Cape Peninsula
University of Technology

AN INVESTIGATION OF THE LOW COST HOUSING PROCESS WITH SPECIFIC REFERENCE TO THE MBASHE LOCAL MUNICIPALITY

By

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DECLARATION

I, Vuyokazi Joy Ngxubaza, declare that the contents of this thesis represent my own
unaided work, and that the thesis has not previously been submitted for academic
examination towards any qualification. Furthermore, it represents my opinions and not
necessarily those of the Cape Peninsula University of Technology.

Signature………………   Date…………

ABSTRACT

When South Africa's first democratic government was elected in 1994, the newly elected government committed itself to reduce the housing shortage in South Africa. By July 2001, approximately 1. 43 million as opposed to 3 million houses, were completed. In order to reduce the South African housing backlog, the government has established a number of Social Housing Institutions (SHI), but its social housing provision has still not lived up to its promises. While supply of social housing increased between 1994 and early 1998, it decreased between 1999 and 2004, whilst demand for social housing, continues to rise. Since existing government strategies have failed to meet the ever increasing social housing demand, there is a need to investigate the strategic elements and the efficiency of South Africa's social housing provision.

This thesis, therefore, determines strategies that the government should employ in order to close the gap between the supply and demand of social housing in South Africa. The thesis presents a comparative case study of social housing strategies and programmes in four countries namely: Brazil, Malaysia, China and England. The research identifies preconditions for successful housing programmes and strategies and concludes with policy recommendations. It proposes that public participation should be encouraged by all municipalities within South Africa. The research methodology which was used in this study is qualitative, where structured interviews were held with community members as well as with members of the municipality. The study reveals that there is no community participation in the housing process of the Mbashe local municipality. The findings of the research show that the municipality cannot be held accountable for non-participation of

the community, as some community members do not want to work and learn. However, it is argued that local processes will not be effective if communities are not involved in development, in general.

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Acronyms and Glossary

ASGISA	Accelerated Shared Growth Initiative of SA
CRU	Community Residential Units
BNG	Breaking New Ground
CBO	Community Based Organisation
CLaRA	Communal Land Rights Act (Act no. 11 of 2004)
DBSA	Development Bank of South Africa
DORA	Division of Revenue Act
DPLG	Department of Provincial and Local Government
IDP	Integrated Development Plan
IEP	Integrated Environmental Programme
IGR	Intergovernmental Relations
MDG	Millennium Development Goals
MEC	Member of Executive Committee
MFMA	Municipal Financial Management Act (Act no. 56 of 2003)
MIG	Municipal Infrastructure Grant
MSA	Municipal Systems Act (Act no. 117 of 2003)
MSA	Municipal Systems Act (Act no 117 of 1998)
MTEF	Medium Term Expenditure Framework
NDoF	National Department of Housing
NGO	Non Governmental Organisation
NHBRC	National Home Builders Registration Council
NSDP	National Spatial Development Perspective
HSS	Housing Subsidy Scheme
PDoH	Provincial Department of Housing
PGDS	Provincial Growth and Development Strategy
PHP	Peoples Housing Process
PLRO	Provincial Land Reform Office
SDF	Spatial Development Framework

SDBIP	Service Delivery Business Implementation Plan
SMME	Small, Medium and Micro Enterprise
SHS	Sustainable Human Settlements
UDZ	Urban Development Zones
UNDP	United Nations Development Programme

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CHAPTER ONE: INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 INTRODUCTION

Housing the nation is a challenge that faces the government and, indeed, the people of South Africa. Since the mid-1990s, government policy has regarded the need for affordable housing as a material consideration for planning authorities as they consider applications for planning permission for residential development.

Mbashe municipality does have housing problems, which include, for example, affordability, overcrowding, poor quality housing, unsafe conditions and homelessness. Planning authorities choose to allow additional developments in rural areas to provide affordable housing. In order to address these problems, development of a low cost housing process should be introduced speedily to reduce housing shortages in the Mbashe local municipality. In the absence of formal housing policies people in Mbashe's urban areas are constructing shelters that are made from a variety of materials, including corrugated iron, plastics, tin cans, wood, hardboard and cement blocks, whilst people in rural areas construct mud houses (Mbashe local municipality general information, n.d.)

Housing construction in Mbashe will lead to job creation and development of various skills, for example, communication skills, whilst co-operation between the municipality and community, will also be encouraged. Mbashe requires a proper housing policy, which encourages involvement of the rural community, youth and traditional leaders in decision making processes. The residents of Mbashe live in a state of legal and social insecurity as

they lack legal recognition owing to unlawful occupation and illegal construction of shacks upon land, primarily as a result of their illegal status. Residents lack access to basic infrastructure such as water sanitation, electricity, roads and walkways. Residents are poor as most of them have basic education, whilst qualifications are typically dislocated from the formal labour market. They are at risk of contracting diseases owing to the combined effects of household poverty and a poor living environment.

The issue of housing development in the Eastern Cape has been a central problem that has affected most historically disadvantaged people, particularly those who reside in informal settlements. The strategy of distribution, which is employed by the Provincial Housing Department and local municipalities, whereby people have to contribute large sums of money in order to qualify for subsidies, has been controversial and has resulted in slow delivery of houses in the Eastern Cape (Mbashe local municipality general information, n.d).

Public Involvement Programs (PIPs) that accommodate all role players in development are not fully understood and have contributed to an increase in the backlog of houses, especially in historically disadvantaged areas such as Mbashe. This study recognizes the fact that there are other areas in the Eastern Cape that lack housing developments, however this study concentrates on the Mbashe local municipality, and spans from the time of democratic elections in 1994 until 2008, specifically. The study provides a history of the area and problems that have led to a lack of housing development. It examines provincial, local and national government policies, which relates to housing. There are

also other interrelated problems that should be pointed out with regard to the issue of housing and land provision in rural and urban areas of South Africa, for example, the role of traditional leaders in rural areas, civic organizations and local councils in urban areas, which should be clarified.

1.2   DEFINING THE RESEARCH PROBLEM

The South African housing delivery plan faces various economic and social challenges, which include a high unemployment rate, low income, a huge housing backlog and a lack of infrastructure, particularly in rural areas. A majority of people in these areas are poor.

The quality of houses are poor, roofs are not always firmly secured to the walls and/or trusses, which cause them to rattle, or even blow off, when it is windy, some beneficiaries place stones and tires on roof to prevent this. Doors do not fit securely into their frames and beneficiaries usually had to place material or newspapers along the frames, especially at the bottom, to stem water that enters when it rains. Some beneficiaries have tried to fix this problem by removing doors and adding additional cement or mud to fill the cracks. Ill-fitting doors were made worse when the frame was made of metal, which rusted and warped over time. In addition, doors were not varnished and the wood began to peel. Some beneficiaries cover their doors with plastic to keep them waterproofed and to keep out the cold. Also, some doors had gaps between its wooden slats, which were wide enough to see through, and these filled with material or plastic.

A core problem of this research revolves around housing shortages in Mbashe, which is a rural municipality. The researcher seeks to investigate whether housing needs are taken

into consideration; whether rural people are involved in decision making; and whether the community is aware of housing subsidies. Top down communication is also the major problem in the municipalities of South Africa.

1.3   KEY QUESTIONS PERTAINING TO THIS RESEARCH

The following key questions are posed:

- What are causes of the housing shortages in the Mbashe local municipality?

- What is the level of community participation?

- What is the level of awareness of the municipal programmes?

- How can the housing shortage in Mbashe be addressed?

- What guidelines can be formulated and introduced to achieve better quality houses?

1.4   PURPOSE AND OBJECTIVES OF THE STUDY

The purpose of the study is to:

- Evaluate housing delivery of Mbashe local municipality

- Investigate the implementation of the Mbashe municipality's housing policy, the role played by members of society, for example, chiefs, youth and the rural community,

- Investigate the introduction of good quality, family and low-cost housing in the area of Mbashe with the purpose of eliminating illegal and poor housing settlements, as well as to establish the influence of policies on local government housing policy and to explore how both development and implementation of

housing policies have been shaped during the low cost housing process in Mbashe.

