Affairs) that demand a planning action or development activity in the local sphere. In the South African local context, (social) housing is not really forming part of IDP. Hereby it does not seem to be embedded in municipal housing policy. From pilot projects of social housing institutions over the last few years it appeared that the value and impact of them are clearly less than would have been if they were part of a (municipal) social housing policy (HABITAT platform South Africa 2003<sup>4</sup>).

Contrary to the era of apartheid (top-down, sector-oriented, ad hoc and non-participatory), the approach of IDP centres on co-operative, co-ordinated, strategic and participatory planning (Otzen et al. 1999: I). This planning approach for local government tries to bring about development through integration. Integration means thinking about and undertaking activities in a holistic manner. With a renewed local government system and a new development paradigm, the co-ordination of integrated urban development becomes an important function of local government in South Africa.

### 1.1.2 Cooperation VNG-International and SALGA on social housing

The South African Local Government Association (SALGA) is a government organisation that represents the interests of organised local government in the country's intergovernmental relations system<sup>5</sup>. It acts as representative of all South African municipalities and aims to support and strengthen the capacity of municipalities by knowledge and information transfer. VNG-International is the international co-operation agency of the association of Netherlands municipalities. A co-operation between VNG-International and SALGA has been set up on social housing within the framework of IDP; the Social Housing Implementation Support Programme. One of the objectives of the co-operation is that VNG-International advises and supports SALGA with the development of municipal social housing policies in South Africa and the identification of good practices concerning social housing initiatives. With the knowledge gained during the study of practice in identified pilot municipalities, SALGA will develop a toolkit for the development of municipal social housing policy for

<sup>3</sup> Source: <http://www.gov.za/structure/local-gov.htm>

<sup>4</sup> Source: <http://www.zuid-afrika.habitatplatform.nl>

<sup>5</sup> Source: <http://www.salga.net>

all municipalities. The goal of this toolkit is that all South African municipalities will have access to knowledge and experience for developing and implementing social housing policies.

## 1.2 Research Aims

This research project took place within the framework of the co-operation SALGA – VNG-international, in order to support the activities of the Social Housing Implementation Support Programme. The scope of the research assignment is local government's role and power in terms of the formulation and implementation of policies for social housing delivery in South Africa. By looking at current practice in two municipalities, existing social housing developments, and especially in relation to the national policy context, the research tries to assess what interventions should be included in a framework for a municipal social housing policy for urban local government in South Africa.

The aim of the research can be split in a scientific and a practical aim:

- The **scientific aim** is to link the role of local government with the concept of social housing and principles of integrated urban development.
- The **practical aim** is to make recommendations on local government interventions to be considered in view of the formulation and implementation of a municipal social housing policy, with the aim to facilitate the delivery of social housing that contributes to the integrated urban development of the municipalities Tshwane and Ekurhuleni. Hereby local government in South Africa is supported in the formulation and implementation of municipal policies to adequately provide social housing for low- to middle-income people.

## 1.3 Research Question

The aims lead to the following overall research question:

***Which local government interventions should be considered in view of the formulation and implementation of a municipal social housing policy, with the aim of facilitating social housing delivery that contributes to the integrated urban development of the South African municipalities Tshwane and Ekurhuleni?***

## 1.4 Relevancy

### 1.4.1 Social Relevancy

South Africa's housing problem is immense. The failure of the market to deliver adequate and affordable housing for ownership to low- to middle-income people have shifted the attention of the government to other forms of tenure to fight the immense housing backlog. However, the housing problem is not only a quantity problem; the quality of low-income housing is a matter of concern as well. Social housing turns out to be a potential affordable and adequate option to house low- to middle-income households. However, with the lack of an enabling policy environment, the development of social housing will only happen as a result of organisational will in the form of projects initiated by non-profit organisations with the help of donor funding. Local government also has a role in the co-ordination of social housing delivery in its area of jurisdiction. The social housing sector has to be facilitated to grow, so that more low- to middle-income households will be provided with an adequate and affordable housing option. It is therefore important to know what the potential role of local government is and which interventions lead to integrated social housing delivery in its area of jurisdiction. This research attempts to contribute to the creation of better quality living environments

for low- to middle-income people by making recommendations for aspects to be included in the formulation and implementation of a municipal social housing policy.

#### **1.4.2 Scientific Relevancy**

The role of local government in housing development remains a concept that is rather vague and evokes a lot of debate. Little research has been done on this subject, especially in developing countries like South Africa. This research adds to the knowledge on the role of local government in housing delivery for the low- to middle-income groups. Specifically, this research tries to find out how local government intervention and action influences the delivery of social housing in its area of jurisdiction.

## 2 Theoretical issues

A theoretical frame has to be formulated to understand the important concepts from the research aim and the research question and their relations, and to help to find a methodology to answer the above research question. This chapter tries to tackle the facilitating role of local government in (social) housing delivery and integrated urban development. First, theory is discussed in section 2.1, and in section 2.2 the theoretical framework of the research is elaborated.

### 2.1 Theoretical background

#### 2.1.1 Housing delivery

In its most basic sense, *housing* is the protection from the environment, providing relaxation and personal investment to its resident. Seen in this way, housing is a universal human basic need, like food and clothing. However, housing is more than a universal basic need. It is also part of the development of an area and its people. At a higher level of analysis, housing becomes an instrument for social welfare, social networks, community services, and infrastructure. At a macro level of analysis, it is even an instrument for political stability and prosperity (Pienaar & Crofton 2002).

The process through which housing is being developed can be called *housing delivery*. Walker (in Pienaar & Crofton 2002) defines the delivery of housing as "the way housing production is organised and can be seen to focus on the processes engendered by the interaction between three important components of housing provision, namely activities, actors and premises". In general, a housing delivery system needs an initiating body, a construction agent, a source of finance, materials, construction methods and techniques, and an organisational framework within which development can take place. Private sector driven housing delivery without government intervention, which means that delivery takes place only driven by market processes, does not guarantee housing delivery for all segments of the population. It often only ensures delivery for the higher middle-income and high-income segments. Housing delivery for people with low income, hereafter called low-income people is often being recognised by governments as their responsibility. This does not necessarily mean that governments are directly involved in the delivery process. It means that state governments see it as their responsibility to ensure that housing delivery takes place for all of their constituents, hereby being recognised as being an instrument for political stability and prosperity at the national level.

Pienaar & Crofton (2002) roughly define four types of delivery options for low-income housing:

- Unaided self-help, which are individual or group initiatives, often illegal, and informal of nature;
- Supported self-help, which is in-situ upgrading of informal settlements with support of the government, NGOs or other development agencies;
- Project-initiated self help, which are formal programs initiated by the government, NGOs or other development agencies and requiring beneficiary participation in the planning and construction process;
- Conventional housing delivery, which can be government driven, private sector driven or driven by housing institutions that are often non-profit.

The last type of delivery is the focus of this research, namely social housing delivery by non-profit housing institutions.

#### 2.1.2 Social housing

*Social housing* is a particular approach to affordable housing. It exists in many forms, mostly falling into the category of rental. The developed world is the leading region in social housing (Lungu 1998). In those countries it played and often continues to play a valuable role in meeting the housing needs, by providing an adequate housing option to low- to middle-income people. See for a comparison with the Dutch social housing approach Appendix B. The main international aims of social



housing are that it provides a more affordable and effective form of housing to the tenants, and that it remains affordable in the long term. It should also provide a higher quality of accommodation. However, the decline in overall quality of social housing as delivered in its oldest form, namely public housing, is evident in every country where this type of housing exists. This as a result of problems relating to management and maintenance of public housing, being developed on large public estates. Therefore, social housing in its newer form, delivered through independent institutions as housing associations and cooperatives, is the preferred option. Overall, the maintenance and management seem better in those new forms of social housing (Lungu 1998). The Social Housing Foundation, a South African organisation to support and promote the social housing sector, describes the concept of social housing as follows (SHF 2002<sup>6</sup>):

*"Social housing promotes improved quality of life and the integration of communities by providing affordable, high standard, subsidised housing with the added benefit of regenerating the area where the housing stock is located. The process is managed by viable and sustainable, independent institutions, which encourage the participation of residents in managing their own communities. Social housing is aimed at low- to middle-income families and takes account of a wide variety of forms of tenure. It excludes immediate individual ownership."*

Social housing is thus mainly a rental housing option in the South African context. The most important features are the fact it is developed and managed by formally recognised, independent non-profit institutions and that the rents must be affordable for low- to middle-income people. Another important feature in the light of this research is that social housing can be used as an instrument to regenerate urban areas and contribute to integrated urban development. Local authorities by implication have a key role to play as partners in social housing delivery. It must also be noted that in the context of this research, rental stock owned by the local authority, public housing, is not considered to be social housing. Although developed for this purpose during the apartheid era, the housing in the form of hostels and public rental flats is currently not functioning as social housing option, because of all kinds of social, management, maintenance and financial problems.

Key issues for social housing in South Africa:

- **Location:** For social housing to function effectively the correct location of these projects is critical, with access to employment opportunities, public transport, and social facilities. Social housing development hereby should promote the creation of quality living environments.
- **Affordability:** The housing should be affordable for subsidy eligible people (earning less than R3500 per month). Social housing is considered not affordable for people earning less than R1500 per month. This means that it is not a suitable housing option for the poorest of the poor.

The definition of social housing used in this report:

*A rental housing principle, offering a range of secure tenure forms to low- to middle-income persons, providing good quality, subsidised housing, which is managed by independent social housing institutions<sup>7</sup>.*

### 2.1.3 Decentralisation and local governance

Since colonial times, development in developing economies used to be directed by plans of National departments. History taught us that this way of top-down planning and strategy formulation failed to a large extent. This led to a greater emphasis towards *local-level planning and initiative*, which is the trend throughout the world. National planning frameworks still exist, however, currently, these allow for a greater degree of local flexibility and creativity (John, 1997). The rationale for *decentralisation* is that local government is in direct contact with citizens, and should therefore be more responsive to the needs and demands of the citizens. "In the last ten years, national governments of 63 developing countries have shifted administrative powers to lower levels of government. However, more funding has not always been provided, and it also remains to be seen

<sup>6</sup> Source: <http://www.shf.org.za/policy/bills/shp-jan02.pdf>

<sup>7</sup> Based on the definition used in the Social Housing Policy Draft Document

whether local government is in fact more accountable to its citizens" (Baud, 2000). A principal problem with decentralization arises when local government is unfit to perform the functions required of it. A related problem is that only larger and privileged municipalities tend to have enough resources to undertake the tasks required of them (UN 2003).

Local government does not exist in isolation from other levels or spheres of government (Cloete in Parnell et al 2002). It is always a 'creature' of national government, and although autonomous, local government is always linked in intergovernmental relationships. Therefore, decentralisation involves subsidiarity. UN Habitat (2004)<sup>8</sup> describes the concept subsidiarity as the principle that decisions are taken, and services delivered, at the most local level of government consistent with the nature of the decisions and services involved. Subsidiarity should lead to a new form of partnership between the distinct spheres of government (national, provincial, and local), with a view to securing effective and integrated decision-making. Under the principle of subsidiarity, it is therefore important to have clearly defined the roles and responsibilities of local government, hereby determining its level of autonomy, along with the allocation of the necessary powers.

The decentralisation trend can also be seen in South Africa. In post apartheid South Africa, local government is expected to create sustainable human settlements, which provide for a decent quality of life for all and meet social, economic and material needs of communities in a holistic way. Hereby they are given the mandate to plan and develop their areas of jurisdiction in an equitable way, to restructure the cities and take away the inequality problems created by apartheid. "From a planning perspective central government control over local development strategies has been reduced, with localities assuming greater control over such initiatives" (Maharaj, -). It is the question if local government is ready for this task, given its financial and institutional capacity.

#### 2.1.4 Integrated urban development and housing

Today, in the area of urban development and housing, a particular concern is the degree to which processes of globalisation, and (resulting) government policy, may be contributing to increasing *fragmentation* and *segregation* within South Africa's cities (Harrison et al, 2003). However, the concept of urban fragmentation and segregation, and hereby the stressed need for integration is greatly complex and contested. Harrison shows that neo-liberalists and post-modernists see the globalisation story as something driven by macro-processes over which we have little control. Some (Marcuse & Van Kempen 2000) think a new spatial order of cities has emerged within the context of a globalising economy. Sandercock, a 'progressive' postmodernist, provides a powerful critique of both the discourse of globalisation and the ideology of neo-liberalism as she emphasises the non-economic dimensions of life, and remains committed to notions of social justice, transformation, and human progress (Harrison in Harrison et al, 2003).

It is argued that globalisation integrates at the global level but fragmentates at the local level (Harrison 2003; Sassen 2002; Giddens 1990). Marcuse and Van Kempen (in Harrison et al 2003) write of an "urban society that is increasingly socially and spatially disconnected, fragmented and polarised". Fragmentation is a vague and slippery concept; it has a lot of different meanings. in the context of this research fragmentation has to do with the differentiated socio-economic and institutional structure of cities that manifests itself in fragmented spatial arrangements. Harrison (in Harrison et al 2003) shows that several writers pointed to the rise of a 'new geography'.

*"Marcuse and Van Kempen (2000) focus on the heightened spatial concentrations of wealth and poverty, and the physical barriers that separate and divide... Writers such as Davis (1990), and Blakely and Snyder (1997) follow this theme but focus mainly on the retreat of the wealthy into fortress cities... Other writers, including Michael Dear and Edward Soja, point to the rise of complex, decentred, sprawling, polycentric urban landscapes... The socio-spatial fragmentation in the mega-cities of Latin America is now subject of a number of works (e.g. Caldeira, 2000), while South African academics have pointed to the 'new forms' of fragmentation that are being grafted onto the segmented urban forms under colonialism and apartheid (e.g. Mabin, 1995)" (Harrison 2003: 16, 17).*

<sup>8</sup> Source: <http://www.unhabitat.org/>

Fragmentation, as described above, is a term with strong negative connotations. However, this is not a universal thought. Harrison (2003) stresses that within the postmodernist framework, fragmentation is not always negative. When it becomes diversity, it is something to be celebrated rather than conquered, and it is part of the complexity and richness of life.

Apart from the positive aspects of fragmentation, there are social, spatial, institutional and other disjunctures that do have a negative impact on the everyday lives of people, and that detract from the possibility of safe, liveable, sustainable urban environments. As Smith (in Harrison et al, 2003) argues, the socio-economic limits of fragmentation are to be found when material inequality among groups reaches unsustainable levels, in the sense of threatening moral order and social reproduction. With the slums in developing countries and the segregated townships in South Africa, it often means that there are serious spatial disjunctures between living and working environments and that proper access to recreation, shopping, community services and public transportation is denied to those who lack private transport (Harrison 2003).

Thus, although urban development seems to be driven by exclusion, local governments should try to protect the public interest, and hereby the interest of the urban poor, by stimulating *integrated urban development*, in which they co-ordinate and facilitate the activities of the private sector, provide public services and promote socio-economic development and employment creation. "The integration principle calls for both integration of functions (or mixed-use) and integration of the different classes of society. In theory, integration of functions such as residential, commercial, social services and public space, would bring jobs and other opportunities closer to where people are living, thus reducing transportation needs. This seldom happens if the second aspect of integration – socio-economic integration – is not present" (Du Plessis & Landman 2002: 14, 15).

The question is what integrated urban development means for housing and social housing. The Social Housing Foundation (SHF 2002) identified three elements of integrated development that need to be considered in social housing development, namely physical integration, social integration and economic integration, which are interdependent.

Physical integration is to ensure that the housing stock is well located within the urban and inner-city areas. Hereby the quality of this urban environment is important, being more secure, with green open spaces, effective transportation systems and services. Physical integration also has a lot to do with social and economic integration, because people who have different socio-economic and cultural backgrounds will place different demands on their physical environment and have different preferences. The layout of a neighbourhood specifies the physical relationship between groups and hence creates the possibility of social relationships. More than this, "it pinpoints meeting places and the paths people take in using their environment" (UN 1978: 16).

Social integration is to not discriminate in any way against residents and provide social amenities and facilities, and promote resource sharing. Access to all forms of social housing must be limited to availability rather than based on colour, religion or any other form of discrimination. The most common bases for social differentiation are socio-economic status and ethnicity, or race. But also age and sex are important factors. The major goal of social integration is to eliminate the unjust discrimination against certain groups within a society which deprives them of access to opportunities to acquire wealth, social advancement, social contacts, health care, education, housing and other things necessary to a satisfying life (UN 1978). But also secondary goals as improved community services and resulting social stability are both met by social integration. "One negative consequence of residential segregation on the basis of class and ethnicity is that crime and other social problems are concentrated in particular localities... Segregated low-status neighbourhoods are often neglected by municipal and other government authorities. Those programs and services that are provided tend to be over-used because many people have the same needs. Over-use puts a strain on the services and reduces their quality" (UN 1978: 6). Socially integrated areas, especially where they are physically planned, tend to have better services and provide a wider range of opportunities for all their inhabitants.

Spatial segregation is expensive for the lower income households when access to economic opportunities is constrained, and it can lead to economic segregation. Social integration by means of mixing income groups can lead to economic integration. Economic integration is therefore to improve access to resources and economic opportunities for the lower-income households. Local government is

not directly responsible for creating jobs. In general, it is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities.

Concluding, local government should ensure that housing is delivered in an integrated way, hereby contributing towards integrated urban development, by taking physical, social and economic integration in the urban environment into account. Integration will lead to more efficient and equitable cities, where the poor are not locationally disadvantaged or socially excluded. Integration must ensure affordable mobility between work, home and recreation; combat crime, pollution and congestion; and structure the built environment to facilitate the participation of disadvantaged groups in the social and economic life of the city (RSA 1998<sup>9</sup>). As already mentioned in section 2.1.2, social housing especially has a certain role to play in contributing towards integrated urban development. The theoretical role of local government with regard to social housing is related to the intrinsic goal of integrated urban development. Its role is to ensure that social housing delivery takes place in its area of jurisdiction that is integrated in the urban environment, and an adequate option for the target group. What kind of social housing policies does integrated urban development imply?

### 2.1.5 Facilitating role of local government through the enabling approach

Since the last quarter of the twentieth century, a trend can be observed in urban governance and urban planning throughout the world; namely a shift from a 'modernist' towards an 'enabling' approach under influence of a globalising and neo-liberal political economy (Healy et al, 1995), and the de-industrialisation of society. Developing countries like South Africa, being influenced by the UN and the Worldbank in their approach, show a similar shift. In the modernist approach, government is seen as orchestrator and developer, using plans as "blueprints" for its development activities (Healy in Healy et al, 1995). In urban management, the enabling approach, a plan is a store of policy principles and criteria, goals and objectives. "It is intended to guide but not determine regulatory decisions. The objective is to provide sufficient flexibility to allow a "reasonable" balance of individual and collective interests in specific decisions" (Healy in Healy et al, 1995: 253). Hereby government is seen as an 'enabler' of private sector activity. With neo-liberalism the new truth was that the private sector would implement urban development policies more efficiently and effectively than the public sector. Therefore, government should move away from direct provision of services, and limit itself to setting the regulatory framework for private sector companies, 'enabling' the private sector to choose its own development path within the regulatory framework (Baud, 2000).

What does this enabling approach mean for housing development, integrated urban development and local government involvement? Does this new facilitating role of government work in practice? As is shown in the South African cities, since apartheid, the failure of the market mechanism has been to provide housing which is satisfactory for the society as a whole. "Whilst the market mechanism offers considerable benefits as a system of economic management, it frequently does not produce a socially desirable outcome" (Devas & Rakodi 1993: 31). One can even say that the market reinforces existing inequalities, leaving the urban poor in segregated locations, with less economic and social opportunities. How should local government intervene and facilitate, within the enablement approach, housing development which produces a socially desirable outcome and contributes to integrated urban development? In 1997, the UN declared in the Habitat Agenda, paragraph 61: "Within the overall context of an enabling approach, governments should take appropriate action in order to promote, protect and ensure the full and progressive realization of the right to adequate housing" (UN-Habitat 2003). Local governments are traditionally supposed to plan and coordinate activities in the city. The fundamental question is, as pointed out by Devas & Rakodi (1993), to what extent governments should, in principle, seek to intervene in the process of urban development, or leave the process to the 'self-regulating forces of the market'?

In South Africa, until the abolition of apartheid in 1994, local government planning referred to "land-use matters – layout of public housing schemes, preparation and maintenance of 'town-planning schemes' and other similar instruments relating to 'zoning' the use of land, and the decisions taken by many (not all) local authorities concerning land use matters" (Mabin in Parnell et al, 2002). This was a form of modernist or 'blueprint' planning in which local authorities managed private sector activity

<sup>9</sup> The White Paper on Local Government, internet: <http://www.dplg.gov.za/Documents/Wpaper/wpglossary.htm#basic>

directly, through planning and deciding where different types of land development and use were allowed to take place. It was a top-down form of planning, ad hoc project-focused, and based on regulation and control, (FEPD 1995). Since 1994, South Africa moved more and more towards a neo-liberal political economy. The economic growth policies concern government's Growth, Employment and Redistribution Strategy (GEAR). It is to lead economic development and sees economic growth within a neo-liberal economy context. The influence of this shift can also be seen in the planning and housing field and local government's involvement. In South Africa, the new local government of the 21<sup>st</sup> century is supposed to enable or facilitate integrated urban development with integrated development planning. The CSIR manual (1997, 2) stressed out that integrated development planning as being developed throughout the '90s is "an important way in which municipalities can start to develop strategic policy capacity, to mobilise resources and to target their own activities".

(Harrison 2001) points out that the fundamentals of integrated development planning in South Africa today can be found in international discourses on urban management and planning. An example of this is new public management (NPM), which refers to "the introduction of private sector management processes and ideas to public services, with a much greater emphasis on performance, outcomes and accountability to citizens" (Harrison 2001: 178). Apart from the fact that integrated development planning is a concept of budgeting and public management, the integration aspect is critical. The idea became important that local government should be forward-thinking and developmental, rather than simply administrative, and that its line-functions should be integrated through an integrated development planning process (Watson 2002).

### 2.1.6 Intervention mechanisms for local government in the enabling approach

Traditionally, spatial planning or town planning and land use management systems, such as land use planning schemes, are the intervention mechanisms used by local governments to influence or control urban development and housing. Public construction law provides certain instruments for local government, i.e. building regulations, building permits and town planning legislation/ordinances. These instruments are all focused on the regulation of development.

However, as discussed above, many countries move to an enabling approach to governance. In South Africa, this is also the case. Since the abolition of apartheid, 'top down' planning is considered not appropriate. Decentralisation, participation and deregulation or facilitation of appropriate housing development is the norm.

In integrated development planning, facilitation of integrated urban development is more important than the regulation of development. With the new developmental role of local government in South Africa (see 2.1.3), municipalities have more responsibilities in housing, but their ability to act accordingly depends on the policy instruments that are available. In other words, it depends on the power of local government. The local government interventions for the facilitation of social housing development that contributes to integrated urban development have to be informed by the integrated development planning process. In this process, strategic planning of housing development is crucial. Thereafter, implementation of plans is important, to be facilitated by means of certain interventions. However, this all depends much on the financial and institutional capacity of local government.

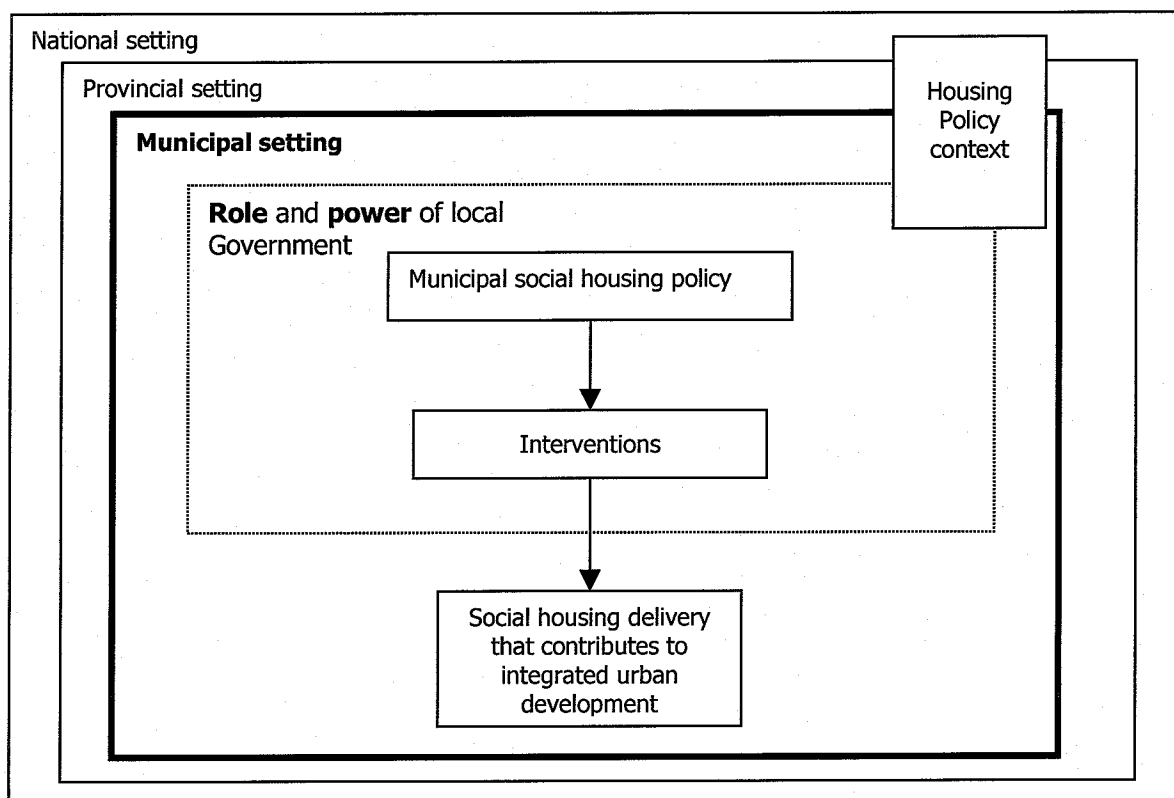
## 2.2 Theoretical framework

The theoretical framework, which follows from the described concepts, is illustrated in figure 2.1. Local government does not exist in isolation from other levels or spheres of government (Cloete in Parnell et al 2002). It is always a 'creature' of national government, and although autonomous, local government is always linked in intergovernmental relationships. Its *role*, resources and hereby *power* are determined at the national level. Within the context of housing delivery for the low-income people, local government is dependent on the national and provincial formulated housing policies, which together form the policy context in which low-income *housing delivery* takes place.

The *housing policy context* consists of national housing related policies, which are policies that set the framework for housing delivery and public housing assistance in South Africa, and provincial housing related policies, which should be in line with the national framework, as defined by the provincial governments. Hereby the housing policy context directly influences housing delivery in South Africa. National government can also assign any of its legislative powers to other spheres of

government and hereby define the roles and responsibilities of the different spheres of government. The national setting hereby determines local government's role in relation to housing.

Local government has a certain legislative power, determined by the national and provincial setting, and hereby has certain power in formulating *municipal social housing policy*. This is policy formulated with the purpose to facilitate the delivery of social housing within an municipal area by taking into account physical, social and economic factors, hereby creating socio-economic development opportunities for the target group through housing, and thus contributing to integrated urban development. To ensure or encourage implementation of this policy, local government can use *interventions*, which can be defined as certain measures to be used by a government agency to implement a policy. The applicable legislation, together with its financial and institutional capacity define local government's *power* to formulate and implement municipal social housing policy. Furthermore, national government determines what public resources and capacity building programs are available for the lower spheres of government, and hereby determines its financial and institutional capacity.



**Figure 2.1 Theoretical Framework**

The theoretical framework as described in Figure 2.1 implies that the following sub questions have to be answered in order to find the answer to the overall research question:

1. What is the policy context in which the delivery of low- to middle-income housing in general and social housing specific takes place in South Africa?
2. What is the role of local government in South Africa in the delivery of housing in general and social housing specific within its area of jurisdiction?
3. What is the power of local government, within the policy context, to execute this role?
4. What is the current practice of social housing delivery in the municipalities Tshwane and Ekurhuleni?
5. What is the current approach of local government in the formulation and implementation of policies that facilitate the delivery of social housing that contributes to integrated urban development of the municipalities Tshwane and Ekurhuleni?

### 3 Research Design

The research is descriptive of nature. It explores a set of data but does not test or make use of a hypothesis. The theoretical frame as given in figure 2.1 is a position statement. The research tries to find out what interventions should be considered in view of the formulation and implementation of social housing policy at the local level in South Africa, based on the policy context on the one hand, and case studies of actual practice in the two pilot municipalities on the other hand. To achieve the aims of the research and answer the research questions two sub-studies and two case studies were carried out.

#### 3.1 Research framework

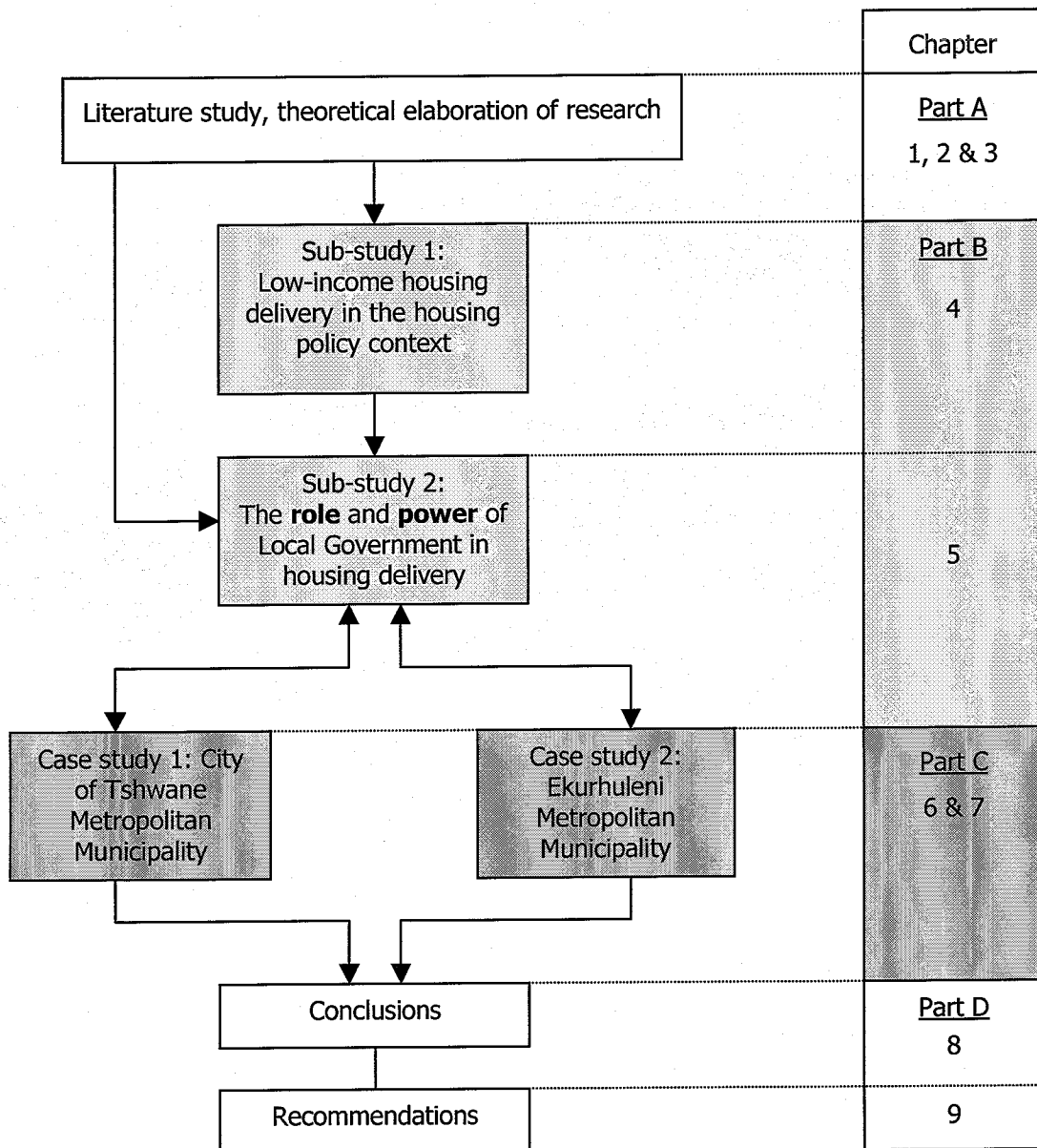


Figure 3.1 Research Framework

As indicated in figure 3.1 above, part B of the research, marked by the light grey area, consists of two sub-studies: the low-income housing delivery in the housing policy context, and the role and power of local government. Sub-study 1 critically examines the public housing support mechanisms, and their effect on the actual low-income housing delivery. Sub-study 2 elaborates on the role of local government in (social) housing and tries to assess its power to execute its roles and responsibilities. Sub questions 1, 2 and 3 are answered by these sub-studies.

Sub-study	Variable	Dimension	Indicator	
Low-income housing delivery in the housing policy context	National housing related policies	Policy documentation	Objectives	
			Strategies	
		Legislation	Purpose	
		Institutions	Role	
			Function	
		Provincial housing related policies	Policy documentation	Objectives
	Strategies			
	Legislation		Purpose	
	Institutions		Role	
			Function	
	Low-income housing delivery		Quantity of housing delivery	Number of subsidised housing units developed since 1994
		Types of housing units developed since 1994		
Quality of housing delivery		Characteristics of housing units developed since 1994		
		Location of housing units developed since 1994		
Housing Delivery process		Quality of living environment		
		Actors		
Role and power of local government		Role of local government	Policy documentation	Objectives
				Strategies
	Legislation		Mandates	
			Functions	
	Power of local government	Legislation	Legislated power	
		Institutional capacity	Municipal structure	
Financial capacity		Financial means		

**Table 3.1 Operationalisation concepts from sub-studies**

Part C consists of the description of existing social housing initiatives in the pilot municipalities Tshwane and Ekurhuleni, the case studies. It describes the actual involvement of local government in the development of existing projects and its policy initiatives regarding future social housing delivery. It furthermore identifies constraints in the social housing development process in the two case studies. Hereby the case studies give answers to sub questions 4 & 5. On basis of this information, gaps in the formulation and implementation of municipal policy can be identified. The research instruments for the case studies were based on the outcomes of the sub studies. Two sets of questionnaires were



developed, one for key persons in the municipalities and one for key persons in the social housing institutions.

The last part, part D is the analysis of the gathered data from the case studies together with the gathered data from the literature study on the policy context. This analysis leads to conclusions with regard to the local government interventions that should be considered in view of the formulation and implementation of municipal social housing policy in South Africa, and on basis of this recommendations can be made regarding the formulation and implementation of municipal social housing policy in the municipalities Tshwane and Ekurhuleni. Hereby, the overall research question will be answered.

### **3.2 Data Collection**

The data for the two sub-studies is collected by means of literature study, internet search, existing policy material, combined with informal interviews with key informants.

For the case studies within the two pilot municipalities, key persons were interviewed. Those were the actors from the municipalities who influence municipal social housing policy, as well as representatives of social housing institutions in both municipalities. The research took place within the co-operation between VNG-International and SALGA, which provided the opportunities to meet the different key-persons for the structured interviews. Tshwane and Ekurhuleni were chosen by the Social Housing Implementation Support Programme of SALGA as pilot municipalities because they already had established social housing institutions and embarked on the formulation of a social housing policy. Two questionnaires were developed to support the structured interviews, one for key persons of the municipalities and one for the key persons of the social housing institutions (see Appendices F & G). These interviews were conducted to gain both qualitative and quantitative data. Because of the high degree of qualitative data, the questionnaires were based on 'topics' to be discussed during the interview.

Additionally, meetings and workshops organised by SALGA in light of the Social Housing Implementation Support Programme were attended and existing policy material of both pilot municipalities was gathered. Furthermore, site visits to the existing social housing projects provided data and insight in social housing practice in the two pilot municipalities.



## **Part B. Sub-Studies**

## 4 The Policy Context and Housing Delivery

This chapter describes the policy context in which low- to middle-income housing, and specifically social housing is being delivered in South Africa. It only describes policy that currently affects low- to middle-income housing delivery in general and social housing specific. The focus is hereby on policies formulated since 1994, this was the year when the new democratic government came to power and started addressing the inequalities created by apartheid. At that time, the country was divided into two parts: a wealthy predominantly white part and a poor predominantly black (African, coloured and Asian) part. This was also reflected in housing, with affluent white areas juxtaposed to segregated and massively overcrowded townships with informal housing in both back yards of formal township housing and informal settlements, with poor living conditions. The most important housing related acts and policy papers in use at this moment are therefore post 1994.

The objective of this chapter is to get an overview of what happened since 1994 with regard to the formulation of policies aimed at low- to middle-income housing and specifically social housing and its relation with housing delivery the past ten years. This in order to determine the housing policy framework, hereby answering sub question 1. Eventually, this policy framework also affects local government. The policy context consists of housing related policies formulated at national level, described in section 4.1, and Gauteng Province, described in section 4.2; the two municipalities that are cases of this research, Tshwane and Ekurhuleni, are both situated in Gauteng Province, and therefore, only policies of this province are described. The actual housing delivery of the past ten years is discussed in section 4.3.

### 4.1 National Level

In 1994 the new democratically chosen government of South Africa declared

*"to establish a sustainable housing process through a national housing strategy which will eventually enable all South Africans to secure housing within a safe and healthy environment and within viable communities in a manner which contributes positively to a non-racial, non-sexist, democratic and integrated society."*<sup>10</sup>

At the same time, the Reconstruction and Development Programme (RDP) was being developed by the ANC-alliance. This document formed the basis of all policy development within the first years of the administration. The 'meeting basic needs' programme was one of the key programmes, and it had a component on housing. This sub programme for housing and services recognised housing as a human right and stated that it was the responsibility of the government to ensure that housing was being provided to all South Africans. It also set the basis for housing standards and proposed a subsidy framework, which should enable the delivery of housing to the poor (Rust 2002). Later in 1997, this subsidy scheme was included in the housing act.

#### 4.1.1 The White Paper on Housing

In December 1994, the White Paper on Housing was published. It was the first policy document of the new democratic government on housing (Rust 2002). It was based on the principles in the RDP document and further recognised that housing is a basic human right. The White Paper stressed that the housing process should be people-centred, and pays particular attention to special homeless groups in society, such as youths, the disabled and the elderly. It is important to note that with the White Paper on Housing, the government clearly chose to focus on the poorest of the poor

---

<sup>10</sup> Excerpt from the Botshabelo Accord, also known as the Housing Accord. Prior to the release of the Housing White Paper, the government sought to confirm national, multi-sectoral agreement on the direction it was taking, and on the roles that the various parties were expected to play. In this regard, the then Minister of Housing (the late Joe Slovo) called for a National Housing Summit. This took place in October 1994, in Botshabelo, a township just outside of Bloemfontein in the Free State.

with its housing policy: "low-incomes of large proportions of South Africa's population imply that many people are unable to afford adequate housing using their own financial resources alone" (RSA 1994).

Furthermore, the document recognised that the environment in which a house is situated is as important as the house itself: "Housing is defined as a variety of processes through which habitable, stable and sustainable public and private residential environments are created for viable households and communities" (RSA 1994). In addition to this, the White Paper recognised that in relation to the promotion of viable households and communities, the historical and at that time existing patterns of land use and allocation, as well as the legislative and policy framework associated with land, provided an immense challenge and constraint. A fundamentally different approach was required to make the housing programme a sustainable reality. However, this problem seems to be neglected in the policies developed as a result of the White Paper.

In a proposed national housing strategy, the White Paper set a target for housing delivery, which became very important measure for the credibility of the new government. The target was to increase housing delivery on a sustainable basis to a peak level of 338.000 units per annum within a five-year period, to reach the target of the Government of National Unity of 1.000.000 houses in five years (RSA 1994). This goal expressed an immediate focus on quantity, and therefore the strategy proposed a short-term intervention in order to facilitate the speedy delivery of land for development purposes, the Development Facilitation Act of 1995 (see 4.1.6). Thus although the quality aspects of housing were acknowledged by the proposed housing strategy of the White Paper, this seemed to be overshadowed by the quantity aspects, an immediate need to develop as many houses as possible for a large part of the population.

#### 4.1.2 The Housing Act

In 1996 the new Constitution of the Republic of South Africa was passed. For housing provision, it contains the guiding principles, but it does not define the specific roles of the three spheres of government in meeting the housing needs (Leshabane 2003).

The Housing Act 107 of 1997 is the centrepiece of housing legislation in South Africa. The act came forth out of the policy approach as expressed in the White Paper on Housing and brings housing legislation in line with the imperatives of the Constitution. It provides for the establishment of a South African Housing Development Board and Provincial Housing Development Boards, and the financing of housing programmes by the South African Development Fund, later called the Housing Subsidy Scheme (see 4.1.3). The act further defines the key roles for the three spheres of government, which are national, provincial and local government.

- **National Government** is responsible for national housing policy and national delivery goals. The department of Housing (DoH) establishes and facilitates a housing delivery process, by setting uniform norms and standards for housing construction and establishing institutional and funding frameworks. One of the responsibilities of the DoH was to develop a national Housing Code (which was launched in 2000)<sup>11</sup>, through which the implementation of the national housing policy is facilitated. This Housing Code provides for administrative guidelines relating to public sector housing development and develops norms and standards for housing delivery. The Housing Code is intended to promote consultation on housing development issues across all spheres of Government, and with all other stakeholders (Leshabane 2003: 17). It is divided into seven strategies (the seven Thrusts<sup>12</sup>):
  1. Stabilising the housing environment.
  2. Establishment of institutional, technical & logistical support.
  3. Mobilising housing credit.
  4. Providing subsidy assistance by means of the Housing Subsidy Scheme.
  5. Rationalising institutional capacities.
  6. Facilitating speedy release and servicing of land.

<sup>11</sup> Source: [http://www.housing.gov.za/content/housing\\_code/contents.htm](http://www.housing.gov.za/content/housing_code/contents.htm)

<sup>12</sup> Source: [http://www.housing.gov.za/policy\\_in\\_perspective.htm](http://www.housing.gov.za/policy_in_perspective.htm)

#### 7. Co-ordinating public sector service delivery & investment.

- **Provincial Government** is responsible for coordinating housing development in the province. Hereby it can formulate provincial housing policy as long as it is in line with national housing policy and national legislation. Provincial Housing Departments (PHDs) approve and allocate housing subsidies and projects and provide support for housing developments to municipalities. Furthermore, the province has to prepare and maintain a multi-year plan for housing.
- **Local Government** (the municipality) is responsible to ensure that all the people within its jurisdictional area have access to adequate housing opportunities. This responsibility should be undertaken within the framework of national and provincial housing policies and legislation. Municipalities provide (bulk) engineering services as roads, electricity, water and sanitation. Municipalities also plan and manage land for development including housing. The act further states that at the local level, housing should be based on integrated development planning, hereby further stressing that it should not lay solely on the provision of housing, but on integrated development.

#### 4.1.3 Housing Subsidy Scheme

In part 5 of the Housing Act, the South African Housing fund is being recognised. In 1994, this National Housing Fund replaced all previous racially based subsidy programmes. Through the fund, National Government sets aside part of its national budget for providing housing assistance to low-income groups, those earning less than R3 500 per month. In 1996, the estimation was that 80% of the households in South Africa had an income of less than R3 500 per month and 50% earned less than R1 500. The fund is further meant to finance the activities mentioned in the Housing Act (see 4.1.2).

The Housing Subsidy Scheme (HSS) has changed over the past years. The types of subsidies available remained the same, but the amount of them changed. The different types of subsidies available to qualifying households are (Pienaar 2002):

- *Project-linked subsidy*: usually for developer driven projects. Provincial or local governments can also act as developers, alone or in partnership with community-based organisations and/or private developers. This subsidy helps beneficiaries to acquire ownership of fixed residential properties for the first time through projects approved by provincial governments. The subsidy goes to the developer of the project on behalf of the beneficiary.
- *Project-linked institutional subsidy*: usually for projects initiated by non-profit housing institutions such as social housing associations in the form of section 21 companies, co-operatives and local authorities acting alone or in partnerships. The subsidy goes to the institution that provides tenure arrangements other than immediate ownership to the subsidy beneficiary. With this institutional subsidy, the social housing sector is promoted.
- *Individual subsidy*: can be a credit linked or a non-credit linked subsidy. This subsidy helps beneficiaries to acquire ownership of fixed residential properties for the first time, and buy existing homes or homes in projects not approved by provincial housing departments. The subsidy goes directly to the beneficiary.
- *Consolidation subsidy*: for upgrading of 'site and service' areas developed under a previous capital-subsidy scheme. It provides a 'top-up' amount to owners of the serviced sites to provide or upgrade a top structure on the site.