The objectives of the study are to:

- Provide a theoretical overview of housing policies in South Africa,

- Evaluate the current low cost housing project in the Mbashe local municipality;

- Evaluate the role played by chiefs or traditional leaders, youth and the community in the implementation of the housing policy of Mbashe;

- Develop a strategy for use by the Mbashe local municipality and the community, which will assist with awareness, transparency and accountability during the housing construction, implementation and allocation process;

- Propose recommendations that will improve communication between the municipality and the people; and

1.5   DELIMITATION OF THE STUDY

The study's geographical focus is the Mbashe local municipality with specific reference to Dutywa which is the biggest town or location followed by Willowvale and two rural areas, Nywara and Candu. The study focuses on achieving the research purpose and objectives, as stated in *Section 1.4* of Chapter One.

1.6   IMPORTANCE AND MOTIVATION OF THE STUDY

Low cost housing provision has been a major focus of government in post-apartheid urban South Africa, as the government attempts to address historical race-based inequalities, poor municipal service provision and contemporary rapid urbanization. The

White Paper on Housing of 1994 prioritises the needs of the poor, encourages community participation and involvement of the private sector, and commits to deliver one million houses in five years (Jenkins, 1999: 433). The African National Congress's, Reconstruction and Development Program (RDP) document of 1994, and the Constitution (1996:12) also commit to providing housing for the poor (Republic of South Africa 1994, 1996). Since 1994, low cost housing programmes have mostly involved building serviced townships on urban peripheries, which, in itself, presents a myriad of environmental, social and political concerns.

By early 2006, 1,877,958 housing units had been constructed or were under construction, according to the Department of Housing. However, several problems with the process have become clear as the process has unfolded. For example, new houses and townships continue to place poor and low income Blacks in "ghettos" on urban peripheries, which are far from jobs and services (Seekings, 2000: 835). People also dislike the model of housing, which is used and would prefer larger quality houses (Huchzermeyer, 2001: 306). For these reasons the focus of the study investigates the low cost housing process with specific reference to the Mbashe local municipality.

1.7   LITERATURE REVIEW

According to Mouly (1970:126), as quoted in Rashe (2006:6), "the review of the literature is an exacting task, calling for a deep insight and clear perspective of the overall field. It is a crucial step, which invariably minimises the risk of dead-end rejected topics, rejected studies, wasted effort, trial and error activity oriented towards approaches

already discarded by previous investigators and – even of more importance, erroneous findings based on faulty research designs. It promotes a greater understanding of the problem and its crucial aspects and ensures the avoidance of unnecessary duplication."

A study of relevant books, journal articles, academic papers, official reports, government policies, such as Acts and subordinate legislation, minutes of meetings, official publications and other policy documents, newspaper articles, unpublished research and other applicable published and unpublished material, were studied in order to review the existing knowledge of low cost houses in South Africa, as well as other countries globally.

The literature provided the researcher with a clear idea of the range of research instruments that were used to obtain data, while the body of knowledge available in the literature serves as a foundation on which to base the research and analysis of this study.

1.8   RESEARCH DESIGN AND METHODOLOGY

According to Stugwig (1996:51) as quoted in Rashe (2006:97) a research design is a plan that guides decisions as to when and how often to collect data, what data to gather, from whom and how to collect data and how to analyse it.

Qualitative research design and methodology was used in this study as it is a field focused method. The researcher was aided by the use of non-participant observations; focus group discussions; structured interviews, and case studies, where it is not a matter

of checking behaviors, but rather of perceiving their presence and interpreting their significance (Leedy, 1998:89).

Research methodology refers to a range of approaches, which are used in research to gather data, which are used as basis for inferences and interpretation, as well as explanation and prediction. Research methodology considers different ways of obtaining data for the research, and it is important to know from the beginning what method to use to obtain data from respondents (Cohen and Manion, 1980:27).

According to Myers (2000: 6) qualitative research seeks out the 'why', not the 'how' of its topic through the analysis of information for instance things like interview transcripts, emails, notes, feedback forms, photos and videos. It doesn't just rely on statistics or numbers, which are the domain of quantitative researchers. Qualitative research is used to gain insight into people's attitudes, behaviours, value systems, concerns, motivations, aspirations, culture or lifestyles. It's used to inform business decisions, policy formation, communication and research. Focus groups, in-depth interviews, content analysis, ethnography, evaluation and semiotics are among the many formal approaches that are used, but qualitative research also involves the analysis of any unstructured material, including customer feedback forms, reports or media clips.

1.8.1 Structured interviews

Structured interviews can be used as a powerful form of formative assessment. That is a researcher can use these to explore how the Mbashe community feels about low cost

housing processes in their areas before using a second method to gather a greater depth of information. Structured interviews were also used to identify respondents whose views one may want to explore in more detail (through use of focused interviews, for example). Members of Mbashe community were asked the same questions in the same way, which made it easy to repeat ("replicate") the interview and helped the researcher to provide a reliable source of qualitative data. There is a formal relationship between the researcher and respondents with the latter knowing exactly what is required of them in the interview. If, for example, a respondent is unable or unwilling to answer a question, the researcher (because he/she is present at the interview) is aware of reasons for a failure to answer all questions.

Interviews were conducted with two hundred community members of the Mbashe local municipality. One hundred women and one hundred men of varying ages were interviewed. The interviews were in questionnaire format and the questionnaire was conducted in a manner that prevented any bias or unethical conduct from the researcher.

1.8.2   Case studies

According to Leedy (1997:25), case studies are a type of qualitative research in which the researcher explores a single entity phenomenon (the case), which is bounded by time and activity (a program, event, process, institution or social group) and collects detailed information by using a variety of data collection procedures during a sustained period of time. In this study the case that was studied was the Mbashe local municipality is functioning with regard to low cost housing. Cohen and Manion (2002:99), also mentioned that 'the purpose of a case study is to probe deeply and to analyse the

multifarious phenomena that constitute the life of the unit with a view to establishing generalisations about a wider population to which that unit belongs'

1.8.3 Focus group discussion

A focus group discussion is a form of interview that capitalises on communication between research participants in order to generate data (Kuger and Casey, 2000). According to De Vos (1998:34) 'focus group interview can be described as a purposive discussion of a specific topic or related topics that take place between eight or ten individuals who have a similar background and common interest. In this study participants in the focus group discussion comprised officials of the Mbashe local municipality. Eight official members were chosen for the discussion'

Outcomes of the focus group discussion were recorded. Through the focus group discussion, the researcher gained a sharpened understanding of why the events occurred as they did, and what might become important to consider more extensively in future research. The main purpose of the discussion was to draw upon respondents' attitudes, feelings, beliefs, experiences and reactions about low cost housing processes in the Mbashe local municipality.

1.8.4 Non-participant observation

According to Cohen and Manion (2002: 101), as quoted in Rashe (2006:7), an important aspect of a case study is observations. There are two broad types of observations, namely: non-participant and participant observations. Cohen and Manion (1980:101) also state that non-participant observations occur when a researcher sets him or herself completely

apart from that which is being observed. In this situation the researcher is somewhat like a spectator at a cricket match- interested, but not part of it. In this study the researcher chose to be a non-participant observer whereby the relationship between the community, traditional leaders, and the municipality was observed as well as the operation of the whole municipality.

1.9 ORGANISATION OF THE STUDY

The study is organised as follows:

CHAPTER ONE: **Background to the study**

This chapter introduces the study and focuses on the background and definition of the problem and study aims, research objectives and research methodology.

CHAPTER TWO: **A legislative overview of housing in Brazil, China, Malaysia and England**

A theoretical overview of housing legislation in Brazil, China, Malaysia and England is forwarded, with the intention to learn lessons of experience for South Africa. It has also been prepared to promote an understanding of linkages between the housing policy and legislation of these countries. Its focus is on housing law and how it can be used by government and the community to address problems of homelessness, forced evictions and housing deprivation from a human rights perspective. Housing is at the forefront of the national agenda for delivery everywhere and the government takes overall responsibility for providing houses to all.

CHAPTER THREE: **South African housing legislation and policies**

This chapter focuses on South African housing legislation and policies in particular, low cost housing processes in South Africa. Government efforts to meet the demand has been made complex by numerous problems, which are outlined in this chapter.

CHAPTER FOUR: **Low cost housing allocation process**

This chapter focuses on housing allocation process; housing for the poor has been the focus of every developing country .The intention is to demonstrate how appropriate finance can assist in reaching those most in need of improved living standards which is what development is all about. The selection criteria and allocation methods for needy families to benefit from low-income housing schemes are crucial elements in this process.

CHAPTER FIVE: **Research design and methodology for low cost housing housing process in Mbashe Local Municipality**

This chapter describes research methods that were used to collect data. Data is analysed in this chapter in the form of questionnaires, a case study and a focus group discussion.

CHAPTER SIX: Case study: Historical overview of the Mbashe local municipality

This chapter focuses on the history of the Mbashe local municipality and on the importance of low cost houses. This chapter takes the reader into the context of the study and describes the make up of the municipality, as well as the functioning and the management style at the Mbashe local municipality.

CHAPTER SEVEN: Recommendations and conclusions

This chapter provides concluding remarks and recommendations, which relates to the study.

CHAPTER TWO: A LEGISLATIVE OVERVIEW OF HOUSING IN BRAZIL, CHINA, MALAYSIA AND ENGLAND

2.1   INTRODUCTION

This chapter explores international housing policy trends with specific reference to Brazil, China, Malaysia and England**.** It has also been prepared to promote an understanding of linkages between housing policies and legislation of other countries. Its focus is on housing law and how it can be used by governments in general and the community as means to address problems of homelessness, forced evictions and housing deprivation from a human rights perspective. Housing is at the forefront of South African's national agenda for delivery everywhere and the government takes overall responsibility for providing houses to all who are in need.   The South African government inherited a critical housing shortage, whilst the aim of every government is to create sustainable housing developments whereby people own properties.

2.2   BRAZIL'S HOUSING STRATEGY AND POLICY

According to Merrick, (1976: 181) "Brazil's economic growth between 1968-1973 was described as miraculous and was subsequently termed "The Brazil miracle of economic development", with the Gross National Product (NGP) growing at 10%, while the population grew 2, 8% per annum"

O'Connor (2001:66) stated that, Brazil is fortunate because it has natural resources. It viewed population growth as a positive factor. Like any other developing country Brazil also suffers from poverty, crime, illiteracy and environmental pollution. One of the most significant features of Brazilian industrialisation has been the important and increasing

participation of the public sector. By 2001, the population of Brazil was estimated at 160 million and nearly 18 million residents resided in metropolitan areas such as Sao Paulo, for example (O'Connor, 2001:66). Sao Paulo City housing secretary at the then estimated that one-quarter of all citizens, nearly three million people, live in residences of uncertain ownership (Morning Edition, 2004: 1). He asserted that "property rights have always been somewhat flexible in Brazil, perhaps as a result of the enormous need for housing". All those without proper housing resort to squatting. Squatting on private and public property is a long standing tradition in Brazilian society.

Abdalla (1999:3) mentioned that, the housing need in Brazil has been the problem faced by poor and low income earners for years. It is very difficult to obtain housing finances because the banks require security. Most of the poor do not have security for home loans, which resulted in an extremely high interest rate on home loans. In order to reduce the slums and homelessness in the cities the government provided tall buildings, where most poor and low income Brazilians, especially in the urban areas lives. Lima (1998: 47) also mentioned that before 1976, property rights in Brazil were somewhat flexible. In 1993 a new law that introduced Real Estate Investment fund was passed. This fund, introduced building quotas that were sold to investors in housing development, primarily other institutional investors and pension funds.

According to Merrick (1976:181) "the Brazilian government is concerned with shelter for the poor because most Brazilians are barely familiar with the concept of home mortgage" O'Connor (2001:66), also stated that, "in 2001 the country's housing need was estimated

between 5 million to 10 million, particularly in the low income sector. High income people can easily obtain a mortgage. An existence of federal and municipal program's to promote home-ownership has failed to increase the housing supply, since there is no policy which provides housing for low and middle income groups. Houses are expensive in Rio de Janeiro. The least expensive house costs more than low income earners' ability to pay. Urban population growth and high poverty price levels have immensely contributed to the problem of housing access. Poor housing policies and restrictions on the availability of building land have worsened the shortage of housing"

According to the research conducted by Malta (2006), in Brazil, social reality is compounded by inequality. In other words, the market does not operate equally for all people and reveals the fact that capitalist processes are deficient in many ways, particularly in the provision of housing for the poor. As a result, today Brazil's housing deficit is around 7 million units. Moreover, a great number of existing dwellings in the country have very poor living conditions and lack adequate infrastructure, such as sewage and drinking water.

Public policies need to regulate land tenure. In many Brazilian cities, regulating land tenure together with upgrading existing irregular settlements are fundamental goals in housing policies, particularly in dealing with squatter settlements. In the city of São Paulo for instance, the local government has put a great amount of effort and money into land acquisition for low-income housing projects. However, some critics point out that this policy is inappropriate because it facilitates government corruption in buying the land at

unreasonable prices according to the real estate market, or because it can generate vacant lots nearby while landowners bet on the appreciation of their properties along the development process (Malta, 2006).

2.2.1 Housing Finance System

According to O'Connor (2001), a finance system was formulated in Brazil, this housing finance system was created to cater for a lack of funds for the middle class and to reduce restrictions that are imposed by borrowers. The Brazilian government increased and exercised its control in both the sources of funds and the destination of loans. It passed a law that compelled deposit- taking institutions to invest at least 70% of the HFS deposit in real estate investment with an interest rate on housing, which does not exceed 12%. It also stipulated that more than 90% of their investment must purchase construction of houses or residential apartments.

2.2.2 Finance Institutions

Lima (1998: 49), mentioned that, "real estate builders and developers instituted their own finance schemes to raise capital for their projects. They sold flats or offices well before their construction commenced and only began construction when they raised enough cash flow of installments, which was sufficient to pay for building costs. A purchaser would receive his keys to the home after 48 months, but all the costs of building would have been paid, after which the purchaser will continue with installments for 12-52 months, depending on the project. This method of finance succeeded in helping to build approximately 100 000 units. Other financial institutions that provided housing finance

were savings and loan associations, real estate credit companies and the National Housing Bank (NHB), which worked through private and ancillary companies such as builders and developers cooperation. These institutions specialized in housing finance and realised relative success because of intense government"

O' Connor (2001), also mentioned that, in 1997 the Cardoso administration enacted a new property law to readdress the problem of a lack of security and high housing rates. The main objective of the law was to liberalise conditions of ownership of residential property. The new law propelled ABECIP, a trade association in Brazil, to embark on improvement and implementation of a secondary mortgage market, which was based on a securitisation company called CIBRASEC. A main reason behind its formation was that it should be a catalyst agent in the mortgage market and maturation of the real estate industry. The shares of CIBRASEC are owned 60% by the private sector and 40% by management. CIBRASEC did not receive any government subsidies or tax advantages but raised funds to finance its housing business. Malta, (2006) stated that, it permitted reduction of risks to the main parties. CIBRASEC emphasized that contracts and loans shall be fully honored by borrowers while loan guarantees should ensure a speedy recovery of the loan in case of a default. It would purchase real estate credits and receivables from mortgage companies and place them primarily with pension funds, insurance companies, investment funds and foreign investors. It purchased loans without recourse to the seller but guaranteed its obligations, which were backed by strict credit risk management to ensure tight collections control.

In spite of a great deal of effort that has been put into the organization of local government recently, low-income housing provision is, together with overall distribution of public services, an unsolved urban problem. One of the main reasons is the lack of a housing policy that is capable of establishing criteria and principles for the planning process: firstly for land provision and financing, as well as for urban design and architecture. Another reason is that the municipality needs to adopt planning for housing as a strategic element within its overall planning issues if a sound tourist image is desired.

2.3   CHINA'S HOUSING STRATEGIES AND POLICY

Housing problems of low-income households have been attached much attention by Chinese Government who formulated a series of policies to solve the housing problems and adopted different kinds of measures to ensure the implementation of these policies.