As described in the Housing Code<sup>13</sup>, the subsidies and a certain contribution of the beneficiary should be able to buy the housing units to be built, which consists of (as defined by the Housing Act 107 of 1997):

- a. "permanent residential structures with secure tenure, ensuring internal and external privacy and providing adequate protection against the elements; and

<sup>13</sup> Source: [http://www.housing.gov.za/content/housing\\_code/part3/chapter2.htm](http://www.housing.gov.za/content/housing_code/part3/chapter2.htm)

b. potable water, adequate sanitary facilities and domestic energy supply.”

Together, these elements form the ‘product price’ of the housing unit. Accordingly, a portion of the subsidy may be utilised for the acquisition of land and the provision of certain basic municipal services, whilst the remainder has to be utilised for the permanent residential top structure. Together, The new subsidy bands as effective from 01 April 2004:

	Income Category	Subsidy	Product Price	Contribution
Project-linked subsidy / Individual subsidy	R0 to R1 500	<b>R25 800</b>	R28 279	R2 479
	R1 501 to R2 500	<b>R15 700</b>	R28 279	R2 479 + Shortfall
	R2 501 to R3 500	<b>R8 600</b>	R28 279	R2 479 + Shortfall
Indigent: Aged, Disabled & Health stricken:	R0 to R800	<b>R28 279</b>	R28 279	None
Institutional Subsidy:	R0 to R3 500	<b>R25 800</b>	At Least R28 279	Indirect - Institution must add capital
Consolidation Subsidy:	R0 to R1 500	<b>R14 102</b>	R16 581	R2 479
Consolidation Subsidy for Indigent groups:	R0 to R800	<b>R16 581</b>	R16 581	None

**Table 4.1 Subsidy Bands<sup>14</sup>**

It is obvious that the different existing capital subsidies described above are solely based on assumptions of cheap land, a standard top structure and basic services. They do not take into account higher cost of development of different types of top structures, other than the standard sizes, on more expensive, well located land.

In 2003 government launched the development of a Medium Density Housing Development Programme. This programme will probably involve a higher government subsidy per unit with the beneficiary expected to contribute R27 000 or more (from own funds, through loans or savings) (Leshabane 2003). It is expected that this will require the revision of the current Institutional Housing Subsidy programme. In the future, specific social housing projects that fall within the requirements of the Medium Density Housing Development Programme can make use of this subsidy.

#### 4.1.4 Institutions

In addition to this subsidy scheme, institutions were established by national government to assist in low-income housing development. Access to finance for contractors, especially emerging contractors, and homeowners is a fundamental issue. For the social housing sector specific support comes from some of the institutions.

The *National Housing Finance Corporation* (NHFC) is a State Owned Enterprise that aims to ensure “that every South African with a regular source of income is able to gain access to finance, to acquire and improve a home of his or her own” (NHFC 2003)<sup>15</sup>. It is the largest housing financial services corporation in the country and does not lend money directly to homebuyers, but works with

<sup>14</sup> Source: <http://www.housing.gov.za/content/subsidy%20basics/amount.htm>

<sup>15</sup> Source: <http://www.nhfc.co.za/>

funding intermediaries. One of its aims is to expand housing finance, so that in time, the massive capacities within the sector can be mobilised to service under-serviced and un-serviced segments of the housing market. By enabling more people to have homeownership, this makes the market for houses (effective demand) bigger. Early 1997 the NHFC established a development unit, to provide capacity building and technical assistance for initiatives that were seeking to establish themselves as social housing institutions. In the end of 1997 this development unit became a separate company, the Social Housing Foundation (see below) (EU 2003)<sup>16</sup>. However, hereby the NHFC's support for social housing did not come to an end. In 1998 the NHFC established a Housing Institutions Development Fund, specifically offering three loan products for starting SHIs: a pre-establishment loan for institutional set-up costs, a capacity building loan and a project loan (EU 2003).

The *National Urban Reconstruction and Housing Agency* (NURCHA) is a financial institution, established in 1995, that works in partnership with all role-players in the low and middle-income housing markets "to maximise housing options in a way that promotes social and economic development" (NURCHA 2003<sup>17</sup>). It shares financial risk with financial institutions and housing developers in order to encourage low-income housing development. Gauteng Housing MEC Paul Mashatile commented on NURCHA: "The role played by NURCHA in the low-cost sector is commendable. Its involvement in programmes such as the guarantees for bridging finance, end user finance guarantees and the joint venture development fund are adding value to housing development. Most importantly, NURCHA is playing an important role in changing the quality of life of millions of poor people across the province and is also advancing the interests of small and medium scale enterprises" (Mashatile 2000<sup>18</sup>).

*Servcon Housing Solutions Ltd* is mandated to manage the disposal of properties owned by banks as a result of non-performing loans in selected areas. In addition, Servcon supports homeownership, where possible, by offering alternative options to those who cannot afford their own accommodation (as a result of over-extended debt and related difficulties), and improving the viability of non-performing housing debt (Leshabane 2003).

The *Social Housing Foundation* (SHF) is a Section 21 Company, established in 1997 out of the development unit of the NHFC, to provide capacity building and technical support services to emerging and existing social housing institutions. It also assists in the formulation of a policy framework for the social housing sector. The primary goal is to promote social housing as an alternative form of tenure for low-income communities in South Africa. In 2001, the Social Housing Foundation became independent from the NHFC.

The *National Association of Social Housing Organisations* (NASHO), established in 2002, has the objective of becoming the representative body of SHIs in South Africa. The association seeks to provide a range of services to its members including policy initiatives, benchmarking of best practice, the development of a communications system, and the establishment of a NASHO website (EU 2003).

#### 4.1.5 Social Housing Policy

To date, on the national scale, social housing has emerged as a result of fragmented organisational will, mainly by (international) donor organisations, rather than as a result of a supportive policy environment (DoH 2003<sup>19</sup>). Social housing projects hereby have been implemented on a pilot basis over the last five years, making use of the institutional subsidies and donor funding. 67 Social Housing Institutions have been formed (EU 2003).

At the national level, the policy debate on social housing started at the end of 1998, when labour movements urged government to participate in a Job Summit in order to formulate strategies for job creation. This was an issue because of restructuring processes of the economy since 1994. One of the demands during the negotiations was to revisit the country's housing policy, which was up to then mainly focused on the delivery of "progressive", i.e. incremental and developer driven, housing

<sup>16</sup> Mid-term Evaluation of the Support Programme for Social Housing

<sup>17</sup> Source: <http://www.nurcha.co.za/>

<sup>18</sup> Excerpt from article "Smallest province faces in-migration of 40000 people per month" in journal: Housing in Southern Africa, March 2000

<sup>19</sup> Draft Social Housing Policy



for ownership (Tomlinson 2001), resulting in a dissatisfying product for a variety of reasons including location of the housing, its size (30m<sup>2</sup>), quality and cost. The resulting agreement between business, the community, government and labour movements, was a Presidential Pilot Project on Housing, aiming to initiate a new form of mass housing delivery that could serve as a model for social housing delivery. This became a National Presidential Lead Project (NPLP) of mass housing delivery through three projects of 5 000 units each, partly funded by government and partly by the private sector. The government provided on top of the normal institutional subsidies for all units combined an additional R75 million. The private sector provided the projects with in total R1.3 billion. The European Union (EU) also played a role by allocating R3.5 billion to establish an institution for each of the projects. Eventually, in total each housing unit attracted nearly R10 000 more than the institutional subsidy alone would provide, and hereby this mass delivery programme could not only deliver at scale, but also deliver an affordable, housing option which was of higher standard, being developed on well located land.

This Job Summit exercise clearly proved that social rental housing is a relative expensive form of delivery (Tomlinson 2001). The debate on social housing delivery issues led to the DoH's acknowledgement of the need for a social housing policy framework. This is also an acknowledgement of the fact that social housing has a role to play in broadening the range of options available to low-income households and diversifying the low-income housing output.

Since 2001, the DoH, together with the SHF and other stakeholders, is working on a social housing policy programme. The overall purpose of this policy is to establish a mechanism in terms of which Government can create an enabling environment for the development, delivery and maintenance of the social housing sector. Dutch social housing experts, using Dutch donor funding participated in the development of the detailed policy guideline.

At the time of this writing, the policy draft is being redrafted and in the final stage of going to Cabinet consideration, with an anticipated approval by end 2004, for it to take affect in Financial Year 2004/5. After that legislation in the form of a Social Housing Act will be formulated on basis of that policy<sup>20</sup>.

The revised draft Social Housing Policy suggests (DoH 2003):

- Changes to the institutional framework for social housing, with specific defined roles for National, Provincial and Local Government;
- A new funding framework for the sector to ensure that institutions are adequately funded to the point where their growth becomes organic without any further subsidisation; and
- A regulatory framework based on a best practice regime.

#### 4.1.6 Development Facilitation Act

In order to facilitate speedy release of land for low-income housing development, the Development Facilitation Act of 1995 (DFA) was formulated. It is intended to guide all physical planning and development in South Africa. Accordingly, the land-use or spatial planning aspects of the development of housing should also be affected by this act. The DFA consists broadly of three elements:

- First, it sets the principles for the land development, which should be taken into account by the three spheres of government while making decisions on the use and development of land. Hereby it discourages low-density, segregated, fragmented and mono-functional development, and rather embraces compact, integrated and mixed-use settlements.
- Second it requires that every municipality establishes Land Development Objectives (LDOs), which are effectively local land-use plans that take into account the need to plan for land use in an integrated and strategic manner. Essentially, local authorities are required to draft LDO's for each area of land development activity, including public transport, water, health, education facilities, as well as housing. Approved LDOs have the effect of binding all land development decisions taken by a municipality or any other authority within the municipality's area of

<sup>20</sup> For a summary of the draft social housing policy see Appendix C

jurisdiction. They also automatically override any plans drawn up in terms of pre-1994 planning legislation. The Municipal Systems Act of 2000 requires for these LDOs being incorporated in IDP by integrating them in a Spatial Development Framework.

- Third, in order to provide a speedy route for the consideration of land use change and land development applications the DFA provides for a development tribunal to be established in each province. The tribunals are equipped with exceptionally strong powers to ensure that decisions are reached swiftly, and that any obstructions to sustainable and equitable development are eradicated. An applicant can decide whether to submit his or her application to the development tribunal or to use the existing legal routes provided by the various inherited planning laws.

The Development Facilitation Act is going to be repealed by the Land Use Management Act, as stipulated in the Land Use Management Bill (Department of Agriculture and Land Affairs 2002). This new Act replaces the LDOs of the DFA by spatial development frameworks, to be developed at national, provincial and local level, and further provides uniform regulation of land use management in South Africa. Features of the DFA that will be reinforced are "the general principles for land development, which discourage low-density, segregated, fragmented and mono-functional urban development in favour of compact, integrated and mixed-use settlements" (Irurah and Boshoff in Harrison et al 2003: 258).

#### 4.1.7 Urban Development Framework

Apart from the above-discussed policies to create an enabling environment for the development of low-income housing, the government of South Africa formulated an Urban Development Framework (UDF of 1997). Its aim is "to promote a consistent urban development policy approach for effective urban reconstruction and development, to guide development policies, strategies and actions of all stakeholders in the urban development process and to steer them towards the achievement of a collective vision" (DoH 1997: ii). In short, the aim of the document is integrated urban development.

"The Framework:

- Explains and analyses the current reality of South African cities;
- Proposes an urban vision;
- Explains the major dilemmas affecting policy choices at all levels in this sector;
- Proposes an implementation framework for the operationalisation of strategic goals; and
- Proposes a programme to monitor and evaluate key elements of the framework" (DoH 1997: iii).

In relation to urban housing development this policy framework has specific goals, namely to improve and promote housing and infrastructure with a view towards sustainable communities, as defined in the urban vision. This framework therefore has most implications for local government, who is supposed to guide this process by integrated development planning. However, with housing policies and support mechanisms already been formulated at the National level (Housing Act, HSS) one can be critical about the effect of this framework on policy practice. Pieterse (in Harrison et al 2003) points out that the problem with the UDF is that it is not much clearer on the meaning of integrated planning and how specifically it will lead to integrated cities and towns, given the political and economic sensitivities that are to be respected in pursuing integrated planning. The document is thus too vague with regard to this concept to be practicable.

## 4.2 Provincial Level, The case of Gauteng Province

Every Province in South Africa can formulate its own housing policies, as long as they are in line with National housing policy. A Provincial Housing Development Board (formerly called a Provincial Housing Board) exists in each province to, among other functions, administer national housing programmes, as for example the HSS, and to advise on policy issues. Provinces have the discretion to replace these Provincial Housing Development Boards with similar bodies that perform the same

functions. The Boards, which are legal entities, are also responsible to manage the assets belonging to them. Because of the fact that the focus of this study is on municipal areas in the Gauteng Province, only the housing related policies developed by this province are described.

Gauteng is the most urbanised province of South Africa, 94% of Gauteng's population is urban, with the highest population growth, of twice the national average (census 2001)<sup>21</sup>. It is also the smallest province with three of the six metropolitan areas, Johannesburg, Ekurhuleni and Tshwane (Pretoria). Here the (urban) housing problems seem to be the most striking. This is also reflected in its housing related policies, which seem to be more progressive than the policies of other provinces. Gauteng is the only province with a social housing policy.

#### **4.2.1 The Gauteng Housing Act**

This 1998 act is Gauteng's response to the national Housing Act of 1997, which allow for the promulgation of provincial legislation. As such, the legislation reinforces and builds upon the duties and powers afforded provincial government in the Housing Act, while also articulating Gauteng-specific priorities with respect to housing (Tomlinson et al. 2002: 14).

#### **4.2.2 The Housing Value Framework**

This includes the province's vision and mission for housing, as well as its principles for housing development and specific housing development objectives. To some extent it is accommodated within the Gauteng Housing Act, but also extends beyond this to articulate the approach that Gauteng takes in carrying out its specific policy and programme initiatives (Rust 2002: 3).

The Gauteng Value Framework identifies the key principles guiding housing sector activity, and they are in line with the principles identified by the national government in the Housing Code.

#### **4.2.3 Programme-specific Policies, Social Housing**

The Gauteng Housing Act and the Housing Value Framework are both in line with national housing policy (Tomlinson et al. 2002; Rust 2002). However, Gauteng has developed some policies that either diverge from the national housing policy or arise as a result of a different, often broader, interpretation of nationally defined housing policy. These are the programme-specific policies. While these housing programmes have been variously defined since 1994, they are currently structured in four strategic thrusts: Incremental Housing, Social Housing, Urban Regeneration, and Customer Support Services.

Gauteng's emphasis on rental as a viable and secure tenure option led to the development of a national Rental Housing Act in 1999, by which National Government cursorily addressed the issue of rental housing. It also led to a specific Rental Housing Programme in Gauteng, and this led to one of the four strategic thrusts, which is Social Housing.

The strategic objective of Gauteng's Social Housing Programme (which is the delivery of housing through the institutional housing subsidy) is "the strengthening and acceleration of social housing as the only route to "guaranteed" credit linked housing finance. Key priorities within this objective include the supply of varied tenure forms including rental and co-operative ownership; the location of projects on well-located sites; the use of designs that maximise efficient use of space, including the construction of walk-up housing; and support and sustenance of strong and successful social housing associations, co-operatives and housing management companies" (DoH GP 2003)<sup>22</sup>.

The programme was set up in 1996. Hereby Gauteng was clearly ahead of national government. As a result from the national requirements of the institutional subsidy, the focus of the programme is on beneficiaries who earn between R1 500 and R 3 500 per month. Hereby, the main objective of the social housing programme is to facilitate the delivery of housing through the institutional subsidy vehicle. Gauteng's five-year Strategic Plan (2002-2005) allocates 12,5% of the budget to the rental/social housing programme (GdoH 2002). It also has a land procurement policy

<sup>21</sup> Source: [www.statssa.gov.za](http://www.statssa.gov.za)

<sup>22</sup> Source: [www.housing.gpg.gov.za](http://www.housing.gpg.gov.za)

where the department seeks to purchase land in well-located areas where housing delivery by the local authorities will be implemented, for example social housing delivery through SHIs.

In order to reach the goal, several strategies were developed (Dodd 2002):

- Supporting the formation and ongoing sustainability of social housing institutions: An example of this would be the setting up of a housing institution from scratch by the Department.
- Supporting the SHIs with capacity building activities and the development of stock through the Gauteng Partnership Fund (GPF). This fund was established in 2002 to "provide an innovative, pro-active market focused intervention to help normalise funding in the social housing sector" (GPG, 2003). The purpose is to attract private sector finance for decent affordable housing, by taking risks that financial institutions do not want to take.
- Fostering links with other government agencies in the sector, e.g. SHF, Housing Institutions Development Fund (HIDF), etc, as well as with the private sector, e.g. housing companies.
- Capacity building: This is being done through establishing co-operation agreements with other regions in South Africa, as well as certain sisterhood agreements between Johannesburg and five cities overseas. The outcome hereof is the mobilisation of the appropriate experience, expertise, technology and financial support.
- Policy development and research.
- Compliance with norms and standards and the monitoring thereof: The aim is to develop relevant norms and standards as well as develop guidelines in terms of design and specification. A lot of work has already been done by the Social Housing Foundation in this respect with best practice workshops and the publication of a series of guideline booklets. The Department aims to build on this work.

#### 4.2.4 Strategic Priorities

Gauteng has identified a number of strategic priorities that require attention across the various housing programme initiatives. These include policies or policy initiatives regarding HIV/AIDS and housing, women and housing, housing finance, special needs, and so on (Tomlinson et al. 2002: 14).

#### 4.2.5 Gauteng Planning and Development Act

Up till 2003, legislation applicable to spatial planning and development or land use management in Gauteng Province was the Townplanning and Townships Ordinance of 1986. This act, stemming from the apartheid area, was not applicable to the new South Africa where the democratic government has formulated new visions and strategies for housing development. Therefore, Gauteng Province formulated the Gauteng Planning and Development Act, 2003, in order to provide for a single system of development, planning and land management in the province. It is in line with the National Land Use Management Bill (DoLA 2003) and Development Facilitation Act (RSA 1995). It:

- Sets out principles for development planning in the province,
- Establishes Planning and Appeal Tribunals at provincial level,
- Establishes Planning Committees and Municipal Tribunals at local level,
- Creates a framework for the preparation of plans and development policy in the province: provincial integrated development plan, provincial spatial development framework, spatial development frameworks of municipalities and land development policies of municipalities, and
- Provides for the creation of zoning schemes at the local level.

With the enactment of this piece of legislation, the Townplanning and Townships Ordinance of 1986 has been repealed.

### 4.3 Housing Delivery

Now the policy context is described at National and Provincial level, this paragraph assesses what has happened since 1994 with regard to the delivery of low- to middle-income housing in South Africa. First, housing delivery is described in terms of quantity, the number of housing opportunities created since 1994. It is important to know how the housing delivery mechanisms contributed to fighting the backlog. Second, housing delivery is described in terms of quality, what exactly is the product being delivered. The focus is on the types of houses being delivered as a result of the housing support mechanisms developed by national government, through which most of the number of houses for low-income people is being developed. Furthermore, the actor framework is described, in other words, how the housing is being delivered. Eventually, the description specifies towards social housing delivery and the actor framework involved in this process.

#### 4.3.1 The Backlog

On the 6<sup>th</sup> of October 2003, United Nations Habitat awarded former Minister of Housing of South Africa Sankie Mthembu-Mahanyele for improving the housing conditions of six million poor people during her reign as Minister of Housing in South Africa. Since 1994, through the provinces, the Government has affected housing subsidy capital transfers worth over R19 billion. These capital transfers have been used to acquire sites and build top structures. In total almost 1,4 million houses have been built. The United Nations have confirmed that South Africa's record of delivering so many houses to the poor is unprecedented in the history of housing delivery throughout the world (DoH 2003)<sup>23</sup>. In March 2001, the total subsidies approved since 1994 was 1 351 260. For Gauteng the number of subsidies approved was 398 607, which is by far the highest number compared to the other provinces. The actual top structures completed or under construction at that time was for the whole of South Africa 1 167 435, and for Gauteng the number was 348 288 (DoH 2001). According to the "Quick Stats. Houses Built Since 1994" on the website of the DoH<sup>24</sup> (2003), the current numbers are 1 324 886 for the whole of South Africa and 368 499 for Gauteng.

The goal to fight the backlog, which was to have built one million houses by the year 2000, is hereby somewhat achieved. But still, the housing backlog, which takes into account the level of overcrowding, the need for additional dwellings, the number of inadequate dwellings, and population growth or household formation, seems to be increasing faster than the delivery of housing opportunities. It is estimated that the backlog is over 2 million (Leshabane 2003). The backlog is more acute in urban areas. In Gauteng it is estimated at 500 000.

#### 4.3.2 What has been delivered?

The question is if the visions and goals as expressed in the RDP and the several White Papers have been accomplished. The implemented policies seem to be focused on quantities, providing as many houses as possible, and hereby quality factors seem to be neglected. This can be seen in the types of houses delivered since 1994.

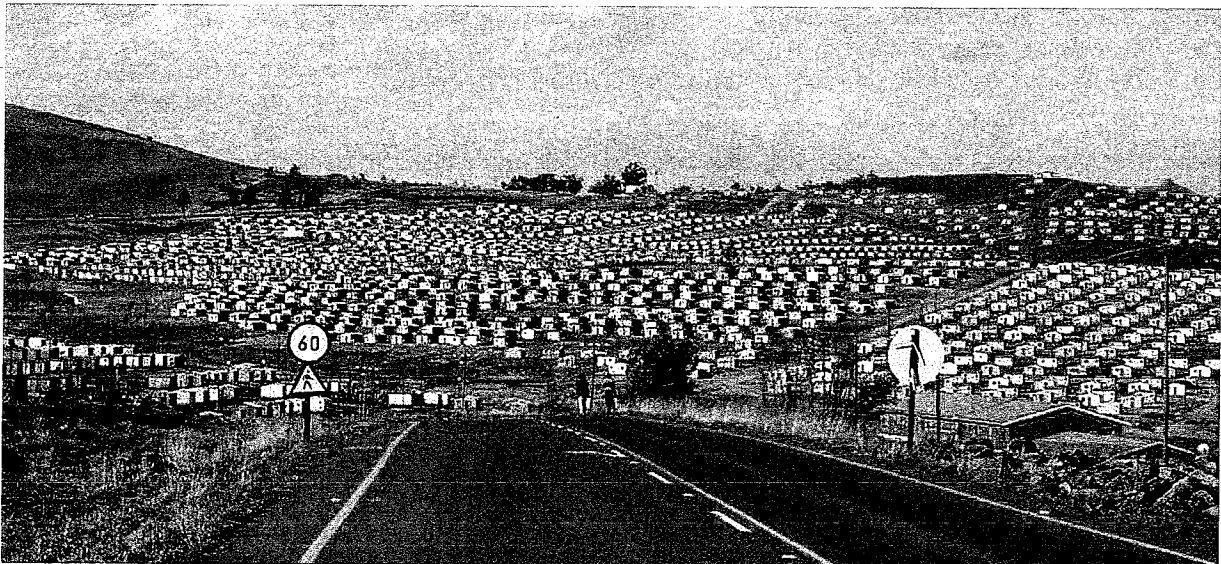
By far most houses that have been delivered are part of the Reconstruction and Development Programme (RDP). Those RDP houses are mostly built by private developers who make use of the project-linked subsidies from the Housing Subsidy Scheme (HSS). For the lowest-income groups this means a capital subsidy of R 25 800 per house, which is used by the developers to buy the land, service it and build top structures. Initially the problem with this type of delivery was that the quality of the top structures was very bad. "Media reported on cracking 'RDP' houses, houses whose roofs had blown off in the first storm, houses that had crumbled following flooding, and so on" (Rust 2003: 10). The Housing Act of 1997 addressed this problem by restricting the portion of the housing subsidy that could be spent on land and services to 46.8% of the subsidy amount. Hereby, the top structures, for which more than half of the subsidy had to be utilised, could comply with minimum standards. However, the large pieces of land purchased for these projects are often on the outskirts of

<sup>23</sup> Source: [www.housing.gov.za](http://www.housing.gov.za)

<sup>24</sup> Source: [www.housing.gov.za](http://www.housing.gov.za)

townships, where the land is cheapest. Another problem that has to do with private developers is that they want to make a profit, which is what is left of the subsidy after the development. This causes the problem that the developers are more interested in the lowest income-bands (R0-R1500), for which they get the largest amount of subsidy. The other income bands (R1501-R2500 and R2501-R3500) have to make a larger own contribution and therefore private developers perceive the business risks as too big to invest in housing projects for these income groups. This creates a housing delivery gap for the people earning between R1501 and R3500.

Colnot (2003) mentions that the resulting product is still "a sad excuse for shelter". The top structures, which have to be built for half of the subsidy amount, are 30 m<sup>2</sup> in size and all look the same. The houses built by the apartheid government in the 1960s, the so-called 'matchboxes', were even bigger in size, on average 40 m<sup>2</sup>.<sup>25</sup> The fact that the RDP-houses are located on segregated areas on the outskirts of the cities and towns, with no socio-economic infrastructure, makes this form of housing highly unsustainable. The Urban Sector Network (USN) undertook evaluations of the HSS that showed that it has contributed to the general improvement in people's lives, especially with regards to secure tenure (ownership) and basic services. However, in the study undertaken on beneficiaries' perceptions of the HSS, "there was little evidence of a platform being created from the continuing socio-economic development of communities, or the creation of opportunities for people to sustain them beyond having access to basic services and shelter" (Zack & Charlton 2003). A shift from the provision of purely shelter to building habitable and sustainable human settlements through integrated urban development implies that projects should be developed at better locations. Even although addressed by National Frameworks as for example the Urban Development Framework, an acknowledgement of the reality of land markets and the high costs of favourably located land is conveniently ignored by the HSS (Huchzermeyer 2003).



**Picture 4.1 Typical RDP development, built with the help of project linked subsidies on the outskirts of Kokstad<sup>26</sup>**

The HSS, which was more or less giving away houses to the poor, changed over the years. Because of the fact the people got their houses for free initially, the house had no real exchange value to them. They sold their house for little money. This has created a new 'unhouseable' group, since everyone can only access a housing subsidy once. In 2002, the subsidy system was therefore changed into amounts with a certain contribution expected from the side of the beneficiary (see table 4.1). Even the lowest-income people, earning less than R1 500 a month, have to contribute R2 479 of own savings in the development of the house. Hereby the housing unit can be understood as an asset with a value beyond the immediate shelter it provides. With the own contribution of the beneficiary, the

<sup>25</sup> Source: [http://www.findarticles.com/p/articles/mi\\_m1132/is\\_10\\_55/ai\\_114290203/pg\\_3](http://www.findarticles.com/p/articles/mi_m1132/is_10_55/ai_114290203/pg_3)

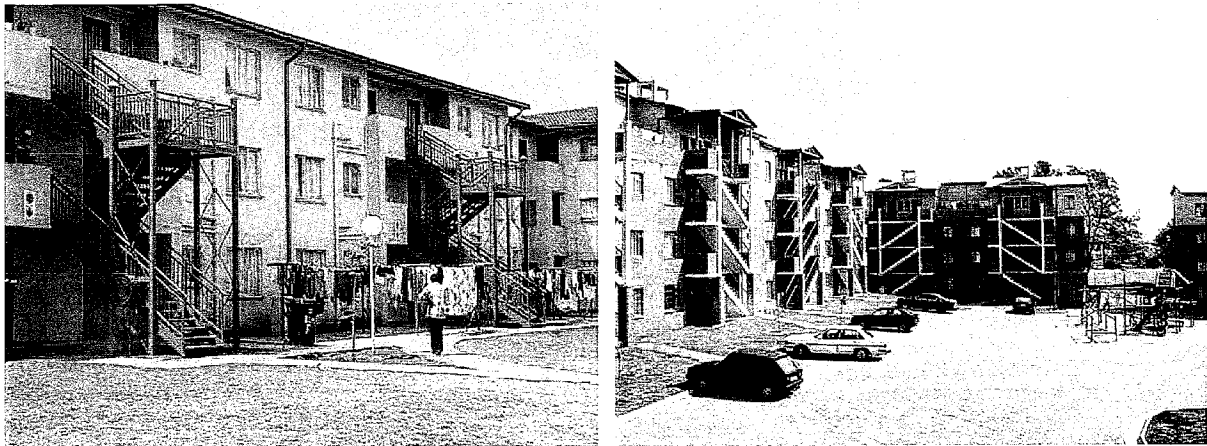
<sup>26</sup> Source: [www.ru.ac.za/academic/departments/geography/html/africacourse/development\\_in\\_africa.htm](http://www.ru.ac.za/academic/departments/geography/html/africacourse/development_in_africa.htm)

house becomes a significant investment. Furthermore, the beneficiary is not entitled to sell the house within the first eight years of occupation.

If people cannot afford to pay the contribution, the People's Housing Process (PHP) is a form of housing delivery that shows to be more effective. In the process, which can make use of the HSS, the people help to build their own houses, a so-called self-help approach to housing delivery. The labour put in by the beneficiary is hereby seen as a form of equity. The USN (2003) states that the process results in better quality housing, community empowerment and local job creation. People can save on labour costs, and build a bigger house. The building skills they acquire can help them get formal jobs in the building industry. As the private sector increasingly withdraws from the low-income housing sector (Rust 2003) the PHP gets increased attention from both National and Provincial government. Gauteng Province, in its 5-year strategic plan for housing, allocated 37% of the budget to this type of delivery. Developer driven projects get 50% of the budget. A disadvantage of the PHP approach is that it slows down delivery (Rust 2003).

### 4.3.3 Social Housing delivery

The statistics of low-income housing delivery described in 4.3.1 seem to point to the fact that South Africa's government succeeds in meeting the shelter needs of the urban poor. However, as shown by 4.3.2, this cannot be said of the type of product being delivered. Gilbert (1997) and the UN (2003) stress the fact that a large part of the urban population in South Africa rent their accommodation in the form of hostels, backyard shacks or rooms to meet their housing needs. In any case, renting is a housing option that is very important to groups of people as migrant workers, single women, students and newly established households (Coelmont 1998; Gilbert 1997). Social housing delivery, through the institutional housing subsidy, tries to fill up the gap in rental housing delivery for the poor, and the 'quality gap' of low-income housing. However, not much has been achieved in the sense of quantity, despite increasing attention and support from government. The social housing sector is a very small sector in South Africa, compared to the other low-income housing options. Up to now less than half of the established *social housing institutions (SHIs)* have created housing stock, more or less 31 of the 67 (EU 2003). By the end of 2001, over 17000 social housing units were delivered countrywide (Leshabane 2003). Even by 2002, the delivery of institutional subsidies across the country only sat at 24 181, compared with a total delivery of just over 1,5 million subsidies (EU 2003). Gauteng, the Province which is most committed to social housing because of its urban nature, accounts for over 50% of the social housing stock in South Africa.



**Pictures 4.2 and 4.3 Social housing delivery in Johannesburg, projects by Cope Housing Association<sup>27</sup>**

Several organisations or companies, like the provincial or local authorities, NGOs, public companies or Section 21 company, can initiate a SHI. A Section 21 company is a non-profit company. The company must have more than 7 members and the residents become members; this means that

<sup>27</sup> Source: [www.nasho.org.za](http://www.nasho.org.za)

they are likely to participate actively and make sure that the company is managed well (USN, 1999). If provincial or local authorities initiate a SHI, it is important that they become separate entities.

At this moment, SHIs only are established in urban areas of the larger cities, most of the social housing projects are situated in the inner cities and surrounding areas, but green fields developments are occurring in suburbs as well (Veld, Op het 2003). In the inner cities, *conversion* and *upgrading* projects take place; in conversion projects, buildings with another function than residential (e.g. old office buildings, hotels or hospitals) are transformed into a residential function and in upgrading projects, residential buildings are upgraded so that they can be properly used again.

Related to the last form, the upgrading projects, is the *transfer of local authority rental stock* (public rental housing) to SHIs. This is a way for municipalities to normalise the rental-housing sector in their municipal areas. This local authority rental stock copes with a lot of problems since the apartheid era, for various reasons most probably due to poor administration and management (CSIR 1998). The result is that the buildings are often badly maintained and the tenants living in them do not pay the rents. Public rental housing hereby became a burden on the municipality's income streams. The municipality therefore wants to get rid of most of this stock, either by transferring it to the tenants, so that they become the owners, or by transferring it to SHIs, so that they can manage the rental stock. However, this involves a lot of problems, including the need to upgrade the buildings and the problems related to dealing with problem tenants who cannot or do not want to pay the rents, and therefore have to be evicted. The impact of the transfer of local authority rental stock to SHIs still needs to be investigated.

*Greenfields developments* are new buildings on vacant land, either within suburbs or on available land in inner cities. The most common forms are 2, 3, or 4 storey walk-ups, flat or apartment blocks with no lifts but rather external stairs (Cloete, 2002). Generally, the choice for one of the types of development is influenced by the opportunities that arise from the different local contexts. According to the toolkit of the SHF (2000), there is no optimal size for social housing projects. In general, inner city developments imply higher densities and smaller projects than suburban environments, which enjoy more open space and therefore can contain more units. If there is not enough land available within the inner city and surrounding areas for green fields development, which is often the case, *brownfields* can be used to develop new social housing stock. This is land, which has been developed before, for example for industrial activity.

The Housing Code<sup>28</sup> specifies the following two-fold role of SHIs:

- "To develop housing stock and provide this to beneficiaries and possibly also non-beneficiaries on a rental, instalment sale, share block, co-operative or alternative tenure basis;
- To provide ongoing, long term management services in respect of the housing stock, for at least as long as the stock is owned by the institution".

In the social housing process, SHIs thus have a dual role. First, the institution is responsible for the development of social housing stock, and second it is responsible for the ongoing management of the social housing. The SHI as developer of social housing for rent, rent-to-buy, instalment sale or co-operative ownership is hereby essentially different from the conventional developer of RDP projects (SHF 2000). While these conventional developers manage the viability of the development by balancing the cost of constructing the unit with the price they are able to get for its sale or the subsidies, the way SHIs measure viability of their projects is different. Once the institutional subsidies have been paid to the institution, the institution will be required to fund the ongoing management and maintenance of the properties out of its own resources. Therefore SHIs have to think beyond finishing and construction, and have to consider the entire life span of the housing units. Hereby, the SHI has to consider the long-term impact of the delivery choices that they make. This means that the location of the social housing and its wider environment is of essential importance for the SHI. Of course, a SHI can engage in the actual development, either by undertaking it directly, or by sub-contracting it.

Despite all the financial and capacity building support (loans, guarantees, grants) from institutions as SHF, NHFC, NURCHA and NASHO, it turned out that none of the existing SHIs that have

<sup>28</sup> Source: <http://www.housing.gov.za/content/subsidy%20types/institutional.htm>



projects under management are really financially sustainable (EU 2003). This has a lot to do with the nature of the projects. Compared to the 'RDP' projects, where houses are built on cheap land, the social housing projects are developed on more well located and therefore expensive land. The capital costs to develop the projects are therefore high, which means that a lot of loan finance is needed. The issue of land in inner urban areas is of vital importance to new developments of social housing (CSIR 1998). The current projects show that they are only suitable for people earning more than R2 500 per month. The institutional subsidy provided by National Government is R25 800 per qualifying beneficiary (earning less than R3 500 per month). An additional 15% top-up is available for geo-technical difficulties. The amount is paid to the institution in respect of the beneficiary. The EU Mid-term Evaluation of the Support Programme for Social Housing shows that key to the viability and sustainability of social housing projects is the impact of this institutional capital subsidy. There "are a number of critical issues that contribute to the significant reduction in the ability of social housing projects to be financially viable and sustainable:

- The impact of inflation on the subsidy reducing its impact as a form of equity and necessitating increased loan financing and the accompanying interest payments;
- The restriction of the applicability of the subsidy to income levels below R3 500 a month which effectively reduces the ability of SHIs utilising the subsidy to mix income levels and consequently rental rates" (EU 2003).

The EU Mid-term Evaluation also shows that in the current social housing projects, the subsidies assist with the affordability of only the smaller units (Bachelor or one-bedroom units) for the target market. The ability of the target market to afford the range of social housing products (including the two or three-bedroom units) is extremely constrained (see Appendix D). The evaluation concluded that there is "a current and projected mismatch between housing costs, the level of subsidy provided, and the target market intended to be serviced" (EU 2003). This remains a fundamental constraint to the ability of the social housing sector to provide lower income housing opportunities.

These financial constraints of social housing projects show that formulation of a national social housing policy framework is critical for the sector to grow, develop and deliver. In this framework, the definition of the roles and responsibilities of all three spheres of government, and other actors in the process is key. New funding systems need to be developed and SHIs should be capacitated to grow and deliver.

#### 4.4 Conclusions

In this chapter the housing policy context and housing delivery were discussed. In general, the government of South Africa has an enabling approach to housing delivery to low-income households. It acknowledges the fact that it cannot solve the housing problem directly, and that it needs the resources, innovation, energy and initiative of individuals, communities, and the broader sector together to approach the housing challenge and deliver houses to low-income people. In its first policy documents resulting from the RDP programme, government stressed the importance of restructuring the segregated towns and cities, and to make sure that housing fosters integrated urban development. However, the size of the housing backlog shifted government's attention towards fighting this backlog. Mechanisms were put in place to ensure fast track delivery, and the HSS became the central mechanism through which this was facilitated.

The resulting housing delivery process of the past ten years achieved a lot in terms of quantity. More or less 1,4 million formal housing opportunities were created for six million people falling within the subsidy bands. However, the strategy developed to fight the backlog, which is in essence an inflexible focus on one type of delivery, coupled with short-term political pressure for large scale delivery, is ensuring that affordable housing delivery follows unsustainable past patterns of low-density sprawl and large sterile mono-functional residential environments not conducive to the socio-economic development of the local communities, and also being situated far from more centrally located economic and employment opportunities.

The debate around social housing started at the national level of government end of the '90s. Institutions as the Social Housing Foundation and NASHO were set up and NHFC and NURCHA developed special finance arrangements for the social housing sector. The institutional housing subsidy of the HSS is government's capital subsidy to facilitate delivery. Gauteng Province committed significantly to social housing delivery by capacitating SHIs and setting up the Gauteng Partnership fund. However, social housing delivery, through SHIs, is occurring on a much less large scale than the other housing programmes. It provides a housing option to the beneficiaries in a variety of forms that is more integrated in the larger urban areas and hereby addresses the need for rental housing. The different forms of projects range from conversions of old high-rise office buildings to the construction of new housing stock, mostly three or four storeys high. Currently, it turns out to be a housing option only affordable for people earning between R2 500 and R3 500 per month, a very small group in terms of the total population (see Appendix C). This has to do with the limitations of the institutional housing subsidy and other funding in the form of loans from financial institutions on the one hand, and the high capital costs of developing, converting or upgrading buildings that are well located in the urban areas.

If the issues around land availability in inner urban areas are not addressed it may well prove to be impractical to develop new social housing estates in the urban areas. It was expected that land would be made available in strategic optimal locations and quantity, and that provincial and local government would have the necessary institutional, financial, technical and managerial capacity to initiate and manage sustainable housing development in their areas of jurisdiction (Pienaar 2002). This does not seem to be the case.

What hereby seems to be a general problem of the housing approach in South Africa is the lack of attention on its spatial planning aspects, to be able to foster integrated urban development. Especially, the involvement of local government, the municipalities, in the housing process seems to be marginal, with province initiating a lot of projects. From the housing delivery at the local level, one can conclude that implementation of integrated urban development is flawed, with a developer-driven, subsidy-centred housing policy that drives most funds into new, faraway projects instead of empowering municipalities and communities (Bond in Harrison et al 2003). Local governments role in housing does not seem to be clear, and hereby the integrated planning aspect of housing is a matter of concern. Municipalities need to define nodal areas targeted for the development of low-income housing, detail public funding available for the areas identified, and assist in planning the location of the housing developments. The next chapter will elaborate the role of local government further.

## 5 The Role of Local Government

This chapter takes the policy context to the local level, the level where the actual housing development takes place. The previous chapter dealt with the national and provincial policy context in which the housing sector delivers. This chapter describes the policy context for local government. First, it describes local government as a sphere of government in South Africa. It identifies the role and responsibilities of local government in housing in general and social housing specific (sub question 2). The chapter then tries to assess local government's power, within the broader policy context, to execute its role as developmental local government in relation to social housing delivery (sub question 3).

### 5.1 Developmental Local Government

Since 1994 the structure and role of local government have changed dramatically. There was widespread recognition that building a new South Africa would entail more than simple restructuring of apartheid laws, and so new development frameworks were sought (Parnell & Pieterse in Parnell et al 2002). The Constitution, act nr 108 of 1996 (RSA), recognises local government as an autonomous sphere of government, although subject to the supervision of provincial and national government. The Constitution has given local government the developmental mandate to create and sustain humane, equitable and viable settlements. It also imposes a set of responsibilities on national and provincial government to strengthen and support the capacity of local government and outlines the relationships between the three spheres of government. In post-apartheid South Africa, as stated by the White Paper of Local Government (RSA 1998: ix) "Local government has a critical role to play in rebuilding local communities and environments, as the basis of a democratic, integrated, prosperous and truly non-racial society". This developmental role for municipalities requires them to structure and manage their administrations, budgeting and planning processes to prioritise the basic needs of the community. Chapter 7 of the Constitution prescribes the precise status, objects, duties, powers and functions of local government. A fundamental transformation of local government was required to be adequately equipped to fulfil this developmental mandate (Van Eechoud 2002).

With the 1998 White Paper for Local Government, a national framework was created in which local government could fulfil its developmental role. The main pieces of legislation are the Municipal Systems Act, the Municipal Structures Act and The Demarcation Act, which together provide for a whole new local government in functions and in shape. Sectoral legislation, like the Water Services Act, the Environmental Management Act and the Housing Act also impacts on local government (Van Eechoud 2002).

Municipalities were first transformed into areas that were supposed to facilitate integrated social and economic planning and development, as well as an inclusive tax base. Parnell et al (2002, in Pieterse 2004) distinguishes three phases for the transformation of local government, the pre-interim (1994-1995/1996), the interim (1996-2000) and permanent phase (post 2000) (see also figure 5.1). The total of 843 municipalities has been reduced to 6 metropolitan areas (category A), 231 local municipalities (category B) and 47 District Councils (Category C). Some former white municipalities were amalgamated with former townships and other black areas. This meant that a great number of formerly independent and spatially dispersed communities did become part of a single municipality. This consolidation required that previous administrative structures were combined, development plans revisited and new structures put in place to meet the challenges of the new dispensation. The local government elections of 2000 marked the official end of the transition within local government although restructuring continues.

The new role of local government after this process of transformation especially asked for a new planning system in order to be able to reshape and reconstruct the urban environment. The concept of integration, in the sense of coordinating strategies and activities, became crucial in the

development of a new planning tool. This key tool for local government has become 'integrated development planning'.

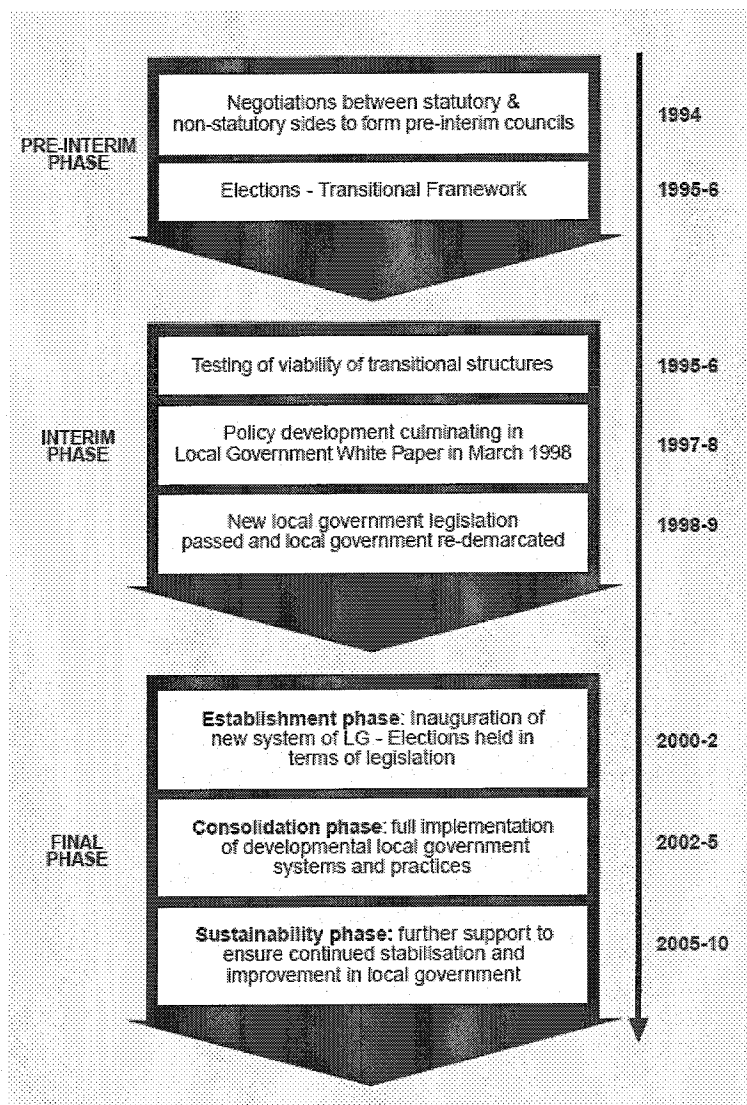


Figure 5.1 The transformation of Local Government towards Developmental Local Government<sup>29</sup>

### 5.1.1 Integrated Development Planning

A very important concept for local government in South Africa, in fulfilling its developmental role and hereby also affecting housing planning and development in the municipal area, is integrated development planning (IDP). It is a planning approach and instrument that tries to bring about South Africa's major challenge, namely development through integration. In this approach, local government is expected to "work with citizens, groups and communities to create sustainable human settlements which provide for a decent quality of life and meet social, economic and material needs of the community in a holistic way" (Otzen et al 1999: I).