According to Meisheng, (2004:1), "housing problems of low-income households have been attached much attention by Chinese government who formulated series of policies to solve the housing problems and adopted different kinds of measures to ensure the implement of these policies. Chinese government has launched many policies in succession, like Welfare Housing Project, affordable housing policy, low-rent housing policy, etc. since the Mid 1990s to try solving the housing problems of low-income households and has made great achievement. Housing security system for urban moderate and low-income households is an important part of social security system and embodies the predominant function of the governments. State Council Document (1998) No.23 *Notice of the State Council on Further Deepening Urban Housing System Reform and*

Speeding Up Housing Construction put forward to use different housing supply system for different income households, i.e. provide government- or organization-funded housing for the lowest income households at low rents, affordable housing for moderate and low income households at moderate price, and commodity housing for high-income households at market price. Affordable housing and Welfare Housing Project are both common houses constructed to solve the housing problems of moderate and low-income employees. The distinction is that in Welfare Housing Project the houses are sold at cost price and its emphasis is put on households with housing difficulties of low-income households while affordable houses are sold to a great many moderate and low-income households at meager-profit price"

2.3.1   Welfare Housing Project

Ikels, (2004), also mentioned that, government formulated a welfare housing project in 1995. Its aim is to resolve housing problems of low income inhabitants and also to regulate the functioning of the housing market and income distribution. The total finished area of Welfare Housing Project has reached 71.577 million square meters from 1995 to 1998. State Planning Commission and People's Bank of China arrange the loan program of Welfare Housing Project within fixed assets load scale of that year and distribute these loans to each related special bank in time according to the current practice. The cities in Welfare Housing Project provide the counterpart funds under the proportion of 4:6 between loan funds and counterpart funds of the state. The urban housing reform of China has realized the historic change from welfare housing system to marketing system within the whole country since 1998. The Welfare Housing Project went under the general name of affordable housing in China after 1998.

2.3.2 Affordable Housing

Meisheng, (2004:3) explained that, "affordable housing refers to the commodity housing with the nature of social security and has the features of economy and applicability. Economy means the housing price is moderate and affordable for moderate and low-income households compared with the market price. Applicability means the emphasis on the effect of housing utilization in housing design and building standard specification rather than lowering the building standard specification. It belongs to common housing constructed by the state government to solve the housing problems of moderate and low-income households. The affordable housing can't be distributed unlimitedly in the society due to its nature of social security. The local governments are actively pushing the construction of affordable housing forward and have made the following prominent achievements":

- Meet the requirements of moderate and low-income households to purchase houses.

- Promote inhabitants' housing consumption. The accumulated outlay that inhabitants spent on purchasing and constructing affordable housing (including collecting funds for cooperative house-building) exceeded 500 billion RMB in 1998-2003.

- Optimize the market supply structure of real estate and stabilize the irrational increase of prices of commodity housing. Alleviate the conflicts between old city reconstruction and housing demolition.

- Improve the city environment. Generally, the affordable housing has always been constructed in the urban and suburban connections.

- The construction funds of affordable housing are raised and collected through multi-sources according to the principle of the reasonable share among the governments, enterprises and individual. The main resources include:

- The special appropriation and loan that are arranged by the financial institutions at all levels to be used in affordable housing construction.

- The funds used in the affordable housing construction of the housing reform policy-related housing funds.

- A proportion of funds from the income of paid utilization of urban land used in the city construction.

- The construction loan of affordable housing that banks dispense.

- The policy-related and commercial individual housing mortgage loan.

- Individual funds to purchase houses (employees' wages, individual housing accumulation fund, housing subsidies, and so on) (Meisheng, (2004:3).

2.3.3 Urban Low Rent Housing

Zhang (2002) mentioned that an Administration Rule was passed in 1999 on Urban Low-rent. Urban low-rent housing means "governments (unit) conduct social security function in housing field, providing rent subsidy or low-rent common housing that is of social security nature for the lowest income households with urban non-agricultural permanent residence permits and other special households that need guarantee. Administration Rules on Low-rent Housing for Urban Lowest Income Households formally enforced on March 1, 2004 and worked out definite regulations on principles, applicants and standards.

- Guaranteed level of low-rent housing for urban lowest income households should follow the principle of meeting basic housing need and be rationally determined

according to local financial bearing ability and residents' housing conditions. In principle, guaranteed floor space of low-rent housing for urban lowest income households should not exceed 60% of local floor space per capita.

- The guarantee method of low-rent housing for urban lowest income households should give priority to the distribution of housing rent subsidies with housing space and rent deduction as supplement.

- The condition and standard of guaranteed residents of low-rent housing for urban lowest income household should be established by city or county people's governments according to the local situation" (Zhang, 2002:199).

2.3.4 Housing finance

According to Meisheng (2004), because of the differences in economic development level, financial system, and political setup, etc. among different countries throughout the world, the housing finance models vary in the same way to form different types of housing financial system. China's current housing financial system directing towards low-income households is principally housing public accumulation fund system. In addition, the establishment of bank system for housing savings has been under exploring.

2.3.4.1 Housing public accumulation fund system

Meisheng (2006) also mentioned that, Housing public accumulation fund was formulated in 1994 its aim is to save money deposited by the state organs, state owned enterprises, urban collective enterprises, foreign-funded enterprises, urban private enterprises and other urban enterprises and public undertakings, as well as in-service workers. Housing

public accumulation fund consists of two parts: the part that deducted from workers' wages and deposited every month as required; and the other part that deposited by units every month as required, which is the conversion part from housing space welfare distribution to wage currency distribution and is equal to workers' wages. The administration of housing public accumulation fund exercises the decision of housing public accumulation fund management committee, the operation of housing public accumulation fund administrative center, bank special account deposit, and the principle of financial supervision.

2.3.4.2 Housing savings bank

"In December 2003, the first housing savings bank--Sino German Housing Savings Bank, which was established according to the operation model of international practice, started business and came into operation. This bank introduced housing savings products oriented toward individuals, the housing saving service featuring "deposit before loan, low interest rate for saving and loan, fixed interest rate, awarded consumption" which is quite flexible and convenient. The optimum loan annual interest rate that is about to be launched is 3.3%, which is the lowest one among various domestic individual housing loan rates. Fixed interest rate means that once the housing savings contract is signed, the customer' saving and loan rates are fixed without being affected by the fluctuation of market rate. In a word, the Chinese government has always been devoting itself to solving the housing problems of low-income households, and has adopted advanced experience of other countries to realize "Home Ownership Scheme" (Meisheng, (2004:3).

2.4 MALAYSIA'S HOUSING STRATEGY AND POLICY

"Malaysia is a middle income developing country, which has an average per capita income growth of 3 % (Malpezi and Mayo, 1997: 375). Between 1971 and 1990 its economy grew by 8% (Chamburi, Mohd, Yusof, 1997: 1534), while its urbanization grew by 5% annually and its total dwelling, and urban housing demand increased by 7.1% (Malpezi *et al* , 1997: 375). Jobs are mostly created in the industrial and service sectors, while their societal structure was that one could identify race by economic position and geographical location. Although their government embarked on job creation campaigns for the poor, these jobs were not sustainable and did not benefit the poor much. The country also depended on development of small businesses for job creation. Malaysia's demand for houses increased to an extent that house prices increased by 18.6%, while household income grew by 10. 8%, which reflected a decline in the ability of households to purchases new housing units. At the same time residential rent rose by 6.4%, while consumer prices increased by 7%" (Malpezi *et al*, l997: 375).