The Municipal Systems Act (RSA 2000) prescribes Integrated Development Planning for every municipality, as one of the most important methods for achieving greater co-ordination and integration (Van Eechoud 2002). It means that each municipality is obliged by law to use this planning approach and to draw up a five-year Integrated Development Plan (IDP). This prescribed five-year

<sup>29</sup> Source: [www.dplg.org.za](http://www.dplg.org.za)

plan should integrate the different sector planning procedures, the different spheres of government (national, provincial and local) and the different representatives of the population (Otzen et al. 1999: I). This means for example that "all policy and legislation produced by line departments (e.g. Water Affairs, Land Affairs, Transport, Housing and Environmental Affairs) that demand a planning action or development activity in the local sphere, must be considered in developing policy for integrated development planning and IDPs" (Oranje et al. 2000: 4). "The IDP is to empower local authorities to prioritise and strategically focus their activities and resources according to peoples' needs" (Otzen et al. 1999: 30). The key thought behind an IDP, which seems to come from the belief internationally, is the need for decentralization of power. Local governments are seen as the bodies that can support and plan the development of a specific area best, together with the people through participation and involving all different sectors in the plan through integration. It is a very flexible approach and what an IDP should look like, as end product, is for every municipality different.

However, despite its flexibility, the IDP process is required to contain all the key elements involved in the approach as described above. The IDP process, or the process of making an IDP, as specified by the Municipal Systems Act, no. 32 of 2000, consists of the following different key elements, or stages:

- A vision for the long-term development of the municipality;
- Assessment of the existing level of development in the municipality, including available resources, skills and capacities;
- The council's development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs;
- The council's development strategies which must be aligned with any national or provincial sectoral plans and planning requirements binding on the municipality in terms of legislation (sectoral plans e.g. housing strategies, water plans, transport plans, waste management plans, disaster management plans);
- A spatial development framework which must include the provision of basic guidelines for a land use management system for the municipality;
- The council's operational strategies;
- A financial plan; and
- A set of performance indicators and targets (RSA, 2000).

The outcomes of the integrated development process as described above are thus local Integrated Development Plans (IDPs). In theory, these 5-year strategic plans "adopt an implementation-orientation and seek to promote integration by balancing the social, economic and ecological pillars of sustainability without compromising the institutional capacity required for the implementation, and by co-ordinating actions across sectors and spheres of government" (DPLG 2002). However, current practice shows that IDP has to cope with a lot of challenges being implemented by the relatively newly established local government system in South Africa.

### 5.1.2 Challenges with IDP

Since IDP is a relatively new concept, municipalities still have to learn to know what it really is about. With the restructuring of the planning processes and the changing responsibilities of the local government since 1994, people involved in these processes have to cope with a lot of change and different thinking. Irurah and Boshoff (in Harrison et al, 2003) stress that inadequate capacity in local government (especially financial capacity and skills) has meant an extremely slowly start to the process of formulation and implementation of IDPs. Van Eechoud (2002) mentions that the absence or nature of the planning skills in municipalities asks for a major shift in planning practice at local level. An enormous challenge is presented to make sure that integrated development planning takes place and will effectively improve the situation of communities in South Africa. For this cause, a lot of policy documents, guide-packs and review documents have been formulated on the process of IDP. Harrison (2002) points out that especially the guide packs developed by DPLG, and the extensive training programmes after the local government elections in 2000 making use of these guide packs, have had a powerful impact on the practice of planning in South Africa. As a result, a lot of municipalities have adopted a more-or-less standardised approach to IDP.

However, the standardisation of IDP imposes challenges on its success in the sense of an effective outcome. It is important to understand the fact that IDPs are legal requirements for local governments in the sense that they should contain the different phases of the IDP process. The Municipal Systems Act, 2000, focuses on a minimum required content, which consists of these different phases. This has implications for the outcomes of the plans. Local governments will put an effort in going through all the phases of the IDP process. However, a constraint in this is that they are judged on the different phases in the process, rather than on the actual content of these phases. If the IDP contains everything prescribed for in the IDP process, the plan gets approval. The plans are not checked on principles as integration, implementation orientation, participation and so on. Harrison (2002) points out that virtually no attention has been given to what may be considered as appropriate content, to issues as good urban form, strategies to address apartheid legacies, appropriate economic responses by large metropolitan authorities and those by small, struggling authorities. He further stresses that the larger and more capacitated municipalities (metropolitan areas) should take the lead in developing innovative approaches to planning that move beyond the minimum requirements of IDP. Furthermore, Watson (in Harrison 2002) refers to the marginalisation of the spatial component of planning at the local level in the late 1990s with the rise of IDP, and hereby a conception of planning that is primarily about institutional integration and co-ordination, and the correct planning process.

This also account for integrated sectoral development, like housing development, which should become part of IDP. Leshabane (2003) points out that the co-ordination of housing development initiatives at the local level is often weak. Other roles that municipalities should play in addition to developer need to be explored. He points out that housing development should be undertaken within the paradigm of municipal development. Housing development should be integrated with overall development within a municipality. Also the provincial housing plans and strategies should be aligned with municipal IDPs.

## 5.2 Housing Development

### 5.2.1 The Housing Act

In the Housing Act of 1997, the government acknowledges the fact that housing is a vital part of integrated development planning.

*"Every municipality must, as part of the municipality's process of integrated development planning, take all the reasonable and necessary steps to*

*(a) Ensure that-*

- (i) the inhabitants of its area of jurisdiction have access to adequate housing on a progressive basis;*
- (ii) conditions not conducive to the health and safety of the inhabitants of its area of jurisdiction are prevented or removed;*
- (iii) services in respect of water, sanitation, electricity, roads, stormwater drainage and transport are provided in a manner which is economically efficient;*

*(b) Set housing delivery goals in respect of its area of jurisdiction;*

*(c) Identify and designate land for housing development;*

*(d) Create and maintain a public environment conducive to housing development which is financially and socially viable;*

*(e) Promote the resolution of conflicts arising in the housing development process;*

*(f) Initiate plan, co-ordinate, facilitate, promote and enable appropriate housing development in its area of jurisdiction;*

*(g) Provide bulk engineering services, and revenue generating services in so far as such services are not provided by specialist utility suppliers; and*

*(h) Plan and manage land use and development."*

Local government's role in housing, as described in the Housing Act, is mainly to initiate, plan, coordinate and facilitate appropriate housing development within its boundaries, this all in the context

of IDP. This can be undertaken either by promoting developers to undertake projects or by the municipality itself undertaking the role of developer. As already mentioned, in practice, local government currently plays a limited direct role in housing development. From the practice of delivery (see 4.3) becomes clear that, despite IDP, municipalities did not yet manage to deal effectively with the problems of apartheid created spatial fragmentation related to housing, and that poor quality living environments have been created since 1994. In practice, municipalities generally facilitate housing delivery through their role in providing land and bulk infrastructure and services for low-cost housing. "In addition, they play a key role in upgrading informal settlements, relocating informal settlements, managing rental stock, redeveloping hostels and providing high density housing units falling under their jurisdiction" (Leshabane 2003: 11). Housing for higher income people is mainly provided through the market by private developers.

### 5.2.2 Social housing

For social housing development, the DoH formulated specific roles and responsibilities for local government, which are listed in the draft social housing policy (DoH 2003):

*"It is envisaged that a Local Government will;*

- *Facilitate social housing delivery in its area of jurisdiction;*
- *Encourage and support new social housing institutions;*
- *Support social housing initiatives by providing land for project development;*
- *Assist in the establishment stages of institutions;*
- *Provide access to grant funding or other support;*
- *Ensure that all development initiatives are aligned with Integrated Development Plans (IDPs) and that social housing needs are catered for in IDPs;*
- *Provide bridging finance".*

The proposed role of local government in the draft social housing policy document and in light of the Housing Act (1997) is clearly the facilitation and planning of appropriate social housing development. However, from the low delivery statistics in practice (see 4.3.3) one can conclude that currently, municipal involvement in social housing development is minimal. This can be ascribed to the fact that social housing is still a relative new concept in South Africa and few municipalities have notion of this housing delivery option. The larger municipalities, especially the metropolitan areas, are the only ones who already embarked on this option. Pohl (2001) mentions that at the local level the attention given to social housing is on the increase. "The local authorities of *inter alia* Durban, Pietermaritzburg, Pretoria, Johannesburg, Germiston, East London and Port Elizabeth all have to a greater or lesser degree examined the role of social housing within their respective jurisdictional areas".

## 5.3 The power of local government

What is the power of local government to execute its responsibilities related to housing, and specifically social housing, as described above? In other words, what is its power to fulfil its co-ordinating and facilitating role and to make sure that integrated housing development takes place? On the one hand this is determined by the applicable legislation that enacts the power by having it black and white in law. On the other hand, local government's power depends on its financial and institutional capacity to do something with this legislation, in other words, to implement its legislated power. Here, metropolitan areas, with larger capacitated authorities, have more power than the smaller local municipalities.

### 5.3.1 Legislated power

The legislated power of local government consists of certain pieces of legislation; the most important ones are the Development Facilitation Act (DFA) of 1995 and the Municipal Systems Act (RSA, 2000). The Municipal Systems Act facilitates the realisation of integrated urban planning and development, through making the formulation of IDPs a mandatory requirement for all municipalities.

For housing development this basically means that all different housing delivery options, including social housing, should become part of housing programmes in the IDPs, at least of the metropolitan areas. The DFA is focussed on the spatial planning role of developmental local government. As told in chapter 4, in the near future the DFA is going to be repealed by the Land Use Management Act.

In the view of local government's mandate to ensure integrated housing development, especially the spatial planning legislation is important. The proposed Land Use Management Bill (2003) and The Gauteng Planning and Development Act (2003) require municipalities, in Gauteng Province, to develop a Spatial Development Framework (SDF) as part of IDP. The primary purpose of this spatial development framework is to represent the spatial development goals of a local authority that result from an integrated consideration and sifting of the spatial implications of different sectoral issues, e.g. housing (Department of Agriculture and Land Affairs 2001). The only national post-1994 spatial planning law, the DFA, facilitates this through the formulation of Land Development Objectives (LDOs). These are to be defined against the backdrop of socio-economic analysis and consultation of the IDP process. The strategies that arise from the Land Development Objectives are linked to key performance indicators, plans, programmes, budgets and monitoring activities. If these land objectives are incorporated in a SDF, and hereby agreement is gained on the location of future development, greater coordination and synergies between various sectoral departments and agencies can be achieved (Robinson et al 2003).

The DFA hereby tries to bridge the gap between the old apartheid era planning laws and a new planning system as proposed in the Land Use Management Bill (2003) reflecting the needs and priorities of the new democratic South Africa (Ministry of Agriculture and Land Affairs 2001). However, its effect on the ground is minimal. The White Paper on Spatial Planning and Land Use Management (2001) clarifies that while most municipalities have begun, and many have completed, the compilation of IDPs and LDOs, these post-apartheid plans remain constraint by the zoning schemes currently in place. These schemes, which control land use management, are inherited from apartheid, and therefore often reflect land use patterns that are very different from those envisaged in the new plans. The new plans thus have had only weak impact on inherited spatial patterns. Another key limitation of the DFA is that it tries to achieve outcomes through indirect means, namely the principles that should guide the planning process. The DFA requires the application of the principles, but the idea that these principles alone will have the necessary effect and will be self-executing is maybe too idealistic. As Berrisford (2000: 11) points out in its report on land-use management linkages in IDP, "as a general statement it can be said that while the need for a strong spatial element to IDPs is consistently emphasised there is almost no attention paid to the need to translate the spatialised objectives of the IDP into land-use management instruments. In many cases there is an apparent assumption that because a development objective is spatialised it will necessarily and magically realise itself, and do so in the area specified on the plan."

However, with the Spatial Development Framework as required by the Gauteng Planning and Development Act of 2003 and the proposed National Land Use Management Act, local government has a new tool to spatially plan for development in IDP. As formulated in the Gauteng Planning and Development Act of 2003 "a spatial development framework shall be a spatial interpretation of the goals and objectives of the integrated development plan of the municipality... and shall graphically indicate the policies and plans for land development and land use in the municipal area". This may help to overcome the constraints of the DFA in relation to integrated development as explained above. Local government is responsible for formulating the planning frameworks on which all the decisions on land development should be based. Municipalities are hereby responsible for the formulation and approval of their SDFs and for the making of decisions relating to land development and land use change. Development Tribunals at the provincial level will monitor the SDFs and use it as blueprint plans to approve or amend specific IDP proposals. The municipalities have the power to approve or reject development applications on basis of their SDFs through municipal planning tribunals. It is for that purpose essential that the municipality formulate a zoning scheme that is consistent with the provisions of its SDF, and hereby manages the control of development on basis of that framework.



### 5.3.2 Financial and institutional capacity

In relation to integrated housing development, the spatial development framework gives the opportunity to make housing delivery more coordinated and integrated with the development of a municipality as a whole. However, the spatial integration in the spatial development framework also requires institutional or internal integration in the municipality and between the different spheres of government (Charlton in Harrison et al 2003). Internal integration is essential, because a housing strategy involves both a physical framework, as well as programmatic budgetary and institutional coordination to ensure holistic development and implementation. Within the municipality, the IDP process should facilitate integration between different departments, councillors and officials. Integration with national and provincial government is essential because of the way these spheres of government influence housing policy in the local sphere. National government, especially the DoH, facilitates housing funding through the housing subsidy scheme (HSS). Charlton (in Harrison et al 2003) points out that hereby, it focuses on target-driven delivery in terms of the number of housing units built. The provincial sphere disperses this housing funding. Up till now, housing delivery has been occurring in a largely uncoordinated fashion by a range of implementation agents or developers, who were awarded national subsidy money via the provincial authorities on an individual, project-by-project basis, in line with the mechanisms of the housing policy (the HSS). For the municipalities, it is therefore a major challenge to secure subsidy-funding from the Provinces for projects identified as priorities and to link them to the delivery programme of the municipality. This depends on the institutional capacity of the municipality to integrate these processes.

The developmental role of local government takes spatial planning to another level. It is more than just the control of development (although that remains an essential function). As the White Paper on Spatial Planning and Land Use Management describes it, the facilitation of appropriate development is an important new responsibility, in which public-private partnerships play an important role. For a social housing policy this facilitation factor is essential, because social housing development is being approached as a private form of housing development, being owned and managed by independent SHIs. The SHI should be facilitated to develop social housing at locations as defined by the municipality. The facilitation of the SHIs depends much on the institutional and especially financial capacity of the municipality. Charlton (in Harrison et al 2003) provides a striking example of Durban, where the 'Metro Housing Service Unit' is responsible for coordinating housing development in the metropolitan area. Already during the end of the 1990s, as one of the first attempts by a local authority, Metro Housing sought to play both a delivery role and a coordination function in the implementation of housing in the metropolitan area. At that time still, key players in government did not see the delivery of housing as being a municipal function. She gives the example of "Strollers Overnight Facility", a transitional housing facility providing overnight accommodation aimed at street traders, and which contributed to the formulation of a new policy, the Transitional Housing Policy. It turned out very difficult to put together the necessary financial packages needed to make the project work, being developed on well-located land for which market value had to be paid. While the facility is innovative and ground breaking, indications are that it is failing to reach the very poor. Charlton points out that this is largely because of the relatively high up-front development costs and because it has to operate on a self-sustaining, cost recovery basis, with neither the housing subsidy nor the municipality providing any contribution towards the ongoing running costs of the facility.

She explains that although Durban is an example for South Africa, experiences in the late 1990s show that the implementation of projects is struggled, and at times failed to deliver housing that was fully integrated. As obstacles she summarises: "major institutional constraints and weaknesses within the local authority, a lack of coordination between spheres of government, and between departments, a lack of buy-in to the implications of well-located development (and therefore a lack of understanding of the terms of stakeholder engagement) a lack of control over the allocation of housing subsidy funding, and an inadequate housing policy demonstrating both contradictions within the policy and between it and other policies" (Charlton in Harrison et al 2003: 275).

## 5.4 Conclusions

This chapter explained the new developmental role of local government in South Africa, and what this role means for housing development. The past ten years, Local government in South Africa was transformed towards its new developmental role, and integrated development planning is herein the new method to stimulate integrated development within the municipality. In principle, this integrated development planning process should guide development in every municipality in South Africa and inform resource allocations. It is a mechanism for both co-ordinating and integrating the numerous bits of a municipalities business. The IDP should integrate not only horizontally between different sectors at the municipal level, but also vertically, between the different spheres of government and related institutions. Partly because of the very young status of the newly demarcated municipalities, which were established only in 2000, many challenges with IDP can be identified. Currently, overall, IDP is not yet as integrated and strategic as it should be. Inadequate capacity in the municipalities is hereby a major constraint. Furthermore, to achieve maximum impact, it is important that the IDP and the budget process are linked. When that is not the case, nothing of the integrated plans, irrespective of the quality of their content, will be implemented. Overall, IDP seems to be taken too much as a comprehensive plan, which makes it practically impossible to facilitate effective implementation. It is therefore important to see IDP as a strategic instead of a comprehensive plan. By looking realistically at the resources available, strategies can be formulated. Different sector strategies can be aligned in order to integrate them in one planning process.

The following can be concluded relating to the *role of local government* in (social) housing delivery, hereby answering research question 2.

For housing development, it is important that it becomes part of IDP, in order to be integrated with overall development in the municipality. This is also required by the legislation, see for example the Housing Act of 1997. However, it turns out from practice that currently, housing development is not yet as integrated and co-ordinated at the local level as it should be. Local government often still takes the role of implementation agent of housing policies that are being formulated at the national and provincial level. Hereby it takes the role of developer and it only seems to cope with short-term delivery goals instead of integrated urban development aspects of housing.

However, applicable law, financial support, and capacity building activities, provide Local government with a certain *power* to perform its co-ordinating role in housing. In terms of law, this power is determined by the planning legislation on urban management (IDP legislation) and spatial planning (DFA and Gauteng Planning and Development Act), which imply the following:

- To plan and control for housing development in a strategic and integrated way, it should be incorporated in IDP and linked to a SDF of the municipality. Important in this regard is to see housing as one of the components of overall development. The SDF only can be effective if it provides *strategic* guidance for mobilising different sources of funding and drawing mainstream sectoral budgets together.
- The municipality can enforce the SDF by formulating a zoning scheme for the whole municipal area on basis of the principles as stipulated in the SDF. This will help the municipality to *control* development. However, it is not the goal of the SDF to be a blueprint plan. When it only has the elements of a blueprint planning approach, it does not suggest how to achieve the vision expressed by it.
- Therefore, apart from the control of housing development, the municipality especially has to make sure that it facilitates the implementation of plans for appropriate housing development that contributes to integrated urban development. To be able to do this, it is important that strategic investment areas are identified on basis of an understanding of the spatial economy. It is essential that the strategies are developed for the implementation of priority projects and programmes.

Social housing delivery can be one of those priority programmes. The following can be concluded concerning the interventions for local government. A municipality creates space for social housing development in its IDP by setting social housing delivery goals, on bases of the need for social housing as identified by the IDP process. Hereby it includes the social housing delivery goals in

its SDF by creating physical space (property) for social housing development on basis of opportunities. The Spatial Development Framework hereby guides and informs all decisions of the municipality to the use, development and planning of land for social housing development. It is a broad framework that directs development, and in the case of social housing development that has to contribute to integrated urban development, links it with other specific sectoral plans that are crucial to reach that desired outcome. Hereby it can for example mean that social housing development in the SDF is part of a broader urban renewal strategy in certain identified nodes in de city.

Furthermore, the municipality's role in facilitating and promoting the social housing development is essential; to make sure that actual delivery takes place. Public-private partnerships are important vehicles to facilitate and promote development. Furthermore, making well-located land or property, for example in those identified nodes, available for social housing development can assist the SHI in developing projects. The extent to which this can be done depends largely on the financial capacity of the municipality. This financial capacity is determined by funds that are available from province and national government, and loans available from financial institutions. Therefore, local government can be seen as the initiator of the social housing delivery, but a partnership including the private sector manages the delivery thereafter. Currently, the only funds that are available from national government are the institutional subsidies, which are not for the municipality but for the SHIs. With a lack of funds, it is difficult for the municipality to make well-located, expensive land available, which is privately owned. Therefore, the involvement of the private sector is important in mobilising additional financial resources.



## **Part C. Case Studies**

## 6 CASE 1: City of Tshwane Metropolitan Municipality

This chapter describes the first case study of the research, namely the case of the City of Tshwane Metropolitan Municipality. SALGA selected this municipality as one of the pilots of its Social Housing Implementation Support Programme because of its social housing practice and its twinning relation with the Dutch municipality of Delft. Tshwane also already embarked on the formulation of a municipal social housing policy. For the research, a list of key-persons from the municipality and the SHIs in Tshwane were interviewed. For a list of these persons, see Appendix E. The interviews were conducted on the basis of questionnaires with open questions, touching a range of topics. Two questionnaires were developed, one specifically for representatives of the municipality, and one for the representatives of the SHIs. For the questionnaires, see Appendices F & G. Furthermore, data was collected in the form of reports, statistics and policy documents. Current social housing projects were visited.

This chapter is structured as follows. First, the chapter gives a general introduction on Tshwane. Thereafter, the housing problems are described in the form of the housing backlog, and the approach of the municipality to cope with these housing problems. This is further specified to existing social housing developments, the municipality's approach to social housing delivery, in its own institutional structure, the support of the existing projects, and the planning and facilitation of future social housing delivery. Finally, the most important aspects of the case are summarised in the conclusions.

### 6.1 Introduction

The City of Tshwane Metropolitan Municipality (CTMM), with an estimated population of close to 2 million (StatsSA 2001<sup>30</sup>), is the administrative capital of South Africa and is better known as Pretoria, which is the heart of this metropolitan area. Tshwane is for the most part situated in Gauteng Province, north of Johannesburg and north west of Ekurhuleni. A small part of the northwest of Tshwane is situated in North West Province. Tshwane is one of the six metropolitan (category A) municipalities in South Africa, and an interesting case for study, because it is a striking example of the apartheid city, expressed in spatial fragmentation (Colnot 2003). The apartheid government seated in this city from 1948 to 1990. It is also an interesting case because of its practice of social housing developments in the inner city as restructuring effort.

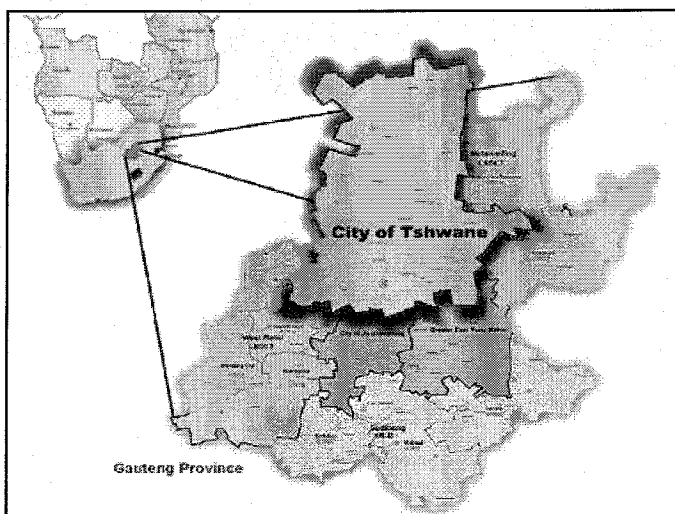


Figure 6.1 Tshwane in context<sup>31</sup>

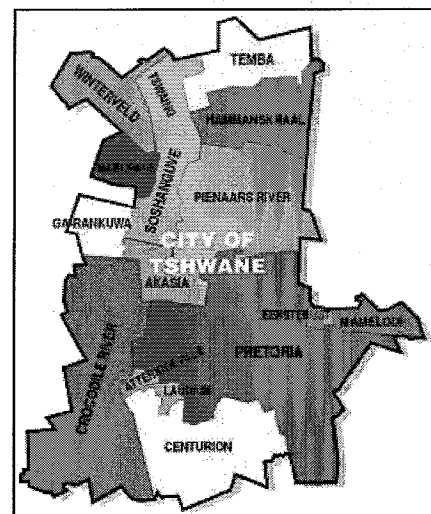


Figure 6.2 Areas constituting Tshwane<sup>32</sup>

<sup>30</sup> Source: Statistics South Africa, Census 2001, municipal demarcation board: [www.demarcation.org.za](http://www.demarcation.org.za)

<sup>31</sup> Source: draft Tshwane IDP 2004

Tshwane came into existence after the demarcation of the municipal borders and the amalgamation of various municipal areas into one metropolitan area in 2000. It consists of inter alia Pretoria, Centurion, Akasia, Atteridgeville, Winterveld, Ga-Rankuwa, Temba, Hammanskraal, Mabopane, Mamelodi and Soshanguve. Tshwane is the only metropolitan area in Gauteng with large rural areas, e.g. Pienaars Rivier (IDP 2004)<sup>33</sup>. In effect demarcation linked the developmental needs of a relatively under serviced and poor northern and western peri-urban population with the tax base and local economy of a well serviced greater Pretoria.

Post apartheid Tshwane shows a pattern in which racial segregation has been replaced by socio-economic segregation. The poorer communities live in the townships far from the central business district (CBD), which is Pretoria Central. The townships closest to the CBD, Mamelodi and Atteridgeville, are 10 to 20 km from the CBD. The townships Soshanguve, Winterveld and Temba are 25 to 40 km from the CBD. In those townships, the percentages of low-income households, earning less than R3 200 per month (draft Tshwane IDP 2004), are relatively high. Pretoria's middle-class, earning between R3 200 and R25 600 per month and high-income households, earning more than R25 600 per month, live mainly in Pretoria, Pretoria East and Centurion.

No income	Low-income	Middle-income	High-income
0	R1 – R3 200	R3 200 – R25 600	R25 600 <
16%	45%	33%	6%

**Table 6.1 Tshwane's monthly households income breakdown<sup>34</sup>**

The spatial consequences of apartheid planning as described by the spatial analysis in Tshwane's IDP 2020 (2002), are:

- An urban core, surrounded by an inner city periphery, where 40% of the population lives, and which produces 91% of the economic output;
- An outer periphery in the north-west and north-east, home to 60% of the population, and which contributes to 9% of the economic output;
- High volumes of long-distance commuting, requiring huge transport subsidies, between the outer periphery and the urban core every day.

## 6.2 The housing backlog

According to the Tshwane 2004 Integrated Development Plan, the estimated housing backlog for the area is 150 000, of which the backlog is biggest in North West Province, namely roughly 90 000 units. In Gauteng this is 60 000 units. The backlog figure is based on the number of people currently living in informal settlements. The figure does not include people living in backyard shacks and hostels. However, these people can also be counted to the definition of the housing backlog in Tshwane, in as far as their housing is inadequate. Some of the hostels are going to be refurbished, and after that a lot of the current (male) residents will lose their 'home'. Examples are the hostels in Mamelodi, where currently approximately 7000 men are living. After the refurbishment of those hostels into family units, there will only be room for 500 men in the new units. The 6500 men that loose their 'home' will have to be added to the housing backlog (interview Dlamini, 2004).

It is estimated that between 7 000 and 8 000 housing units are built annually in Tshwane (interview Bothma, 2003). Still, the housing backlog seems to be increasing, together with the quality gap. According to Tshwane's IDP 2020, most of its population live in single storey detached houses,

<sup>32</sup> Source: [www.tshwane.gov.za](http://www.tshwane.gov.za)

<sup>33</sup> Revision cycle no. 2

<sup>34</sup> Source: Statistics South Africa, Census 2001, municipal demarcation board: [www.demarcation.org.za](http://www.demarcation.org.za)

mostly at densities lower than 15 units per hectare. In fact, the city is characterised by uncontrolled urban sprawl, which seems to be continuing. This continues to make effective and affordable public transport difficult and unsustainable, because of high public transport subsidies that are unaffordable.

The housing demand is not clear (interview Dlamini, 2004). One way to approach the housing demand is to make a subsidy waiting list, in which all housing subsidy applications for the municipal area are listed. Currently two waiting lists exist, one for Gauteng Province and one for North West Province. This is because both provinces have different procedures with regard to the application for housing subsidies. The housing approach for the municipality is more informed by the procedure for Gauteng Province, especially for social housing, because all social housing projects are situated in the Gauteng Province. Tshwane wants to develop one subsidy waiting list for the whole Tshwane area. With the waiting list, the municipality will be able to identify different income-categories of people and find the demand for the different housing delivery options. This waiting list should be specific enough to be able to predict social housing demand, and inform on social housing development.

### 6.3 Social housing as an option in Tshwane

Tshwane Municipality sees social housing as an important housing delivery option, especially considering social housing as measure integrating of low-income housing in better locations of the metropolitan area (interview Bothma, 2003, 2004; interview Dlamini 2004). Bothma (Managing Director of the 'Institutional Housing' section) pointed out that social housing also has a role to play in filling up the existing gap in the housing market. The housing market in Tshwane is roughly divided as follows:

- More than 60% of the people earn less than R3500, are hereby subsidy eligible and can be served by the Housing Subsidy Scheme (HSS);
- Roughly 20% of the people have an income of R3500 – R7000, therefore are not subsidy eligible and have difficulties in accessing housing finance (mortgage bonds), a constraint to buy a house from the market. This is considered to be the existing gap in the housing market;
- Roughly 20% of the people earn more than R7000, and can buy or rent from the private housing market.

Social housing could serve a combination of the top end of the lower income 60% category (subsidy eligible) and the 'middle'-income 20% category. This way a niche market can be created. It still needs to be investigated what mixture is desirable, focusing as much as possible on the top end of subsidy eligible people. In the Tshwane Housing Delivery Strategy (IDP 2020), it is the aim to accommodate at least 20% of the backlog in social housing projects. This aim is for the longer term (2020).

The municipality has two purposes for social housing development:

- Addressing the specific niche of demand for social housing as described above, and hereby addressing 20% of the housing backlog in the long term. This can be either done by greenfield/brownfield projects, which is the development of new structures on vacant pieces of land, or conversion of old office buildings into rental units. The municipality does not prefer the conversion of office buildings (interviews Bothma 2003 & Dlamini 2004). It is relatively expensive for SHIs and the quality of the living environment can be an issue. There is often little space in and around those buildings for social facilities (e.g. playgrounds) or parking. However, the commercial sector seems to be able to successfully convert office buildings into rental units.
- Normalising the housing environment by transferring local authority owned rental stock to the SHIs. More or less 2000 local authority rental housing units are located in the inner city of Pretoria. With local authority stock transfer, the social housing option will become bigger, the current low rents of the buildings will be normalised and this will affect the housing market in the area in a positive way. Local authority stock is currently also a financial burden on the municipality, and the transfer will take this burden away. The SHI hereby gets more housing stock under management and therefore has more income, which could create more capacity



to develop new projects. However, this is only the case if the transfer takes place in a sustainable way. That means, the buildings are manageable and problem tenants, who do not want to pay rental rates according to social housing standards, are evicted.

## 6.4 Existing social housing developments

Social housing is currently a negligible housing option in Tshwane; few projects are being developed. In the City of Tshwane Metropolitan Municipality, currently two social housing institutions (SHIs) are established (Tshwane 2002)<sup>35</sup>:

- YEAST City Housing (YCH); and
- Housing Company Tshwane (HCT).

There are also two other prominent role-players in the field of rental housing in the area where social housing projects are operating, which will be discussed later:

- Transnet Housing; and
- City Property Administration.

### 6.4.1 YEAST City Housing

YEAST City Housing (YCH) is operating in Tshwane since 1997. It is a Section 21 company established out of the activities of the Pretoria Community Ministries and Pretoria Inner City Churches, and focuses on housing for households with an income less than R2 500 per month (Tshwane 2002). However, the projects also contain housing for households with an income of R3 500 and more, because otherwise the projects would not be financially sustainable (interview Talbot 2004).

The current projects of YEAST City Housing are:

Project Name	Type of development	Units planned	Units designed	Units Constructed
<b>Living Stones</b>	Upgrading	26	26	26
<b>Hofmeyr House</b>	Upgrading	54	54	54
<b>Burgers Park Village</b>	Conversion + Green/Brown fields development	72	72	72
<b>Kopanong</b>	Green/Brown fields development	62	62	62
<b>Thembelithle</b>	Green/Brown fields development	381	381	0
<b>Sediba House</b>	Conversion	45	45	45
	<b>Total</b>	<b>640</b>	<b>640</b>	<b>259</b>

Table 6.2 Social housing projects of Yeast City Housing

In a couple of projects, Burgers Park and Hofmeyr House, YCH included communal housing for 'special needs'. This includes housing for elderly, disabled, single-women with children and HIV infected people. A common characteristic of these categories of tenants is that they often do not have regular income and therefore cannot cater for their own housing needs. YCH also proposed the development of an AIDS Hospice containing 20 beds/units in the centre of Pretoria, which is approved by city council. Another form of housing as provided by YCH is 'transitional housing', for example in Living Stones and Burgers Park. This basically means temporary housing for homeless people, to get them off the streets and back on track. Especially the temporary aspect of transitional housing is important. It should be a first step to get back in society. As soon as a job is found, other housing

<sup>35</sup> Densification Study for the Identification and Evaluation of Land for Institutional Housing Development, 2002

options arise. YCH is of the opinion that transitional housing and housing for special needs is an essential part of social housing.

Except for Sediba House, which is high density, all YCH projects are medium density, including the planned projects. The already developed projects are all located in the Pretoria area, the centre of Tshwane, close to all kinds of social and economic opportunities. For pictures of the projects of YCH see Appendix I. YCH gave the following information regarding tenure options:

- Transitional/special needs housing units with a rent of +/- R450 per month; and
- Institutional housing units with rent ranging between R950 – R1100 per month.

In the current projects the tenant characteristics can be described as follows (based on information provided by YCH):

Most people are between 21 and 40 years old, single and formally employed. In the institutional housing units, most people earn more than R2500 per month. In the transitional and special needs housing units, most people earn less than R2500 and the bulk of this earns even less than R1500 per month. Some of them are pensioners with disability. A large percentage of the tenants are women with small children.

#### 6.4.2 Housing Company Tshwane

Housing Company Tshwane (HCT) is a Section 21 Company that has been established as a result of a sister-agreement between the City of Tshwane and the City of Delft in the Netherlands. The technical support from twinning relation Delft was essential in the establishment of the institution. A technical advisor from Delft was seconded to the municipality for this purpose. The aim of HCT is to provide good quality housing for those who at present cannot afford to purchase a residential unit. The company is currently operating independently from the municipality, but still depends largely on financial support from the municipality. Hereby, HCT is not really independent and is somewhat under the control of the municipality. One social housing project has been completed in the CBD, the Eloff building, which is the conversion of an existing business building into residential units. Two other projects are planned.

The current projects of Housing Company Tshwane are:

Project Name	Type	Units planned	Units designed	Units constructed
<b>Eloff Building</b>	Conversion	91	91	91
<b>Pretoria Townlands Security Village</b>	Green/Brown fields development	761	761	0
<b>Koedoespoort</b>	Green/Brown fields development	1000	1000	0
	<b>Total</b>	<b>1852</b>	<b>1852</b>	<b>91</b>

**Table 6.3 Social housing projects of Housing Company Tshwane**

The planned projects are both medium-density. The Eloff Building is a 7-storey high-density project in central Pretoria. In the Eloff Building, the tenants have the option of the following units:

- Bachelor at R900 per month (plus minus 30m<sup>2</sup>);
- Luxury bachelor at R1000 per month (36m<sup>2</sup>);
- 1-bedroom at R1100 per month (38,6 to 40,3 m<sup>2</sup>);
- Luxury 1-bedroom at R1500 per month (43,5 m<sup>2</sup>);

This project creates a certain income-mix. The luxury 1-bedroom apartments are rented at commercial rate, and not subsidised. The other three options are for subsidy eligible people. Currently, not yet all apartments are occupied, but HCT already has a long waiting list. For pictures of the Eloff Building see Appendix I.

The tenant characteristics, as described by HCT are as follows:

97% of the tenants are younger than 35, black, coloured and Indian civil servants. About 60% are female and although most of them have children, they are living with relatives (mostly grandparents) in the rural areas. The other 3% are older people who are divorced or widowed. Income ranges from R2500 to R3500 gross per month for the tenants who live in the subsidised units. In some cases the tenants earn other perks, like overtime, that is not included in the basic salary. With the exception of one, all are in fixed employment with monthly salaries. The tenants in the 'commercial' luxury 1-bedroom units earn more than R3500 per month.

#### **6.4.3 Transnet Limited**

Transnet Limited is a public company with the South African Government as its sole shareholder. It is the holding company behind South Africa's largest transport businesses and consists of nine divisions – Spoornet, Petronet, South African Port Operations, Propnet, National Port Authority, Transtel, Metrorail, Freightdynamics, Transwerk, and a number of subsidiaries and related businesses<sup>36</sup>. For its employees it has a housing division and a section that is responsible for leasing and rent collection. It owns certain pieces of land in the metropolitan area of Tshwane. An example is Salvokop. This area is identified by the municipality as suitable for the development of social housing stock. Transnet owns the land and the top structures including the housing units and is hereby an important role-player. When developing a municipal social housing policy, the municipality needs to define the role of Transnet in the facilitation of projects development.

#### **6.4.4 City Property Administration**

City Property Administration is a market-based company that specializes in the conversion of buildings for residential use. It has delivered over 1000 residential units within the inner city of Tshwane for people who can afford to pay rent for housing but cannot access finance (mortgages, loans) to purchase a house. The company does not make use of institutional subsidies and therefore the rents of the residential units are higher than those of the social housing units. The municipality needs to identify and explore the role of City Property in the social housing market in Tshwane.

### **6.5 Facilitation of social housing delivery by the municipality**

#### **6.5.1 Municipal structure**

Tshwane municipality has established a specific section for social housing; 'Institutional Housing'. It is structured as one of the eight sections within the 'Housing Division' of the 'Department of Housing, City Planning and Environmental Management' and has a staff complement of two employees. The Institutional Housing section has the following functions:

1. To support and facilitate the development/functioning of the SHIs. Part of this is also to indicate whether it is desirable to establish another SHI. The idea currently is that each SHI can manage 3000 units. This means, with two SHIs in the Tshwane area, that if the social housing need is bigger than 6000 units, a new SHI should be established.
2. To do the project planning: allocation and prioritisation of sites and incorporation within the IDP.
3. To develop a social housing policy for the Tshwane area, in line with the national (draft) policy framework.

This is how the municipality wants to facilitate SHIs in the social housing development process. The municipality and the SHIs can be seen as partners in the social housing delivery process. A memorandum of agreement can hereby be signed between the municipality and the SHIs, which identifies the relationship, and the roles and responsibilities for both parties. The municipality provides the framework in which the SHIs operate. It goes to the province for funds, e.g. the institutional housing subsidy. It defines the social housing backlog (waiting list) and creates opportunities by planning for projects, creating room for the development of projects (interview Bothma 2004).

<sup>36</sup> Source: [www.transnet.co.za](http://www.transnet.co.za)

Currently, both YCH and HCT do not have a memorandum of agreement with the municipality. They both want to go into a clear agreement with the municipality to get more clarity on each other's roles and responsibilities (interviews Talbot 2004 & Morema 2004).

The relation of the municipality with province needs to be clarified, as it is sometimes rather vague where the different roles and responsibilities are, at the province or the municipality. The Housing department at Gauteng Province has great capacity, in terms of financial and human resources and it helps the municipality by taking over its role when it does not have sufficient capacity. It helps new SHIs to establish themselves, while the municipality also provides support.

### 6.5.2 Existing projects

In the development process of the existing social housing projects in Tshwane, the municipality clearly played a different role in the facilitation of the two SHIs. That can be explained by the different characteristics of the two SHIs. HCT is established by the municipality in co-operation with the municipality of Delft in the Netherlands and is in the process of building capacity. YCH was established independently from local government, and therefore operates very independent from the municipality.

In the initiation of the Eloff Building conversion project of HCT, the municipality played a major role. Also in all the other phases of the project development, design, planning and implementation, the municipality did most of the work. For the planned projects, HCT appointed an architect and is working in partnership with the municipality to deal with land transfer. There is a slow process of shifting the control and responsibility of the municipality to HCT. Eventually, HCT wants to operate fully independent from the municipality, and wants to be the developer itself, according to its Managing Director David Morema (interview 2004).

In the projects of YCH, the municipality played a significant smaller role. The initiation of all the projects came from YCH. Also the design and appraisal of projects were done by YCH itself. The municipality was involved in the issues around the securing the land for the project development. For other support (e.g. financial), YCH depends on other stakeholders, e.g. donors, Gauteng Province, NHFC and other institutions (interview Talbot 2004).

### 6.5.3 Planning for social housing in IDP

The IDP process in Tshwane is the process through which the planning for social housing development should be facilitated. A city strategy for 2020, "IDP Tshwane 2020", is in the making. Currently, the municipality is in its second revision cycle of the IDP. In this latest document of 2004, the municipality stresses the fact that the visionary/strategic component of the Tshwane IDP had to be strengthened, in order to prevent that the IDP is only a way of listing projects in an integrated manner. Because it is a revision of the IDP Tshwane 2020 of 2002 and the first revision of 2003, this version (of 2004) is seen as the improved and definite version overriding previous documents. The IDP contains all the key elements required by the Municipal Systems Act of 2000 (see 5.1.1). Among others it contains a description of a draft Tshwane city strategy, a summary of a proposed Metropolitan Spatial Development Framework, and integrated plans, policies and programs.

Planning of housing development in IDP should in principle be guided by a spatial development framework. The Metropolitan Spatial Development Framework (MSDF) is currently being drafted by the City Planning Division. During the next revision phase, the approved MSDF will be incorporated in the IDP. Therefore, the current IDP contains a summary version of the draft MSDF. It consists of three parts. The first part introduces the MSDF as a spatial framework within the larger context, specific legislation and plans on all levels of government affecting the formulation of the MSDF. It also clarifies the purpose of the MSDF in the new planning ethos, namely the framework as a normative approach to spatial planning instead of blueprint planning. The first part also describes the spatial contextual analysis of Tshwane in three sections: the patterns of the past, present day development patterns in the provincial context and the availability and development of service infrastructure. The second part of the MSDF describes the overall objectives of the MSDF: efficiency, sustainability, equity and liveability and image. It furthermore embodies the Spatial Development Concept, which is structured around eight interrelated concepts:

- Urban Development Boundary
- Three Environments
- Areas of Consolidation
- Metropolitan Activity System
- Urban Linkages
- Urban Lattice
- Environment Linkages
- Urban Design Guidelines

Finally, the third part of the MSDF addresses the implementation of the Spatial Development Concept through the further development of policies, plans and strategies to support the concepts on a metropolitan and regional level.

In relation to housing the MSDF acknowledges that the approach and commitment of the city to meet the housing challenge will ultimately determine its success in restructuring the city. It critically explains that the current support mechanisms, the subsidy schemes, only perpetuate past inequalities, and that it is clear that the municipality will have to seriously reconsider its current approach to housing delivery to effect any real change. The provision of different housing typologies in strategic locations in close proximity to economic, social and transport opportunities is a key focus area. The MSDF points out that this initiative should be linked to the development of the Urban Cores and the Areas of Residential Densification around it, and go hand in hand with the provision of suitable infrastructure and public transport facilities in these locations. In some cases, it will imply that the municipality might actually have to purchase land that is suitably located in order to support public-private partnerships in the development of different housing typologies, such as social housing projects. Hereby social housing is explicitly addressed in the MSDF. "The Council's support for Institutional Housing in the Urban Cores as well as the Inner City in terms of budget allocation is most imperative – also with regard to the development of community based infrastructure, communal facilities and quality public places" (IDP Tshwane 2004: 74). In general the MSDF of Tshwane should give spatial direction to the provision of housing and provide guidance with regard to typologies and densities. It should also link housing with provision of infrastructure and social and economic opportunities on a spatial level.