2.4.1 Role of the government

According to Lumpur, (2002:71) "Malaysia's public housing began in 1957, which was the same year it gained independence. The concept of public housing changed from merely providing housing for government officials to that of promoting homes to all sections of society. Low cost housing was introduced to those poor households that had an income below 300 a month (Lumpur, 2002: 49). The government played a role, which ensured equality in the consumption of housing by means of regulation and organisation backed by some subsidies. This meant that the State ensured that people could buy

housing of a size and quality, which were compatible with that income the people earned. The advent of the New Economic Policy (NEP) in 1971, as well as other economic factors in rural areas resulted in rapid migration of the rural population to urban areas. The main objective of the NEP was to foster national unity and nation building through eradication of poverty. Native Malays urbanised to cities, and this changed the racial composition in these areas. By 1970 two thirds of people who lived in urban areas were Malays, compared to 11, 2 % in 1957" (Lumpur, 2002:71)

Malpezi *et al,* (1997) also mentioned that "the single highest housing production in Malaysia was initiated under the Public Housing Programme, although the total housing development expenditure between 1971 to 1990 had never exceeded 10% of the total national development expenditure (Lumpur, 2002: 55). In 1986 the Public Low Cost Housing Program (PLCHP) was introduced to alleviate the problem of housing shortages (Malpezi *et al,* 1997: 376). The SLCHP had two objectives, namely to boost the economy through linkage effects and to increase the supply of houses in low and moderate income households. Although the SLCHP increased the number of houses constructed and distributed, actual progress was slow in relation to expectations. The problem that confronted the SLCHP was its implementation rather the programme itself. There was a lower demand of houses owing to inappropriate pricing, as well the fact that houses were built in less preferable locations, had poor housing designs and high costs of administration. Inappropriate pricing meant the prices were too low to make up the construction cost especially in expensive areas. Design problems were encountered when the private sector would create new inexpensive designs, which did not make immediate

success in the market" (Malpezzi *et al*, 1997: 376). Administration costs originated from the inefficiency of government officials to process of applications for land and the slowness in its release. These problems did not appeal to the private sector and, consequently, all responsibility for achieving housing targets was placed on the public sector. The private sector was not heavily involved in housing programmes for the poor. It built one fifth of all the completed houses for the poor, and 1 % for middle and high income housing. Certain State housing corporations were heavily involved in the provision of housing for the poor, merely because the government controlled the prices of these houses since a large number of the urban poor could not afford them. Low income persons could not obtain or service a loan if they had managed to obtain one. High house prices and emergence of squatter settlements resulted in a slow supply of housing (Chamburi *et al*, 1997: 1527).

2.4.2 Role of the private sector

"During Malaysia's fourth plan of housing the poor, government increased the appeal of low cost housing to the private sector by requiring the private sector to reserve 30-50% of its financing for housing development. In order to boost participation of the private sector, the government used new incentives by reducing infrastructure standards and increased the speed for land conversion and other regulatory matters. The government, through policy levers, prescribed the number of houses that the private sector had to build. Malaysia's housing policy, unlike other countries, eschewed enforced account construction to enforce compliance.

The role of the state was reduced to regulation of activities of private development to ensure that a certain proportion of their house building was constructed at costs that were affordable to low income groups. The government assisted the private sector through certain instruments to keep the cost of houses down" (Malpezzi *et al*, 1997). Lumpur (2001: 56) mentions that "the government offered subsidized federal loans, which were accompanied by reductions in the size and quality of individual units. He further states that by the time it reached its sixth plan, Malaysia had completed 100 728 high cost units, which was five times the original target of 26 100 units. The private sector complained that:

- Much of the non achievement can be attributed to slow government processing and approval of applications for land development, concessions, subdivision and issuance of titles. It stated that relative to the volume of work, offices are understaffed, hence unnecessary long delays in dealing with applications.

- Local authorities lacked professional staff and their building codes varied from one locality to another and from one state to another. These contributed to delays of more than two years before a final decision was made.

- Price increases of raw materials affected the ability of development to maintain the prices of houses and many of the houses that were built were located in prime land beyond the reach of poor Malays.

- Guidelines regarding distribution of low-cost housing, which were imposed by the state to the private sector, were interpreted differently by the private sector and had affected the ability of lower income groups to own their houses.

- Credit extended by various financial establishments such as commercial banks and finance companies increased substantially in recent years. However, the bulk of credit facility for housing development tended to go to middle and upper income households rather than to the urban poor" (Lumpur, 2001:230).

2.5   ENGLAND'S HOUSING STRATEGY AND POLICY

"England is situated in the northwest of continental Europe and is the largest and most populous constituent country of the United Kingdom of Great Britain and Northern Ireland. Its inhabitants account for more than 85% of the total population of the United Kingdom, whilst the mainland territory of England occupies most of the southern two-thirds of the Island of Great Britain and shares land borders with Scotland to the north and Wales to the west. Elsewhere it is bordered by the North Sea, Irish Sea, Atlantic Ocean and England Channel" (History of England, n.d: 2006).

According to Fitzpatrick, (1999:320) "England's government objective for housing legislation is both simple and fundamental in order to ensure a decent home for every individual in the country. Housing policy decisions have a potential to impact on a vast array of broader economic and social policy objectives; delivering macroeconomic stability; helping households to manage assets, savings and risk; meeting peoples' housing aspirations; creating sustainable mixed communities and enabling labour market flexibility" (Fitzpatrick, 1999:320).

Fitzpatrick (1999:15) also mentioned that, "because of the influx of immigrants from Commonwealth countries and from rural areas in England, London and other cities throughout, the country has sometimes experienced severe housing shortages. Historically, a significant proportion of people lived in public housing built, which had been by local governments. During the 1980s and 1990s home ownership throughout the United Kingdom (and particularly in England) increased significantly, as the government passed legislation, which encouraged public housing tenants to purchase their units.

In the 1950s about 30 percent of homes were owner-occupied. By the end of the 20th century the figure had risen to about 70 percent. Although home ownership increased substantially in all regions, it was lowest in London (about three-fifths) and highest in the South East (about three-quarters). Still, about one-fifth of all tenants live in public housing. During the 1990s the government allocated significant resources to modernise public housing and to reduce crime in housing estates. Homelessness has been a particular problem, especially in London".

Communities and local government are working to help people and local agencies create cohesive, attractive and economically vibrant communities. The government works to ensure that communities are capable of fulfilling their own potential and overcoming their own difficulties, including community conflict, extremism, deprivation and disadvantages. The aim is to empower communities to respond to challenging economic, social and cultural trends (Fitzpatrick, 1999:15).

2.5.1   Sustainable Communities Plan

"The Sustainable Communities Plan was launched (Sustainable Communities: Building for the Future) on the 5th of February 2003. The plan sets out a long-term programme of action to deliver sustainable communities in both urban and rural areas. It aims to tackle housing supply issues in the South East, low demand in other parts of the country, and the quality of public spaces. The plan includes not only a significant increase in resources and major reforms of housing and planning, but also a new approach to how government builds and what it builds. The programme of action aims to focus attention and to co-ordinate efforts of all levels of government and stakeholders in bringing about development that meets economic, social and environmental needs of future generations, as well as succeeding in the present" (Fitzpatrick, 1999:15).

2.5.2   What is a sustainable community?

According to Edwards (2000:90) "sustainable communities are places where people want to live and work, presently and in the future. They meet diverse needs of existing and future residents are sensitive to their environment, and contribute to a high quality of life. They are safe and inclusive, well planned, built and run, and offer equality of opportunity and good services for all. In order for communities to be sustainable, they should offer:

- Decent homes at prices that people can afford;

- Good public transport;

- Schools;

- Hospitals;

- Shops; and

- A clean, safe environment.

People also need open public spaces where they can relax and interact and be able to have a say in the way their neighborhood is run" (Edwards, 2000: 90).

2.5.3   Role of government

According to Blackby (2004:25), "all councils and housing associations have been challenged by the government to meet the Decent Homes Standard. Several councillors will meet the challenge by using existing resources and retaining both ownership and management of their stock. For those that needs extra funding to meet the required standard, the government has outlined three options, which aim to deliver improved performance and services, ensuring that the extra money is spent cost effectively"

2.5.3.1 Decent homes

Blackby, (2004:55) also mentioned that, "decent homes are important for the health and well-being of those who live in them. Poor housing will assure an area of a bad reputation. The place becomes unpopular, which leads to a breakdown of communities. In short, decent homes are a key element of any thriving, sustainable community. In order to be decent, a home should be warm, weatherproof and have reasonably modern facilities. The government believes that everyone should have an opportunity to have a decent home. It aims to make all council and housing associations' housing decent by 2010. It also wants to improve conditions for vulnerable households in privately owned housing, particularly for those who have children. In 1997 there were 2.1 million houses owned by

local authorities and housing association that did not meet decent homes standards. Local authorities had a 19 billion backlog of repairs and improvements. Communities and local government's aim is to standartized all social housing with decent conditions, while most of the improvements have taken place in deprived areas. Since 2001 government has reduced the number of non-decent homes in the social sector by over 50 per cent" (Blackby, 2004:55).

2.5.3.2 Creating an Arm's Length Organisation

"An Arms Length Organisation is a company, which is created by the council to manage its homes and to make them decent. Although the council still owns the homes, it is free to focus on more strategic housing functions. If the Housing Inspectorate rates the ALMO as 'good' or 'excellent', the government makes extra money available in order to make the homes decent" (Blackby, 2004:55).

2.5.3.3 Housing and private sector involvement

"Private Finance Initiatives enable the government to provide financial support for partnerships between the public and private sectors. Typically, PFI contracts last for thirty years. Although the council still owns the homes, in most cases, the private sector partner will provide management services" (Blackby, 2004:55).

2.5.4   Aims of housing policy in England

"The platform of economic stability, which was created by this government, has assisted it to create a wide-ranging programme of demand and supply side measures to improve

affordability and access to housing throughout the country. The aim of England's housing policy is to:

- Achieve a more responsive housing supply;

- Enhance the environment;

- Give houses to people as an entitlement; and

- Give homes to all and extend home ownership" (Housing Corporation, 2002).

2.5.4.1 Achieving a more responsive housing supply

"Government's reforms are aimed at delivering a better balance between housing demand and supply and is presented in two phases. In the first phase the government consults on a new policy approach to land supply. Key elements of the proposed new approach are:

- Requiring greater reference to housing market information at regional level in determining the level and distribution of housing provision within the region, and to tailor the delivery of housing to the circumstances of different markets;

- Extending the local authority plan horizon from 10 years to 15 years to take a longer term view;

- Requiring that local authorities ensure that the first 5 years of this land supply is allocated and developable; and

- Introducing housing land availability assessments to require local authorities to work with developers to identify land that is developable and offers the most sustainable option for development (Housing Corporation, 2002). In a second phase of planning reform, the government will consult on a new draft Planning Policy Statement on Planning for Housing (PPS) which will establish the broad national policy framework for housing planning. The aim will be to ensure that

the planning system is used to its maximum effect to ensure that everyone has an opportunity of a decent home, which they can afford within a community, which is sustainable and in which they want to live and work " (Housing Corporation, 2002).

2.5.4.2 Enhancing the environment

"The government is committed to increasing housing supply to deliver significant social and economic benefits. Increasing housing supply will deliver significant social and economic benefits. However, extending opportunities for people to have a home that meets their aspirations, should go hand -in- hand with protecting and enhancing the environment, both for the enjoyment of people presently and to ensure a strong legacy for the future. The government's objective for housing policy, both simple and fundamental, is to ensure a decent home for every individual within the country. Yet housing policy decisions have potential to impact on a vast array of broader economic and social policy objectives: delivering macroeconomic stability; helping households to manage assets, savings and risk; meeting people's housing aspirations; creating sustainable mixed communities; and enabling labour market flexibility" (Housing Corporation, 2002).

"In order to be effective in delivering these objectives, policy-making should be rooted in a clear understanding of distinct characteristics of houses and housing markets. These characteristics present households with a complex set of choices and risks, and carry powerful macroeconomic implications and poses significant microeconomic, social and distributional challenges. This, in turn, motivates a range of policy interventions by

government on both the demand the supply side in order to secure its key social and economic policy objectives" (Housing Corporation, 2002).

2.5.4.3 Housing as an entitlement

"Housing is recognised as an entitlement of all citizens. It is an important part of the right to enjoy an adequate standard of living and is essential to well-being by providing security and comfort. Government is committed to ensuring that everyone has an opportunity to access a decent home. This is not only for the direct benefit of households, but also to guarantee social cohesion and better employment prospects, improved health and education and greater economic inclusion. However, housing provision by the private sector alone is likely to be less than is socially optimal in delivering an adequate numbers of houses, of an adequate minimum standard, where and when it is needed, at a price that is affordable to all. As a result, there is a case for government intervention to ensure universal access to decent housing. Such interventions are crucial to the delivery of social and equity objectives" (Housing Corporation, 2002).

According to the Housing Corporation of England (2002) "the cost of housing is usually the largest financial commitment in people's lives. Each household may decide to spend more or less on housing services, depending on their circumstances and preferences, but unlike general consumer goods and services, the option of opting-out of housing services is not feasible. This unavoidability and the sheer size of the total cost of housing over a person's lifetime, make housing one of the most important financial decisions that people make" (Housing Corporation, 2002).

2.5.4.4 Homes for all extending home ownership

"In order to deliver effectively against a broad array of economic and social policy objectives, housing policy-making should be rooted in a clear understanding of the distinct characteristics of houses and housing markets. These characteristics present households with a complex set of choices and risks, and carry powerful macroeconomic implications, as well as pose significant microeconomic, social and distributional challenges. This, in turn, motivates a range of policy interventions by government on both the demand and supply side" (Housing Corporation, 2002).

2.6   CHAPTER SUMMARY

This chapter reviewed a framework of international housing delivery and the housing policy formulation and implementation process. It has been argued that successful access to housing resources requires an effective navigation of the terrain of conditionalities that determine housing provision for the poor.

The literature study has shown that there is no mysterious, straightforward solution that can address shelter problems that are faced by low-income families in developing economies. Circumstances vary widely, and policy should be designed to address local conditions. Merely providing titles, for instance, will not magically transform the housing situation of poor people, although in the right circumstances, it can be important. Instead of providing titles, it is necessary to incorporate the views of poor people on how to effectively address their concerns. Increased community involvement not only improves projects, but can also give poor people the capacity to aspire. Housing shortages are

common in all four countries, namely China, Brazil, England and Malaysia. In these countries government interventions have managed to reduce the burden.

Poor people in these countries cannot afford housing, however, those who can afford it engage in defaults on the house loan repayment. The housing budget includes subsidies that are provided by the government, and cannot sustain the increasing demand. The most ordinary challenges that these countries are dealing with is the slow involvement of the private sector in low cost housing development.

CHAPTER THREE: SOUTH AFRICAN HOUSING LEGISLATION AND POLICIES

3.1 HOUSING IN SOUTH AFRICA

This chapter focuses on legislation and policies that govern and regulate housing provision in South Africa. The South African government has developed policies and legislation that gives clear guidance and mandate to all the responsible parties in terms of providing for the housing needs of the country. Provincial and local governments are mandated with the task of ensuring proper, effective and efficient implementation of these policies. However, it has become apparent that the housing needs and demands of the South African population are partially and in most cases not adequately met. This can be attributed to a lot of factors which include among others,

- The actual implementation of legislation and the management of processes , like tendering, by provincial and local authorities;

- Intra and inter provincial migration which sees high influx of people from the rural areas into the urban and more economically active parts of the country;

- High levels of unemployment and poverty this resulting in most South Africans being unable to afford proper housing;

- Income levels vs. Minimum standard, which results in some employees finding themselves in-between two categories, one that does not qualify for low cost housing because their earnings are above the required threshold and secondly- the income is not high enough to qualify for a home loan.

When South Africa elected its first democratic government in 1994, a lot of developments were instituted and these included a commitment by the newly elected government to reduce the deficiency of housing in the country. According the 2004/5 Annual Report, the government was unable to meet its target of reducing housing shortage by building 1 million houses a year. The report indicates that only 1, 43 million houses had been built by July 2001 in contrast to the expected 3 million houses. The government has, as a remedial measure, established a number of Social Housing Institutions through the Department of housing.

The Department of Housing records indicate an increase in the provision of housing in the years 1994 till early 1998; however this seems to have been short-lived as there is evident decrease in the supply of housing between 1999 and 2004. This inability to meet the ever –increasing social housing demand by the government might be the symptom of the ineffectiveness of the current housing strategies or the poor implementation with inadequate resource allocation for ensuring success of these strategies. In order to improve and change the current status there is a need to investigate and analyse these current strategies and this need has been identified by the Department of Housing (2004).