Currently, Tshwane does not have a social housing strategy that forms part of a broader housing strategy. There is no general housing policy in place that facilitates integrated housing development. Bothma (Managing Director of the 'Institutional Housing' section) ascribes this to the fact that the current housing strategy of the municipality is based on the HSS and the housing backlog. The angle of the approach is the immense housing need, and the available solutions for delivering housing as soon as possible with the help of the HSS. Dlamini (Managing Director of the 'Housing' division) stresses out that at the moment, planning takes place in crisis. The IDP process in practice is not yet as integrated as it is in theory. Therefore, a long-term city strategy is important, which the IDP tries to provide.

In the IDP Tshwane 2004, a CTMM Housing Strategy is proposed in order to guide future housing development within the municipal area. The primary objective of the Housing strategy is "to identify the extent of the housing need and to establish programs to alleviate the housing need by means of initiating appropriate housing delivery programs" (IDP Tshwane 2004). This strategy should give guidance in which direction development should take place, integrated with other sectors. The strategy can then inform the five-years IDPs.

Currently, for social housing, only the already planned projects form part of IDP. The IDP is not guiding the development of the projects, because some of the projects are already developed, before even being listed in IDP.

#### **6.5.4 Densification Study**

Although an overall housing strategy is lacking in Tshwane, the first steps towards the creation of a framework are made. In 2002, the municipality of Tshwane initiated, in cooperation with consultants Africon and Kayamandi Development Services, a "Densification Study" to identify

appropriate opportunities for social housing development. The purpose of the study was to provide Tshwane municipality with a baseline register of appropriate opportunities (including buildings and vacant land) available for the possible development of social housing (densification study 2002). The Tshwane area was taken as a whole and divided in 22 prioritised activity nodes, which were ranked on suitability for social housing development. The criteria used for the ranking were the following: strategic planning proposals in the area; access to different modes of transport; availability of infrastructure; socio-economic issues; land use compatibility; residential uses in the area; and overarching ownership status in the area. In the 16 nodes with the highest ranking, which were screened for possible sites, a total number of 71 sites were identified of which 32 received rating "highly suitable". Of the nodes, the Inner City, Marabastad and Salvokop got the highest ranking. In addition a socio-economic survey was done among the 5810 people from the waiting list who earn more than R2000 per month and were seen as the target group for social housing. A sample of 500 people was taken to do the survey, which revealed that the majority of households would prefer to reside in the area where they are currently staying. It also showed that approximately one third of the households confirmed that they would be able to afford the rental for a residential unit of R850 per month.

The municipality now uses the "Densification Study" to identify new projects. Currently, the University of Pretoria is being involved in pushing the "Densification Study" further, from priority areas and land identification for social housing development to the implementation planning of projects.

However, planning still takes place in a vacuum, with implementation being a totally different function, which makes the transfer land and property according to plans often problematic (interview City Planning 2004). Tshwane's approach to social housing is hereby to focus first on the solution for the operational issues around the implementation of projects, which are related to land and property transfer. The idea is that if these issues are solved, the playfield is clear to formulate a strategy.

Another issue related to planning of social housing is to ensure that it contributes to integrated urban development; to ensure that the social housing is more integrated in its environment, creating social and economic opportunities for the tenants. The SHI has the responsibility of the social facilities within the project. The project itself should provide more than houses. The municipality has the responsibility to create quality living environments by ensuring integrated planning. Certain departments within the municipality, e.g. Social Development, Engineering Services, City Planning and Housing should work together in IDP to ensure this, which in practice not really happens.

#### **6.5.5 Problems with facilitation of SHIs**

Being partners in social housing delivery with the SHIs, it is important for the municipality to find out what constraints the SHIs encounter in their relation with the municipality in the social housing development process. Both YCH and HCT raised issues in their relation with the municipality. These constraints are discussed here.

- The Densification Study:

The densification study of the municipality has an impact on the choice for location, in the sense that the SHIs are able to consult the municipality on what their plans are with the specified pieces of land and if they could assist and facilitate the SHI in getting the land secured.

Because of its "commitment to the inner city of Pretoria", YCH knows the inner city quite well and identified some buildings that it considers suitable for social housing in this area. The municipality does not necessarily know about these opportunities, and therefore the Densification Study does not identify all the opportunities. By and large, the densification study covers the suitable locations. The municipality asked YCH for input and support for a bad/better building programme. On the other hand, YCH asks the municipality for a more integrated approach to inner city developments. Integration issues are discussed with the 'Inner City' department.

The densification study itself is not enough. Locations are identified, but it is not clear what the municipality wants to do with the sites. Some criteria don't seem to be applicable, e.g. considering

the fact that social housing is located in the city, does it need to be next to a railway? Certain invalid assumptions are made in the identification of sites in the densification study.

The shared opinion by the SHIs is that more consultation and partnership is needed on the Densification Study.

- Integrated planning and development issues:

Integration issues that deal with the quality of the living environment (social fabric, schools etc.) and employment opportunities should be taken into account more by the municipality. The inner city, where social housing is currently located is a suitable location in terms of employment opportunities. However, there is a large public sector; government departments are the most important employers in the inner city. There is currently not much room for smaller businesses, which is important for social housing tenants, according to YCH. Additionally, in terms of the living environment, there is little usable public space; it is all "very hard". The municipality needs to use a more integrated approach to housing development in the inner city. The immediate environment is mainly the responsibility of the SHI, but the wider environment is the municipality's responsibility. However, close to the projects of YCH is a public park, Burgers Park, which is well maintained. Furthermore, the inner city provides other qualities, in terms of social and economic opportunities, that other, more suburban neighbourhoods don't provide.

Private developers (e.g. city property) have a role to play as well, but what is their role? The municipality should make the framework in which it clarifies the roles of the different stakeholders. How many projects should be developed by private developers like city property, and what pieces of land can be developed by the SHIs?

Another big challenge is securing the land for development. Currently, the reason why the private developers take many opportunities is that they have the financial capacity that is needed to secure the property. The municipality needs to understand the difference between the financial capacity of SHIs and private developers and therefore need to give more support to SHIs in securing land or property. For SHIs it is hard to get expensive land secured at good locations, because they need part of the institutional subsidy for that. In other words, either bridging finance is required, or the municipality should secure the land on behalf of the SHI. This is a major bottleneck in the development process. Talbot (Man. Director of YCH) gives an example of a project of refurbishing a property for social housing where everything was prepared by YCH, and the subsidies were approved. A private developer came in, offered R800 000 more and within two weeks, there were people living in the building. Obviously, the municipality did not have a clear vision of specific allocation purpose for this building. The municipality therefore needs to allocate certain pieces of land and property to social housing. It needs to make clear, through spatial planning, what it wants with the inner city, and what the role of social housing should be (locations).

- Transfer of local authority rental stock:

There is a showed interest from the city council to transfer local authority rental stock to HCT. Municipal stock is available, and the municipality wants to get rid of it, because of the burden of this stock. It needs to be transferred to normalise the housing market. On the other hand, HCT needs stock to be financially sustainable. There are good business cases for both sides. HCT wants to enter into some sort of a devolution agreement with council. In this, the status of the building, the income streams and all financial issues and management issues should be clarified. HCT wants the municipality to clean up the buildings first. HCT wants to help with this process and then take it over bit by bit, with a deferred ownership agreement. The role of local authority stock needs to be clarified, because a SHI has more responsibilities. In light of the housing backlog, also new social housing stock needs to be developed. The delivery process of the next ten-year period must be agreed on. There needs to be a negotiation process between municipality and SHIs. If the municipality gets rid of local authority stock, it also needs to plan for those tenants who are going to suffer from this process and lose their housing. The transfer of local authority stock is not addressing the housing backlog, but it is important for the normalisation of the rental housing market.

Overall, the municipality needs to keep in mind the current capacity of the SHIs. If HCT only has 91 units to manage at this moment, how will it create the overcapacity to suddenly manage 1000 units more? This is critical for the sustainability of the SHI and the stock that is being transferred.

## 6.6 Conclusions

This section presents the conclusions that can be drawn from the case of CTMM. First, specific general conclusions on the municipality and its housing context are given. Second, conclusions are drawn on the approach of the municipality towards social housing delivery.

### 6.6.1 General conclusions

- CTMM is a large metropolitan municipality with close to two million inhabitants. Being situated in Gauteng Province, it attracts a lot of people searching for economic opportunities, causing high urbanisation rates.
- The housing backlog is therefore especially high, being estimated at 150 000 units. The figure is hereby based on the number of people living in informal settlements, however does not include people living in backyard shacks.
- Social housing is in Tshwane one of the approaches towards housing delivery. Important is to mention that social housing exists in Tshwane. However, social housing is still a very small housing option; only 350 units are developed in the whole metropolitan area, all are located within the inner city of the Pretoria area. The two SHIs operating in the area are YEAST City Housing and Housing Company Tshwane.
- The already developed projects show that they provide a more integrated, quality living environment, being developed in the city centre of Pretoria. The target group being served by the projects, mostly people earning between R2 500 and R3 500 can only access formal housing that is this integrated through the social housing delivery approach.
- The municipality was more involved in the project of Housing Company Tshwane than in the projects of YEAST City Housing. This has to do with the nature of the SHIs. YEAST City Housing is a grass root established SHI. It was established and developed projects independent from government. Its growth was very natural and sustainable on basis of opportunities available. HCT is a top-down established SHI. The municipality has to make sure that HCT develops the necessary capacity to stand on its own.
- Technical support from twinning relation Delft was essential in the establishment of Housing Company Tshwane. A technical advisor from Delft was seconded to the municipality to help with the establishment of HCT.

### 6.6.2 The municipality's approach towards social housing delivery

- The municipality has an 'Institutional Housing' section within the 'Housing' division, to support and facilitate SHIs, plan projects and formulate social housing policy for the Tshwane area. Currently, the social housing team at the municipality consists of only two very committed people who have to support the social housing approach in Tshwane. It can be therefore concluded that there is a lack on human capacity in the municipality.
- The municipality focuses with the social housing delivery approach on two purposes; addressing the specific niche market for social housing, and normalising the housing environment by transferring local authority owned rental stock to SHIs.
- Tshwane does not have a social housing strategy that forms part of a broader housing strategy. Currently, housing development in general, takes place "in crisis". Social housing development takes place at an ad hoc basis, and not as a result of a strategy. The Institutional Housing section is mainly focussing on operational issues related to making property (land or buildings) available and the development and implementation of social housing projects.



- The social housing need is not yet identified, but the Densification Study shows that there is a potential niche market for social housing in Tshwane. This densification study provides information on opportunities for social housing development.
- The IDP process does not what it is supposed to do, namely guiding development. Instead, it only lists social housing projects that are already developed. Because of the lack on strategy formulation, there is no vision on the role of different players in the field of housing, including private developers, like City Property.
- Future projects will be guided by the Densification Study, in which the municipality identified property (land and buildings) for social housing development, and the MSDF, which still has to be incorporated in IDP. The 'inner city', 'Salvokop' and 'Marabastad' are identified as priority areas number one. The Densification Study needs to be taken further to implementation of projects.
- Property transfer (land and buildings) is often problematic. Tshwane currently focuses on the operational issues around the implementation of social projects and not on a longer-term strategy.
- Securing land for social housing development is in the market driven environment a major issue.
- The role of the municipality in the social housing process is rather vague, until the national social housing policy framework is enacted. Sometimes it is not clear what the role of province is in the process, apart from providing funds (subsidies). The municipality has to be the facilitator of social housing projects by applying for funds on behalf of the SHIs, according to the planned framework in the municipality.

## 7 CASE 2: Ekurhuleni Metropolitan Municipality

This chapter describes the second case of the research, Ekurhuleni Metropolitan Municipality. The Social Housing Implementation Support Programme of SALGA identified this municipality as a pilot of their programme because it already embarked on the formulation of a municipal social housing policy and hereby could possibly serve as a good practice example. For the research, a list of key-persons from the municipality and the SHIs in Ekurhuleni were interviewed. For a list of these persons, see Appendix E. The interviews were conducted on the basis of questionnaires with open questions, touching a range of topics. Two questionnaires were developed, one specifically for representatives of the municipality, and one for the representatives of the SHIs. For the questionnaires see Appendices F & G. Furthermore, data was collected in the form of reports, statistics and policy documents. Existing social housing projects in the municipal area were also visited.

In the case study, first a general introduction is given on Ekurhuleni Metropolitan Municipality. Thereafter it describes the housing problems of the municipality and the way the municipality tries to cope with these problems. This is specified to social housing and the approach of the municipality towards social housing delivery, in its own institutional structure, the support of existing projects, and the planning and facilitation of future social housing development. Finally, the most important aspects of this case are summarised in the conclusions.

### 7.1 Introduction

Ekurhuleni Metropolitan Municipality (EMM), formerly known as Eastrand, is situated in Gauteng, southeast of Tshwane and east of Johannesburg. Like Tshwane, it is one of the six A municipalities in South Africa. The metropolitan area has a population of approximately 2,5 million and is extending over an enormous area of over 60 km in a north-south direction and a maximum of 45 km in west-east direction. The municipality was formed in 2000 (IDP brochure 2003-2007) and consist of the following former towns: Alberton, Edenvale, Springs, Nigel, Boksburg, Kempton Park, Tembisa, Brakpan, Benoni and Germiston. South Africa's main international airport, Johannesburg International Airport, is also part of Ekurhuleni Municipality.

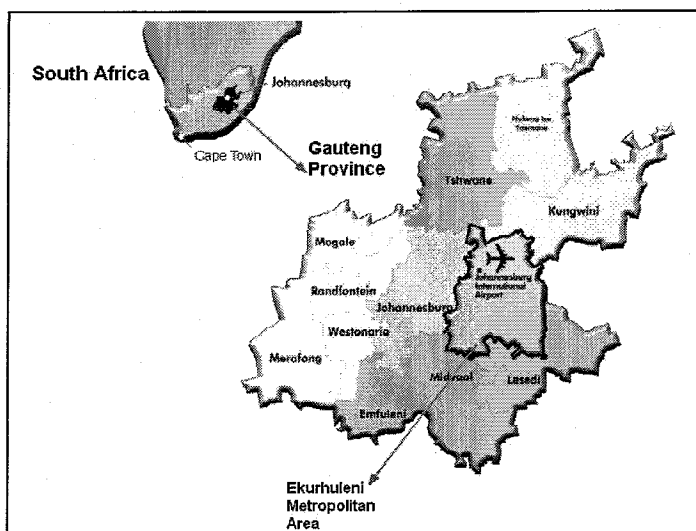


Figure 7.1 Ekurhuleni in context, source: IDP 2002

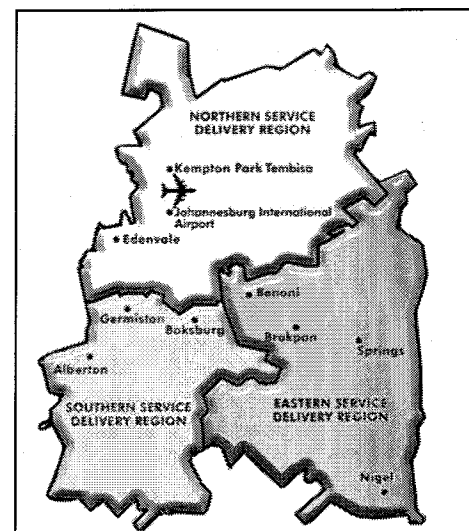


Figure 7.2 Areas constituting Ekurhuleni, source: IDP 2002

The main urban core of EMM is concentrated around the triangular area linking the CBDs of Kempton Park, Germiston and Benoni (SDF 2003). EMM is split into three areas to ensure quality service delivery, so-called Service Delivery Regions (SDRs) (IDP 2002):

- The Southern SDR consists of Germiston (as regional centre), Alberton, areas of Boksburg and sections of Freeway Park, amongst others. Its economic structure is focused on the industrial nodes of Alrode and Wadeville.
- The Northern SDR consists of Kempton Park (as regional centre), Tembisa, part of Benoni, Edenvale and the northern part of Germiston. Its economic structure is focused on the Johannesburg International Airport and surrounding areas.
- The Eastern SDR consists of Springs (as regional centre), Nigel, Kwa-Thema, Tsakane, Duduza, part of Benoni, Brakpan and Boksburg, and the Etatwa-Daveyton area. Its economic structure is focused on the established industrial areas of the Far East Rand and the Germiston-Daveyton Activity Corridor (GDAC).

The unemployment rate of EMM is estimated at approximately 30%. Despite the segregation of activities reinforced by the policies of apartheid, EMM, other than Tshwane, has a relatively efficient spatial structure with nine town centres or CBDs spread over the area. However, there are some marginalised residential areas in EMM, with backlogs in social facilities and little economic potential. In those areas, the unemployment rate is much higher than in the CBDs. In terms of the regions, the Northern SDR has advantages over other regions of EMM, with its proximity to the Johannesburg, Sandton, and Midrand areas, and the location of Johannesburg International Airport. The Southern SDR is faced with the challenge of upgrading and integrating the former township areas into the main economic core of the region. The Eastern SDR is the most disadvantaged within the region as it is geographically the most removed from the economic core of the region and its own economic sectors are in decline.

No income	Low-income	Middle-income	High-income
0	R1 – R3 200	R3 200 – R25 600	R25 600 <
16%	45%	33%	6%

Table 7.1 Ekurhuleni's monthly households income breakdown<sup>37</sup>

## 7.2 The housing backlog

The housing backlog in EMM is estimated between 140 000 and 150 000 units (interview Mokgohloa, 2004). However, StatsSA (2001)<sup>38</sup> gives an estimate of over 200 000 of households living in informal settlements. EMM uses various housing delivery programmes that make use of the HSS to address this backlog. Among others these are:

- The Essential Services programme, which involves the provision of essential services to sites transferred to beneficiaries;
- People's Housing Process Programme, which is based on supporting the beneficiaries to construct their own house. It is a group based housing consolidation rather than the more individual approach;
- Social Housing Programme;
- Hostels Upgrading Programme;

The inability to access well located land for low-income housing perpetuates continued outward expansion and sprawl in the municipality. The housing delivery programmes are undertaken without considering the full range of locational, transport and communication strategies poses a threat to achieving the aims of integrated development and addressing the needs of the disadvantaged (IDP 2002-2006).

The housing demand is not clarified yet. A socio-economic survey is going to be carried out on the demand of rental stock, specifically the demand for rental units, the affordability levels, the special needs housing requirements and the demand for the different types of product. However, according to the municipality, it is known that there is a large demand for affordable, well-located

<sup>37</sup> Source: Statistics South Africa, Census 2001, municipal demarcation board: [www.demarcation.org.za](http://www.demarcation.org.za)

<sup>38</sup> Source: Statistics South Africa, Census 2001, municipal demarcation board: [www.demarcation.org.za](http://www.demarcation.org.za)

rental stock in EMM. The municipality estimates that there is more or less a 20% market available for rental housing in EMM; this demand needs to be unpacked further to see what is the role of social housing in the demand. In the view of the municipality, social housing should also address the lower-income people, through transitional or communal housing.

### 7.3 Social housing as an option in Ekurhuleni

Social housing is seen as an important housing delivery option in EMM, see the Social Housing Programme as one of the key delivery programmes. However, the municipality is currently not in the position to supply affordable social housing stock at a rate it would like to supply through existing SHIs (interview Von Maltitz, Maré, Mokgosi & Mokgohloa 2004). Among other reasons, the resources that are used for other types of housing delivery programmes drain the capacity available to be put into social housing delivery. In the IDP, the plan is to develop 1000 social housing units per annum, but this is still subject to the demand to be identified.

According to officials in the municipality (interview Von Maltitz, Maré, Mokgosi & Mokgohloa 2004) the market niche for social housing is constrained by the current institutional subsidy requirement that beneficiaries need to have income lower than R3500. To be able to afford the rent of social housing, a beneficiary needs to earn not less than R2500. The income category eligible for an institutional subsidy and able to afford social housing rental is therefore too small.

The approach for social housing in EMM is more or less the same as in Tshwane:

- Addressing the specific niche of demand for social housing as described above, by green/brown fields projects and conversion projects;
- Normalising the housing environment by upgrading local authority rental stock and transferring it to the SHIs. The municipality wants to investigate the impact of this option on the income of the municipality.

In addressing the demand for social housing the municipality approaches social housing as an instrument to deliver housing that is well-located and integrated with economic and social opportunities (EMM 2004)<sup>39</sup>. In this regard the delivery option has an urban and inner city bias. Furthermore, the social housing sector in EMM will predominantly allow for the rental tenure option. However, other tenure options that allow for collective ownership and/or accommodation, such as co-operatives also form part of the municipality's approach.

### 7.4 Existing social housing developments

Like in Tshwane, social housing is currently a small housing option in the EMM; few projects are being developed. Two SHIs are operating in the EMM:

- Greater Germiston Inner City Housing Corporation (GGICHC); and
- Ikhaya Labantu Housing Association (ILHA).

There is also another important role-player, which is not really an SHI according to the definition;

- Lethabong Housing Institute.

#### 7.4.1 Greater Germiston Inner City Housing Corporation

Greater Germiston Inner City Housing Corporation (GGICHC) was established in Germiston in 1997 by the municipality. It is registered as a company under the Companies Act. It is still 100% owned by the municipality but according to managing director Fisher of GGICHC (interview 2004), it operates as a totally separate entity. It has a separate board with two representatives from the municipality as shareholder, the chairman and deputy chairman. The management is separate from this board, to be able to operate independently. This to insure that day-to-day business is not

<sup>39</sup> Annexure A, Framework for the Development of Social Housing, report on Ekurhuleni Metropolitan Municipality Fourth Housing Portfolio Committee Meeting, 8 March 2004

influenced by the municipality. The corporation has a relationship with the Dutch SHI 'Woonconcept'. Their relation is purely for technical support.

Currently, GGICHC has a negative cash flow. From the beginning, the only funds available for the Corporation were the institutional subsidies and loan finance (e.g. from NHFC). There was no funding from donors. This shows that for a SHI it is very hard to stay financially sustainable without donor funding.

The current projects of GGICHC are:

Project Name	Type	Units planned	Units designed	Units Constructed
<b>Pharoe Park</b>	Mixture of Green/Brown fields development and conversion	440	440	440
<b>Phase Two</b>	Green fields development	548	548	548
	<b>Total</b>	<b>988</b>	<b>988</b>	<b>988</b>

**Table 7.2 Social housing projects of GGICHC**

Both the projects are considered medium density projects. Pharoe Park is developed in the CBD of Germiston, with all social facilities and amenities and economic opportunities in the surrounding area. The Phase Two project is also centrally located and is situated next to a train station. The only tenure option in both projects is rental. The tenants have the option of 1-, 2-, or 3-bedroom units, ranging from 34m<sup>2</sup> to 54m<sup>2</sup>. The rental ranges from R790 - R1300. For pictures on both the projects of GGICHC see Appendix J.

The tenant characteristics, as described by GGICHC:

80% of the households are single parent led households; most of them are single mothers with dependents. The other approximate 20% consist of families. The income ranges from R2500 – R3500.

#### **7.4.2 Ikhaya Labantu Housing Association**

Ikhaya Labantu Housing Association (ILHA) is a SHI established in 2003 as a private initiative. It focuses on the eastern service delivery region of EMM, specifically the Tsakane and Langaville areas. It has not developed housing projects yet, and therefore does not have projects under management. There is a plan with the goal to develop 3000 rental units. For the first phase of the plan, 1273 units are designed and planned. It will be single standing units, falling within nine security villages. The housing units vary from 42 to 48 m<sup>2</sup>, and the size of the plots is 400 m<sup>2</sup>. In this project, ILHA focuses on three income groups; people earning R1 500 – R2 500 a month; people earning R2 500 – R3 500 a month; and people earning R3 500 – R6 000 a month. This last group is not subsidy eligible and therefore this type of housing is commercial rent. The rent for the commercial units will be higher than the rent for the social housing units. Hereby, ILHA wants to create a certain income mix in the project. The institutional subsidies required for the development of the project are already applied for by ILHA, and financial institutions as ABSA Bank, NHFC and a German financier have secured funding for the project. A similar development of 2500 units is planned near Krugersdorp.

The above information on the first planned project shows that this project is very similar to the existing RDP projects, at least, in terms of housing density and form. The units are all freestanding on relative large plots. This indicates that the project is low density, like the standard RDP projects. Besides that, it is the question how this project contributes to integrated development in the municipality. The project is located in the Tsakane and Langaville areas, which is the southeast edge of the eastern service delivery region of EMM.

#### **7.4.3 Lethabong Housing Institute**

Lethabong Housing Institute is an association incorporated in terms of Section 21. The Institute strives "to be a wholly integrated, stable and viable organisation that will offer decent and

affordable accommodation to all of its residents, while satisfying the requirements of all stakeholders" (Annual Report 2000/2001). It was established in 2000 as the South African party in a joint venture with the Chinese Government with the purpose to develop residential units, commercial projects, recreational or community facilities and infrastructure within the boundaries of the old Lethabong municipality. The Institute developed, together with the Chinese counterpart, Friendship Town; a mixed-development with 293 houses and 22 blocks of apartments containing 371 flat units for rental. Lethabong Housing Institute is not a SHI according to the definition in the National Social Housing Policy Document. It is only involved in the development of stock, not the managing part. They develop stock to sell their stock, either for ownership or to section 21 companies to manage, but with the mission to "offer decent and affordable accommodation to all".

## 7.5 Facilitation of social housing delivery by the municipality

### 7.5.1 Municipal structure

The Housing Department of EMM has the following mission statement in its IDP 2003-2007: "To facilitate, provide and encourage integrated, habitable, stable public and private subsidised residential developments to ensure viable communities through an effective, efficient and accessible service delivery level". For social housing, EMM has a 'Property and Institutional Services' office within its Housing Department. There are two people working in this office. Its core functions are:

- The facilitation of social housing delivery; and
- The provision of technical support to the SHIs.

The office has the task to support speedy and efficient implementation of social housing projects through ensuring that the necessary resolutions of its council are adopted (political support) and through ensuring that the various town planning and services approvals are obtained. It also supports SHIs (long-term) through providing financial and resource support from the municipality itself and facilitating such support from the SHF, NHFC and Gauteng DoH.

Policy development for the sector is the function of the 'Policy Planning' section in the Housing department. This section consists of one person and therefore has capacity constraints in terms of doing all necessary investigations and impact assessments. It attempts to investigate among other aspects the market demand for social housing and an impact study on the transfer of municipal rental stock to SHIs. It also developed the 'Framework for the Development of Social Housing' for EMM. The mission of this framework is "To facilitate and support the establishment of viable and sustainable social housing institutions and the provision of quality, subsidized and affordable housing in well located areas with various tenure options".

From this framework it can be concluded that the municipality clearly sees itself as an enabler of social housing development. Hereby, the facilitation function of the municipality comes mainly from the functions of the 'Property and Institutional Services' and 'Policy Planning' offices. Executive Manager of the 'Policy Planning' division Von Maltitz (interview 2004) explains this as follows:

The municipality will identify land and property for social housing. The facilitation process of acquiring that land or property for social housing development will go via Gauteng Province, because the municipality does not have sufficient funds to do this. It gets the necessary funds from Province via grants (subsidies), for example from the Gauteng Partnership Fund and the institutional subsidies from the HSS. The municipality and Gauteng Province also have a Memorandum of Agreement in which they clarified each other's roles and responsibilities. In its own view, the role of the municipality is broadly to support development, the actual implementation of development plans. To ensure alignment, developers have to work closely with the municipality, and the municipality has to work closely with Gauteng Province. Thus by applying for the grants by province, the municipality only supports SHIs in getting the grants. The supported projects and SHI have to comply with the criteria in the Spatial Development Framework and IDP and other set criteria as set by the municipality.

As alternative, when the process of getting subsidies takes too long, the municipality is willing to buy the land and go into a land availability agreement with the SHI. This totally depends on the process of the subsidies from National and Provincial Government. In the case of council owned land that qualifies for social housing development, it will be made available at low or no cost to the SHIs.

Being a facilitator, the municipality does not want to prescribe the SHIs, but rather provide guidelines and support to the SHIs. How much it will subsidise services, infrastructure, tax rebates and access to land & buildings have to be investigated, because creating a heavily subsidised environment will not get private investment in that area (interview Von Maltitz 2004). For urban renewal, also private investment is needed. The question is thus how far the municipality can go with subsidising on the different aspects. It is also necessary to know what it means for the income of the municipality.

In the framework for the development of social housing in EMM, which is based on the national and provincial policy context, the type of interventions with which the municipality wants to create an enabling environment at local level for the delivery of social housing in EMM are categorised as follows:

- Property (land and or buildings): identification of possible land and buildings for social housing development, a five year delivery plan incorporated in IDP, support from GDoH in terms of budget allocations, council support of mixed land uses and mixed income, and the transfer and upgrading of local authority rental owned stock;
- Financial aspects: making the identified land and buildings available at low or now cost and give SHIs preferential access to land and council owned rental stock, provide access to bulk services (discounts), infrastructure, tax rebates for SHIs, and assist SHI in its establishment phase through logistical, financial, human and technical support for a specific period of time;
- Management aspects: incorporate future management of council owned rental stock into new or existing SHIs, establish a forum for interaction and networking, assess feasibility and viability of existing institutions, stimulate community initiatives (e.g. through co-operatives), ensure that policy and procedures are implemented by all SHIs and council owned rental stock.
- Human Resources Development: capacity building and training and secondment of council employees to SHIs, capacity building and training of staff for the management of council owned rental stock, capacity building and training of existing tenants of council owned rental stock.
- Socio-economic survey: to establish the market demand for rental units, the affordability levels, special needs housing requirements and the demand for different product types;
- Marketing strategy: support SHIs in market their projects according to the demand for social housing.

It can be concluded that EMM is putting together all the necessary information in order to be able to formulate a municipal social housing policy for the delivery in EMM in the future. The process through which the municipality is currently facilitating social housing in EMM is described in the next sections. First, the facilitation in the existing projects is described. Thereafter, the planning for social housing in IDP and the social housing forum is discussed.

### 7.5.2 Existing projects

In the initiation of the existing projects of GGICHC, the municipality played a significant role (interview Fisher 2004). It helped with the initial proposal and business plan for the Corporation. It identified the land and properties available for the development. The municipality was also involved in securing the land and institutional subsidies. Furthermore, staff of the municipality was seconded to GGICHC. There was also staff seconded from the Dutch SHI 'Woonconcept'. The development itself was completely outsourced to a developer. The developer did the planning, development and marketing of the projects. The municipality was not much involved in this process.

In the case of the development of 'Friendship Town', a project of the Lethabong Housing Institute, the municipality played a major role, especially because it was part of an agreement between the Chinese Government and the South African Government. The council bought the required land for the project and gave it to Lethabong Housing Institute. The directors of Lethabong Housing

Institute are councillors and officials of the municipality. Therefore, the institution has a strong relation with the municipality. The rental units are sold to section 21 companies.

### 7.5.3 Planning for social housing in IDP

A city vision for the development of EMM is currently being formulated. It serves as a framework and can provide direction development should go to. The IDP in Ekurhuleni is a five-year development programme that should be guided by this city vision. In relation to housing, the municipality does not prefer one housing delivery approach to the other. There is a range of options available in the market and the municipality sees itself as facilitator of the development process to have those different options available all the time (interview Von Maltitz 2004). In other words, the municipality sees the importance of all different types of housing delivery programmes, and therefore actively supports these programmes.

In the spatial development framework of EMM, which was adopted in March 2003 (IDP 2003-2007), social housing development is incorporated in the urban renewal programme. According to the municipality, social housing is one of the instruments to use for urban renewal purposes. The idea is that social housing should invest in identified areas where the environment is deteriorating rapidly, in order to regenerate them. Those urban renewal areas are marked in the SDF as "Infill Development Priority Areas" and as centrally located vacant pieces of land in the existing CBDs of EMM cities and town as Brakpan, Germiston, and Benoni. This means that, in Ekurhuleni, the promotion of social housing projects at certain locations is part of urban renewal projects, in which Housing is not the only department operating. 'Infrastructure', 'LED', 'city planning', 'urban design' and more departments are involved. It forms part of integrated inner city development. IDP should facilitate this integration process. The priority areas, land identified for social housing, are hereby thus mostly situated in the inner cities, and hereby the social housing delivery approach of EMM has a clear urban and inner-city bias.

For social housing developments the municipality's approach is that locations are identified that already comply with the criteria for quality living environments, in the sense that social amenities and facilities, and economic opportunities are already there. All the identified properties (buildings and land) are screened, and feasibility studies are done. This is also because of the fact that social housing developments tend to be small (interview Von Maltitz 2004). For a project of 500 units on its own you cannot provide a lot of facilities, the facilities also have to be viable. It has to do with the whole environment, the nature of the developments surrounding the social housing projects. However, the planned projects of Ikhaya Labantu Housing Association (ILHA) (see 7.4.2) do not seem to comply with this 'rule'. These projects are planned in areas identified by the SDF as "strategic development areas" for residential expansion. These strategic areas are all on locations on the edges of urban areas, areas suitable for greenfields development also used for the RDP projects. One can question if these areas already comply with the municipality's criteria for quality living environments.

Related to this, Von Maltitz (interview 2004) mentions the lack of an integrated approach at sectoral level in the municipality. Mostly, in typical low-income housing projects as RDP projects, first the Housing Department comes in (as major role-player in the upliftment of the area) and then the rest of the sectors follow. However, it is not always the case that all sectors will follow, which is necessary to guarantee an integrated approach. Quality living environments can be assured by integrating (coordinating) all the different functions (departments) in development planning. Every actor and aspect that is involved has to be integrated in the process. This means for example that 'Social Development' makes sure that the development complies with social criteria. The necessary facilities should be developed congruently with the housing development. All sectors should respond to each other in their plans. IDP should be the tool for this integration. Actual practice shows that other departments tend to be slower than the relative progressive Housing Department. Housing development goes fast, and other services are lacking behind.

For land and buildings in social housing development, quality requirements criteria are based on the (Medium) density policy (land identified in CBDs of local authorities), Spatial Development Framework, the availability of services and its position in relation to social amenities and facilities.



It is not so that the quality issues in the urban renewal areas of Ekurhuleni are of the same size as in Johannesburg, where Hillbrow and other areas are degrading. The areas that the SHIs move into as part of the urban renewal programme still have a certain quality. There are buildings in Germiston (privately owned) that are in distress, but they are still upgradeable. The idea of municipal owned stock in those areas is to transfer it to a property management agency. Like many properties in Tshwane, the properties in Ekurhuleni are currently not sustainable, they need to be upgraded, the management and rentals need to be put in place up to where they should be according to the market and then they can be transferred to a SHI.

In the Social Housing Framework, that is formulated by the 'Policy Planning' office (see 7.5.1) is stated that a five-year implementation plan has to be incorporated in the IDP. Currently, the goal of the Framework is to deliver 1000 units per annum (5000 in five years), but this is still subject to the demand for social housing. The demand and the need for social housing still have to be identified out of the total housing demand. Property (land/buildings) is identified and it is linked to the budget. The location of social housing projects is hereby mainly informed by the investigations of sites in the CBDs of the local authorities. For the rest it depends on where local authority stock is located.

Like Tshwane, Ekurhuleni is currently dealing with issues considering land and property transfer. Von Maltitz (interview 2004) mentions that it is important to understand that in South Africa you have to deal with a free land market system. The municipality is dependent on funding to secure privately owned land, it cannot do it otherwise than buy it. The municipality depends on Provincial Government for funding, because of a lack of own funds. Social housing is one of the four thrusts of Gauteng Provincial Government (see 4.2.3), so there are significant funds available. The opportunities to secure privately owned land for social housing also depends on the rate of risk of the environment. If the environment is considered high risk, the property will be available and private developers will not invest in them.

However, according to Von Maltitz (interview 2004), there is no use of spending the money when there is no demand, and develop institutions that cannot be sustained. In Ekurhuleni, Greater Germiston Housing Corporation has financial problems. The status of the SHIs is very important for developing a strategy and municipal social housing policy. Lethabong Housing Institution is a good developer within the subsidy framework. It is not a property management institution, but is able to develop projects at relatively low cost, which can be transferred to SHIs.

#### 7.5.4 Forum

The Social Housing Consultative Forum was established by the municipality to serve as an interaction tool with all relevant stakeholders in respect of Social Housing. This forum is also part of the "Framework for the Development of Social Housing in EMM". It consists of the following actors:

- Ekurhuleni Metropolitan Municipality;
- Social Housing Institutions;
- National Housing Finance Corporation;
- Social Housing Foundation;
- Gauteng Provincial Government: Housing Department: Social Housing Directorate;
- Gauteng Partnership Fund;

A workshop has been held for the stakeholders to discuss this forum. The aim of this workshop was to find out what is going on in the social housing sector in the municipality, and what was the status of the SHIs. This forum would make it possible to identify what value could be inputted in the delivery process by each stakeholder. Every SHI has its own speciality. Some are property managers, others will be more specialised in development (Lethabong). The different roles can be clarified on the forum. The private sector should also be encouraged to participate. If private developers can develop stock for higher income groups, why not develop stock for the subsidy eligible groups? The private developers can also access institutional subsidies and have enough capacity to develop projects that are suitable for social housing. The municipality wants to support the private sector to develop social housing.

The municipality can initiate projects by consulting the forum on interested parties for developing social housing projects on certain identified pieces of land. The different SHIs will know what properties are available in the municipality, which are privately owned and which are municipal properties. Being part of the forum helps this process.

The municipality also wants to obtain financial, technical and capacity building support from organisations as SHF, financial institutions and Gauteng DoH. It uses the forum to lobby for this, and in the case of Gauteng DoH the municipality has the Memorandum of Agreement in which each other roles are specified. However, this Memorandum of Agreement is often not specific on type of support, and therefore the question can be asked to what extent it will be effective.

The GGICHC, the municipality and the NHFC have a co-operation agreement, which is in place since the establishment of GGICHC. With this agreement, the specific roles and responsibilities of the municipality, the NHFC and the GGICHC should be clear. It basically outlines the general company affairs, the memo of articles, the object of the company, shareholding, directive management, business planning, dividend policy and so on, e.g. council will apply for funds through the secondment of staff. However, the co-operation agreement was done specifically to address the needs within the first projects and the establishment phase of the institution. It has never been reviewed after the first projects. The SHI would like to have a new co-operation agreement with the municipality. The specific roles should be clarified; Fisher, managing director of GGICHC stresses that the partnership should be a clear-cut action plan, in terms of who does what, otherwise you create overlap, which will cause conflict between the different parties. The essence of the partnership is to build communities and create quality living environments. The following constraints on integrated urban planning and development were raised by GGICHC (interview fisher 2004):

- Houses are built, but community development is absent. There has to be integration of all the different departments in the municipality, like "social services", "health", "police", "sports and recreation", for the institution to be able to successfully built communities within its projects, to be able to built quality living environments. This is essential for the success of projects and the sustainability of the SHI;
- Before a project is being developed, the integration should happen with budgetary issues, there should be a link between financial management and community development services. The institution needs to know where it can access funds for the different community development services, in order to plan this in the projects. Here lies the role of the municipality, to provide that integrated framework. At the moment, a social housing development plan is solely based on the housing, and not on integrated urban development.

## 7.6 Conclusions

In this section, the most important conclusions from the case of EMM are presented. First, specific general conclusions on the municipality and its housing context are given. Second, conclusions are drawn on the approach of the municipality towards social housing delivery.

### 7.6.1 General conclusions

- EMM, like Tshwane, is a large metropolitan area in Gauteng Province, and also affected by the high urbanisation rates. Its population is estimated at 2,5 million, and the housing backlog is estimated at somewhere between 150 000 and 200 000.
- Social housing is one of the housing delivery approaches of EMM. EMM is also committed to the delivery of housing through the PHP, the hostels upgrading programme and the essential services programme. 988 social housing units are developed, which makes social housing a small option in the municipality.
- There are two operational SHIs in Ekurhuleni: Ikhaya Labantu Housing Association and Greater Germiston Inner City Housing Corporation (GGICHA). Only GGICHA has social housing

stock under management. With limited donor funding available, GGICHC is in financial distress, and has a negative cash flow.

- The existing social housing projects of GGICHA are all situated in the Germiston area, creating a more integrated housing option for the target group; low-income people earning mostly between R2 500 and R3 500 per month.
- Lethabong Housing Institute is a developer and does not manage housing stock. It turns out to be a vehicle that can work as implementation agency for the municipality, able to develop stock suitable for social rental housing that can be taken over by a SHI.

### **7.6.2 The municipality's approach towards social housing delivery**

- The municipality has a Property and Institutional Services office to facilitate social housing developments and to provide technical support to the SHIs. Two very committed persons work in this office. The Policy Planning section in the Housing Department deals policy development for the sector. It deals with the whole spectrum of housing, but also has specific attention for social housing. One committed person is leading this section. A lot of research has to be done by the section, but with only one person as human resource, this is difficult. The 'Property and Institutional Services' unit has the task to support speedy and efficient implementation of social housing projects through ensuring that the necessary resolutions of its council are adopted (political support) and through providing financial and resource support from the municipality itself.
- The municipality ('Policy Planning' section) developed a Social Housing Framework that should facilitate and support SHIs in social housing development in Ekurhuleni. In this framework, interventions are identified, which are very broad. The goal set in the framework is to deliver 5000 units in 5 year. However, this is not a strict goal, because there is no clear picture of the demand.
- The demand for social housing is not yet determined. A socio-economic survey is being carried out to determine the specified demand for rental housing.
- IDP is seen as a five-year development plan on basis of the longer-term city vision and the MSDF. Currently, there is a lack of an integrated approach at sectoral level. Housing is the more progressive department, other sectors are leaving behind.
- Social housing development is incorporated in the urban renewal programme in the MSDF. Hereby, integrated development should be facilitated. Social housing development is hereby focused on the inner city areas of the different urban centres in EMM. Properties and sites are being investigated on suitability for social housing development.
- Property (land or buildings) transfer for social housing is an issue in Ekurhuleni. Securing land for development can be problematic if the land is privately owned.
- The municipality approaches the issue of integrated development, and hereby ensuring the quality of the living environment, by making sure that the identified locations are within already existing quality living environments. In terms of the already developed projects, that is, the projects of Greater Germiston Inner City Housing Corporation in the inner city of Germiston, it has to be noted that they are located next to public transport, social facilities and economic opportunities.
- The municipality wants to facilitate as much as possible, and prescribe as little as possible.
- In order to be able to facilitate social housing development, the municipality has a memorandum of agreement with the province in which it clarifies each other's role and responsibilities and ring-fences institutional subsidies from the Gauteng Housing Fund for social housing developments.
- Another facilitating body is the social housing forum, established by the municipality, in which each stakeholder in the sector is actively promoted to participate.



## **Part D. Conclusions & Recommendations**

## 8 Conclusions

### 8.1 Introduction

This chapter combines the results found in this research. Its aim is to link the specific case-studies of the pilot municipalities Tshwane and Ekurhuleni and the sub-studies on the housing policy context and the role and power of local government, in order to give an answer to the overall research question. To do this, the results of the different sub- and case-studies will be summarised, by following the same structure as the previous chapters.

### 8.2 Social housing delivery in the housing policy context

The first sub-question was:

1. What is the policy context in which the delivery of low- to middle-income housing in general and social housing specific takes place in South Africa?

This question has been answered in chapter 4. In general, the government of South Africa follows the enabling approach towards housing delivery. During the last ten years, the South African government has committed itself to ensuring that all South Africans would be enabled to have access to adequate housing opportunities. With the White Paper on Housing of 1994, the South African Government started focusing on the low-income households, the ones who could not afford adequate housing by using their own financial resources alone. The Housing Act of 1997 became the centrepiece of housing legislation in South Africa. It identified the specific roles for the national, provincial and local spheres of government. The Housing Subsidy Scheme (HSS) became the central mechanism to set aside national budget for providing housing assistance to low-income households, being identified as households earning less than R3 500 per month. This subsidy mechanism involves capital subsidies to ensure fast-track delivery. Furthermore, institutions were set up to assist in low-income housing finance and development. Hereby, focus of the strategy towards housing seemed to be fighting the housing backlog.

What hereby seems to be lacking in the housing policy context is the attention on spatial planning aspects of housing, to be able to deliver housing that contributes to integrated urban development. The only policy document and legislation that are applicable to this aspect are the Urban Development Framework and the Development Facilitation Act. The first framework proposes an urban vision and implementation framework for the operationalisation of strategic goals. However, it remains too vague on how to implement housing delivery that contributes to integrated urban development and therefore does not have impact on the actual housing delivery. The Development Facilitation Act sets principles for land development, supporting compact, integrated and mixed-use settlements.

In terms of the delivery of quantity, the housing delivery approach of the South African government showed to have significant success the past ten years. In total approximately 1,4 million housing units have been built through the HSS. However, in terms of quality one can be critical. Most low-income housing projects that have been delivered made use of the project-linked subsidy. This is seen as a result of the focus of the national housing strategy on one type of delivery, coupled with short-term political pressure for large-scale delivery. The housing being delivered hereby follows unsustainable patterns of low-density sprawl and large sterile mono-functional environments not conducive to the socio-economic development of the local communities, being located far from economic and employment opportunities (see 4.3.2).

For social housing as housing delivery approach through independent SHIs, the South African government did not implement a policy framework yet. However, a national social housing policy is

currently being drafted and it is expected that this will be approved soon. This policy framework will specify on the roles of the different spheres of government in the social housing delivery process. Additionally, a new funding and regulatory framework will be established by the policy.

Currently therefore, social housing has been delivered as a result of organisational will, and with the help of donor funding. The institutional subsidy mechanism from the HSS has only had a marginal impact on social housing delivery. The SHIs that have been established have difficulties in staying financially sustainable, partly because of the limited support from government. Current projects show to be only suitable for people earning R2 500 per month or more (see 4.3.3).

At the Provincial level, in the case of Gauteng Province, the support for social housing delivery has been considerably more than at the National level. Gauteng is the most urbanised province, with 97% of its population living in urban areas. Social housing is therefore one of the key-programmes of the Gauteng DoH. Partly because of this support, half of all existing social housing developments are located in Gauteng Province.

### 8.3 The co-ordinating and facilitating role of local government

This brings us to the second sub-question:

2. What is the role of local government in South Africa in the delivery of housing in general and social housing specific within its area of jurisdiction?

The answer to this question has been given in chapter 5. The past ten years, local government has been transformed towards developmental local government, in structure, functions and shape. Integrated Development Planning (IDP) is the new method to stimulate integrated development within the municipality. It should guide development in every municipality, as being compelled by the Municipal Systems Act of 2000.

The IDP process should contain the following stages or elements (see 5.1.1): a vision for the long-term development of the municipality, assessment of the existing level of development, development priorities and objectives, development strategies, a spatial development framework, operational strategies, a financial plan and a set of performance indicators and targets. Furthermore it should integrate horizontally between all different sectoral plans of the municipality and vertically between the different spheres of government.

For housing development, it is important that it becomes part of IDP, in order to be integrated with overall development in the municipality. The Housing Act of 1997 also requires housing development to be undertaken as part of the integrated development planning process. In light of this, local government's role in housing is mainly to plan, coordinate and facilitate appropriate housing development within its boundaries. However, housing development turns out to be not yet as integrated and co-ordinated at the local level as it should be. There are still challenges in relation to IDP in general, whereby inadequate capacity in the municipality is a major constraint. IDP is taken too much as a comprehensive plan, the strategic component needs to be developed further.

For social housing delivery specific, the following functions of local government are applicable: A municipality creates space for social housing development in its IDP by setting social housing delivery goals, on basis of the housing need and the demand for social housing. It identifies land or property for the development of the social housing and makes sure that all development initiatives are aligned with IDP. Furthermore, it encourages and supports new social housing institutions by making well-located land or property available, and by forming public-private partnerships.

Now the role of local government in housing delivery in general, and social housing delivery, specific is being identified, the third sub-question is relevant:

3. What is the power of local government, within the policy context, to execute this role?

Applicable law, financial support, and capacity building activities provide local government with a certain power to perform its coordinating role in housing delivery and social housing delivery specific. In terms of law, this power is determined by the legislation on urban management (IDP legislation), Housing (Housing Act) and spatial planning (DFA and Gauteng Planning and Development Act):

- To plan for and control housing development in an integrated and strategic way, it has to be incorporated in IDP and linked to a Spatial Development Framework (SDF) of the municipality. However, if IDP is taken as a comprehensive plan, its power will diminish considerably. In practice therefore IDP seems to be impracticable when it tries to integrate everything and co-ordinate comprehensive development of a municipality, and therefore implementation of it is constrained.
- The municipality can enforce the SDF by formulating a zoning scheme for the whole municipal area on basis of the principles as stipulated in the SDF. The SDF will only have power when this is done, because only then development can be controlled.
- However, the control of development is not enough to make things happen. Apart from the formulation of the zoning scheme, the municipality can pro-actively stimulate and facilitate the implementation of the plans for social housing development that contribute to integrated urban development, by using the SDF for strategic budget allocations. However, this turns out to be constrained by its financial and institutional capacity, partly because of the national housing policy framework (see chapter 4).

#### 8.4 Case studies and overall research question

In the case studies, two sub-questions were answered:

4. What is the current practice of social housing delivery in the municipalities Tshwane and Ekurhuleni?

5. What is the current approach of local government in the formulation and implementation of policies that facilitate the delivery of social housing that contributes to integrated urban development of the municipalities Tshwane and Ekurhuleni?

In this section, the findings of the case studies will be reflected against the role and power of local government from the policy context, and hereby the overall research question will be answered. Constraints and opportunities in both case studies are identified in the sections below.

##### 8.4.1 The case of Tshwane, constraints and opportunities

In CTMM the housing backlog is estimated at 150 000. One of the approaches of the municipality towards housing delivery and fighting this backlog is by means of social housing delivery. However, with the 350 existing social housing units, it cannot be considered a housing option in the metropolitan area. The impact of social housing delivery is too little. The municipality therefore established an 'Institutional Housing' unit in its Housing division of the department of Housing, City Planning and Environmental Management. The task of this unit is to facilitate and support the development and the functioning of SHIs, whose responsibility it is to develop and manage the social housing. Furthermore it does the project planning and has the task to develop social housing policy for the Tshwane area. The unit consists of two employees, which causes a capacity constraint.

Currently, there are two SHIs in CTMM, HCT and YCH. Both have developed stock in the inner city of the Pretoria area, which provides a form of housing to the target group that is more integrated in the urban environment.

As told in 8.3, one of the roles of local government is to plan for appropriate housing in IDP. Currently, in CTMM, the IDP process does not inform on social housing delivery. Instead, it lists the projects that are developed. Social housing delivery takes place at an ad hoc basis, and not as a result



of a broader housing strategy. Partly because of the lack on a strategy, there is no vision on the roles of the different players in the field of housing, including private developers like City Property. This can be considered as a gap.

Although IDP does not contain a social housing delivery strategy, the municipality has taken the first steps towards an investigation of opportunities in the form of land and buildings that could be suitable for social housing development, in a densification study. Additionally the City Planning Division is currently drafting a metropolitan SDF. This provides opportunities to formulate a strategy on basis of this framework, and to link it with municipal budgets, other sources of funding and other sectoral strategies. However, a major constraint as identified in the case study, is to secure land in the identified locations for social housing development. If it involves land that is privately owned, market value has to be paid. Transnet is a company that owns large pieces of land at strategic locations, and hereby it is essential to involve Transnet in municipal planning. In the case of municipal owned land, the municipality can more easily give preferential access to a SHI. State owned land is also a problem in practice, because it takes an extensive bureaucratic process to transfer state owned land to a municipality. In CTMM, large proportions of land to the south of the CBD are state owned, for military purposes. However, the land is not used accordingly.

Furthermore, relating to the actor network in the social housing delivery process in CTMM, there is lack on clarification on the different roles and responsibilities of the different parties. For the two SHIs the environment in which they operate is a risky environment. Since the municipality has no clear strategy in relation to social housing delivery, which should be based on IDP, both SHIs complain about the lack on integrated and holistic development.

Constraints	Opportunities
<ul style="list-style-type: none"> <li>- Specific demand for social housing not identified</li> <li>- Social housing is a small housing option</li> <li>- No housing strategy in place</li> <li>- Capacity constraint in the form of human resources in the municipality committed to social housing delivery</li> <li>- IDP process is not guiding development</li> <li>- Securing land for social housing development</li> <li>- Property transfer to SHIs is problematic</li> <li>- Lack of clarification on the role of the different stakeholders in social housing delivery in CTMM</li> </ul>	<ul style="list-style-type: none"> <li>- The CTMM has identified the housing backlog</li> <li>- Niche market for social housing in a metropolitan urban area as CTMM</li> <li>- Political support for social housing delivery</li> <li>- Projects provide social housing option in CBD of Pretoria area</li> <li>- 'Institutional Housing' section as part of the Housing division</li> <li>- Densification study: land and property are identified</li> <li>- The MSDF provides opportunity to integrate social housing delivery with other programs and link it to the municipal budget</li> </ul>

#### 8.4.2 The case of Ekurhuleni, constraints and opportunities

In EMM, the housing backlog is not specifically clear, as it is estimated somewhere between 150 000 and 200 000 units. As in CTMM, in EMM social housing is one of the housing delivery approaches. EMM is also committed to delivering housing through the PHP approach, the hostels upgrading programme and the essential services programme. In the whole EMM area, social housing is only a small housing option in the Germiston area, where 988 social housing units have been developed and managed by GGICHC. The two projects show to provide an integrated housing for the target group, which are low-income people earning mostly between R2 500 and R3 500 per month.

Currently, apart from GGICHC, there are two other players in the social housing field in EMM, namely ILHA and Lethabong Housing Institute. The first is established as a SHI, but does not yet have housing stock under management. The second is an association that is only involved in the

development of housing projects, and not in the management of the housing. Therefore it cannot be regarded an SHI according to the definition. However, it is a potential important partner in social housing delivery in EMM, since it is committed to develop affordable accommodation for all.

In EMM, the Housing department, and specifically the Property and Institutional Services office and the Policy Planning office are supporting social housing delivery. The Property and Institutional Services office consists of two persons, and is established to facilitate social housing developments, acquiring the necessary support from council (political support) and to provide technical support to the SHIs. The Policy Planning office deals with policy development for the sector. Currently, this office consists of only one person. Like in CTMM, this means there is a lack of human capacity in the municipality to facilitate social housing delivery in EMM.

Regarding the IDP process in EMM, it can be concluded that it currently functions as a five-year development plan on basis of the longer-term city vision and the MSDF. However, in the IDP, sectoral integration is lacking, whereby the Housing department is seen as the more progressive department, and other departments are lacking behind. EMM does not have a housing strategy, which is necessary for this integrated approach.

The MSDF provides opportunities to create a more integrated approach. Social housing is part of the urban renewal programme in the MSDF. Hereby it is focused on the inner city areas of the different urban centres in EMM. Properties, buildings and land, are being investigated on their suitability for social housing development. Hereby the municipality approaches integrated urban development by making sure that social housing projects are developed in already established areas, where a quality living environment is present, in the sense of social and economic opportunities.

Like in CTMM, municipal intervention in relation to the transfer of property for social housing is lacking in EMM. Securing land for development can be problematic for SHIs if the land is privately owned, because well-located land is unaffordable. If the municipality owns it, the approach is to make it available to the SHIs at low or nominal costs. To get clarity on its role in social housing delivery, the Policy Planning office formulated a Framework for the Development of Social Housing. In this framework strategic types of interventions are identified, focused on the availability of property, financial issues, and management, but these not yet specified. Furthermore, goals are to have delivered 5000 rental units within 5 years, for a target group earning between R1 500 to R7 500 per household per month.

An opportunity is the Social Housing Forum, established by EMM. This forum, where all stakeholders of the social housing sector in EMM participate, provides the opportunity that all stakeholders can interact and clarify on each other's roles. In this forum, the municipality clarified its own roles and responsibilities, by signing a memorandum of agreement with Gauteng Province, in which they clarified that EMM will not engage directly in forming social housing institutions, but will be active in developing an enabling environment for social housing delivery.

Constraints	Opportunities
<ul style="list-style-type: none"> <li>- Specific demand for social housing not identified</li> <li>- Social housing is a small housing option in the Germiston area</li> <li>- No housing strategy in place</li> <li>- Capacity constraint in the form of human resources in the municipality committed to social housing delivery</li> <li>- IDP process is not guiding development, it functions as a 5-year development plan</li> <li>- Securing land for social housing development</li> <li>- Property transfer is problematic</li> </ul>	<ul style="list-style-type: none"> <li>- Niche market for social housing in a metropolitan area as EMM</li> <li>- Political support for social housing delivery</li> <li>- Framework for the development of social housing in EMM, in which the municipality identifies types of interventions</li> <li>- Property and Institutional Services office and Policy Planning office within Housing department committed to social housing delivery</li> <li>- MSDP places social housing delivery within the urban renewal framework, hereby providing the opportunity to link it to budgets in relation to this programme.</li> <li>- Social housing forum, where stakeholders in the social housing sector can interact and clarify on their specific roles.</li> </ul>

#### 8.4.3 Overall research question

From the two sub-studies and the two case-studies the following can be concluded in order to be able to answer the overall research question:

Which local government interventions should be considered in view of the formulation and implementation of a municipal social housing policy, with the aim of facilitating social housing delivery that contributes to integrated urban development of the South African municipalities Tshwane and Ekurhuleni?

First of all, social housing delivery in the South African context is constrained by the limitations as being set by the national HSS. Delivered through SHIs it turns out to be rental housing option, affordable for a small part of the population; people earning between R2500 and R3500. If people earn more than R3500 they cannot access the subsidised housing. In the case studies it was shown that social housing developments provided a relatively small rental housing option to those people who cannot afford market rentals. The municipalities need to be realistic about this housing option, and what it can mean for the local housing context.

Secondly, considering the role and power of local government, it can be concluded that IDP is the new dogma, through which local government should be able to be developmental. However, current practice and the two case-studies showed that IDP is often not adequately utilised for housing development. For social housing especially, it is important to be strategic. The municipality should not pursue integrated development through social housing in a comprehensive way. This is not realistic considering the scarce resources and means to effectively implement such comprehensive development plans. A strategy should be based on a vision on the one hand, and opportunities that exist on the other hand, e.g. in the form of land and property.

Furthermore it became clear that the SDF as strategic spatial framework could provide some guidance to where investment in social housing must be directed. In both case studies there is a metropolitan development vision that is spatially reflected in a MSDP. However, important in this sense is to understand by which forces the municipal area develops. As local government has less control over patterns of development, it should be more strategic, targeted and action oriented. For social housing development it is thus important that priority projects are identified. As is shown in the case of EMM, social housing could for example form part of an urban renewal programme.

Therefore, to answer the overall research question, the following local government interventions should be considered:

In view of the *formulation* of a municipal social housing policy:

- In order to be strategic, it is important to be demand driven. Therefore, the demand for social housing in the municipal areas needs to be explored by the municipalities, together with the SHIs. The preferred types and forms of tenure are essential elements of this.
- The institutional environment through which social housing can be delivered needs to be assessed. It is important to know what is the viability and sustainability of the different SHIs operating in the municipal area and through which institutions social housing can be delivered. Furthermore capacity should be created in the form of human resources in the municipality that can perform the functions related to municipal support of social housing delivery in the municipality. Political support for the social housing delivery option should be acquired in the form of council resolutions.
- A municipal social housing policy needs to be linked to the IDP of the municipality. A social housing strategy should be based on the vision, mission and goals as expressed in an IDP. Spatially, the social housing strategy should be informed by the SDF, as being incorporated in the IDP, in which strategic locations for the development of social housing need to be identified.
- The strategic locations for the development of social housing need to be checked on availability of land or buildings to develop social housing. Feasibility studies need to be done to see if project development is viable and sustainable in the long run.

In view of the *implementation* of a municipal social housing policy:

- IDP should be the process through which a social housing strategy is implemented, to facilitate integrated urban development. An implementation plan should be incorporated in IDP.
- Making land or buildings available for development at low or nominal cost to the SHIs. This is essential to make sure social housing delivery takes place at better locations, where land is unaffordable for SHIs.
- Provide a development friendly environment for the SHI, by subsidising bulk services, infrastructure and looking at the possibility of tax rebates.
- Supporting the SHIs where necessary by providing technical and capacity building support. If necessary, the municipality can initiate a new SHI, for which it then should facilitate the support during its establishment stage.
- Creating a forum for the delivery of social housing in the municipal area where all stakeholders can consult and make agreements. The forum should consist of stakeholders from the provincial Housing Development Board, the municipality, financial institutions, social housing institutions, private developers and other stakeholders, as private landowners or parastatals with a possible role as partners in social housing delivery.

## 9 Recommendations

As explained in the previous chapter, for local government to be able to execute its facilitating and co-ordinating role in relation to social housing delivery it has to make sure the integrated development planning process of the municipality takes social housing strategic part of the development of the municipality. This chapter provides recommendations on how to do this, by looking at the formulation and implementation of a municipal social housing policy. Finally, recommendations are made on aspects that need further research.

### 9.1 Formulation of a municipal social housing policy

#### 9.1.1 Demand oriented planning

As told in 8.4.3, it is important that housing delivery approaches respond to the housing needs in a specific area. In order to be able to define a social housing strategy for a specific municipal area, it is important to know what is the demand for the social housing option. As is showed by the case studies, metropolitan and other large urban areas administer their own housing waiting lists, which are lists where all housing subsidy applications for the municipal area are documented. This waiting list has to be made specific, in the sense that, apart from information on income level, people can provide information on the preferred form of tenure and housing. Specific socio-economic surveys can be done to explore the market demand. For the social housing approach, the potential target group can be identified by the households earning between R1500 and R3500 per month. However, in a project this can be mixed with people earning more that R3500 in order to cross-subsidise and make the project more viable.

#### 9.1.2 Spatial Development Framework

When the specific demand for social housing is clarified, the spatial development framework has to provide strategic guidance on locations to invest in social housing. As told in the conclusions, CTMM was in the process of including a MSDF in its IDP and EMM already included such a framework in its IDP. Now, a social housing strategy has to be formulated, together with the SHIs, guided by this spatial framework.

In CTMM this spatial development framework identifies urban cores and hereby locations for residential densification around the urban cores. It is important for the social housing strategy to focus on those areas to be able to contribute to integrated urban development. Other sectoral strategies will also be focused on those areas as a result of the MSDF. The densification study, where pieces of land or buildings are identified which are suitable for social housing development, has to be aligned with the identified urban cores of the MSDF.

In EMM the MSDF identified areas for urban renewal, where investment in social housing projects should be directed. Land and buildings in these areas are identified that could be suitable for social housing development. In the identification of land or buildings the following criteria can be used:

- **Ownership:** if the municipality owns the land or building, it will be possible to transfer it to an SHI at low or no costs, and therefore more suitable than privately owned land or building.
- **Land use compatibility:** if the land or building is zoned for residential purposes in the municipal zoning scheme, it will be more suitable for social housing development than if the land is zoned for other purposes, because no township establishment application will be required.
- **Availability of infrastructure:** if the land or building has access to services, electricity, sanitation and water supply, it will be more suitable for social housing development than if it has no access to those services, because development will be less costly.

- Geo-technical suitability to develop social housing units on the land, or the technical suitability to convert or upgrade an existing building for social housing purposes.

## **9.2 Implementation of a municipal social housing policy**

Now the strategic delivery targets for social housing are set including possible locations, an implementation strategy has to be formulated. For this cause, it is important to make sure the social housing implementation strategy is horizontally integrated within the municipality, and vertically between the different spheres of government, and other stakeholders in the social housing delivery process.

### **9.2.1 Horizontal integration**

Horizontal integration should be facilitated by making sure the IDP process is as integrated and strategic as it is supposed to be. This is necessary to make sure that both sectoral and multi-sectoral interventions occur simultaneously at various scales in the city. Crucial here is that all departments of the municipality that have a role to play in the implementation of the social housing policy are involved in the implementation process and know their specific roles and responsibilities. It is for example important that the department which is responsible for arranging the transfer of the land or building, treats the SHI differently than it would treat a private developer, who has to pay market value for the property.

As Pieterse (2004: 12) stresses, "the challenge of urban integration involves moving from effective sectoral efforts to effective multi-sectoral actions on the basis of clearly defined spatial objectives". Therefore, the social housing policy should be a sectoral policy, which falls within a wider multi-sectoral policy, as for example in EMM the urban renewal programme. It can also be part of an Agenda 21 plan, or a local economic development strategy.

To facilitate this horizontal integration, the municipality can create dedicated multi-disciplinary, cross-departmental professional teams. This helps to build organisation-wide support and to co-ordinate departmental actions. For the projects of this team, it is important that they have their own dedicated budgets and capital expenditure to provide flexibility and rapid response.

### **9.2.2 Vertical integration**

Vertical integration is essential to be sure about all stakeholders in the social housing delivery process and their specific roles and responsibilities. Vertical integration should happen between the three spheres of government, but also between the local government sphere and the SHIs, financial institutions and other stakeholders that are involved in the social housing delivery process in the municipal area. Memoranda of agreements are useful instruments to clarify the roles of the different stakeholders.

In the Framework for the Development of Social Housing of EMM, it is mentioned that a memorandum of agreement is signed between the municipality and Gauteng Province. This is done on basis of the roles and responsibilities of these two spheres of government as identified by the draft social housing policy of the DoH. The allocation of institutional subsidies and the support and registering of SHIs happens at the provincial level. For the implementation of the municipal social housing policy, it is therefore essential that the municipality co-ordinates the activities of the SHIs to make sure that their subsidy applications be according to the municipal social housing strategy in the IDP. Therefore, it can sign memoranda of agreements with the SHIs on the implementation of this social housing strategy.

A social housing forum, as being formed in EMM, can facilitate the vertical integration between the different stakeholders, and hereby the effective implementation of the municipal social housing policy.

### 9.2.3 Providing incentives

The implementation of the plan has to be facilitated by providing the necessary incentives. Financial planning is crucial for the implementation of a development plan. Important for the effective implementation of a municipal social housing policy is therefore the link with the municipal budget. Again, the primary instrument to do this is the IDP, as the IDP includes in effect the 5-year implementation plan of the municipality's holistic but prioritised development plan. The funding requirements for the following interventions should therefore be considered and included in the IDP:

- The acquisition of privately owned land for development. The municipality can also establish a special institution or municipal company to acquire the land, making it ready for development and sell it to a developer on certain conditions. However, the legal possibilities to establish such entity need to be investigated further.
- Land lease or transfer agreement of municipal owned land, against low or no costs, between the municipality and the SHI.
- Land transfer of state- or provincial-owned land to SHI via the municipality.
- A package of incentives such as tax holidays, bulk service contribution rebates, high development rights for SHIs.
- The ring fencing of subsidies for housing.
- Increased public investment (provision of additional infrastructure, upgrading of dilapidated or decayed areas);

## 9.3 Recommendations for further research

As became obvious in the case studies, the transfer of local authority rental stock to SHIs is a possible intervention for municipalities to get rid of the problematic housing projects where rental arrears are high and the state of the buildings is low because of bad maintenance. SHIs are property managers and therefore potential adequate entities to deal with this housing stock. However, research is needed on the impact of local authority stock transfer on the municipality's income, and on the sustainability of the SHIs.

A further subject for research is what impact the above-mentioned package of incentives has on the municipality's budget. It is not yet clear to what extent the municipalities are able to provide incentives such as tax holidays, bulk service contribution rebates and land or buildings against nominal costs. It is therefore necessary to identify how far the municipality can go with subsidising on the different aspects. Furthermore, it would be interesting to do research on the legal possibilities of a municipal institution or company that actively pursues land development, in order to stimulate new development and hereby exercise more influence over the location and character of new development. For example, by actively acquiring land, making it ready for building and selling it to a developer, the municipal institution can negotiate with or even pose obligations on developers to provide public amenities, social housing or community facilities. If this municipal institution or company is a separate entity with its own budget, the municipality's budget will not be affected by the risks taken by the entity.

A last, more theoretical, aspect that needs further research is the influence of local interests outside local government on the development patterns in the municipality and hereby on the effect or the power of the strategic plans of the municipality. It can be argued that planning is not a technical, rational exercise, producing incontestable solution to particular urban problems. Instead, individuals, operating in a particular context, shape a planning process. Therefore, it would be interesting to know exactly what power relations in the social housing development process determine if a project is going to succeed or not. If this is understood, being alert to power relations will help in being strategic in developing strategies and tactics and hereby in formulating and implementing policies for social housing delivery in an effective way.

## 10 Epilogue

This research focused on the role of local government in the social housing delivery process. However, as was shown by chapter 4 on the policy context, it remains critical what is the approach to housing delivery of the national government, as it determines the possibilities for housing delivery at the local level. With the current subsidy mechanism in place, social housing delivery through the institutional subsidy mechanism turns out to be only viable for a very small proportion of the population. Therefore, a review of and increase in the subsidy bands is critical for the social housing sector to be a viable housing option in the long run. At the time of this writing, the recently appointed minister of Housing Sisulu announced a new housing plan for South Africa, to be implemented in the second quarter of 2005. The most important difference this plan makes, is the collapse of the subsidy bands; people earning below R3 500 will receive a full subsidy of R28 000 and people earning between R3 500 and R7 000 will also be eligible for assistance. Another difference will be that the subsidy is not required to buy the land for development. Hereby, the whole amount of subsidy will be available for the construction/conversion/upgrading of housing units. Well-located state owned land will be released to municipalities at no cost, and private land will only be purchased where there is no suitable state owned land available. This will have a positive effect on the possibilities for better low-income housing delivery and consequently social housing delivery.

As became clear by the approach towards social housing of South African Government, it is not the housing delivery option that can reach the poorest of the poor category (< R1 500 per month), which is still by far the largest proportion of the housing backlog. As government directs its resources towards the delivery of social housing, it has to keep in mind that largest part of the population needs another approach to housing delivery. Informal settlements are growing steadily and people find their own survival strategies. It is therefore very important for government to direct the largest part of its resources towards upgrading of these informal settlements and making sure that the poorest of the poor have access to at least basic services. Effective upgrading programmes with an integrated approach, as for example local economic development programmes, are important ways of fighting against the poverty crisis. Investing in education and fighting unemployment and HIV/aids remain the core business of government, apart from ensuring housing delivery. However, as housing is being recognised as a basic human right, and adequate security of housing is seen as an essential part of development in other parts of a country's economy, appropriate measures and legislation need to be put in place by government. Social housing is herein an essential component.



## References

### Literature

- Aedes, 2001, *Dutch Social Housing in a Nutshell*, Aedes, Hilversum
- Arcadis BMB, 2003, *Support Programme for Social Housing: Institutional Development and Capacity Building, EU Mid-term Evaluation*, final draft report, 28 August 2003, Pretoria
- Baud, I.S.H. 2000, *Collective action, Enablement, and Partnerships: Issues in urban development*, Rede uitgesproken bij de aanvaarding van het ambt van bijzonder hoogleraar urbane studies in ontwikkelingslanden aan de Faculteit Sociaal-Culturele Wetenschappen van de Vrije Universiteit (Amsterdam) op 27 Oktober, 2000
- Berg, M.A.M.C. van den, Bregman, A.G., Chao-Duivis, M.A.B., Langendoen, H., Lubach, D.A., Voorst van Beest, M.A. van, 2000, *Bouwrecht in kort bestek, vierde druk*, Stichting Instituut voor Bouwrecht, 's Gravenhage
- Berrisford, S., 2000, *Integrated Development Plans Land-use Management Linkages*, Report prepared for German Technical Cooperation (GTZ) and the Department for Provincial and Local Government (DPLG), Auckland Park
- Cloete, C.E., 2002, *Management of residential property*, South African Property Education Trust, Johannesburg
- Coelmont, D., 1998, *Social Housing in Johannesburg: Case Studies in Flemish Development Co-operation*, English summary, Department of Architecture and Urban Planning, Catholic University Leuven, Leuven
- Colnot, S. 2003, *There shall be houses and security for all*, Delft University of Technology, Delft
- CSIR (Centre for Scientific and Industrial Research), 1997, *An Integrated Development Planning Process Manual*, CSIR, Pretoria
- Department of Agriculture and Land Affairs, 2002, *Wise Land Use: White Paper on Spatial Planning and Land Use Management*, Department of Agriculture and Land affairs, Pretoria
- Department of Housing, 1997, *Urban Development Framework*, Department of Housing, Pretoria
- Department of Housing, 2000, *The National Housing Code*, Department of Housing, Pretoria
- Department of Housing, 2003. *A Social Housing Policy for South Africa, towards an enabling environment for social housing development*. revised draft, July 2003, Pretoria.
- Department of Land Affairs, 2003, *Land Use Management Bill*, Department of Land Affairs, Pretoria
- Department of Provincial and Local Government, 2002, *IDP Declaration Poster for the World Summit on Sustainable Development in Johannesburg*
- Devas, N. & Rakodi, C. 1993, *Managing Fast Growing Cities, new approaches to urban planning and management in the developing world*, Longman Group UK Limited, New York
- Dordregter, B., 2000, *Social Housing in the Netherlands*, VNG-International, The Hague
- du Plessis, C. & Landman, K., 2002, *Sustainability Analysis of Human Settlements in South Africa*, CSIR Building and Construction Technology Programme for Sustainable Human Settlement, Pretoria
- FEPD (Forum for Effective Planning and Development), 1995, *Documentation*, Volumes One, Two and Three
- Gauteng Provincial Legislature, 2003, *Gauteng Planning and Development Act, no.3 of 2003*, Provincial Gazette
- Gilbert, A., 1995, *Rental Housing in Third World Cities: The Policy Void*, journal: Habitat debate Vol. I, No. 4, the United Nations Centre for Human Settlements, Nairobi

- Gilbert, A., Mabin, A., McCarthy, M., Watson, V. 1997, *Low-income rental housing: are South African cities different?* journal: Environment and Urbanisation. Vol. 9. No.1, International Institute for Environment and Development, London
- Harrison, P. 2001, *The genealogy of South Africa's Integrated Development Plan*, Third World Planning Review, Volume 23 (2), University of Liverpool Press
- Harrison, P. 2002, *Subverting Orthodoxy: a re-look at the 'truths' of post-apartheid planning*, University of Witwatersrand, Johannesburg, a paper prepared for the Planning Africa Conference, Durban
- Harrison, P., Huchzermeyer, M., Mayekiso, M. 2003, *Confronting Fragmentation: Housing and Urban Development in a Democratising Society*, University of Cape Town Press, Cape Town
- Healy, P., Cameron, S., Davoudi, S., Graham, S., Madani-Pour, A., 1995, *Managing Cities, The New Urban Context*, University of Newcastle upon Tyne, John Wiley & Sons, Chisester
- Hendler, P., 1999, *Living in apartheid's Shadow, 25 Years of Housing and Urban Policies in South Africa*, journal: Housing in Southern Africa
- Huchzermeyer, M., 2003, *Housing subsidies and urban segregation: a reflection on the case of South Africa* in Sabatini, F. and Varady, D. (eds.), *Urban Spatial Segregation: A Land Policy Perspective.*, The Lincoln Institute of Land Policy, Boston, Internet:  
[http://www.sustainablesettlement.co.za/docs/sus\\_analysis.html](http://www.sustainablesettlement.co.za/docs/sus_analysis.html)
- John, L. 1997, *Integrated Development Planning, a handbook for community leaders*, Planact, Yeoville
- Leshabane, J., -, *Review of Housing Delivery 1994-2002*, internal document, SALGA, Pretoria
- Lungu, A. 1998, *Management, Tenure and Design of Social Housing*, CSIR, Pretoria,
- Maharai, B. -, *Urban Government and Management of Cities in Post Apartheid South Africa*, University of Natal, Pietermaritzburg
- Marcuse, P., & van Kempen, R., 2000, *Conclusion: A changed spatial order*, in *Globalizing Cities: A New Spatial Order?* Blackwell, Oxford
- Oranje, M., Harrison, P., Meyer, E., Van Huyssteen, E., 2000, *A Policy Paper On Integrated Development Planning*, Department of Provincial and Local Government, Pretoria
- Otzen, U., Hoecker, U., Menzel, B., Pfeiffer, S., Poerksen, H. and Weik, V., 1999, *Integrated Development Planning, A New Task for Local Government in South Africa*. Reports and Working Papers. Berlin, German Development Institute (GDI)
- Otzen, U., Hoecker, U., Menzel, B., Pfeiffer, S., Poerksen, H. and Weik, V., 1999, *Integrated Development Planning: A New Task for Local Government in South Africa*, Reports and Working Papers, German Development Institute (GDI), Berlin
- Parnell, S., Pieterse, E., Swilling, M., Wooldridge, D., 2002, *Democratising Local Government, The South African Experiment*, University of Cape Town Press, Cape Town
- Pienaar, J. and Crofton, O., 2002, *Context and Background to Housing in South Africa, Lecture notes "Housing"*, Centre for Land Development, Housing & Construction, University of Pretoria
- Pieterse, E., 2004, *Recasting Urban Integration and Fragmentation in Post-Apartheid South Africa*, in Development Update, Interfund, Johannesburg, internet:  
[www.isandla.org.za/papers/urban%20integration%20-%final.pdf](http://www.isandla.org.za/papers/urban%20integration%20-%final.pdf)
- Pohl, S., 2001, *Social housing: Lessons learnt from the international experience*, University of Pretoria, Pretoria
- Republic of South Africa, 1994, *White Paper, a New Housing Policy and Strategy for South Africa*, Department of Housing, Pretoria
- Republic of South Africa, 1995, *Development Facilitation Act 67 of 1995*, Government Gazette, No. 1526, 4 October, 1995.
- Republic of South Africa, 1996, *The Constitution of the Republic of South Africa, Act 108 of 1996*
- Republic of South Africa, 1997, *Housing Act 107 of 1997*. Government Gazette, 390 (18521), No. 1661, 19 December

- Republic of South Africa, 1998, *White Paper on Local Government*, Government Gazette no. 19614, 18 December 1998
- Republic of South Africa, 2000, *Municipal Systems Act*, Government Gazette, 21776, No. 32, 20 November
- Robinson, P.S., Brown, A.E., Todes, A.E., and Kitchin, F., 2003, *Methods of achieving integration in development planning, Early experiences from South African municipalities*, in International Development Planning Review, Volume 25 (no. 3), Liverpool University Press
- Rust, K. 2002, *Policy and Programme Review. Alignment with the National Housing Code and National Housing Policy, and Coherence with the Policies of Other Departments in Gauteng*, Department of Housing, Gauteng Province, Johannesburg
- Rust, K., 2003, *No Shortcuts, South Africa's progress in implementing its housing policy, 1994 – 2002*, Institute for Housing South Africa, Auckland Park, internet:  
[http://www.ihsa.co.za/document/IHSA%20-%20Kecia%20Rust%20NO%20SHORTCUTS\[1\].ppt](http://www.ihsa.co.za/document/IHSA%20-%20Kecia%20Rust%20NO%20SHORTCUTS[1].ppt)
- Social Housing Foundation, 2000, *A Toolkit for Social Housing Institutions, second edition*, Social Housing Foundation, Johannesburg
- Social Housing Foundation, 2002, *Social Housing Policy Discussion Document*, Internet:  
<http://www.shf.org.za/policy/bills/shp-jan02.pdf>
- South African Institute for Housing, 2000, *Smallest province faces in-migration of 40000 people per month*, journal: Housing in Southern Africa, Crown Publications, Bedfordview
- Statistics South Africa, 2003, *Census 2001, Census in brief*, Report no. 03-02-03 (2001) Statistics South Africa, Pretoria
- Tilman, H., 1997, *Integration or Fragmentation, The Housing Generator Competition for South African Cities*, Academie van Bouwkunst, Rotterdam
- Tomlinson, M., 2001, *New Housing Delivery Model: the Presidential Job Summit Housing Pilot Project*. International Union for Housing Finance, internet:  
[http://www.housingfinance.org/IndustryInformation/Africa\\_South%20Africa's%20Job%20Summit%20Housing%20Project%20-%20USAID.pdf](http://www.housingfinance.org/IndustryInformation/Africa_South%20Africa's%20Job%20Summit%20Housing%20Project%20-%20USAID.pdf)
- Tomlinson, R., Abrahams, G., Rust, K., 2002, *Policy and Programme Review: Evaluation: Housing Delivery, sustainable settlements and the consequences of Apartheid*, Department of Housing, Gauteng Province, Johannesburg
- UN-Habitat, 2003, *Rental housing: An essential option for the urban poor in developing countries*, Nairobi, internet: <http://www.unhabitat.org/programmes/housingpolicy/pubrental.asp>
- United Nations, 1978, *The Role of Housing in Promoting Social Integration*, United Nations Publication, Department of Economic and Social Affairs, New York
- Urban Sector Network, 1999, *What is social housing?*, Urban Sector Network, Johannesburg
- Van Eechoud, Y., 2002, *Sector Paper Local Government*, Royal Netherlands Embassy, Pretoria
- Veld, A. op het, 2003, *Social Housing Generator, Towards a Better Management of Social Housing Projects in South Africa*, Delft University of Technology, Delft
- Watson, V. 2002, *Change and Continuity in Spatial Planning, Metropolitan Planning in Cape Town under Political Transition*, Routledge, London
- Zack, T., Charlton, S., 2003, *USN Position Paper for the Housing Summit 2003*, Urban Sector Network, Johannesburg

#### Internet

- [www.gov.za](http://www.gov.za)
- [www.unhabitat.org](http://www.unhabitat.org)
- [www.housingfinance.org](http://www.housingfinance.org)
- [www.zuid-afrika.habitatplatform.nl](http://www.zuid-afrika.habitatplatform.nl)
- [www.salga.net](http://www.salga.net)

- [www.housing.gov.za](http://www.housing.gov.za)
- [www.dplg.gov.za](http://www.dplg.gov.za)
- [www.housing.gpg.gov.za](http://www.housing.gpg.gov.za)
- [www.idp.org.za](http://www.idp.org.za)
- [www.statsa.gov.za](http://www.statsa.gov.za)
- [www.ru.ac.za](http://www.ru.ac.za)
- [www.nasho.org.za](http://www.nasho.org.za)
- [www.nhfc.co.za](http://www.nhfc.co.za)
- [www.shf.org.za](http://www.shf.org.za)
- [www.isandla.org.za](http://www.isandla.org.za)
- [www.demarcation.org.za](http://www.demarcation.org.za)
- [www.thswane.gov.za](http://www.thswane.gov.za)
- [www.ekurhuleni.com](http://www.ekurhuleni.com)
- [www.transnet.co.za](http://www.transnet.co.za)
- [www.sustainablesettlement.co.za](http://www.sustainablesettlement.co.za)
- [www.ihsa.co.za](http://www.ihsa.co.za)

#### **References Case Studies**

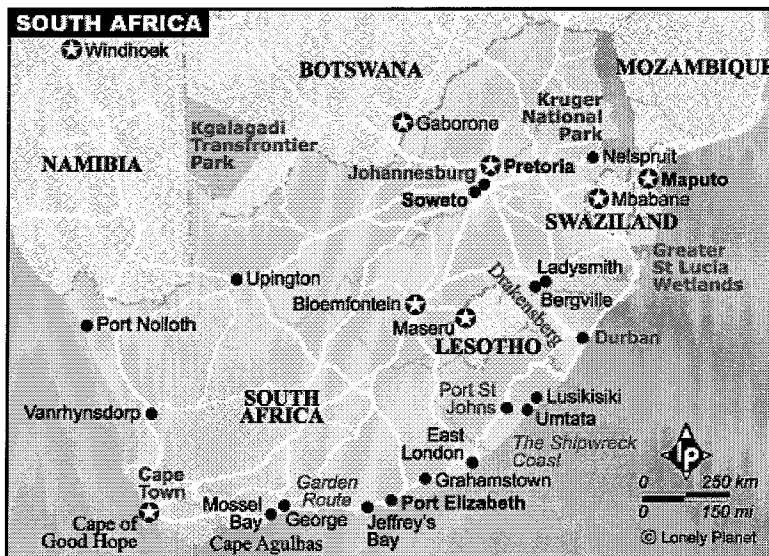
- City of Tshwane Metropolitan Municipality, 2003, *Tshwane 2020 Plan IDP 2002/2003*, draft 1, June 2003
- City of Tshwane Metropolitan Municipality, *Executive Summary IDP 2003*
- City of Tshwane Metropolitan Municipality, 2004, *IDP Review Document 2004-2005*, august 2004
- City of Tshwane Metropolitan Municipality, 2002, *Densification Study for the Identification and Evaluation of Land for Institutional Housing Development*, final document, December 2002
- Ekurhuleni Metropolitan Municipality, 2002, *Integrated Development Plan 2002/2006*
- Ekurhuleni Metropolitan Municipality, 2003, *Integrated Development Plan 2003-2007, Pocket Guide*, Integrated Development Planning and Communications and Marketing Directorates, November 2003
- Ekurhuleni Metropolitan Municipality, 2004, *Integrated Development Plan Review*, June 2004
- Ekurhuleni Metropolitan Municipality, 2003, *Ekurhuleni at Work, Mid-term Report: December 2000 – June 2003*, Communications and Marketing Directorates
- Ekurhuleni Metropolitan Municipality, 2004, *Fourth Housing Portfolio Committee Meeting*, March 2004
- Ekurhuleni Metropolitan Municipality, 2004, *Annexure A, Framework for the Development of Social Housing*, report on Fourth Housing Portfolio Committee Meeting, March 2004
- Lethabong Housing Institute, 2002, *Annual Report 2000/2001*

#### **Interviews Case Studies see Appendix E & H**

## **Appendices**

## Appendix A General Introduction to South Africa

"South Africa is a big wallop of a country, extending nearly 2000 km from the Limpopo River in the north to Cape Agulhas in the south and nearly 1500km from Port Nolloth in the west to Durban in the east. Namibia, Botswana, Zimbabwe, Mozambique and Swaziland run from west to east along South Africa's northern border and Lesotho soars above the grassland towards the south-east" (Lonely Planet 2002). The coastline is nearly 3,000 kilometres. South Africa inhabits 44,8 million people (census 2001)<sup>40</sup> of which 79% black, 9,6% white (60% of whites are of Afrikaner descent, most of the rest are of British descent), 8,9% mixed race (coloured), 2,5% of Indian or Asian descent.



Despite the scars of the past, colonisation followed by the apartheid era, and the enormous problems ahead, South Africa today is immeasurably more optimistic and relaxed than it was a few years ago. The international community has embraced the new South Africa and the ANC's apparently sincere desire to create a truly non-racial nation.

The Apartheid led to boycotts by the rest of the world, but this global diplomatic isolation ended in early 1990s. Today, South Africa has the following foreign

policy goals: independence from foreign interference; desire to balance friendships with powerful donor nations against loyalty to former anti-apartheid allies; desire for close political ties to Africa, close economic ties to 'Asian tigers'.

Besides membership of the British commonwealth, South Africa is member of the United Nations, International Labour Organisation, International Telecommunications Union, Multilateral Investment Guarantee Agency, Non-aligned Movement (NAM), Organisation of African Unity (OAU), Southern African Customs Union (SACU), Southern African Development Community (SADC), Universal Postal Union, World Health Organisation (WHO), World Intellectual Property Organisation, World Meteorological Organisation, and the World Trade Organisation.

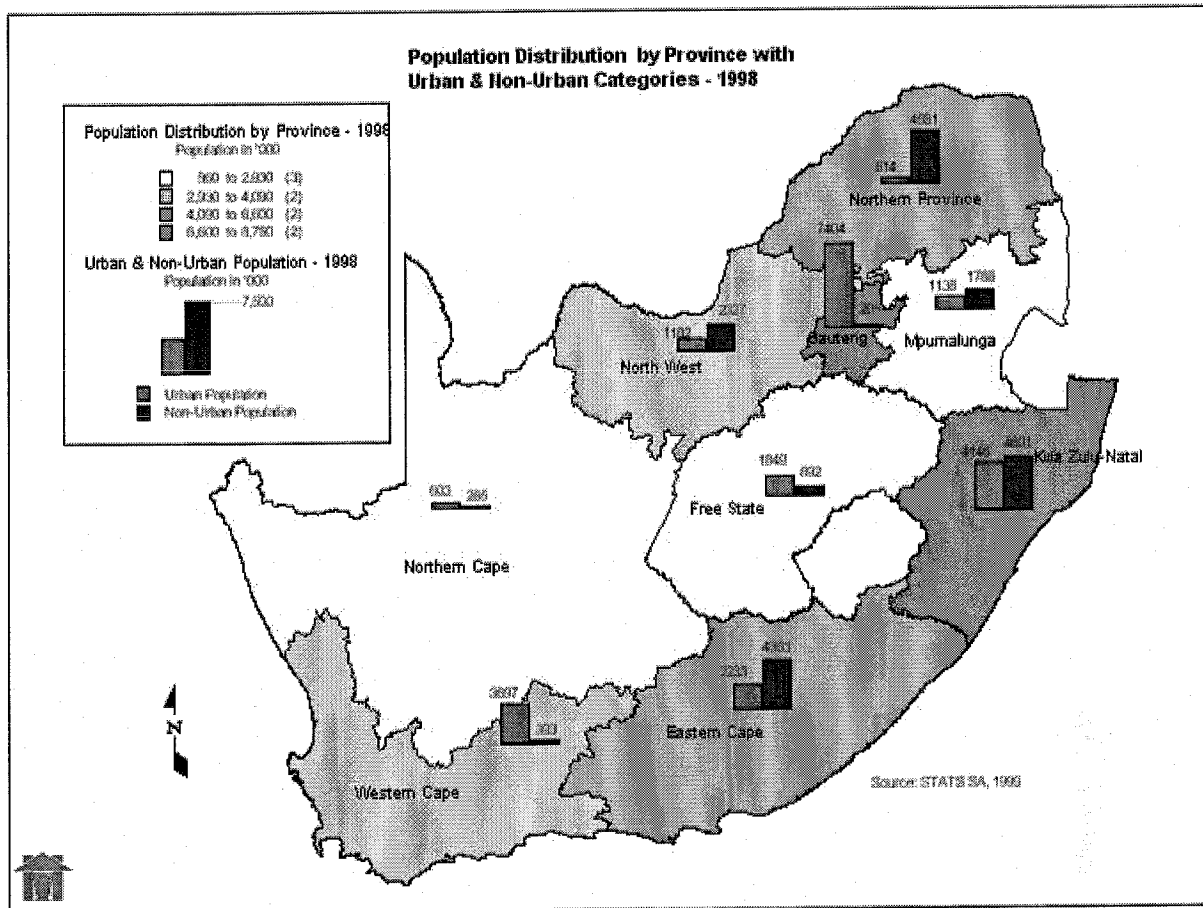
Economically South Africa is fighting to become more competitive, on a world scale it has a poor competitiveness. South Africa is a relatively rich but low-growth country with a lot of natural resources. Major exports are gold, precious metals, precious stones, base metals, textiles, chemicals, paper products, agricultural products and coal. Important imports are machinery, vehicles, petroleum products, chemicals, scientific instruments, base metals, and textiles. Early 1990s growth in imports slowed and exports rose steadily, but declining value of Rand reduced impact on trade balance. The value of total exports in 2003 was US\$ 32,179 million, and a small decline to previous year, whereas in 2000 and 1999 total exports grew with 16% and 20% respectively (Worldbank 2004<sup>41</sup>). The major trading partners are the United States, Britain, Germany and Japan.