3.2   HOUSING IN SOUTH AFRICA

According to the Department of Housing (2004) "Provision of adequate housing for the homeless and others who are inadequately housed in an attempt to reduce poverty and improve quality of peoples' lives, this has been a huge challenge to the South African government over the years. Over the years this provision has been challenged and has

resulted in an enormous housing backlog with poverty, unemployment, economic stagnation and negative behavior, together with financial constraints making the task even more enormous. However, a large number of housing projects have been implemented throughout the country to deliver houses to the poor in order to fulfill a vision for adequate housing for all, as reflected in the National Housing Policy framework. Since 1994, housing in South Africa has undergone fundamental changes and 1 877 958 houses have been delivered" (Department of Housing, 2004)

"Regardless of the need for housing the poor, South Africa has a major housing backlog. This problem is being addressed by the Comprehensive Housing Policy. The vision of the government of South Africa, as stated in the National Housing Code (2001), advocates for "sustainable housing and sustainable urban environment". It is common knowledge that housing is a major component of the urban environment and that better designed houses contribute to the physiological and psychological well being of inhabitants. However, the problem lies in the formation of housing processes that should ensure delivery of "sustainable housing" (Kangwa, 2002:5).

South African government should make sure that housing is also the major component of rural environment. People living in small municipalities such as Mbashe feel neglected, government's focus is on urban development that is the major cause of migration. There is no development in the rural areas.

3.3   SOUTH AFRICAN HOUSING LEGISLATION

According to South African legislation "access to housing and secure accommodation is an integral part of the government's commitment to reduce poverty and to improve the quality of peoples' lives. The Department of Housing determines finances, promotes co-ordinates, communicates, and monitors implementation of policy for housing and human settlement. Since the launch of the White Paper on Housing in December 1994, housing in South Africa has undergone fundamental changes. Between 1994 and June 2005, the housing programme provided more than 1, 7 million housing units to more than seven million people. During the same period, a total of 2,4 million subsidies were approved, and in 2004/05, 178 612 housing units were made available" (National Housing Code, 2001).

3.4   SOUTH AFRICAN HOUSING POLICY

The National Housing policy is formulated by national government and sets out all government activities in terms of housing. It responds directly to the environment, as well as to the problems and opportunities that occur in this regard. In addition, it is formulated through discussion, negotiation and debate, both within government and between government and communities, individuals, non-governmental organisations, community representative organisations and the private sector. The National Housing Policy is implemented primarily by the three spheres of government, namely national government, provincial government and municipalities, each of which has clear roles and responsibilities, which are discussed later. In addition, government has established a number of institutions, organisations and committees that have a specific focus. The

National Housing Policy is established in an extensive range of documents that form part of the law and policy making of South Africa. Some of these documents relate directly to the Housing Policy, while others do not directly address housing issues, but have an influence on how the policy should be implemented (National Housing Code, 2000, Act No. 107 of 1997).

3.5   LOW COST HOUSING PROVISION IN AN INTERGOVERNMENTAL CONTEXT

National government, provincial governments and municipalities each play specific roles in the national housing development process. This section explains provisions in the Housing Act that relate to the roles and functions of the three spheres of government (National Housing Code, 2000).

3.5.1   Role and functions of National Government

It is the primary role of the National government to ensure that the country has an effective and sustainable housing development plans and processes in place. The National government must establish and facilitate these plans and processes in consultation with provincial housing departments and national organisations that represent the local municipalities.

The National Housing Code of 2001 outlines the key functions of national government as follows:

- "Providing support to the municipalities and building capacity in order to empower the municipalities with knowledge and skills to properly implement, manage and monitor the housing development plans and processes.

- Promote consultation on matters regarding housing development between national government and representatives of civil society, sectors and sub- sectors that supply or finance housing goods and services, provincial government and municipalities and any other stakeholder in housing development;

- Ensure that effective communication and information with regard to the housing developments is accessible

- Facilitate the process of developing service delivery goals for all three spheres of government in consultation with both provincial and local municipalities. This is done to ensure that goals and objectives set in line with the needs and demands of communities within the provinces and municipalities" (National Housing Code, 2000).

3.5.2 Role and functions of Provincial Government

It is the primary role of Provincial government to facilitate and promote at the same time ensuring that the housing needs of all residents of that particular province are adequately me. Furthermore, this should be done within the national housing policy framework and in conjunction with the national and provincial housing organisations. The functions of provincial government with regard to housing can therefore be summed up as follows, as stipulated in the National Housing Code (2001).

- "To determine provincial policy in respect of housing development;

- To promote the adoption of provincial legislation to ensure effective housing delivery,;

- To co-ordinate housing development in the province,

- To take all reasonable and necessary steps to support and strengthen the capacity of municipalities to effectively exercise their powers and perform their duties in respect of housing development; and

- To provide mechanisms to maintain oversight over, and to ensure that all provincial executive organs of state are accountable to the legislature. In this regard, the MEC for Housing is obliged, in terms of the Housing Act, to report to the provincial legislature annually on activities of the Provincial Housing Development Board and accredited municipalities" (National Housing Code, 2001).

3.5.3 Role and functions of Local Government

Local government is a sphere of government that provides direct services to the communities. All basic community services are delivered by the local municipalities through the ward councilors, Members of Municipal Committee and the Mayors which are politically appointed to facilitate effective service delivery. In order for these community leaders to be effective in the implementation of the government goals and objectives, there needs to be involvement of different stakeholders and role-players like civil society organisations, community development organisations etc. The National Housing Code of 2001, clearly stipulates that it is vital for any organisation that has an intention of involvement, either as an activist or developmental role player to clearly understand how local government works and also have knowledge of how to influence it.

In order to ensure effective service delivery, all municipalities are required to develop Integrated Development Plans (IDP), in consultation with their respective community structures and members. These plans are aimed at guiding services delivery, ensuring that they are responsive to the needs of the community. The Housing Code mandates all municipalities, as part of their IDPs to "take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to ensure that the right to have access to adequate housing is realised on a progressive basis", (National Housing Code, 2001).

In ensuring that these are met, every municipality have the following roles and functions as predetermined in the National Housing Code of (2001):

- To ensure that conditions that are not conducive to health and safety of the inhabitants of its area of jurisdiction, are prevented or removed;

- To ensure that services in respect of water, sanitation, electricity, roads, storm water drainage and transport, are provided in a manner that is economically efficient;

- To set housing delivery goals in respect of its area of jurisdiction;

- To identify and designate land for housing development;

- To create and maintain a public environment conducive to housing development, which is financially and socially viable;

- To promote the resolution of conflict that arise in the housing development process; and

- To plan and manage land use and development (National Housing Code, 2001).

3.6   CHALLENGES AND CONSTRAINTS THAT FACE NATIONAL HOUSING POLICY

The decline in housing supply, as indicated in the records of the Department of Housing, has resulted in a huge backlog which is causing desperation and impatience for those in need of housing. This however, is not the only challenge facing the National Housing Policy. Inadequate resources, complicated bureaucratic and administrative processes and the institutional agenda inherited from the previous government are some of the challenges faced by the provincial and local government housing institutions. These challenges are making it difficult for the local authorities to effectively implement the key goals of the Housing Act (Act 107 of 1997). According to this act the key goals of government, through its agencies are:

- "To construct 1 million houses in 5 years;

- To establish and maintain habitable, stable, and sustainable public and private residential,

- To create viable households and communities;

- To ensure that housing developments are both economically and socially sustainable;

- To promote integrated development, prevent urban sprawl and redress the historically distorted racial and spatial patterns of towns, cities and rural areas"

"Between 1994 and 2004, the South African government invested R27.6 billion in housing. More than 1.6 million houses were delivered, affecting the lives of 6.5 million people: (Department of Housing, 2004). Charlton (2004: 3) notes that "it is widely

acknowledged that South Africa's housing programme has led to the delivery of more houses in a shorter period than any other country in the world". In comparison with housing delivery across the world, "one must be impressed with what South Africa has achieved" (Charlton, 2004: 3). Despite these achievements, however, "the urban housing backlog increased from 1.5 million in 1994 to 2.4 million in 2004. Some of the reasons for this increase in the housing backlog are natural population growth; a trend towards urbanisation and inadequate delivery to address historical backlogs" (Department of Local Government and Housing, 2005: 8).