"South Africa has a rapidly increasing and urbanising society, but population growth will result in a numerically stable rural population. Coupled to this is a large existing and increasing housing backlog in the urban areas, due to a very low of formal housing provision (Department of Housing

<sup>40</sup> Statistics South Africa, 2003, *Census 2001, census in brief*, Statistics South Africa, Pretoria

<sup>41</sup> Source: [www.worldbank.org](http://www.worldbank.org)

1994, 7).” In the figure below, the distribution of the population by province with urban and non-urban categories is shown, as the situation was in 1998.



Gauteng Province is the most densely populated and urbanised province in South Africa. The province has its economic roots in the thriving gold industry. It has a highly developed transport and communications infrastructure, excellent financial institutions and a relatively well-served urban environment. The Gauteng Provincial Government has re-aligned its focal economic sectors from low value added production to more sophisticated sectors such as information technology, finance and business. Consequently, it is also the province that copes with the largest housing backlog in the country, with an influx of people looking for economic opportunities.

The context of housing in South Africa is very unique given the history of apartheid. During the period of apartheid, people were only allowed to live in areas that were demarcated for their population group. The support of government in housing provision to the blacks stopped in the 1970s, in the 'homeland phase', when each population group had to find solutions in their own areas. Problems started to emerge in terms of informal settlements and overcrowding and blacks moved to cities because of economic reasons. In the 1980s the government decided, under great pressure, that blacks were allowed to buy their rented homes. Another problem emerged immediately. People who could not afford to buy their houses boycotted the high rent increases and stopped paying at all. This is sometimes a mentality that persists until today (Op het Veld 2003).

In 1994, the new government started to develop housing programmes to solve the housing backlog. The low income of the majority of the population results in the fact that many people are unable to access loans; it is therefore difficult to create decent, affordable housing. The housing programmes are targeted at this part of the population.

**Main 'economic' indicators for South Africa**

Indicator	Value <sup>42</sup>	
GDP	US\$ 159.9 billion (2003 est.)	
GDP/head	US\$ 2,780 (2003 est.)	
GDP real growth rate	1.9% (2003 est.)	
Inflation	5.9% (2003 est.)	
Population (44,8 million)	Population growth	-0,25% (2004 est.)
	Urban population (% of total population)	57%
	Fertility	2.18 births/female (2004 est.)
	Birth rate	18.38/1,000 (2004 est.)
	Life expectancy	44.39 (male); 43.98 (female)
	Death rate	20.54/1,000 (2004 est.)
	Median age	24.7 (2004 est.)
	Distribution of households income: Gini index <sup>43</sup>	59.3 (1993-1994): a very unequal income distribution
Employment <sup>**</sup>	Manufacturing	13.9%
	Agriculture	10.6%
	Trade	20.5%
	Construction	5.6%
	Community services	19%
	Mining	4.9%
	Unemployment	27.8%
Languages	Zulu, Xhosa, Afrikaans, Pedi, English, Tswana, Sotho, Tsonga, Swati, Venda, Ndebele	
Religion	80% Christians (mostly Protestant) Muslim, Hindu, Jewish and traditional religions	

\* Uneven distribution between the provinces

\*\* Percentages of economically active population working in specific sectors, est. 2004

<sup>42</sup> Data collected from the CIA World Fact Book: <http://www.cia.gov/cia/publications/factbook/geos/sf.html>, the World bank: [http://www.worldbank.org/data/countrydata/aag/zaf\\_aag.pdf](http://www.worldbank.org/data/countrydata/aag/zaf_aag.pdf) and Statistics South Africa: <http://www.statssa.gov.za>

<sup>43</sup> This index measures the degree of inequality in the distribution of family income in a country. The index is calculated from the Lorenz curve, in which cumulative family income is plotted against the number of families arranged from the poorest to the richest. The index is the ratio of (a) the area between a country's Lorenz curve and the 45 degree helping line to (b) the entire triangular area under the 45 degree line. The more nearly equal a country's income distribution, the closer its Lorenz curve to the 45 degree line and the lower its Gini index, e.g., a Scandinavian country with an index of 25. The more unequal a country's income distribution, the farther its Lorenz curve from the 45 degree line and the higher its Gini index, e.g., a Sub-Saharan country with an index of 50. If income were distributed with perfect equality, the Lorenz curve would coincide with the 45 degree line and the index would be zero; if income were distributed with perfect inequality, the Lorenz curve would coincide with the horizontal axis and the right vertical axis and the index would be 100.



## Appendix B Social Housing in the Netherlands, a comparison

Social housing is a housing concept that proved to be very successful in providing low- to middle-income households who cannot afford housing from the market with affordable and adequate housing in countries like Britain, Germany and the Netherlands during the twentieth century. This Appendix explains where the social housing concept originates from and in what context it was so successful. To do this, the Dutch experience with social housing is described. Thereafter, the Dutch experience will be reflected against the South African concept of social housing.

### The Dutch experience

In the Netherlands the social housing concept dates back from the beginning of the 20<sup>th</sup> century<sup>44</sup>. During end of the 19<sup>th</sup> and beginning of the 20<sup>th</sup> century, the Netherlands and other western European countries were fastly industrialising. People moved to the urban areas, where industries were mushrooming and therefore job opportunities were created in the manufacturing sector. This industrial revolution and the resulting urbanisation, led to appalling housing conditions, which started to occur in the 'slums' of the larger cities. The belief emerged that it was necessary to prevent these abominable housing conditions in order to secure a healthy workforce in the manufacturing sector. Therefore the concept of social housing was getting more ground within government.

The Housing Act of 1901 gave social housing a more solid base. The act made it possible for private organisations, to build for "the general good" with government support (Aedes 2001)<sup>45</sup>. Thus, in the beginning, social housing was developed by independent, private organisations. They built, rented and managed the dwellings. For such a private entity to operate in the field of social housing, it had to be registered as a social housing organisation, for which the regulations were put down in the Housing Act. In this Housing Act, also the role of local government was described, with some competencies and instruments to stimulate sound house building and to avoid unwanted situations (Dordregter 2000)<sup>46</sup>. For instance, municipalities specified building codes, granted building permits only if several minimum quality standards were met, and only if the building plan complied with the development plan or growth plan and thereto formulated zoning plan of the municipality.

With the Housing Act, many municipalities were stimulated to establish social housing organisations. In 1880 there were approximately 40 social housing organisations, by 1913 there were 301 of those organisations and in 1922, the number had grown to 1341, each owning an average of 30 to 50 dwellings (Aedes 2001). Around 1925, 96 600 social housing units were built in total. During the crisis and the Second World War, chaos affected everything, including social housing. Not much was constructed in those years and the war led to tremendous destruction.

After the Second World War, social housing became an important tool for reconstruction in the Netherlands. The Dutch government encouraged, through a broad programme of subsidies, the construction of affordable housing (Aedes 2001). Quality was a minor issue at that time. As many houses as possible had to be constructed. The annual production reached 89 000 in 1958, and by 1967 it was around 125 000 (Aedes 2001). Important in this reconstruction period was the role of local government. It was primarily the municipality who determined policies such as the choice of architects, the way contracts were tendered and supervision during construction. This made the social housing organisations nothing more than government branch offices (Aedes 2001).

In the beginning of the 1970s the housing shortage still was not solved. In 1973 a record number of 155 000 houses was built (Dordregter 2000). However, in this period, it was obvious that not all that was built would also be taken by the beneficiaries. Quality started playing the leading part

<sup>44</sup> There already were social housing initiatives since the second half of the nineteenth century, but those were all small scale.

<sup>45</sup> Dutch Social Housing in a Nutshell, Aedes, Hilversum, 2001

<sup>46</sup> Social Housing in the Netherlands, B. Dordregter, VNG-International, The Hague, 2000

in the housing market, and municipalities and provinces were stimulated to do research on housing demands (Dordregter 2000).

Government's role changed during the 1980s, when the housing backlog was not critical anymore; the decision was made not to make or guarantee loans to the social housing organisations. The social housing organisations became richer while they increased their amount of stock. They started increasing their stock since the 1960s, as a result of their acquired primacy on the development of social housing. Municipalities were not allowed to build social housing (in that case it is public housing) when authorised social housing organisations were located within the municipal boundaries. This is called the professionalisation of social housing organisations (Dordregter 2000). In the 1990s, the government pulled back further from social housing support; capital subsidies (on the housing itself) were reduced and rent subsidies (on individuals) were increased (Aedes 2001).

Since 1995, the State government no longer provides subsidies for the operational deficits of social housing organisations in order to build and manage new social housing stock. Hereby, the social housing organisations are financially independent from government. The belief is that, considering the amount of rent being charged, social housing can be built without the subsidies. Sometimes, the government makes extra contributions for very expensive building locations. These contributions are very different from the old operational subsidies. They are one-time payments, intended only for making new building more affordable, and not for guaranteeing cost-effective operations and they leave all investment and financial risks to the institution (Aedes 2001). Municipalities receive less state-supported housing subsidies than before and the social housing organisations are on their own, fully independent. Now, municipalities and social housing organisations have become partners in business.

### **Social housing in South Africa, a different context**

The South African context differs in many parts from the Dutch context and therefore from its experience with social housing as developed during the twentieth century. These contextual differences are discussed below.

The first contextual difference has to do with the support from National Government. In the Netherlands, social housing received immense financial support from government for a large part of the twentieth century. In fact, it was the main form of housing delivery to be subsidised by government. For a long time social housing was also owned by government. In that case it is called public housing. Public rental housing was at its peak in developed countries right after the Second World War, when massive unemployment, poverty and deteriorated housing provided many governments with the rationale to get involved in the provision of public rental housing (CSIR 1998). Thus the heydays of social housing were the days when the affluent society came into existence in Western Europe. The delivery of social housing was the 'deal' between the government and capital to house the labour force. As can be seen in the history of social housing in the Netherlands, government involvement changed over the years, and now, few governments (only totalitarian regimes) would venture to get involved in the provision of social housing on such a large scale again. However, the social housing organisations became rich and hereby financially independent from government because initially they received so much government support. The subsidy on social rent by the Dutch government towards individuals is also a major contribution. Hereby, the social housing organisations can keep the rents high enough to keep the housing financially viable.

The history of social housing in South Africa is very different from the Netherlands. During the period from 1958 till 1973, housing and urbanisation strategies of the apartheid regime functioned as mechanisms to control the movement of all black South Africans to achieve the goals of residential segregation and the canalisation of labour to various sectors of the economy (Hendler 1999). The state was central to the provision of rental accommodation in segregated dormitory townships. Limited houses were built, because of the policy of reducing the numbers of black South Africans living in the cities by eliminating dependence on contract labour. In the 1970s housing became highly politicised (Hendler 1999: 14). "During the 1970s and the 1980s the apartheid government was unwilling to build urban houses itself and sought to encourage homeownership, while relieving pressure on state funds, by deregulating and privatising housing delivery. In 1981 it accepted the principle of self-help housing,

reversing its previous hostility to it; it hoped this would enable urban black South Africans to build homes themselves, ensuring that houses were provided without draining state resources" (Hendler 1999: 14).

The consequence of this apartheid policy was that, in the long run, the quality of urban township infrastructure declined, the limited stock of urban housing became overcrowded and many people were dumped in rural areas in bad quality stock (Hendler 1999). During the 1970s and 1980s more and more people moved into metropolitan areas in search for work and a better life. This placed more strain on the limited available infrastructure and housing stock. "The result was proliferating squatter settlements, many of which lacked basic amenities" (Hendler 1999: 14). The prevalent forms of social housing that existed at that time were public rental housing administered by the local authorities and hostels, in order to supply the labour force with a form of housing. However, public rental housing and hostels are riddled with problems and crime is at its highest in areas where hostels or forms of public rental housing are in existence. Therefore, after the abolition of apartheid the South African government focussed on the provision of housing for ownership.

Coelmont (1998) pointed to the fact that the policies of apartheid or "segregated development" had and still have their consequences for the development of the cities and for the living patterns of all those affected by it. For example, unlike the classical model of rural-to-urban migration, South African cities show a circular migration pattern, where the move from the countryside to the cities is less permanent. This circular migration pattern is part of the survival strategies of large part of the urban poor population, since it combines advantages of both rural and urban living. When a household moves up the social-economic ladder, settlement in the city becomes more permanent. This pattern creates a large need for rental property and alternative forms of tenure, rather than full ownership of a dwelling.

Since the past ten years, social housing in South Africa has increasingly become an important issue, as more people have been unable to attain home ownership, and their needs are not adequately addressed by the ownership housing as provided on the city fringe. A drive can be seen towards the implementation of other forms of social housing than public rental housing, such as housing cooperatives or social housing associations. Social housing in these relative new models for South Africa, is delivered by other stakeholders than the government. In the current policy context, social housing is seen as one of the many options in housing provision (others are RDP projects and self help approaches) and therefore government support only consists of capital subsidy assistance for the development of stock. The institutions responsible for the development of social housing are in principle independent from government and receive only capital subsidies for the development of rental units on behalf of the beneficiaries.

In South Africa, the social housing concept as currently being supported by government has more similarities with the current Dutch concept of social housing than with the one as being developed in the beginning of the twentieth century. Social housing institutions have to operate independent from government. The difference is that Dutch social housing organisations have great financial capacity, contrary to the new social housing institutions (SHIs) in South Africa. Project finance is very expensive and therefore requires a large financial capacity of the SHIs. The start up phase of an SHI brings even additional costs. Interest rates on loans are much higher in a developing country like South Africa as in a developed country like the Netherlands. The financial sustainability of the SHIs is therefore a critical aspect of the South African approach to social housing.

## Appendix C Draft national social housing policy – July 2003

### Sources:

- Department of Housing, 2003. *A Social Housing Policy for South Africa, towards an enabling environment for social housing development*. revised draft, July 2003, Pretoria
- Department of Housing, 2003. *Submission to Housing: MINMEC, A Social Housing Policy for South Africa*, August 2003, Pretoria

### Background

In his opening address to Parliament in 2000, President Mbeki announced that the South African government would focus on quality housing and living environments, and therefore would launch a housing programme for the regeneration of the inner city areas, the optimal utilisation of existing infrastructure, the increase in residential densities and to address the increasing need for rental accommodation in urban areas. It was from the outset acknowledged that the envisaged housing programme would require substantial private sector involvement both as implementers and administration of the housing stock to be created. Additionally, it would require private sector involvement in the provision of credit to fill the gap between the Government's capital grant, in the form of institutional subsidies, and the actual cost of the relevant housing units. Social housing institutions (SHIs) were therefore judged to play a pivotal role in meeting the objectives of the programme.

The policy development process followed an extensive consultation process since 2001 and the first phase of this process culminated in the achievement of concurrence on the policy principles at a workshop at the beginning of 2002. These policy principles have been converted into policy interventions and processes required to implement the policy. On 10 July 2003, the Committee of Heads of Housing Departments recommended the draft policy for approval by the committee. The draft social housing policy should be viewed against the fact that it represents one of the elements of the broader intervention to achieve the Government's objective of quality living environments, inner city regeneration, higher density development and the provision of rental housing to satisfy the growing need.

### Content

The overall objective of the Social Housing Policy is to create an enabling environment for the social housing sector (SHIs) to develop, grow and deliver (predominantly rental) housing stock at scale. This in order to address the needs of those low to middle-income people, who wish to reside in rental accommodation, close to work opportunities, and who want to participate in the management of their living environment. Hereby it focuses on the lower end of the Government's housing target group but is based on affordability principles. It is acknowledged that the housing option will generally not be suitable for the low-income households at the lower end of the subsidy band. The policy sets out the principles, interventions and processes to ensure that sustainable, viable and active housing institutions are established and maintained.

The guiding principles for social housing development are: integrated development, demand-oriented processes, participation, security of tenure, job creation, good governance, viable and legally independent SHIs, best practices and minimum norms and standards.

Furthermore, in the policy, the market niche of social housing is defined, in terms of demand and affordability. Hereby, the social housing intervention of the government primarily addresses the R1500 – R3500 lower end of the rental market demand in as far as it requires an institutional delivery

*Social housing* is defined as: "A housing option for low- to medium-income persons that is provided by Social Housing Institutions, and that excludes immediate individual ownership".

*Social housing institutions* are defined as: "Legal entities with the prime objectives of developing and managing housing stock, partly funded through Government's grant funding".

approach and such it will have particular relevance to inner city regeneration. The policy states that this "viable" subsidy-eligible target group comprised 26,4% of the total subsidy-eligible households still requiring a satisfactory housing solution in 1996. It also states that this is only the potential niche market. The actual niche market still depends on the specific demand.

***housing backlog as a percentage of households in the income bands (1996)***

Subsidy bands	Number of households	Number of households in backlog	Backlog % by income group	Backlog as % of total backlog	Backlog as % of total households
R0-R1500	6 457 251	1 701 121	26.3	73.6	21.0
R1501-R2500	1 030 531	405 264	39.3	17.5	5.0
R2501-R3500	581 690	205 685	35.4	8.9	2.6
<b>Total</b>	<b>8 069 472</b>	<b>2 312 070</b>	<b>28.7</b>	<b>100.0</b>	<b>28.7</b>

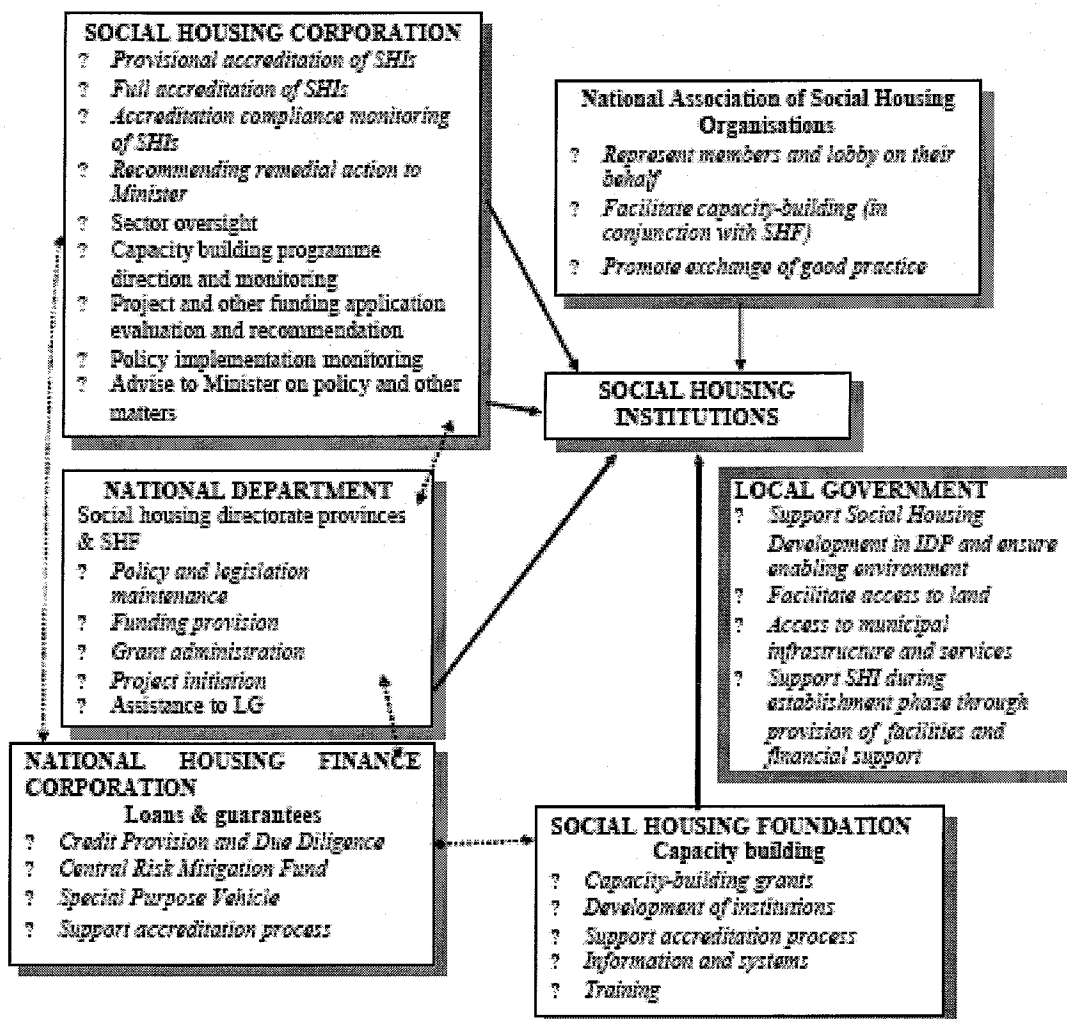
In terms of admissible tenure options, the sector requires a consolidation approach that is simple to administer and which residents can comprehend. The policy identifies rental and co-operative tenure as the most suitable options. However, forms of instalment sale are also possible.

The draft policy also proposes *institutional arrangements* for the sector, defining the roles and functions of sector agencies:

- The nature, registration, and functions of three different types of *SHIs*: namely tier 1, tier 2 and tier 3 SHIs. The first are umbrella institutions that primarily provide property management services to other, smaller institutions or SHIs, i.e. their clients are SHIs. Tier 2 SHIs are institutions that develop, own and manage their own rental stock without any intermediary association. Tier 3 SHIs are institutions that have been established by tenant groups as a mechanism for acquiring and managing their own housing, and do not generally involve plans for expansion. Tier 3 SHIs can be supported by tier 1 SHIs.
- A *Social Housing Corporation* ('the Corporation') to be established as the agency for sector supervision and accreditation to confer provisional and full accreditation to SHIs. It will also conduct compliance monitoring through the accreditation process, govern and direct an envisaged capacity building programme and oversee the sector in general. Therefore, the accreditation process will involve access to pre-establishment and establishment grants, access to capacity-building and establishment costs grants plus access to project capital grant funding capital and loans from NHFC, and the requirement for an SHI to adopt an operational business plan.
- *National government* is expected to establish a directorate dedicated to oversee the operation of the social housing sector. It is expected to:
  - create an enabling environment for social housing, through the development of policy and enactment of legislation,
  - provide the regulatory and legislative framework within which SHIs must operate,
  - address issues that affect the growth and development of the sector, and
  - fund social housing programmes by fine-tuning and periodically updating grant funding provisions for the sector.
- *Provincial government* is expected to:
  - provide a provincial legislative and regulatory framework and ensure compliance with national and provincial housing norms and standards,
  - ensure consumer protection,
  - assume decision making powers in respect of grant funding and project proposals,
  - facilitate growth of the sector
  - create dedicated capacity in local government and provincial government, for example by the creation of a provincial social housing directorate.
- *Local Government* is expected to:
  - Facilitate social housing delivery in its area of jurisdiction,

- Encourage and support new social housing institutions,
  - Support social housing initiatives by providing land for projects development,
  - Assist in the establishment stages of institutions,
  - Provide access to grant funding or other support,
  - Ensure that all development initiatives are aligned with Integrated Development Plans (IDPs) and that social housing needs are catered for in IDPs,
  - Provide bridging finance.
- The *Social Housing Foundation (SHF)* is expected to evaluate new or aspiring SHIs and provide and manage pre-establishment grants, provide capacity building and technical support to SHIs and local governments, promote the development and create awareness about social housing, provide policy development support, certify applications for accreditation and assess the institutional sustainability of SHIs.
  - The *National Finance Corporation (NHFC)* is expected to provide improved access to loan funding for SHIs, assess the sustainability of SHIs, and explore and support mechanisms aimed at gearing public funding for social housing.
  - The *National Association of Social Housing Organisations (NASHO)* should represent and coordinate all of the member SHIs, campaign and lobby on behalf of the members, support individual SHIs, provide capacity-building from the demand side (complementing SHF efforts), and promote joint procurement and exchange of good practice among its members.

### institutional arrangements



As already mentioned above in the institutional arrangements, the draft social housing policy proposes a capacity building programme for the SHIs. A *pre-establishment grant* has to be provided to enable aspiring institutions to professionally prepare required documentation to apply and qualify for provisional accreditation. An *establishment cost grant* has to be provided to meet overhead costs of a SHI until it reaches the point when it is capable to viably manage its growing housing stock. A *capacity building grant* is proposed to enable institutions to acquire skills, and processes to operate as required. Finally, a *project capital grant* will meet part of the construction of approved housing projects, and will be based on the present institutional subsidy model. The various provincial governments should administer the project capital grant and the establishment cost grant. The pre-establishment grant and the grant for capacity building should be provided by government but administered by the SHF.

Furthermore, the draft policy proposes a *default risk insurance scheme* to ensure that income from rentals are sustained for at least six months where retrenchments, disability or death affect income of tenants. On the issue of *tax incentives*, the policy recognises that various options currently exist. However, it should also be acknowledged that the subject requires further investigation. A social housing bill is currently being developed to provide the required legal foundation for the policy initiatives. This legislation will be supported by regulations required to operationalise the Corporation and regulate other related matters.

## Appendix D Impact of Institutional Subsidy on affordability

Source: Arcadis BMB, 2003, *Support Programme for Social Housing: Institutional Development and Capacity Building, EU Mid-term Evaluation*, final draft report, 28 August 2003, Pretoria

The EU evaluation report on the support programme for social housing included an investigation of the impact of the current capital institutional subsidy of the South African HSS on the affordability of the different types social housing units delivered by SHIs. The research looked at three different types of units, namely new builds (greenfields/brownfields developments), refurbishments and conversions. The first table shows the impact of the subsidy when applied on specified units, the second table shows the impact when the subsidy is applied to the whole project, and the third table shows the impact of having no subsidy on the affordability of the different units.

The tables are based on a financial model of a typical social housing development in Johannesburg of 100 units. For modelling purpose it has been assumed that 50% of the units in the development qualify for the institutional subsidy including the 15% geotechnical top-up. The capital cost component not covered by the subsidy has been assumed to be financed at 14.5% per annum over 20 years. The operating costs are based on current best practice in the sector, while the head office cost (management fee) is set at 15% of the operating cost per unit. The market rentals indicated are based on current market offerings in the Johannesburg area for similar unit types.

<b>Subsidy Applied to Specified Units</b>				
<b>New Builds</b>				
	Batchelor Units	One bedroom Units	Two bedroom Units	Three bedroom Units
Size	30m2	40m2	50m2	60m2
Per Unit Construction Cost (ex. Subsidy)	R 75,114	R 100,152	R 125,190	R 150,229
Subsidy	R 26,565	R 26,565	R 0	R 0
Per Unit Capital Cost	R 48,549	R 73,587	R 125,190	R 150,229
Monthly Finance Cost per Unit	R 614	R 931	R 1,583	R 1,900
Monthly Operating Cost per Unit	R 355	R 489	R 624	R 755
Head Office Cost per Unit	R 53	R 73	R 94	R 114
Total Monthly Cost per Unit	R 1,022	R 1,494	R 2,301	R 2,772
Market Rentals	R 800	R 1,050	R 1,450	R 1,750
Max Affordability at R3 500	R 1,050	R 1,050	R 1,050	R 1,050
Affordability to Cost Per Unit	R 28	-R 444	-R 1,251	-R 1,722
<b>Refurbishments</b>				
	Batchelor Units	One bedroom Units	Two bedroom Units	Three bedroom Units
Size	30m2	40m2	50m2	60m2
Per Unit Construction Cost (ex. Subsidy)	R 41,434	R 55,245	R 69,056	R 82,867
Subsidy	R 26,565	R 26,565	R 0	R 0
Per Unit Capital Cost	R 14,869	R 28,680	R 69,056	R 82,867
Monthly Finance Cost per Unit	R 188	R 353	R 573	R 1,048
Monthly Operating Cost per Unit	R 384	R 502	R 640	R 778
Head Office Cost per Unit	R 55	R 75	R 96	R 117
Total Monthly Cost per Unit	R 607	R 940	R 1,609	R 1,942
Market Rentals	R 800	R 1,050	R 1,450	R 1,750
Max Affordability at R3 500	R 1,050	R 1,050	R 1,050	R 1,050
Affordability to Cost Per Unit	R 443	R 110	-R 559	-R 892
<b>Conversions</b>				
	Batchelor Units	One bedroom Units	Two bedroom Units	Three bedroom Units
Size	30m2	40m2	50m2	60m2
Per Unit Construction Cost (ex. Subsidy)	R 56,488	R 75,318	R 94,147	R 112,976
Subsidy	R 26,565	R 26,565	R 0	R 0
Per Unit Capital Cost	R 29,923	R 48,753	R 94,147	R 112,976
Monthly Finance Cost per Unit	R 378	R 617	R 1,191	R 1,429
Monthly Operating Cost per Unit	R 364	R 501	R 639	R 777
Head Office Cost per Unit	R 55	R 75	R 96	R 116
Total Monthly Cost per Unit	R 797	R 1,193	R 1,926	R 2,322
Market Rentals	R 800	R 1,050	R 1,450	R 1,750
Max Affordability at R3 500	R 1,050	R 1,050	R 1,050	R 1,050
Affordability to Cost Per Unit	R 253	-R 143	-R 876	-R 1,272



**Messages in the Data from the first table:**

- The application of the capital subsidy improves rental affordability for the qualifying units (bachelor and one bedroom units) in all three development types.
- Where no subsidy is applied (i.e. two and three bed room units) across all development types, the subsidy target market has no ability to afford the rentals required to covered capital and operating costs.
- Overall refurbishments are the most cost effective while new builds remain very expensive and deliver unaffordable rentals for the subsidy target market.

<b>Subsidy Applied to the Whole Project</b>				
<b>New Builds</b>				
	<b>Batchelor Units</b>	<b>One bedroom Units</b>	<b>Two bedroom Units</b>	<b>Three bedroom Units</b>
<i>Size</i>	<i>30m<sup>2</sup></i>	<i>40m<sup>2</sup></i>	<i>50m<sup>2</sup></i>	<i>60m<sup>2</sup></i>
Per Unit Construction Cost (ex. Subsidy)	R 75,114	R 100,152	R 125,190	R 150,229
Subsidy	R 13,283	R 13,283	R 13,283	R 13,283
Per Unit Capital Cost	R 61,832	R 86,870	R 111,908	R 136,946
Monthly Finance Cost per Unit	R 782	R 1,099	R 1,415	R 1,732
Monthly Operating Cost per Unit	R 355	R 499	R 624	R 758
Head Office Cost per Unit	R 53	R 73	R 94	R 114
Total Monthly Cost per Unit	R 1,190	R 1,662	R 2,133	R 2,604
Market Rentals	R 800	R 1,050	R 1,450	R 1,750
Max Affordability at R3 500	R 1,050	R 1,050	R 1,050	R 1,050
Affordability to Cost Per Unit	-R 140	-R 612	-R 1,083	-R 1,554
<b>Refurbishments</b>				
	<b>Batchelor Units</b>	<b>One bedroom Units</b>	<b>Two bedroom Units</b>	<b>Three bedroom Units</b>
<i>Size</i>	<i>30m<sup>2</sup></i>	<i>40m<sup>2</sup></i>	<i>50m<sup>2</sup></i>	<i>60m<sup>2</sup></i>
Per Unit Construction Cost (ex. Subsidy)	R 41,434	R 55,245	R 69,056	R 82,867
Subsidy	R 13,283	R 13,283	R 13,283	R 13,283
Per Unit Capital Cost	R 28,151	R 41,962	R 55,774	R 69,585
Monthly Finance Cost per Unit	R 358	R 531	R 705	R 880
Monthly Operating Cost per Unit	R 384	R 502	R 640	R 778
Head Office Cost per Unit	R 55	R 75	R 96	R 117
Total Monthly Cost per Unit	R 775	R 1,108	R 1,441	R 1,774
Market Rentals	R 800	R 1,050	R 1,450	R 1,750
Max Affordability at R3 500	R 1,050	R 1,050	R 1,050	R 1,050
Affordability to Cost Per Unit	R 275	-R 58	-R 391	-R 724
<b>Conversions</b>				
	<b>Batchelor Units</b>	<b>One bedroom Units</b>	<b>Two bedroom Units</b>	<b>Three bedroom Units</b>
<i>Size</i>	<i>30m<sup>2</sup></i>	<i>40m<sup>2</sup></i>	<i>50m<sup>2</sup></i>	<i>60m<sup>2</sup></i>
Per Unit Construction Cost (ex. Subsidy)	R 56,488	R 75,318	R 94,147	R 112,976
Subsidy	R 13,283	R 13,283	R 13,283	R 13,283
Per Unit Capital Cost	R 43,206	R 62,035	R 80,864	R 99,694
Monthly Finance Cost per Unit	R 548	R 756	R 1,023	R 1,261
Monthly Operating Cost per Unit	R 364	R 501	R 639	R 777
Head Office Cost per Unit	R 55	R 75	R 96	R 116
Total Monthly Cost per Unit	R 965	R 1,361	R 1,758	R 2,154
Market Rentals	R 800	R 1,050	R 1,450	R 1,750
Max Affordability at R3 500	R 1,050	R 1,050	R 1,050	R 1,050
Affordability to Cost Per Unit	R 65	-R 311	-R 708	-R 1,104

**Messages in the Data from the second table:**

Where the subsidy (even though only for 50% of the units) is applied to the whole project, the overall rental levels (including those of two and three bedroom units) become more affordable but not entirely in line with the cost structure.

<b>No Subsidy Applied</b>				
<b>New Builds</b>				
	<b>Batchelor Units</b>	<b>One bedroom Units</b>	<b>Two bedroom Units</b>	<b>Three bedroom Units</b>
<i>Size</i>	<i>30m2</i>	<i>40m2</i>	<i>50m2</i>	<i>60m2</i>
Per Unit Construction Cost (ex. Subsidy)	R 75,114	R 100,162	R 125,190	R 150,229
Subsidy	R 0	R 0	R 0	R 0
Per Unit Capital Cost	R 75,114	R 100,162	R 125,190	R 150,229
Monthly Finance Cost per Unit	R 950	R 1,267	R 1,583	R 1,900
Monthly Operating Cost per Unit	R 355	R 489	R 624	R 758
Head Office Cost per Unit	R 53	R 73	R 94	R 114
Total Monthly Cost per Unit	R 1,358	R 1,830	R 2,301	R 2,772
Market Rentals	R 800	R 1,050	R 1,450	R 1,750
Max Affordability at R3 500	R 1,050	R 1,050	R 1,050	R 1,050
Affordability to Cost Per Unit	-R 308	-R 780	-R 1,251	-R 1,722
<b>Refurbishments</b>				
	<b>Batchelor Units</b>	<b>One bedroom Units</b>	<b>Two bedroom Units</b>	<b>Three bedroom Units</b>
<i>Size</i>	<i>30m2</i>	<i>40m2</i>	<i>50m2</i>	<i>60m2</i>
Per Unit Construction Cost (ex. Subsidy)	R 41,434	R 55,245	R 69,056	R 82,867
Subsidy	R 0	R 0	R 0	R 0
Per Unit Capital Cost	R 41,434	R 55,245	R 69,056	R 82,867
Monthly Finance Cost per Unit	R 524	R 699	R 873	R 1,048
Monthly Operating Cost per Unit	R 364	R 502	R 640	R 778
Head Office Cost per Unit	R 55	R 75	R 96	R 117
Total Monthly Cost per Unit	R 943	R 1,276	R 1,609	R 1,942
Market Rentals	R 800	R 1,050	R 1,450	R 1,750
Max Affordability at R3 500	R 1,050	R 1,050	R 1,050	R 1,050
Affordability to Cost Per Unit	R 107	-R 228	-R 559	-R 892
<b>Conversions</b>				
	<b>Batchelor Units</b>	<b>One bedroom Units</b>	<b>Two bedroom Units</b>	<b>Three bedroom Units</b>
<i>Size</i>	<i>30m2</i>	<i>40m2</i>	<i>50m2</i>	<i>60m2</i>
Per Unit Construction Cost (ex. Subsidy)	R 56,488	R 75,318	R 94,147	R 112,976
Subsidy	R 0	R 0	R 0	R 0
Per Unit Capital Cost	R 56,488	R 75,318	R 94,147	R 112,976
Monthly Finance Cost per Unit	R 714	R 953	R 1,191	R 1,429
Monthly Operating Cost per Unit	R 364	R 501	R 639	R 777
Head Office Cost per Unit	R 55	R 75	R 96	R 115
Total Monthly Cost per Unit	R 1,133	R 1,529	R 1,926	R 2,322
Market Rentals	R 800	R 1,050	R 1,450	R 1,750
Max Affordability at R3 500	R 1,050	R 1,050	R 1,050	R 1,050
Affordability to Cost Per Unit	-R 83	-R 479	-R 876	-R 1,272

### Messages in the Data from the third table:

Where no subsidy is applied rental levels become unaffordable for the subsidy target market for all unit types and developments (the one exception being bachelor units in refurbishments).

### Conclusions

In general, while the subsidies assist with the affordability of the smaller housing units for the target market (household income less than R3 500 per month), the ability of the target market to afford the range of social housing products is extremely constrained. The escalating rentals, and the stated intention not to increase the income bands for the subsidy target market, mean that affordability will decrease over time. Consequently there is a current and projected mismatch between housing costs, the level of subsidy provided, and the target market intended to be serviced. This remains a fundamental constraint to the ability of the social housing sector to provide lower income housing opportunities.

## Appendix E List of interviewees Case Studies

For the two case studies, key-persons of the pilot municipalities were interviewed. First of all, an investigation was done on the structure of the municipality, and people involved in the social housing delivery process were approached. This led to a list of key-persons to be interviewed at the municipality. Furthermore, visits were paid to current social housing projects of the SHIs in the two pilot municipalities. The managing directors of those SHIs were also interviewed.

### City of Tshwane Metropolitan Municipality

Department/Division/Section	Name and Function	Date
Department of housing, City Planning and Environmental Management, Housing Division, Institutional Housing Section	Gerrit Bothma, Act. Manager: Institutional Housing Section	December 8, 2003
		December 17, 2003
		January 20, 2004
		February 6, 2004
Department of housing, City Planning and Environmental Management, Housing Division	Dumisa Dlamini, Act. Managing Director: Housing Division	March 10, 2004
	Mike Minty, Housing Services	December 1, 2003
Department of housing, City Planning and Environmental Management, City Planning division	Verna Nel, Act. Manager: City Planning Division	April 21, 2004
	Harry Bezuidenhout: Manager Regional Spatial Planning	April 21, 2004
	Kestell Serfontein: Manager Metropolitan Planning	April 21, 2004
	Jaksa Barbier: City Planning Division	December 1, 2003

### Housing Company Tshwane:

David Morema, Managing Director: Housing Company Tshwane (HCT), April 2, 2004

### YEAST City Housing:

Stuart Talbot, Managing Director: Yeast City Housing (YCH), April 6, 2004

### Ekurhuleni Metropolitan Municipality

Department/Directorate	Name and Function	Date
Housing Department, Policy and Planning Directorate	Miemie von Maltitz, Exec. Manager: Policy Planning Directorate	March 18, 2004
		April 15, 2004
Southern Service Delivery Region	Fanie Maré, Regional Executive Manager: Southern SDR	March 18, 2004
Housing Department, Property and Institutional Services Directorate	Aubrey Mokgosi, Executive Director: Property and Institutional Services, Housing Department	March 18, 2004
Housing Department, Property and Institutional Services Directorate	Michael Mokgohloa, Official: Property and Institutional Services, Housing Department	March 18, 2004
		April 8, 2004

### Greater Germiston Inner City Housing Corporation:

Ronalda Fischer, Managing Director: Greater Germiston Inner City Housing Corporation (GGICHC), April 15, 2004

## Appendix F Questionnaire Key Persons Municipalities

### **Current status of (social) housing delivery in municipal area**

1. What is the extent of the housing backlog in the municipality (numbers)?
2. What is the nature of the housing demand (income brackets, housing types)?
3. To what extent is social housing an option within the broader spectrum of housing delivery in the municipality?
4. How many social housing projects have been developed? (Number of projects + number of households served by the projects)
5. In your view, what is the appropriate segment of the market to be served by social housing (R0-R1500 / R1500-R3500 / R3500 - <)? What informs that view?

### **Facilitation of social housing delivery by municipality**

6. To what extent does your IDP provide a framework for social housing development (e.g. urban renewal, integrated urban development)?
7. Does the municipality encourage the development of new social housing units, or the upgrading of existing units for social housing or the conversion of existing buildings into social housing? If so, what tools are used by the municipality?
8. What informs the location of social housing projects within the municipal area?
9. In your view, what constitutes integrated urban development?
10. Is there a policy that regulates this in the municipality?
11. If so, what are the quality requirements, in relation to the creation of integrated urban development, for housing in general and social housing specific in your municipality?
12. How does the municipality ensure that a social housing development meets the quality requirements and that it is integrated (socially and economically) in the city (creation of integrated urban development)?
13. What have been the challenges, difficulties and limitations in ensuring that the social housing developments are integrated in the city, creating integrated urban development?
14. In your view, what will be the sustainable solutions to these problems?

### **Institutional characteristics**

15. Does the municipality have a specific social housing section/structure?
  - If yes,
    - a. How is it incorporated into the municipal organisation?
    - b. What is the staff compliment?
16. How many social housing institutions (SHIs), if any, are operating within the municipal area?
17. What is the state of the SHIs operating within you municipal area? (viability, finance, dependency)
18. What is the relationship of the municipality in the process of social housing delivery with other stakeholders (SHIs, other spheres of government (National and Provincial) and financial institutions)?

19. What is the relationship, if any, between the municipality and the beneficiaries of social housing projects?
20. Does the municipality's prefer a certain approach to partnership with the various stakeholders in social housing development?
21. What type of support does the municipality provide to SHIs?

## **Appendix G      Questionnaire Key Persons Social Housing Institutions**

### **Current status of social housing projects**

1. Description of current projects:
  - a. Type (greenfields development, upgrading/refurbishment or conversion)
  - b. Scale and density
  - c. Tenure options
  - d. Quality standards
  - e. Tenant characteristics (income levels, family characteristics)
2. Description of projects development process and the roles of different stakeholders:
  - a. Proposal and initiation
  - b. Design and appraisal
  - c. Implementation planning
  - d. Implementation

### **Support and facilitation by the municipality**

3. Does the social housing association have a partnership with the municipality (e.g. Memorandum of Agreement)?
4. Does the municipality support and facilitate the social housing institution with the development of social housing stock? If yes, how?
5. What informs the location of your social housing projects within the municipal area?
6. What are the challenges, difficulties and limitations in developing social housing at good locations in the municipal area, supporting the creation of quality living environments?
7. What type of support or facilitation do you want the municipality to provide to the social housing institution?
8. For the future, does the social housing institution prefer a certain approach for partnership with the municipality in social housing development?

## Appendix H Interviews

### Case: City of Tshwane Metropolitan Municipality

#### Gerrit Bothma

Act. Manager: Institutional Housing, Tshwane Metropolitan Municipality  
08-12-2003, 17-12-2003, 20-01-2004, 06-02-2004

#### Current status of social housing delivery in municipal area

##### The housing backlog and the role of social housing (questions 1,2 & 3)

The housing backlog is identified around 150 000 units.

Social housing is supposed to fill up the existing gap in the housing market. The housing market (demand) in Tshwane is roughly divided as follows:

60% -> Low-income households, served by the National Housing Subsidy Scheme (HSS).

20% -> income of R3500-R7000, no access to mortgage bonds, not able to buy houses from the market. Social housing should serve this spectrum, combined with low-income.

20% -> income of > R7000, can buy or rent house from the market.

##### Social housing as an option (3 &4)

Housing Company Tshwane: 1 project,

Project Name	Type	Units
Eloff Building	Conversion	91

YEAST City Housing: 5 projects,

Project Name	Type	Units
Living Stones	Upgrading	26
Hofmeyr House	Upgrading	54
BurgersPark Village	Conversion+ Green/Brown fields development	72
Kopanong	Green/Brownfields development	62
Sediba House	Conversion	45
	Total	350

The projects are all located within the CBD, the Pretoria area. A map with the specific locations is being provided.

##### The market for social housing (5):

20% -> income of R3500-R7000, no access to mortgage bonds, not able to buy houses from the market. Social housing should serve this spectrum, combined with low-income (R1500-R3500). For more information on this point the SHIs should be consulted. Bothma knows that in the project of Housing Company Tshwane, households with a monthly income of R3500 - < are served by commercial units. No information system is in place. Bothma believes that information in this can be useful. Policy and strategy can be based on this information.

#### Facilitation social housing delivery by municipality/municipal policy

##### IDP as a framework for (social) housing development (6):

At present the IDP does not make any specific provision for social housing. It is not yet the grand plan that guides or steers the development of social housing that we would like it to be. The present IDP incorporates the present approved social housing projects for the two known SHIs.

There is no general housing policy in place, which means there is no social housing policy in place. A general integrated housing policy as is developed by every municipality in the Netherlands is lacking in Tshwane (and probably other municipalities).

The housing plans in the municipality are based on the National HSS. Hereby, the municipality focuses only on the subsidy market, and not the whole spectrum of the housing market. This means that the planning is not holistic, the municipality does not integrate the complete housing sector in its plans. It tries to provide as many houses as possible in the subsidy market.

There is a housing strategy, but this is based on the demand for housing. The angle of this strategy is the identified need for housing, and the solutions for delivering the housing as soon as possible with the help of the National HSS. The end result: typical RDP towns far from the social and economic opportunities. This has to change. The municipality understands this, partly because there is not enough space to continue with this type of development for the housing need within the urban edge.

The Institutional Housing office of Tshwane is drafting a social housing policy that stands on itself. Currently, the housing division is working on an integrated Tshwane Housing Strategy, which should also inform the IDP to become more specific in guiding social housing development.

Key with regard to the IDP is that all aspects of development are integrated and that they are linked to the municipal budget.

#### Conversion, upgrading or green fields development for social housing (7)?

The municipality supports the development of social housing in general. It does not prefer one type of development over another type of development. For example, if there is an initiative for green fields development, the municipality will support that initiative. The municipality wants to encourage initiatives, not restrict them.

Initiatives are taken both by the municipal office and the SHIs. The municipality does identify new projects on basis of the "densification study"<sup>47</sup>. SHIs also identify and initiate new projects. The municipality tries to do this in partnership with them.

The municipality supports the development by making land that is owned by the municipality available for social housing. Only Housing Company Tshwane was given indirect financial support by the municipality during the establishment phase by giving office space, furniture etc.

The Location of the social housing projects (8) is informed by the densification study, where opportunities are identified on basis of certain criteria. In November 2002, the municipality in co-operation with Africon and Kayamandi Development Services initiated the densification study to identify and evaluate appropriate buildings and sites for social housing development. The whole Tshwane area was divided in nodes, which are prioritised areas. Criteria were developed for appropriate nodes. The impact of social housing on certain areas still needs to be investigated. Thereafter, the nodes were investigated on possible sites and buildings. Certain locations were identified as appropriate for social housing development. The inner city got priority number one.

The SHIs also identify and initiate new projects.

#### Integrated urban development (9 - 14):

The IDP should inform social housing development, but should also inform the town planning discipline to specifically plan and provide for social housing development/projects in an integrated fashion. Presently most other disciplines still do not understand and therefore allow for social housing within their planning exercises. They do not calculate the impact of higher density residential development, especially in the inner city areas, to plan for other uses and amenities.

Sustainable solutions could be found in proper integrated planning and provision for all human settlement requirements and needs. This should be done by the town planners responsible for metropolitan spatial planning. Access to well-located land can also be a problem. The municipality owns a lot of land. However, a lot of land is privately owned. Transnet is a company that owns large pieces of well-located land, as identified by the densification study, e.g. Salvokop. Transnet owns the land including 151 houses on the land. In the zoning scheme, the land is designated for agricultural use. For the management of the houses, Yeast City Housing already provided services to Transnet.

Another example is Koedoespoort, where land identified as suitable for social housing development is owned by Transnet. The piece of land on the opposite of the street is owned by the municipality, and will therefore be easier to transfer to an SHI.

The link between local and provincial levels of government is often also a problem. Municipalities are dependent on approved subsidies of the province. Therefore, municipal and provincial planning should be aligned, whereby the municipal IDP informs the provincial plans.

### **Institutional characteristics**

#### Institutional housing section of the municipality (15)

The municipality does have a special section for Institutional Housing (which is social housing). It is structured as one of the eight sections within the 'Housing division' of the 'Department of Housing, City Planning and Environmental Management'. The different housing sections are to a limited extent integrated. The two sections that seem to have overlap with the Institutional Housing section are the Rental Administration section and the Hostel Redevelopment section. The first section came to existence to manage the rental administration of municipal rental housing, which is a big issue in Tshwane. More or less 2000 municipal rental housing units are located in the CBD in the Pretoria area. If these units become manageable they could for example being handed over to the SHIs in the future. The Hostel Redevelopment section came into existence to convert the existing problematic (men's) hostels (apartheid history) into good quality rental (family) units and to make them more manageable. Once they are completed and manageable they can be handed over to SHIs. However, this development takes time. Therefore, the three sections are separate within the municipal structure at this moment.

The difference between the three different sections have to do with the nature of the:

- Tenants (at this moment different for the three types), and;
- The quality of the structures (at this moment different for the three types).

Important is to integrate the different sections more for planning purposes. Than it will be possible to see opportunities for the future.

<sup>47</sup> Densification study for the identification and evaluation of land for institutional housing development, city of Tshwane Metropolitan municipality



Furthermore, the integration between the three divisions of the department, 'Housing', 'City Planning' and 'Environmental Management' works quite well according to Bothma.

Existing Social Housing Institutions (16 & 17): Two, namely Housing Company Tshwane and Yeast City Housing, both established and managing projects, see answer questions 3 & 4.

The relation of the municipality with other stakeholders in the social housing process (18):

The role of the municipality is to plan and facilitate for the development of social housing within the area of jurisdiction. But if the municipality does not have a special unit for social housing, the province takes over this role and responsibility. National government provides the institutional subsidies through the provinces.

The municipality would like to have a guiding role towards the development of SHIs as well as their projects. Guiding in the sense of identifying and providing where possible the sites to be developed. In other words we would like to have the freedom to identify suitable sites for social housing development. This way we could also plan for a given impact on a given area for development and by doing so stimulate urban regeneration for instance.

The relationship between the municipality and beneficiaries of social housing projects (19):

There is no direct relationship between the municipality and the tenants/beneficiaries. We would not like to interfere into the selection processes of private companies as far as tenants are concerned.

Approach to partnership (20):

We would like to have proper, regulated relationships with all stakeholders on all related levels. These relationships should be guided through e.g. Memoranda of Understanding. We need clear principles for aspects such as project identification, SHI development/business plans, financing arrangements and new SHI establishment. We need to approve new projects and see to it that it is incorporated into the IDP.

Support to SHIs (21)

For financial support they are dependent on the support of the Social Housing Foundation (SHF) and the National Housing Finance Corporation (NHFC). The municipality wants to provide technical support.

## **Dumisa Dlamini**

Act. Manager: Housing, Tshwane Metropolitan Municipality  
10-03-2004

### **Current status of social housing delivery in municipal area**

The housing backlog (question 1+2)

- The municipality has a housing backlog of approximately 150.000 units (equals households). This figure includes households currently living in informal settlements. It does not include households in backyard shacks. The municipality wants to include people currently living in the men hostels, which will be converted into family units in the future. Most of those family units will have 2 or 3 bedrooms. At the moment, the hostels are occupied by men sleeping in dormitory rooms. After converting them in family units, most of the men will lose their 'home'. For example in Mamelodi, 7000 men are living in hostels, after refurbishment, there will only be room for 500 people in the new units. The 6500 men that lose their 'home' will have to be added to the housing backlog.
- The municipality is specifying a housing waiting list, in which it can identify different categories of people and find the need for different housing options. The housing backlog figure cannot inform social housing development. It is the waiting list that should inform that. Therefore this waiting list should be specific.
- Tshwane has a housing backlog in two provinces, because the municipality is situated Gauteng and the North West province. Tshwane wants to get one waiting list for the whole municipal area, but is stuck with to different procedures of the two provinces. The housing approach for the municipality is more informed by the procedure of Gauteng province, especially for social housing, because all projects are located in the Gauteng province. In Gauteng province, the housing backlog of Tshwane is bigger than the backlog in Johannesburg. More funds go to Tshwane. The subsidy allocation is informed by the municipal housing plan, which gives a true reflection of the need. Since IDP, the province has little say in the location of the housing projects, because the municipality brings the proposal in line with its IDP.

Social housing as an option (3+4)

Social housing is currently not really an option in the municipality. Few projects are being developed. The impact is therefore very small. With local authority stock transfer to SHIs in the future, the option will become bigger. The municipality can do this by donating buildings to SHIs. First the buildings need to be upgraded and then the management aspect can be transferred. Eventually if everything goes right the units can be transferred to the SHI. At this stage, because of the problems related to local authority stock, the SHIs can not take over the stock at once. This has to be done incrementally.

In Tshwane there is political support for social housing. Councillor for housing, MMC Shadrack Dlamini is the chairperson of the board of Housing Company Tshwane and supports the social housing approach.

A social housing policy, which Gerrit Bothma is currently developing, will seek political buy in, and council approval. From then, it will be easier to push things through. The aspects that should be included in a social housing policy are already identified. These aspects are focused on the operational or implementation problems in the social housing development process. Especially problems concerning the transfer of land and buildings are an issue.

Currently, Marinda Schoonraad of Pretoria University is being involved in pushing further the densification study (see interview Bothma), from priority areas and land identification for social housing development to the implementation of projects. What are the bottlenecks in this process?

The approach is to first focus on the solution for the operational issues around implementation of projects (land/property transfer). If those are solved, the playfield is clear to formulate a strategy.

#### The market for social housing (5)

The market for social housing is informed by income levels on the housing waiting list. It should be defined by a mixture of the top end of the subsidy eligible households and higher income levels up to R10.000 (e.g. 90%/10%). A niche market can be created, namely including household incomes of between R3.000 and R10.000, who have difficulties getting mortgages from banks. Those people are for example working as teachers or administrators.

The densification study was focusing on this income group. People from the housing waiting list, earning more than R3500, were interviewed. They were asked if they would choose to live in social housing if that was available and which locations they would prefer.

#### **Facilitation of social housing delivery by municipality**

##### IDP as a framework for (social) housing development (6)

According to Dlamini, IDP is not the appropriate tool to plan for the future. It is a five-year process. It should facilitate integrated planning, but in practice doesn't seem to do so. There is a need for a long-term strategy.

A city strategy for 2020 is in formation. This strategy should direct in which direction development should take place in all sectors, comprehensively and thus integrated. Hereby it can inform the five-year IDPs. Housing forms an integral part of the strategy.

Currently City Planning Division informs the Housing Division where housing development should take place: within a defined urban edge. At the moment the problem is that the plans of the City Planning Division are not informed by housing reality. The process of planning is not integrated. The IDP process does not help with that. IDP should inform budgeting, but the budgeting is not integrated.

At the political level, political agendas play a big role, which makes the process sometimes even more difficult.

Dlamini describes all these problems as a result of the following temporary problem: At the moment, planning takes place in crisis. With a long-term strategy this could be cleared. It is essential to have political "buy in" for this strategy.

##### Conversion, upgrading or green fields development for social housing (7)?

The conversion of office buildings is not the preferred approach. This is costly and sometimes problematic, because the buildings were not designed and constructed for residential purposes. Added to this is the problem that the environment of the buildings can be problematic. There is often little space for parking or playgrounds. Also other social facilities can be difficult to plan in such a development. However, the commercial sector seems to be able to convert office buildings into rental units, so SHIs might be able to do that more in the future. However, regulations for this have to be developed by the municipality, in order to ensure a certain quality standard.

In the densification study of the municipality, only vacant sites were identified. These are appropriate for the development of new top structures.

Local authority stock is the responsibility of the municipality. Therefore, the municipality should take the responsibility to clean the buildings and transfer them properly to the SHIs.

The Location of the social housing stock (8) is currently mostly informed by the locations identified in the densification study.

##### Quality human settlements (9, 10, 11, 12, 13, 14)

Social housing is supposed to be more integrated:

- Design: within the projects there should be social facilities. The project itself should provide more than houses.
- Environment: social and economic opportunities.

The municipality and the SHI are both responsible for the creation of quality living environments. Therefore, criteria should be developed in the municipal social housing policy. Certain departments, e.g. Social Development, Engineering Services, City Planning and Housing could check proposals on a checklist of criteria, developed in the social housing policy. If all departments approved with the project, council approval would be the next step. Then, the IDP could link the needed budgets to the projects. This will create the necessary integration of plans and budget allocations.

Currently, planning takes place in the old legislation. Regulations regarding quality human settlements are absent, and social housing projects are developed in an ad hoc way. The quality of projects is being inspected as structural quality (quality of the building itself) and not environmental quality.

In the social housing policy, certain criteria (regulations) should be developed ensuring integration of social housing projects in the urban area, creating quality living environments. It is the task of City Planning to make by laws and regulations for inspection.

Dlamini sees the solution in first making the processes of transferring land and property less problematic.

In order to create a framework in which projects can develop while creating quality living environments a social housing policy is key, and should comprise the following elements:

- The identification of the potential social housing need (from the specified housing waiting list), and
- The formulation of a housing strategy within a comprehensive city strategy, in which locations and sites for social housing are identified, together
- With regulations (criteria) regarding quality of social housing projects in a broader sense.

**Institutional characteristics****Institutional housing section of the municipality (15)**

The Institutional housing section in the municipality has the following functions:

- Facilitation of the SHIs
- Formulating policy
- Influencing the future of social housing

**The relation of the municipality with other stakeholders in the social housing process (16, 17, 18, 19, 20, 21)**

The municipality facilitates SHIs. They can be seen as partners in the social housing delivery process. A memorandum of understanding will be signed between the municipality and the SHIs, which identifies the relationship, and the roles and responsibilities for both parties. The municipality provides the framework in which the SHIs operate. It gets to the province for funds. It helps new SHIs to establish themselves. It defines the social housing backlog (waiting list) and creates opportunities by planning for projects, creating room for the development of projects.

The municipality can also provide finance facility and operate as a debt collector.

How many SHIs can operate in the municipality depends on the social housing need. The municipality wants to identify this. Currently the idea is 3000 units per SHI.

**Mike Minty**

Manager: Housing Services (RDP Project Management)

01-12-2003

Minty points out that Tshwane is situated in two provinces, namely Gauteng Province and North West Province. Because of this, the municipality has to deal with two different policy contexts. In Gauteng, the province is very powerful, with 'technical task teams' that do project planning and execution, and the municipality has less power. Hierdoor heeft de gemeente te maken met twee verschillende provinciale beleidscontexten. In North West Province, the municipality has more power and therefore it can deliver more housing. On the one hand, this is an advantage for the municipality, because it does not have the capacity to address the housing backlog in the whole metropolitan area. Mike Minty does not have enough human resources. On the other hand, the development of projects is skewed, and not approached in an integrated way for the whole metropolitan area. The municipality allocates all of its resources to the part of the municipal area that is located in North West Province. This all applies for the RDP projects, not for social housing delivery.

**Jaksa Barbier**

City Planning Division

01-12-2003

Barbier points to the fact that the municipality only makes plans for the poor, the subsidised sector, and not for the whole spectrum. This results in segregated developments. The market determines the development of the well off. The municipality has little power in this sense. That is one of the reasons that the municipality made plans (IDP and SDF) for the whole municipal area, to integrate the market sector and the subsidised sector. However, the town planning policies and legislation make it difficult for the municipality to make sure the plans are implemented. The private developers determine what will happen and won't. The most important message of Barbier is that the plans do not provide security and certainty. An illustrating fact is the difference in investment between the different parts of Tshwane:

- The suburbs in the South East (high-income areas) take 75% of all investments,
- The CBD of Tshwane, the Pretoria area, gets 5% of all investments,
- other areas combined get 20% of all investments.

Mechanisms should be developed to breach with this investment-environment, and create integrated development and investment in all areas.

**Verna Nel**

Act. Manager: City Planning

**Harry Bezuidenhout**

Manager: Regional Spatial Planning

**Kestell Serfontein**

Manager: Metropolitan Planning

21-04-2004

The affordability issue has to be taken into account. SHIs and their projects need to be financially sustainable; this means there have to be effective support mechanisms in place for social housing, since it is not a profitable form of housing.

The R3500 income band to be eligible for institutional subsidies is too low. Aside from viability issues of social housing projects, there is also a huge part of the market, which is excluded from any form of housing delivery at the moment; it possibly lives in squatter or backyard shacks. This part of the market consists of people who earn more than R3500 per month and too little to enter into the free market. In large part of the urban area you cannot buy any property under R200 000, and rental units are R2000 and higher. That part of the market is not been catered for by the free market and not by government housing policy. This gap should be addressed by institutional housing.

The housing delivery policy at the moment is, from a spatial point of view, distorting the spatial structure of the city even further as it was, because the projects are being developed further and further away from places that would be able to make the life of the people better. That is why the municipality supports the higher density concept, but the housing delivery policy is not supporting this. It leaves the municipality with little other option than develop projects far out of the urban centres on cheap land. It is an affordability issue that eventually comes back to the urban environment, encouraging spatial segregation and sprawled settlements, creating slums in the longer term.

If you look at the private sector providing houses for ownership, you will see that the private sector doesn't start building new houses for less than R250 000. To be able to buy a house of even less than that, e.g. R150 000, you will need to earn at least R170 000 per annum. This means that the middle-income people, earning less than that, cannot buy property and are restricted to rent. The market is defined as follows. There is a small percentage of the people, between 9-20%, catered by the private sector; *the fluent market*. Under that, there is the market defined as *the affordable market*, determined between R100 000 and R250 000. Few developers deliver in this market, the profit is very low and the risk is very high. The municipality is looking at a policy of excluding them from bulk services contributions, to make it more affordable. Banks and other financial institutions are very reluctant in providing finance for this market. The market which is subsidised by the HSS is *the subsidised market*. Between the affordable market and the subsidised market there is the market referred to as *the silent market*. The only way of addressing this market is through rental. Currently, City Property, HCT and Yeast City Housing are operating in this market. City Property is however only mostly serving people who earn between R6 000-R10 000. The SHIs mostly serve the subsidised market, and are restricted to do so by the institutional housing subsidy criteria of the HSS.

From a spatial planning perspective, the city will get indirect benefits by creating housing opportunities for the silent market at strategic locations in the city, even though the land costs are much higher for well-located land. This implies an upfront subsidisation, which in the long term will be beneficial for the city, because it stimulates development (facilitates growth of a middle-class) and the restructuring of the city, as is also the view of national frameworks (e.g. Urban Development Framework).

The function of City Planning is to identify suitable land for development, and to plan for this. The Housing division should then make sure it is actually implemented, activate the process. City Planning works in two different markets:

- The private sector, for which opportunities are created by plans, sees the opportunities, purchases the land, puts in its application and goes on with it. City planning has here a controlling and guiding role;
- The public sector, where the environments are too risky for the private sector and their incentives to develop projects are low. These are areas within the inner city, and townships like Mamelodi and northern townships. Here, city planning would initiate the process (e.g. project in Mamelodi called Eerste Fabrieken). The plans are made, environmental impact assessment is done, land identified. The land will be prepared by City Planning, so that Housing can put it to tender for example for institutional housing.

In the new South Africa, making sure housing is being developed is suddenly a local government issue. National government thinks the HSS is sufficient, but it is not sufficient to make this social housing approach work. Local government needs to radically buy out expensive pieces of land at strategic locations for low-income housing projects, if it wants to restructure the city. Local government cannot only be responsible for the bill. National and provincial government also need to get involved in radically contributing to the upfront subsidization to make it possible.

Currently, with the HSS, it is almost impossible to do the upfront investment, which is needed to buy the land.

The identification of suitable land for social housing is not really a problem. There are criteria in place that can be used to identify suitable (that is, well located) land. The problems are the cost of that land. For example, a piece of land was identified that cost R2000 per m<sup>2</sup>. Another problem with that piece of land was that there was resistance from the existing community. They are not familiar with the integration of lower income people in their living environment.

Council does not own enough land that is well located. Council, or the state, doesn't even own enough land to cater for the housing need of Tshwane.

City Planning's view is to do as much infill and densification projects as possible, to enable integration, quality human settlements and restructuring of the city. Housing division uses other criteria, because that division is responsible for delivery. For example, their goal is to deliver 5000 units, and that informs their criteria. The two divisions need to find common ground in that regard.

One possible solution, the area north of Centurion and just south of the city centre is state owned. There lie a lot of possibilities for integrated projects. If it is national owned land, it can involve a long process to obtain the land. It is heard that that process can take up to three years, so the system to transfer land from national to local level is not well developed. However, the fact that it is state owned land could solve the affordability side of the problem. And there is not much happening on the land, the land is not used according to its potential.

There should be a kind negotiation process between the municipality and National government to get to an agreement in relation to the transfer of a certain part of this land. State and province are one in terms of land ownership.

The problem at the policy level is that the housing delivery approaches are totally divorced from the policy frameworks, which for example dictate that development has to happen within the urban edge. This is hardly implementable with the current delivery models and support systems (HSS). What is happening is that council is implementing housing which is against its own spatial policy. 99% of the housing is being developed at locations where it shouldn't be. Important is to understand that each house developed is a political voice. And this voice is guiding development.

It is also important that the financial institutions are going to address the needs of the affordable and silent market. This will make the projects also more affordable, if there is financial support from their side.

Gerrit Bothma received a report on the context of the market from a spatial point of view. Also the form of the housing project has to be changed, more medium density projects, also for the poorest of the poor. There has to be a more sustainable use of land, row houses, duets etc. the land is wasted, because very few people are using the land around their house.

In spatial terms, the desired state is defined, but in actual implementation the status quo is still being reinforced.

Eventually well-located, expensive land will cost less, e.g. in terms of services, transport subsidies etc. currently only the input costs are taken into account. The benefits of well-located land are not weighed against these higher input costs.

With the accumulated subsidies used for the development of houses in the short term, you could do a lot in more appropriate locations. Rather invest in land (medium density subsidy scheme). The HSS is a too simple approach, not suitable for the real world, which is complex.

Problems relating to IDP:

- IDP measures output -> how do you measure output of quality of spatial planning and sustainability issues?
- IDP is more a corporate plan in practice than a strategy guiding development. There should be a long-term strategy guiding IDP. With the current city manager, the process of developing a long-term vision and strategy is initiated.
- The IDP 2020 is also not a long-term plan, it has only a 1-year budget.
- IDP can be seen more as a mid-term plan, a vehicle to manage the operational process, the implementation of the strategy.
- Where is the link in IDP between the Spatial Development Framework and the sectoral plans? There is no translation of this spatial framework in the sectoral plans. Integration between the different divisions is not really taking place.

## David Morema

Managing Director: Housing Company Tshwane (HCT)

02-04-2004

### Current status of social housing projects

Description of current projects (also input from Christa Schutte, tenant management) (question 1):

- a. Type- Eloff security residence is a conversion from an office building. The planned projects, Pretoria Townlands Security Village and Koedoespoort will be greenfields projects.
- b. Scale and density. The Eloff building has 91 units and is a high-density project, 7-storey building, central Pretoria. The greenfields projects will be 'medium density'.
- c. Tenure options: rental. In the Eloff building, the tenants have the option of the following units:
  - Bachelor @ R900 pm (plus minus 30 M2)
  - Luxury bachelor @ R1000 pm (36M2)
  - 1 Bedroom @ R1100 pm (38,6 to 40,3 M2)
  - Luxury 1 bedroom @ R1500 pm (43,5 M2)
- d. The quality standards applied by municipality are the national building regulations, which are not specifically for social housing. In the beginning the conversion project was classified as dormitory, and later as flats. Flats require higher standards. The average quality standards are with floor tiles and carpeting, intercom, 24-hour security, laundry room each floor, pre-paid electricity facility. The "red book"/ "blue book" is also applied, mainly by provincial level, to link standards with the approval of subsidies. There is a requirement for the amendment of standards to the social housing concept; the municipalities need to understand the concept. Some requirements at the moment tend to delay the development/implementation processes of special social amenities, for example playgrounds ("jungle gym"). Other standards need to be developed, for playgrounds to be part of the development (be more than a "jungle gym").
- e. Tenant characteristics (Eloff Building) – 97% are young (born after 1970) black, coloured and Indian civil servants. About 60% are female and although most of them have children, they are living with relatives (mostly grandparents) in the rural areas. The other 3% is older people who is divorced or widowed. Income ranges from R2500 to R3500 gross per month and in some cases they also earn other perks like overtime etc that is not included in the basic salary. With the exception of one, all are in fixed employment with monthly salaries.

The selection of tenants took place under pressure, on ad hoc basis. Tenant selection needs more attention. Social housing is dealing with a predominantly desperate market. Once the tenants live in a project and 'settle down' their housing needs change. At the moment, any person in the market wants to

live there because of the good quality, which is always better than the quality they had before. The market is very broad. Most tenants earn more than R2500.

Description of the social housing development process (role of different stakeholders) (2):

In the initiation of the Eloff Building conversion project, council played a major role. Also all the other phases, design, implementation and planning, 70% of the work was done by council. For the next projects HCT appointed an architect and is working with the council to provide information, to deal with land transfer and any other support that council may provide. There is a slow process of shifting the control and responsibility of council to HCT. For initial phases of projects the council is involved. HCT is doing proposal and initiation, design, implementation and planning with appointed professionals. HCT is developer itself. It needs to get support from council with town planning and land related issues and additional support for implementation.

**Support and facilitation by the municipality**

Partnership with the municipality (3):

Currently there is no memorandum of agreement between HCT and the municipality. HCT wants to go into a MoU or a co-operation agreement with the municipality.

Support from the municipality (4):

HCT does get financial support from council. The municipality also identifies land for social housing, and there is an interest from council to transfer local authority stock to HCT. For the latter, HCT wants to enter into some sort of a devolution agreement with council. In this, the current status of the building, the income streams and all financial issues and management issues should be clarified. HCT wants the municipality to clean up the buildings first. HCT wants to help with this process and then take it over bit by bit, with a deferred ownership agreement. The role of local authority stock needs to be clarified, because a SHI has more responsibilities. It also needs to develop new stock. On the other hand, SHIs need stock to be financially sustainable. Municipal stock is available, and the municipality wants to get rid of it, because of the burden of this stock. The stock needs to be transferred to normalise the housing market. There are good business cases for both sides. But from a social housing point of view, also new stock needs to be developed. The process of the next ten-year period must be agreed on. There needs to be a negotiation process between municipality and SHIs. If the municipality gets rid of local authority stock, it also needs to plan for those tenants who are going to suffer from this process and lose their housing. The transfer of local authority stock is not addressing the housing backlog, but it is important for the normalisation of the housing market. The municipality needs to plan for the housing backlog as well, looking carefully at the market demand and the suitability of land for social housing. If tenants get evicted from local authority stock, and are not suitable for social housing, the municipality needs to plan for other delivery models (e.g. RDP housing, transitional housing).

The issue of politics: It is important to separate politics from real development issues. There is often a gap between politicians and officials. Communication is key to create the needed balance between the two. Politicians at the moment don't have to be educated, which is understandable considering the history of exclusion during Apartheid. The process to create balance takes time, a next generation. The current city manager of Tshwane understands both the politicians (major) and the officials; he can translate the politics into technical language, and the other way around.

The location of social housing projects is informed by (5): the densification study. However, the densification study is not enough. Locations are identified, but it is not clear what the municipality wants to do with the sites. Some criteria don't seem to be applicable, e.g. considering the fact that social housing is located in the city, does it need to be next to a railway? Certain invalid assumptions are made in the identification of sites in the densification study.

The difficulties and challenges (6): are characterised by a lacking leadership in planning in the municipality. The SHIs are investors in the municipal area. The municipality should create a good environment by providing the necessary incentives for the SHIs. The SHIs need input on the number of SHIs that are going to be supported in the municipality, and how many units are needed, so that HCT can plan long-term according to this information. Salvokop and other integrated plans are needed to respond to. The densification study is not sufficient as a policy. It needs to be supported by other departments, like city planning (e.g. township establishment).

Type of support desired from municipality (7):

Land identification, integrated development and policy development for social housing: how many SHIs are going to be supported, what is the backlog, where does the municipality want investment in social housing in an integrated environment. So proper planning and integration need to be in the policy.

Approach for partnership with the municipality (8):

The SHI wants a MoU with the municipality. As an investor in social housing in the municipality, a SHI needs a framework, an enabling environment to operate in.

**Stuart Talbot**

Managing Director: Yeast City Housing (YCH)

06-04-2004

**Current status of social housing projects****Description of current projects**

- a. Living Stones and Hofmeyr House are upgrading projects of old buildings. Burgers Park Village and Kopanong are newly built social housing projects on green/brown fields. Sediba house is a conversion of three floors of an old office building into rental units.
- b. Apart from Sediba house, of which the scale is high density, all projects are medium density.
- c. The type of tenure is rental in all units
- d. Local authority building control, NHBR and further requirements of funders of projects (e.g. Dutch funders have set certain standards for what to do with their money).
- e. Most people are between 21 and 40 years old, single and formally employed. In the institutional housing units, most people earn more than R2500 per month. In the transitional and special needs housing units, most people earn less than R2500 and the bulk of this earns even less than R1500 per month. Some of them are pensioners with disability. A large percentage of the tenants are women with small children.

**Description of the social housing development process (role of different stakeholders):**

- a. In the proposal and initiation of the existing social housing projects, the municipality did not play a significant role. The initiatives came from YCH. It has changed now the municipality has given their densification study to YCH. However, this has not been taken further yet.
- b. The design and appraisal of projects is done by YCH itself. So far, the municipality has not been involved in this. The municipality helps along the way in the process. The municipality should be more involved in the integration of the social housing projects into the wider urban environment. IDP should be able to do it, but doesn't seem to at the moment. The municipality should be able to make sure the wider environment, with social facilities is taken care of.
- c. In the implementation planning process, the municipality provides support on land issues. The rest is done by YCH itself.
- d. During implementation, again, the municipality helps to secure the land for YCH. For other support, YCH depends on other stakeholders (donors, province, NHFC etc.). The development of the densification study is a good initiative as first comprehensive plan for social housing and framework for the municipality.

**Support and facilitation by the municipality****Partnership with the municipality (3):**

Currently there is no memorandum of agreement between YCH and the municipality. There is a 'facilitation fund' from Gauteng Province (DoH); funds provided to the SHI to facilitate the design and implementation of projects. They do that through the municipalities. The role of the municipality is to monitor the projects at local level.

**Support from the municipality (4):**

The municipality provides support on land issues. Challenges are if the municipality provides the land for free or if it has to be paid for. The municipality likes to keep the land and provide long-term land releases. Financial institutions, like NHFC and banks, don't like to property on leased land. It does not give the necessary security for the loans they provide. It would be nice if the municipality could facilitate funding, through their partners.

**The location of projects is mainly informed by (5):** YCH's commitment to housing in the inner city, with basically boundaries from 'Fountains Valley in the south to the Zoo in the north' and 'Malan in the west to Mandela Drive in the east'. The vision of YCH is that the city centre is a place where people want to live. It wants to provide quality housing for people that otherwise could not access housing in the inner city, the low-income groups. The projects provide a more integrated immediate environment. This does not mean that the institution will limit itself to this area for future projects. That depends on what the municipal plans will be. The location of projects within the inner city is informed by the price of the land or property. The densification study of the municipality has an impact on the choice for location, in the sense that YCH asks the municipality what their plans are with the specified pieces of land and if they could assist and facilitate the SHI in getting the land secured. YCH however knows the inner city quite well and identifies some buildings that it considers suitable for social housing. The municipality does not necessarily know about these opportunities. By and large, the densification study covers the suitable locations. There is a bad/better building programme for which the municipality asked YCH for input and support. On the other hand, YCH asks the municipality for a more integrated approach to inner city developments. Integration issues are discussed with the 'inner city' department.

**The difficulties and challenges (6):**

Integration issues that deals with the quality of living environment (social fabric, schools etc.) and employment opportunities. The inner city is very limited in terms of employment opportunities. There is a large public sector; government departments are the most important employers in the inner city. There is currently not much room for smaller businesses, which is important for social housing tenants. In terms of the living environment there is little usable public space, it is all "very hard". The municipality needs to use a more integrated approach to housing development in the inner city. The immediate environment is mainly the responsibility of the SHI, but the wider environment is the municipality's responsibility. The waiting lists are not integrated, the SHIs and the municipality have their own waiting lists. Private developers (e.g. city property) have a role as well, but what is their role? The municipality should make the framework in which it clarifies the roles of the different stakeholders. How many projects should be developed by private developers like city property, and what pieces of land can be developed by the SHIs? A big challenge is securing the land for development. Currently, the reason why the private developers take

a lot of opportunities is because they have the money that is needed to secure the land. The municipality needs to understand the difference between SHIs and private developers and therefore need more support in securing the land. For SHIs it is hard to get land secured, and only then they can proceed. This is a big bottleneck in the process. Steward Talbot gives an example of a project of refurbishing a property for social housing where everything was prepared by YCH, and the subsidies were approved. A private developer came in, offered R800.000 more and within two weeks there were people living in the building. Clearly, the municipality did not have a clear vision of specific allocation purpose for this building. The municipality therefore needs to allocate certain land and property to social housing. It needs to make clear, through spatial planning, what it wants with the inner city, and what the role of social housing should be (locations).

Type of support desired from municipality (7):

The municipality should create a 'framework', "so that things can happen quickly through the municipality". Make clear plans for different areas, so that the SHIs can plan for a set number of projects. The legal 'land' issues are very important. Someone in the municipality should be helping the SHIs to deal with these land issues. There is a lot of red tape in the municipal structure. Every application has to go through several committees. This process needs to be fast tracked, because in this process, private developers are faster and therefore win the game. The municipality needs to secure the land for social housing development at the beginning, or should make the process faster, to be able to beat the private developers. This is mainly an issue for privately owned land. In the inner city of Tshwane there is a lot of government (national and provincial) owned land. So procuring between national, provincial and local government is also an issue.

Approach for partnership with the municipality (8):

YCH wants to have a certain agreement with the municipality so that it knows what it needs to plan for, how many projects can be developed. It is important to get a more formal agreement, so that the housing association does not depend solely on relationships with people working in the municipality and that each other's role in the process is clear. YCH can propose according to the plan. YCH wants more certainty about future development plans of the municipality (numbers and locations). The municipality needs to create a framework where YCH and other SHIs can plan accordingly. At the moment the role of province is much bigger than that of the municipality. This has to do with capacity issues (DoH Gauteng is big and has a lot of capacity compared to the Housing division of Tshwane), and funding comes from province.

## **Case: Ekurhuleni Metropolitan Municipality**

### **Aubrey Mokgosi**

Executive Director: Property and Institutional Services, Housing Department

### **Miemie von Maltitz**

Exec. Manager: Policy and Planning Directorate, Housing Department

### **Fanie Maré**

Regional Executive Manager: Southern SDR

### **Michael Mokgohloa**

Manager Property and Institutional Services, Housing Department

18-03-2004

#### **Current status of social housing delivery in municipal area**

The Housing backlog (question 1+2)

A socio-economic survey is going to be carried out on the demand for rental stock, specifically the market demand for rental units, the affordability levels, the special needs housing requirements and the demand for what type of product. The municipality is sitting with rental stock (in the inner city) on the one hand, and wants to create new rental stock on the other hand. There is a large demand for affordable rental stock.

Social housing as an option (3+4)

In terms of the housing policy, social housing should be one of the options in order to access rental housing, for low- to middle-income people. Currently, not even 1000 units have been delivered in the social housing sector, by the Greater Germiston Housing Association (988 units). This means it is not really an option in Ekurhuleni. Municipality is currently not in the position to supply affordable rental stock (social housing) at a rate it would like to supply. 20% of the rental market should be for social housing. The lower income brackets should be addressed as well, through transitional or communal housing.

The market for social housing (5)

The income category eligible for an institutional subsidy is too small. This is a problem. The income band needs to be higher. People qualify for an institutional subsidy, and then start with affordable rent. The rentals go up each year. The tenant's income goes up as well. The question is then, if the rentals go up each year, are new social housing tenants being able to afford the higher rentals? The market niche gets smaller through increasing rentals. If you open



up the social housing market for higher middle-income people, the market will be bigger, the sector financially more sustainable and able to cross-subsidise the lower income rental units.

### **Facilitation of social housing delivery by municipality**

#### **IDP as a framework for social housing development (6)**

Social housing programme is budgeted for + land is identified. There is a Housing IDP that provides input into IDP, together with all the other sectoral IDPs.

The IDP is for five years, but the budget that rolls out of that is up to 2015, because not everything can be implemented in a five year period. The IDP is the tool to integrate all sectoral plans and to manage the next budget year.

There is a city vision in the making that serves as a framework and can provide direction development should go to.

#### **Conversion, upgrading or green fields development for social housing (7)?**

The municipality identified pieces of land for new projects. Apart from that it is also looking at the possibility of transfer of municipal rental stock to SHIs. There are some issues involved in this. On the one hand, the impact on the income of the municipality has to be investigated. On the other hand, if these projects get discounts on services and tax rebates, what to do with other projects? What is fairness and equity?

#### **The location of the social housing projects (8)**

The location of social housing projects is mainly informed by the investigations of sites in the CBDs of the local authorities. For the rest it depends on where local authority stock is located.

#### **Integrated urban development (9-14)**

Quality human settlements can be assured by integrating (coordinating) all the different functions (departments) in development planning. Every actor and aspect that is involved is integrated in the process. This means for example social development makes sure the development complies with social criteria. The Facilities should be developed congruently with the housing development. All sectors should respond to each other in their plans. IDP should be the tool for this integration. Actual practice shows that other departments tend to be slower than the relative progressive housing department. Housing development goes fast, and services are lacking behind.

Quality requirements criteria are based on (both applicable on buildings and land):

- (Medium) density policy (land identified in CBDs of local authorities)
- Spatial Development Framework
- Availability of services
- Position (to amenities and facilities)

For social housing developments the municipality makes sure the locations are identified which already comply with the criteria for quality living environments, the environment is already there. All the identified properties (buildings and land) are screened, and feasibility studies are done. This is also because of the fact that social housing developments tend to be small. For a project of 500 units you cannot provide a lot of facilities, it has to do with the whole environment.

Problems and constraints are identified in relation to the integration aspects. Now the solutions to these problems and constraints have to be found.

### **Institutional characteristics**

#### **Institutional housing section of the municipality (15)**

The core functions of the 'Property and Institutional Services' within the Housing Department are: facilitation of social housing development and the provision of technical support. Policy is the function of the 'policy and planning' section in the housing department. This section investigates among other aspects the market demand for social housing and does the impact study on the transfer of municipal rental stock to SHIs.

Staff compliment: Aubrey Mokgosi, Executive Director and Mike Mokgohloa, Official.

#### **The relation of the municipality with other stakeholders in the social housing process (16, 17, 18, 19, 20, 21)**

There are two active SHIs in the Ekurhuleni municipal area: Greater Germiston Inner City Housing Corporation (GGICHC) and Ikhaya Labantu Housing Association (ILHA). Other SHIs are in their establishment phase but not yet developing and managing social housing projects. Lethabong Housing Association is not a SHI according to the definition in the National Social Housing Policy Document. It is only involved in the development of stock, not the managing part. They develop stock to sell their stock, either for ownership or to section 21 companies to manage, but with the mission to "offer decent and affordable accommodation to all".

In relation to the different roles and responsibilities of all the stakeholders, a workshop has been held to discuss a forum / platform for the stakeholders. The aim of this workshop was to find out what is going on in the municipality. Also stakeholders like the NHFC and provincial government should participate in the forum. Then it would be possible to identify what value could be inputted in the process by each stakeholder. The municipality needs to find out about initiatives; it needs people at the developer role, who can later hand it over to management. Some are better in developing stock (Lethabong), some are better in the management aspect. The municipality initiates projects by asking who is interested in developing a certain piece of land with social housing.

The private sector should also be a stakeholder. If private developers can develop stock for higher income groups, why not develop stock for the subsidy eligible groups? The private sector has more capacity to develop projects that are suitable for social housing. The municipality should support the private sector to develop social housing. The municipality has a promoting role in this. The private developers can also access institutional subsidies.

The role of local government in relation to the role of province; the municipality and the Gauteng province have a Memorandum of Agreement in which they clarified each other's roles and responsibilities. The role of the municipality is broadly to support development, actual implementation of plans. To ensure alignment, developers have to work closely with council, and the municipality has to work closely with province.

The Housing Act of 1997 prescribes the different roles of the three spheres of government in housing.

Both National and Province Government's function is to make funding available and to create the appropriate norms for these funds. Local authorities have to determine the need, provide municipal services, and create an environment that housing can be delivered.

The Gauteng Housing Department is a special case. It is not only dealing with policy formulation but is also involved in the actual implementation, or housing delivery. It created agencies that assist municipalities in implementing their responsibilities. This does not mean that it replaces the function of Local Government, but clearly plays an assisting role, since the municipalities still have to build capacity in the field of housing delivery. These agencies are mere a vehicle that can be used by the municipality to reach its housing delivery goals. For social housing, the Gauteng Housing Department created technical resource groups. Those groups are technical expertise to assist the municipality in their social housing delivery.

Main function of the municipality is providing the land.

## Miemie von Maltitz

Exec. Manager: Policy and Planning Directorate, Housing Department  
15-04-2004

### **Facilitation of social housing delivery (Facilitation model used by EMM: "municipality is active in developing an enabling environment for social housing" (EMM 2004<sup>48</sup>))**

#### Preferential access to land or buildings for SH development:

The municipality will identify land. The facilitation process will go through the province. Council does not have funds. They get it from Province via grants (subsidies). Local government must not be the owner of social housing (that is the SHI) so the grants are for the SHI. The municipality support SHIs in getting the grants, by applying for the grants. The supported project and SHI comply with the criteria in the Spatial Development Framework and IDP and other set criteria. The subsidies then will buy the property.

Otherwise, as alternative when the process of getting subsidies takes too long, council can buy the land and go into a land availability agreement with the SHI. It depends on the process of the subsidies. The municipality does not have money for the land. The land is being purchased with a part of the institutional subsidies.

In the case of council owned land that qualifies for social housing development, it will be made available (by giving it away) first for social housing development. This needs to be investigated though, because in a sense the municipality provides a grant on top of a grant. And why not provide the same preferential access to People's Housing Process (PHP) projects for example?

The municipality does not prefer one housing delivery approach over the other. There is a range of options available in the market and the municipality must facilitate the process to have those options available all the time. The product is different for each delivery programme. The quality of social housing projects is higher than the quality of PHP projects. How do you justify that?

The demand and the need for social housing still needs to be identified. There is a plan to roll out 1000 units per year, but this is still subject to the demand for social housing. There is a 20% market available for rental (10% is formal rental housing, the other 10% is unknown), 80% is for ownership. But this demand still needs to be unpacked. There is a five-year plan, where property (vacant land and buildings) is identified and prioritised for social housing, in terms of set criteria. On basis of that, feasibility studies will be done on the different properties. The property will be made available for the institutions. Here the 'social housing forum' comes in, to see which institution fits where. Every institution has its own speciality. Some are property managers, others will be more specialised in development. The different roles need to be clarified on the forum. There is also room for private developers to come in, who roll out the projects. Then the property management can take over and they will manage it for a period, 5-10 years, and then tenants can have full ownership. This option is good for people who want to rent now and want to own in the future. The different SHIs will know what properties are available in the municipality, which are privately owned and which are owned by the municipality. They are registered institutions in Gauteng Province and therefore well known in the municipality. Being part of the forum helps this process.

#### Securing the land:

In South Africa you have to deal with a free market system. The municipality is dependent on funding to secure privately owned land, it cannot do it otherwise than buy it. The municipality depends on Provincial Government for funding. Social housing is one of the four thrusts of Provincial Government, so there are funds available. It also depends on the risk environment. If the environment is considered high risk, the property will be available and private developers would not invest in them.

However, there is no use of spending the money when there is no demand, and develop institutions that cannot be sustained. In Ekurhuleni, Greater Germiston Housing Corporation has financial problems. The status of the SHIs is

<sup>48</sup> Framework for the development of social housing, Ekurhuleni Metropolitan Municipality, Fourth Housing Portfolio Committee Meeting, 8 March 2004

very important for your strategy. Lethabong Housing Institution is a good developer within the subsidy framework. It is not a property management institution.

Thus support preferential access is to make property available, by either giving council owned property or sell it for a low price, or facilitate the negotiation process between the private landowner and the SHI. Competition can be a problem when dealing with privately owned land. However, the areas identified by the municipality are not the areas private developers want to invest in.

#### social housing in IDP:

One of the instruments to use in urban renewal is social housing. So to promote social housing projects in certain locations is to make them part of urban renewal projects. Social housing should invest in those areas, in order to enhance them. Housing is not the only department that will be operating; you will look at 'infrastructure', 'LED', 'city planning', 'urban design' and more things. It forms part of integrated inner city development. IDP should facilitate this integration process.

The focus areas, land identified for social housing are mostly situated in the inner cities. This falls within the framework of the urban renewal programme that Ekurhuleni is implementing.

First the housing comes in (as major role-player in the upliftment of the area) and then the rest will follow. It is not so that the quality issues are of the same size as in Johannesburg, where Hillbrow and other areas are degrading. The area that the SHIs move in does still have a certain quality, it is still workable with. There are buildings in Germiston (privately owned) that are in distress, but they are still upgradeable. The idea of municipal owned stock is to transfer it to a property management agency. The properties are currently not sustainable, they need to be upgraded, the management and rentals need to be put in place up to standard where they should be and then they can be transferred.

In the spatial development framework social housing development falls within the urban renewal programme. The five-year development programme is listed in IDP.

#### product needs:

Depending on size and location of the project, mixed use needs to be promoted. If there is nothing available in its environment, the project should have some facilities and amenities. However, the facilities should also be sustainable, and that depends on the size of the project. The mix of income levels can be difficult, because the subsidy income bands are small, up to R3500. A certain mix is necessary for the sustainability of projects. It depends on the location of the project. In Germiston for example it will not be a problem to create a nice mix, in Nigel this can be an issue. Therefore a certain mix is not prescribed by the municipality, it differs per project and depends on the viability and sustainability of the projects. The principle of mixed income developments is being supported by the municipality. Criteria are being set by registration code of conduct at province (criteria for business plan). Only Gauteng has developed this regulations in terms of the Gauteng Housing Act (1998), "regulation on certification of social housing institutions".

#### development friendly enabling environment:

Being a facilitator, the municipality will not prescribe the SHIs, but will give guidelines and support them. The aspects listed there (bulk services, infrastructure, discount of services, tax rebates and access to land & buildings) have to be investigated, because creating a heavily subsidised environment will not get private investment in that area. For urban renewal, also private investment is needed. The question is thus how far the municipality can go with subsidising on the different aspects. It is necessary to know what it means for the income of the municipality.

At the moment land is provided (Germiston projects). There are no blueprints for this. It is being negotiated with land affairs (national level). For (social) housing, is there money available for land? If so, a land acquisition grant will be given, and on top of that the institutional subsidy can be used to secure the land.

To secure land 'policy planning' negotiates with 'corporate services' or for privately owned land with landowner.

A medium density grant will come available. It looks at the whole spectrum of medium density housing. It will become a combination of institutional and medium density subsidy.

To make the process of granting institutional subsidies going faster, bulk payments of institutional subsidies will be done by the province to the municipality. It is important for bridging finance for the first projects of the SHIs.

## **Michael Mokgohloa**

Manager Property and Institutional Services, Housing Department

18-03-2004

### **Current status of social housing delivery in municipal area**

#### The Housing backlog (question 1+2)

± 140 000 units, as already discussed in the interview on 08-03-2004. Various housing delivery programmes are in place to address various housing demands.

#### The Mayibuye Programme:

The programme investigates the release of unserviced land for settlement with the promise that stages two and three of the incremental housing programme cluster will deliver essential services and contribute to the development of a top structure.

#### Essential Services Programme:

The programme involves the provision of essential services – land, water, sanitation, roads and storm water drainage to sites transferred to beneficiaries as part of the Mayibuye Programme.

*People's Housing Process Programme:*

It is a group based housing consolidation rather than the more common individual approach. The programme is based on the beneficiaries constructing their own houses.

*Social Housing Programme*

It provides alternative tenure, models such as rental, co-operative, transitional housing and instalment sale. It is important due to its urban regeneration nature.

*Transfer of Houses Programme:*

The transfer of Houses Programme essentially transfers properties in former black townships and former Group Areas to rightful owners, many of whom have lived in these properties for many years.

*Hostels Upgrading Programme:*

This programme seeks to upgrade and convert public sector Hostels into family units for Hostel residents.

Social housing as an option (3+4)

Social housing is an important option for:

- Persons opting for the rental flexibility, considering their occupational mobility and the need for temporary accommodation.
- Persons utilizing Social Housing as deferred ownership.
- Low-income households who cannot afford inner city residential property prices.
- Person who wish to address their housing solution through a collective approach.
- Person requiring short-term accommodation such as vendors.
- Broken households where persons urgently need alternative accommodation due to a variety of circumstances.
- Single person wishing to co-habit in rental accommodation.
- Singles with dependants who tend to prefer affordable Social Housing rental options.
- Persons with special housing needs but who are able to live independently, such as those with disabilities living with HIV/AIDS, including orphans and children.

The market for social housing (5)

The segment of the market to be reviewed between R1 500.00 – R7 500.00 or broadened to reflect changes in the South African Housing Sector and have an appropriate market mix to allow subsidisation.

**Facilitation of social housing delivery by municipality**IDP as a framework for social housing development (6)

It is important that the IDP provides physical and spatial integration to ensure that the housing stock is well located within urban and inner-city areas. This will provide residents with easy access to inter alia, transportation and transport routes, amenities and facilities and therefore contributing to the residents. A second aspect that is important is social integration. Mixed communities and mixed land uses development form part of social integration, as this mirrors systems and processes in operation in urban and inner city areas. Social Housing Institutions should not discriminate. Furthermore economic integration is important. Economic integration can be ensured through considering the mixture of the income groups in Social Housing development. The mixture of low-to-moderate income groups ensures sustainability.

**Conversion, upgrading or green fields development for social housing (7)?**

Yes, all three options are supported by the municipality, on the condition that the development is located within urban and inner city areas within easy access to transportation, amenities and facilities.

- It should promote social integration.
- It should promote economic integration. A correct income mix, that is, low to moderate income to ensure the economic sustainability of institutions.
- Institutional sustainability: the institutions should comply with good corporate governance, transparency, accountability and sound policies.

The location of the social housing projects (8)

It should be located where it provides easy access to transportation business needs, amenities, facilities, and thereby contributing to the quality of life of the residents.

Integrated urban development (9-14)

Integrated urban development will lead to sustainable human settlements:

*Environmental Sustainability:*

- Urban integration and greening
- Energy efficiency and removable energy
- Alternative sanitation systems and resource recovery
- Waste management
- Water conservation and water efficiency

*Institutional Sustainability:*

- Stability
- Innovative partnerships and enabling governance
- Transparency and acceptability
- Appropriate development control

*Social Sustainability:*

- Overcoming racial segregation
- Integration of socio-cultures amenities and services
- Cultural sustenance and targeted outcomes for vulnerable groups (children, women, aged, disabled, people affected by HIV/AIDS etc.)

*Economic Sustainability:*

- Access to land and security of tenure.
- Job creation, entrepreneurship, empowerment and emerging contract support
- Affordability and alternative finance.
- Continuous saving through appropriate, location, energy, efficiency, water conservation.
- Urban integration and land use, which enhance city efficiency and resource.
- Affordability and alternative / green finance.

The requirements for social housing development are physical integration, environmental sustainability, social integration and economic integration, all in line with the IDP.

It has to be noted that current operational Social Housing developments, that is, Greater Germiston Inner City Housing Corporation and Lethabong Housing Institute are located next to transport, facilities and business needs. However, there are still challenges to grow the Social Housing market:

- Lack of sustainable funding
- Higher income groups not participating significantly in the social housing market.
- Identification and ring-fencing of potential land / building for social housing
- Fast tracking delivery of social housing units.
- Financial distress of Social Housing Institutions.

**Institutional characteristics****Institutional housing section of the municipality (15)**

Property and Institutional Services directorate, with a director and a manager as staff compliment

**Existing Social Housing Institutions (16 & 17)**

Five (5) and three (3) active, Greater Germiston Inner City Housing Corporation, Ikhaya Labantu Housing Association and Lethabong Housing Institute. Greater Germiston Inner City Housing Corporation is having problems in respect of servicing debts.

**The relation of the municipality with other stakeholders in the social housing process (16, 17, 18, 19, 20, 21)**

The Social Housing Consultative Forum was established to serve as an interaction tool with all relevant stakeholders in respect of Social Housing. It consists of:

- The Metro (Ekurhuleni Metropolitan Municipality)
- Social Housing Institutions
- National Housing Finance Corporation
- Social Housing Foundation
- Gauteng Provincial Government: Housing Department: Social Housing Directorate
- Gauteng Partnership Fund
- Financial Institutions

The relationship between the municipality and Social Housing Institutions is good, since some members of the Municipality, that is official and Councillors serve in the Board of these Institutions. The Municipality's role is to ensure that an enabling environment is created and ensures that Social Housing Institutions flourish within the Metro. For instance, some staff members are seconded to the Greater Germiston Inner City Housing Corporation to assist the institutions and some funding is provided to the same institutions. The municipality supports by identifying vacant land/buildings for social housing institutions and make land available for development at low or no cost.

Furthermore it assists Social Housing Institutions in establishment stages, provides financial, human and technical support.

**Ronalda Fisher**

Managing Director: Greater Germiston Inner City Housing Corporation (GGICHC)

15-04-2004

**Current status of social housing projects****Description of current projects:**

- Type- Two projects: Pharoe Park is a mixture of greenfields development and the conversion of two old college buildings into rental stock. The second project is a greenfields project.
- Scale and density. Pharoe Park has 440 units and is a medium-density project, central Germiston. The second project has 548 units. The projects are both 'medium density' scale.
- Tenure options: rental. In both the projects, the tenants have the option of 1-, 2- or 3-bedroom units (34-54 m<sup>2</sup>): the rental ranges from R790 – R1300.
- The quality standards applied by SHI are the national building regulations and the National Housing Code, which are not specifically for social housing; carpeted floors, tiles in wet area, geezer, the very basics.

- e. Tenant characteristics (Eloff Building) – incomes range from R2500 – R3500. 80% are single parent led households (single mothers). There are some families, more or less 20%.

Currently the Corporation has a negative cash flow. From the beginning, the only funds the Corporation build on were the institutional subsidies and loan finance (NHFC). Their relation with 'Woonconcept' is purely for technical support.

Description of the social housing development process (role of different stakeholders):

The first projects were developer driven. The Corporation outsourced the whole development, planning and marketing of projects, funding proposals were all done by the developer. In new projects this is totally changed. All developments are done in-house. The Corporation takes the development role. A project manager will be appointed and a quality controller. The municipality did not take part in the process, apart for giving land. In the actual development the municipality was not taking part. The municipality seconded staff, as did 'Woonconcept'. They helped with the initial proposal and business plan for the Corporation, and they were also involved in the initiation of the first projects, on behalf of the Corporation. The municipality is only involved in the approval of plans for subsidies and land issues.

**Support and facilitation by the municipality**

Partnership with the municipality (3):

There is a co-operation agreement between the GGICHC, the municipality and the NHFC (National Housing Finance Corporation), which is in place since the establishment of GGICHC. The institution was established in 1997 through the municipality. It is still 100% owned by the municipality, but operates as a totally separate entity. It is registered as a company under the companies act. It has a separate board (with two representatives from the municipality as shareholder, the chairman and the deputy chairman) and separate management. The municipality is a shareholder. Currently the initial co-operation agreement between the GGICHC and the municipality is still in place. It basically outlines the different roles of the two parties and the secondment of staff from the municipality. With the secondment of staff, the municipality contributed with the capacity building. The agreement on the secondment of staff from the municipality is now expired and will not be renewed. It was only meant for the first five years. The institution should now be able to stand on its own, but because the funding framework was not correct, it is not able to do so. However, the institution has appointed own staff and get other organisations like the Gauteng 'Partnership Fund' and the EU (grant funding) through the PMU to assist in capacity building activities. As part of the co-operation agreement, the municipality also contributes towards capacity building activities, by giving a specific amount of funds per annum. This agreement expires in 2005.

With this memorandum of co-operation, the specific roles and responsibilities of the municipality, the NHFC and the GGICHC should be clear. It basically outlines the general company affairs, the memo of articles, the object of the company, shareholding, directive management, business planning, dividend policy and so on (council will apply for funds through the secondment of staff). However, the co-operation agreement was done specifically to address the needs within the first projects and the establishment phase of the institution. It has never been reviewed after the first projects.

Support from the municipality (4):

Through the provision of land if they got that available. So they make an equity contribution towards that. In the first stages of the project the municipality is involved to get it approved. Technical people from the municipality give input on the delivery of housing in certain areas.

The location of projects (5):

In the first two projects, the municipality certainly informed the location of the social housing projects. The institution was called Greater Germiston Inner City Housing Corporation because it should focus on the inner city of Germiston. Now the municipality has become a metropolitan area, the projects can go across the borders of Germiston. Still, the availability of land is a prescription put on the institution by the municipality. The municipality would ensure that the availability of land would fit in the inner city programmes in the IDP. So far social housing as such was not really included in IDP. The SHI is included, and a framework for the development of social housing is being developed (a strategic plan). For the projects that are on the ground and the new projects, the institution had to consult the municipality on land issues. The land in the second project belonged to Transnet, so a land assessment needed to be done and the municipality supported in securing the land for the social housing project.

The difficulties and challenges (6):

The difficulties and challenges are characterised by the fact that houses are built, but community development is absent. There has to be integration of all the different departments in the municipality, like "social services", "health", "police", "sports and recreation", for the institution to be able to successfully built communities with its projects, to be able to built quality living environments. This is essential for the success of projects and the sustainability of the SHIs. GGICHC currently has a problem in providing community development services, because:

- The tenants of the first projects were given by the developer, and the institution was not involved in the tenant selection process;
- The institution is 'pro-active' in terms of the community development issues, because it does not know who is responsible for what.

The integration of the different departments in the municipality is key in these issues. Here the responsibility lies with the municipality. The environment around the projects should be conducive to community development. Before a project is being developed, the integration should happen, there should be a link between financial management and

community development services. The institution needs to know where it can access funds for the different community development services, in order to plan this in the projects. There lies the role of the municipality, to provide that integrated framework. At the moment, a social housing development plan is solely based on housing. In the formulation of the framework for social housing development, other departments than housing were involved, but there came no feedback. There also seems to be a different opinion on community development issues between male and female housing professionals. The female professionals seem to see the importance of those issues more than the male professionals. The institution cannot address community development issues alone; it does not have the capacity to do that. It needs infrastructure support mechanisms and a funding framework, integrated support mechanisms from the municipality. The institution should not be fighting for these issues and be pro-active all the time, but it should more focus on working together with the community.

The fact that the institution is still very much linked to the municipality, through the board, also is a problem. It creates expectations on the one hand, and on the other the relationship with the tenants becomes problematic. In the beginning the institution needs the political buy in, now it does not need it anymore. Politics become a strain on the institution. It becomes interference instead of effective governance/intervention. A new co-operation agreement is needed in which an effective evaluation and monitoring structure is in place.

Capacity constraints are also an issue. Social housing is a new sector and appropriate skills have to be developed, and there is a high turnover of management. This means that for the sector to retain the skills is a problem. There is no support structure in place (framework).

#### Type of support desired from municipality (7):

A trust relationship should be developed between the municipality and the institution. The municipality should acknowledge that the institution is the vehicle through which social housing development takes place and should clarify its expectations in relation to the projects it wants to see developed, and give the mandate to do it to the institution. The municipality should provide a social housing strategy plan for the municipality and where do the SHIs fit in that plan. It should provide information on locations, number of units, the time frame, the municipality's facilitating role in that (equity contributions) and the expectations of the SHIs.

Most of the land is municipal owned, so in facilitating land for social housing development the municipality has a major role. For privately owned land, especially in inner cities, the SHI cannot afford to pay the land. Here it depends on some form of equity. The municipality should facilitate this.

On the other hand the municipality should focus on their mandate to deliver services. The bulk meters, should they be provided to the SHIs or to the tenants individually?

Concluding: framework, land and service delivery.

#### Approach for partnership with the municipality (8):

The SHI would like to have a new co-operation agreement with the municipality. The specific roles should be clarified; the partnership should be a clear-cut action plan, in terms of who does what. Otherwise you create overlap, which will create conflict. The essence of the partnership is to build communities and create quality living environments. If there is a forum to facilitate partnerships, it must be an effective implementation forum, not a forum that just runs meetings.

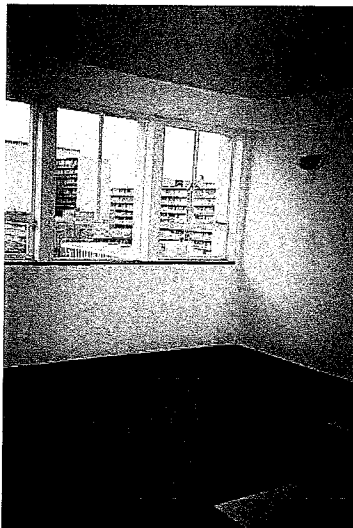
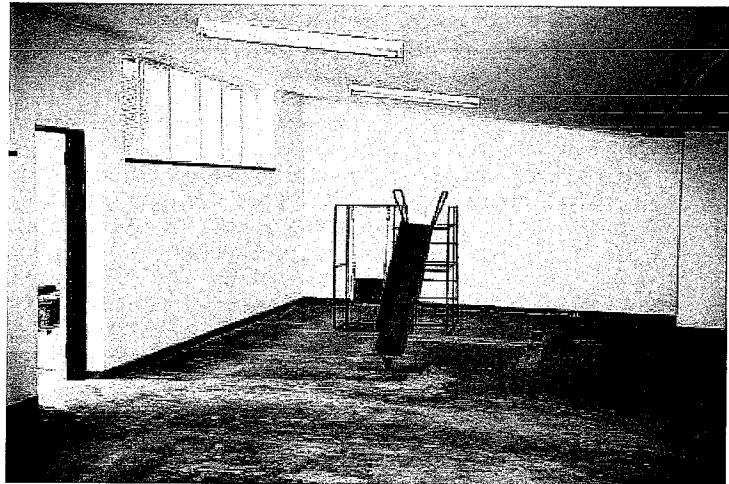
## Appendix I Pictures of social housing projects in Tshwane

### Eloff Building



The Eloff Building is the first project of Housing Company Tshwane; a conversion of an old office building into 91 social housing units.

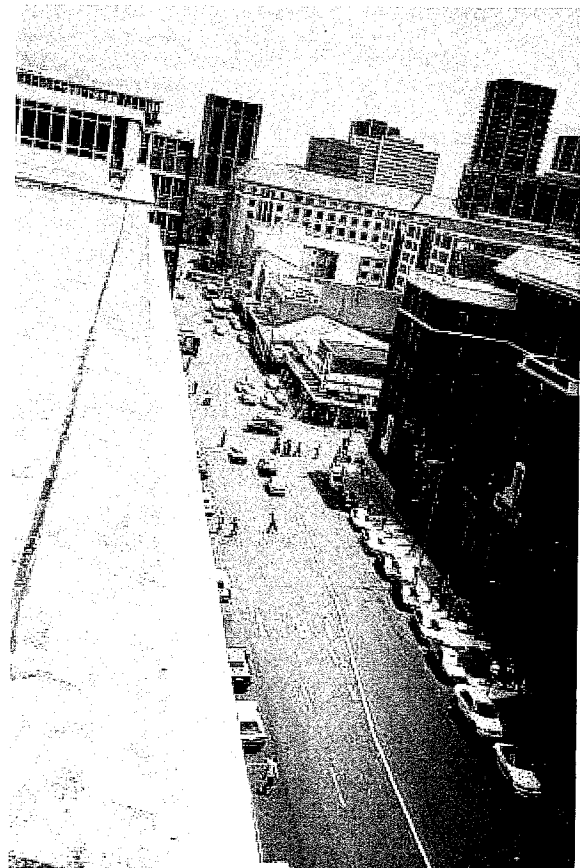
At ground level there is communal space, which still has to be given a function.



*Left:* interior of a one-bedroom unit.

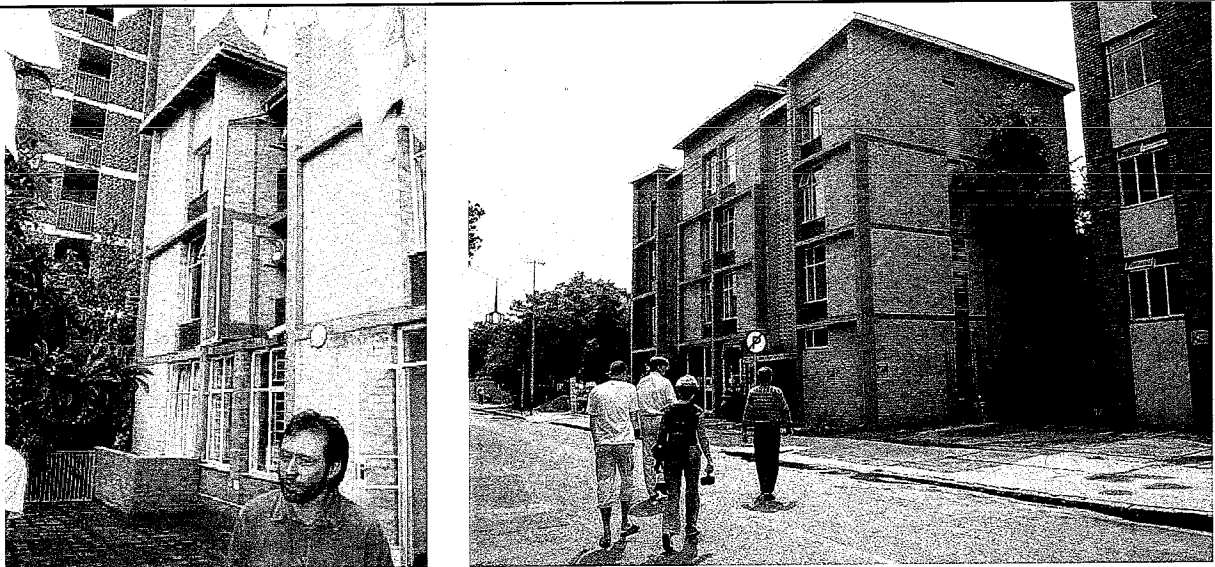
*Right:* The Eloff Building is located in the CBD of Pretoria, the heart of Tshwane.

*Down:* kitchen in the one-bedroom unit.





**Burgers Park Village**

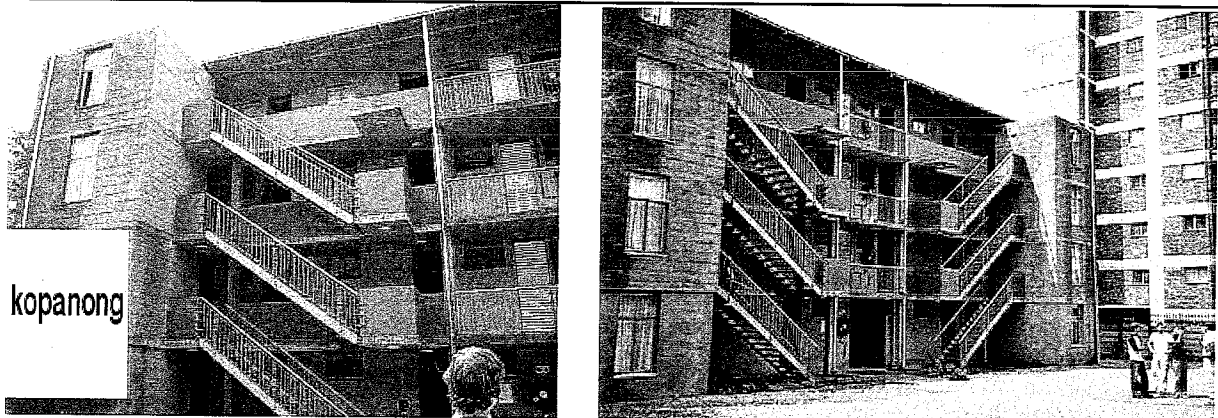


Burgers Park Village is a project of Yeast City Housing, which includes a couple of facilities. It comprises of social housing units, the offices of Yeast City Housing, and the Potters House, which is a centre for women in crisis, e.g. abused women with dependents.

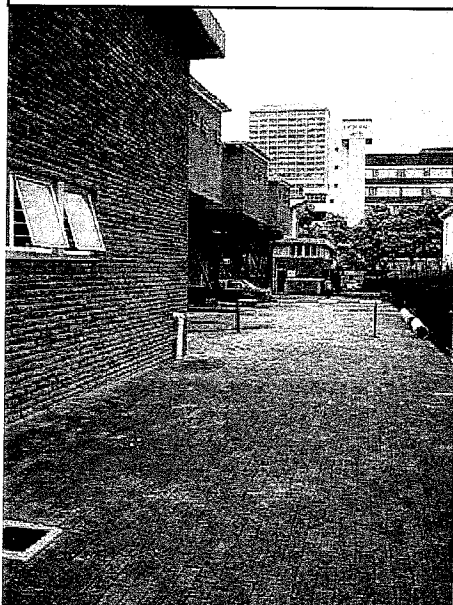
**Hofmeyr House**



The Hofmeyr House of Yeast City Housing is a conversion that includes communal housing for 'special needs', which can be housing for elderly, disabled, single-women with children and HIV infected people.

**Kopanong**

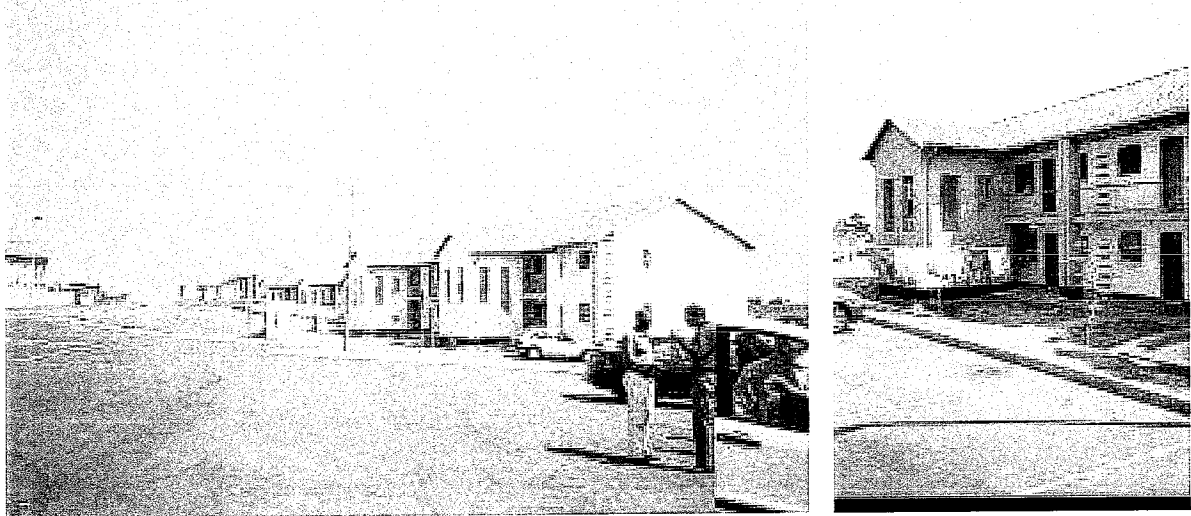
Kopanong is the youngest project of Yeast City Housing. It is a green/brown fields development in the heart of Pretoria. It offers accommodation to 62 households, who need affordable accommodation close to the CBD of Tshwane.

**Living Stones**

Living Stones is a transitional housing project of Yeast City Housing. It comprises of separate single and double rooms sharing communal facilities. In a transitional housing project the temporary aspect of the housing is important. It is meant to get homeless people off the streets and back into society.

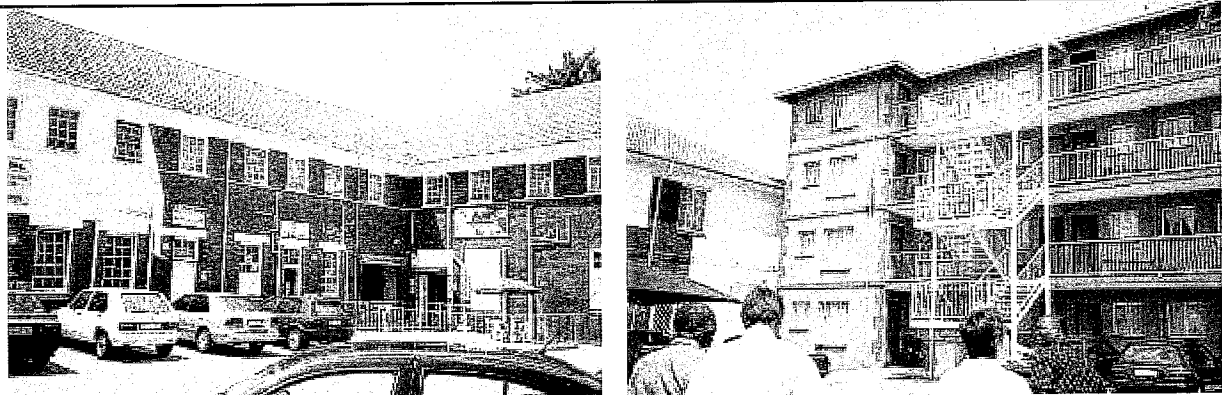
## Appendix J Pictures of social housing projects in Ekurhuleni

### Friendship Town Security Village

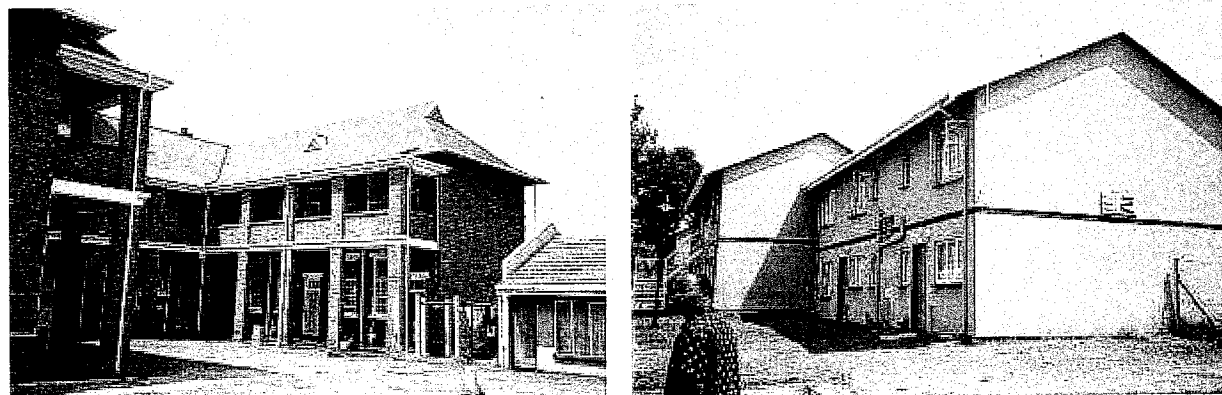


Friendship Town Security Village, a project developed by Lethabong Housing Institute, in co-operation with the Chinese government. In friendship town, 22 blocks of 371 apartments are developed with institutional subsidies. Furthermore, 293 houses were built for ownership.

### Pharoe Park

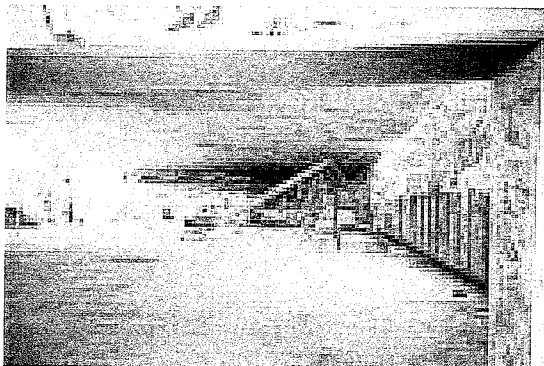
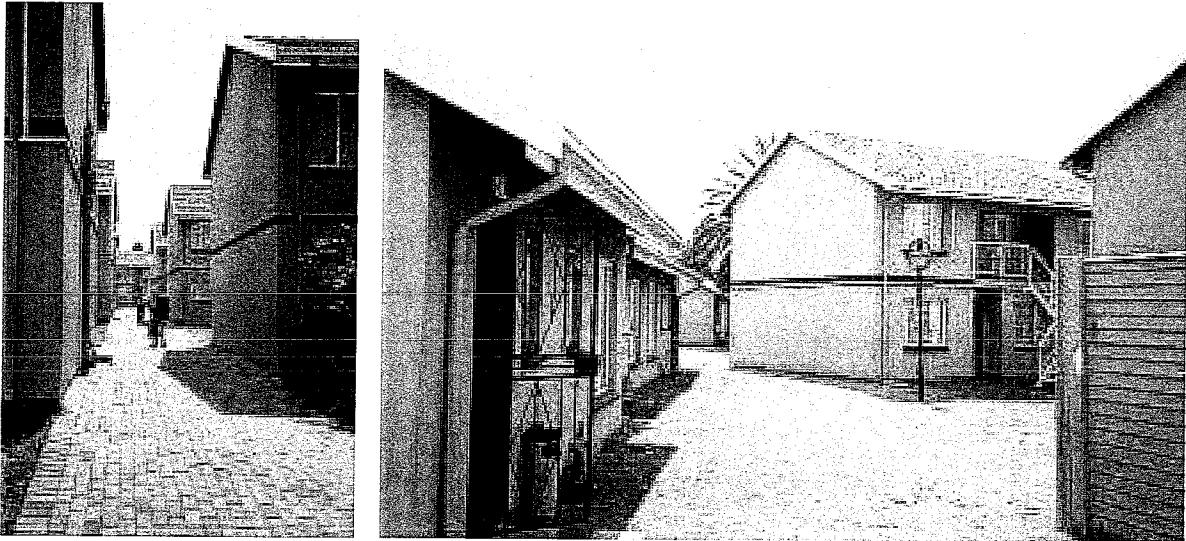


*Conversion of old police station into rental units*



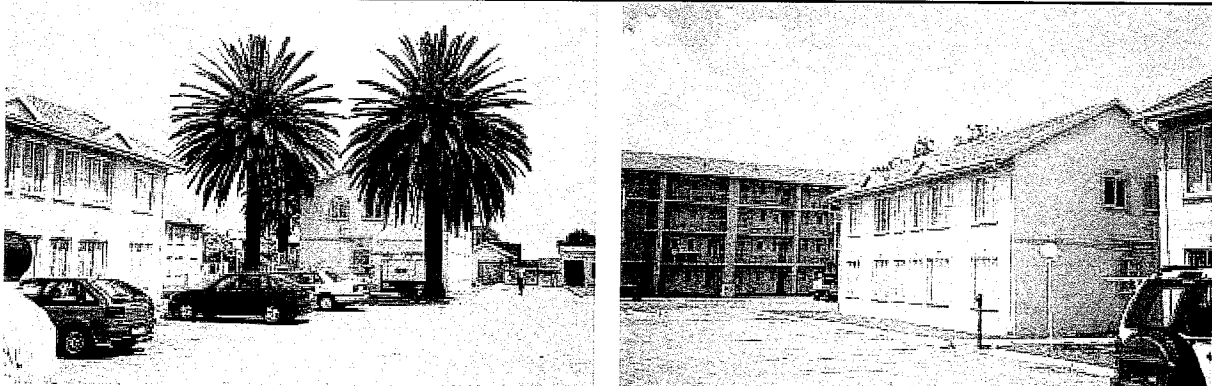
*Conversion of old school building into rental units*

Pharoe Park, a social housing development of Greater Germiston Inner City Housing Corporation (GGICHC) in the CBD of Germiston, close to economic opportunities and social amenities and facilities.



Pharoe Park consists of conversions of a school building and a police station into rental units. In the police station there is also room for the office of GGICHC and small commercial activity. Furthermore, the project consists of green-/brownfields development. The public space between the buildings is designed for pedestrians, parking space is also provided. The playground under the crossover (see left) needs attention. This, together with the maintenance of the public space, is the responsibility of GGICHC. The project is fenced off and secured.

#### Phase Two



The Phase Two Project of GGICHC is developed in a middle-income housing area, close to public transport facilities; a train station is next-door, and other social and economic opportunities. The project is fenced off and secured.

## **Appendix K M.Sc. Theses in Technology and Development Studies**

### **M.Sc. Theses in Technology and Development Studies 2001**

- 01.01 Piet Hein Breeuwsma: The Demand-led Approach to Vocational Skill Training: The Cosdec Programme Namibia.
- 01.02 Eduard J. Boonstra: Establishment of a Calcium-silicate unit Industry in Indonesia.
- 01.03 Arjan van Dal: Assessment of a more Sustainable Sanitation Technology System for a Harijan Community in India.
- 01.04 Benoit Chamuleau: Energy Efficient Low Cost Housing in South Africa.
- 01.05 Arnoud van Bemmelen: Energy Conservation Opportunities in Hotels in Costa Rica.
- 01.06 Herwich Hobbelen: Assessment of Domestic Liquid Waste Runoff, Dar es Salaam, Tanzania.
- 01.07 Sander Gelsing: Solar Home Systems in the Caprivi. Evaluation of the Technology Choice and the Implementation of Small-scale Electricity Technologies in rural Namibia.
- 01.08 Ilse Oosterlaken: Industry Study: Thai Building Material Industry (1960 - 2000) - "Opportunities for SMEs Producing Building Materials: Case of Northeast Thailand.
- 01.09 Joost Ossevoort: Systematic Assessment of Water Pollution in Ebrié Lagoon, Ivory Coast. Modelling eutrophication, followed by an inquiry into the causes and impacts of this phenomenon.
- 01.10 Jeroen Steman: Pre-feasibility Study on Centrifugal Pump Manufacturing in Zambia. An identification of feasible production technologies.
- 01.11 Krista Jansen: Future Supply and Demand for Petroleum Products in Indonesia; Challenges and Options for the Refining Sector.
- 01.12 Marieke de Ruijter de Wildt: The Searching Enterprise. Information Usage of Small Enterprises and Business Development Services. El Salvador.

### **M.Sc. Theses in Technology and Development Studies 2002**

- 02.01 Jeannette Klein: Water Pollution in the Accra-Tema Metropolitan Area. Sources and Impacts. Ghana.
- 02.02 Shila de Vries: Bamboo Construction Technology for Housing in Bangladesh. Opportunities and constraints of applying Latin American bamboo construction technologies for housing in selected rural villages of the Chittagong Hill Tracts, Bangladesh.
- 02.03 An Nguyen: The Introduction of Digital Terrestrial Television in Vietnam. An opportunity study.
- 02.04 Martijn Jonker: Building Technological Capabilities to Improve Performance. A case of the paper industry in West Java, Indonesia.
- 02.05 Jeroen Nuijten: Sustaining the Basic Research Program of the International School of Photonics Cochin, Kerala, India.
- 02.06 Brecht Mommen: Changes in the Basic Needs Situation due to Hydro-projects in Nepal. A case study of Kali Gandaki project.
- 02.07 Roy Vink: Assessment of Impacts of Hydro-project Balsa Superior on Economic Activities in the Canton San Ramón de Alajuela, Costa Rica.
- 02.08 Svend Minderhoud: Technological Performance in Indonesian Paper Industry. A case study.

- 02.09 Mirjam Pronk: Sustainable Building Systems for Low-cost Housing in Guayaquil, Ecuador.
- 02.10 Thijs Gilde: "Save Water"- An assessment of the major causes of non-revenue water in the drinking water distribution system of SEMAPA in Cochabamba, Bolivia.
- 02.11 Mark van Stiphout: What are the costs of wetland pollution? Integrating the environmental effect chain and the total economic value for a coastal wetland in Ghana.
- 02.12 Rick Boellaard: Op weg naar ontwikkeling.CFAR-Kasangulu, Zaire.
- 02.13 Petra Hofman: The effects of the Formalization of Urban Informal Property on the Quality of low-Income Housing in Lima, Perú. Problems and Solutions.
- 02.14 Issmail Nnafie: Internet cafés in Dar es Salaam: Problems and Opportunities. Recommendations for e Think Tank Tanzania.
- 02.15 Loek Daemen: The Socio-Economic Effects of Road Maintenance in Iringa Rural and Mufindi Districts, Tanzania. An explorative case study into the input-functions for the calculation of maintainable core-networks.
- 02.16 Christian Rademaker: Anti-Seismic Information Transfer. Assessment of a more appropriate information transfer method for implementing anti-seismic construction solutions in El Salvador.

### **M.Sc. Theses in Technology and Development Studies 2003**

- 03.01 Maartje van Dalen: Role and Performance of the Indonesian Construction Sector.
- 03.02 Wouter Zegwaard: Distance Learning Solutions to Bottlenecks in Indonesian Education.
- 03.03 Dennis Bours: The dissemination of amorphous solar PV panels for rural households in the Manaus region, Amazonas, Brasil.
- 03.04 Henri Heine: Cleaner Production in Industry: Measurement of the total energy saving potential and cost saving potential of small and medium enterprises in the plastic industry in Santiago, Chile.
- 03.05 Ursula Kirchholtes: The important Crops of Andalusia in relation to Super Absorbent Polymers. Spain.
- 03.06 Carin Bouwman: Wrestling with Development: "Arriving where we started?" A structured overview and analysis of 177 TDS MSc research projects in developing countries: their characteristics, goals and development relevance.
- 03.07 Ellen Geurts: South African development plans and the performance of South African construction industry: Constraints of small emerging contractors in the city of Tshwane.
- 03.08 Bram Saeijs: Science Parks in South Africa: Characteristics and Analysis of Success Factors. A preliminary method for potential success ranking of science parks.
- 03.09 Saskia Dalman: Measurement of sustainability of primary schools in rural areas in South Africa. Development of a tool to measure the sustainability of the Thulani Primary school, Limpopo Province, South Africa.
- 03.10 Bernadette Huizinga: A roof over your head. A Quantitative Housing Need Assessment for Tanzania.
- 03.11 Marloes Kerklaan: Possibilities for development co-operation between developing countries and the Eindhoven University of Technology. An instrument for project appraisal and an analysis of development co-operation projects.
- 03.12 Mark Vlok: Flood Risk Reduction Strategies: Recommendations for flood risk reduction in the Limoncito watershed in Puerto Limón, Costa Rica.
- 03.13 Jimmy Murlu: Diffusion of Technology from University to Manufacturing Firms in Kerala, India.

- 03.14 Tijs den Uijl: Values of Cultural Heritage: Identification of a Cultural Heritage Building Rehabilitation Methodology applied in the Case of the Convent Santa Catalina of Collpaciaco, Bolivia.

#### **M.Sc. Theses in Technology and Development Studies 2004**

- 04.01 Saskia Ruijsink: Urban upgrading needs in an informal settlement in Dar es Salaam, Tanzania. An analysis based upon the interaction between urban space and the people's livelihood strategy, the case of Keko Magurumbasi A.
- 04.02 Moniek Vulink: Technology Transfer in the Construction industry of Ghana. Human resource development through international collaboration between foreign and local contractors in the Greater Accra region.
- 04.03 Jaap Bosch: Improvement Possibilities for refugee Shelters; a case study in Mtendeli Refugee Camp, Northwest Tanzania.
- 04.04 Maarten van Oosterhout: Adoption and Diffusion of Natural Gas in the Small-scale Rural Industry of Bolivia. The cases of the Stucco Sector and the Chicha Sector in Cochabamba.
- 04.05 Marieke Pluk: Economic growth and the environment in developing countries. The case of cement consumption and related carbon dioxide emissions in the construction industry in Chile.
- 04.06 Anja Kuijsters: Environmental response of the Chilean building Sector. Efforts and constraints towards environmental building practices in the Santiago Metropolitan Region.
- 04.07 Tom Siebeling: A Novel Approach to Innovation Processes in Community Driven Projects: How an extended Learning Selection model explains the success of SEIDET, an educational community development project in rural South Africa.
- 04.08 Matsen Jorritsma/Koen van Noorden: Sustainable implementation of wind pump projects in TASAF supported villages. Preconditions and major policy guidelines for Tanzania Social Action Fund.
- 04.09 Rudy Honings: The Improvement of Wheelchair Provision for People with a disability in Northern Thailand. A study on constraints in assistive technology services.
- 04.10 Marloes Reinink: Sustainable School Design Tool. Integrating sustainability into the design and design process of primary and secondary schools in poverty-stricken areas of South Africa.

If you would like to receive a copy of one of the above-indicated M.Sc. theses, please contact:

#### **Department of Technology and Development Studies**

Eindhoven University of Technology  
M.Sc. research co-ordinator  
Mrs Dr.Ir. E.L.C. Van Egmond  
DG 1.02  
PO Box 513  
5600 MB Eindhoven  
The Netherlands