According to the Department of Local Government and Housing (2005: 8), low levels of delivery are caused mainly by insufficient resource allocation and under-spending owing to capacity restraints. The problem was also exacerbated as the housing policy did not provide a range of options to meet all housing needs; most notably, there were no strategies for the upgrading of informal settlements or for the promotion of affordable rental housing (Department of Local Government and Housing, 2005: 8). Baumann (2003: 86) explains that the distinction between long term 'restructuring' aspects of South Africa's housing policy and short term 'remedial' objectives, is based on a dichotomy which is present in South African housing policy. "Remedial" refers to the sentiment that South Africa's housing policy should address a "historically determined backlog in shelter and human settlement conditions with both quantitative and qualitative aspects, which mainly affect Coloured and Black South Africans" (Baumann, 2003: 87). This is opposed to ensuring mere access to housing opportunities for those who may, or those who may not have them under present 'market circumstances'. "South Africa's housing

backlog is, therefore, understood as related to both economic inequality and to the ongoing impact of intentional residential discrimination under apartheid" (Baumann, 2003: 87).

South African housing policy does not propose subsidies as the main tool to deliver houses to the poor. Instead, subsidies are viewed as an interim system, which is dependent on the growth of the economy and the "trickle-down" of resources to the poor, as well as the revision of housing finance markets (Baumann, 2003: 86). The main force of the non-subsidy aspect of housing policy has been to remodel the institutional framework of the commercial housing and finance markets. This 'remodeling' is grounded on an assumption that eventually everyone will be able to buy a house without requiring direct government assistance (Baumann, 2003: 86).

The 1994 White Paper on Housing asserts that beneficiaries can be divided into two broad categories (Baumann, 2003: 86). The first refers to those who are able to access extra financial resources for housing above the subsidy through financial systems (commercial or semi-commercial), because of their employment and income status. The policy assumes that this group will increase over time because of macro-economic growth strategies (Baumann, 2003: 86). Secondly, Baumann (2003: 86) states that there are those who are unable to participate in housing finance markets and are, therefore, totally dependent on the government subsidy, at least until growth in real *per capita* GDP is adequate, which will enable them to move into the first category.

Due to past racial policies, there is a significant overlap between those in the second category – by nature, the poorest and least eligible for housing finance – and Black and Coloured urban informal and rural impoverished communities (Baumann, 2003: 87). "An income-based subsidy policy targets these South Africans by default, as it were, not because they are Black, but because they are poor" (Baumann, 2003: 87). Some South Africans who were discriminated against under apartheid may benefit from transformations that improve their access to conventional housing finance and markets, while others may not. Baumann (2003: 87) concludes that "it is imperative that we know what proportion of the target group for housing policy falls into the remedial category – solely dependent on the subsidy for housing – and how present housing policy affects them". The original focus of the subsidy programme was largely on 'the poor' (Charlton, 2004: 5), which was defined in terms of income – those households that earned less than R3500 per month, divided into three sub-categories. Since "more than half the families in South Africa earn less than R1500 per month, the bulk of the expenditure has serviced them" (Charlton, 2004: 5).

"Furthermore, disparities in the property market resulted in a gap in the supply of housing by the market to households with incomes, which range between R3 500 and R7 000. Income bands have not been adjusted since 1994, leading to the "criticism that many families above the income cut-off of R3500 per month, are undeniably poor, but are not eligible to receive state housing subsidies" (Charlton (2004: 5). The Department of Local Government and Housing (2005: 8) states that "a vast majority of people are excluded from the formal housing market –15% of households are able to benefit from the

potential asset value of housing through being able to buy and sell property through the formal housing market. The People's Housing Project (PHP) approach of assisted self-help housing delivery is capable of providing bigger and better houses and empowering communities, but this has been a small proportion of total delivery owing to a general lack of capacity to provide effective support to communities" (The Department of Local Government and Housing; 2005: 8).

The Department of Local Government and Housing (2005: 8) concedes that "there have been several difficulties with housing that have been delivered through the subsidy scheme. Extensive and acute poverty, coupled with a lack of skills transfer and economic empowerment in housing projects, have resulted in several beneficiaries being unable to afford ongoing costs of housing. In order to access the maximum subsidy, a household should earn a combined income of less than R1500 per month. Charlton (2004: 5) poses a question how households should pay for the "product itself and its associated costs, including the upfront contributions to the subsidy and the ongoing services and maintenance costs" (The Department of Local Government and Housing; 2005: 8).

Baumann (2003: 87) explains that "this category of South Africans is poor not only because of 'market failure'. A number of new housing projects are not adequately equipped with all the basic facilities, like in-house bathrooms and toilets. These projects mainly boast with only house structures and the occupants had to finance any additional facilities they need. Essentially, this housing project with its poor location and low residential densities cannot support a wide range of activities and services in a sustainable

way. It also tends to accentuate apartheid urban patterns and the existing inequalities" (Baumann ; 2003: 87).

"Additionally, problems are experienced with regard to poor construction quality and urban facilities of several new subsidised housing projects. There are severe affordability problems and high levels of non-payment as relatively high rents and levies are needed in order to cover operational costs and loan repayments although social housing (rental and co-operative housing) projects are often better located and of a better quality than other projects" (Department of Local Government and Housing, 2005: 8). As mentioned, access to well-located land and integration remain fundamental challenges which confront the objective of sustainable human settlement development. Royston (2003: 234) states that most housing subsidy projects have been, and continue to be, located on cheap land in peripheral locations, thereby combining existing apartheid spatial patterns and creating new inequities. A majority of housing projects are developed without sufficient regard for integration, which results in development of mono-functional settlements (Royston, 2003: 234).

According to Khan (2003: 228), "the establishment of viable, socially and economically integrated communities in areas allowing convenient access to a range of amenities and opportunities is without a doubt the main challenge confronting housing policymakers and practitioners alike". In light of limitations faced by government in meeting challenges of developing integrated human settlements, more attention should be placed on

integrating communities internally – as opposed to externally through creating potentially costly and unproductive connections with established communities.

Arduous barriers are encountered in accessing land and developing low-income housing projects on well-located land. An overwhelming emphasis on delivery of housing units, subsidy level; insistence on minimum sized units; and the recently announced move to allocate more subsidies to less-urbanised areas, challenge prospects for urban restructuring." If urban restructuring should be taken seriously, there is a need for substantial shifts in the current orientation and implementation of housing policy" (Todes, Pillay & Kronje, 2003: 271). Todes *et al.* (2003: 272) warn though that restrictions on urban restructuring should also be recognised. It is quite clear that the inheritance of peripherally located townships and informal settlements will not vanish. Apart from questions of funding, there are social ties and networks, and significant investments in place. Much greater consideration should be given to the transformation of these areas, which includes finding ways of expanding local economies in these areas, improving transport, and making life more convenient. The housing programme is intended to serve broader economic and social development goals rather than merely the delivery of shelter (Charlton, 2004: 4). Housing is an important constituent of the social welfare system, but is also a key component of the economy.

Housing policy is regarded as principal mechanism to address the phenomenon of informal settlements because the assumption is that informal settlements materialise as a result of a lack of housing (Marx, 2003: 303). Thus, current policy directs attention to

different levels of government to devise housing strategies and integrated development plans to meet the goals of integrated, healthier, safer and more vibrant urban areas (Marx, 2003: 303). While housing policy sets out to attain this, the Housing Department, according to Marx (2003: 304), simply has no resources to manage the construction and provision of health facilities and services, protection services, local government or job creation initiatives. "Thus, not only does housing policy fail because of these structural bureaucratic limitations in its ability to implement its vision, but it also fails to acknowledge the prior question of why there is a lack of housing in the first place" (Marx, 2003: 304).

3.6   NEW DIRECTION FOR HOUSING POLICY: BREAKING NEW GROUND

By the end of 1994 the government introduced a new strategy with the aim of guiding and directing the development of housing for the next five years. This strategy was developed to remedy the shortfalls and bridge the gaps from the existing housing strategy. This new strategy introduced was "Breaking New Ground" (BNG). The main objective of the BNG is to "redirect and enhance existing mechanisms to move towards more responsive and effective delivery" and strives to "promote the achievement of a non-racial, integrated society through the development of sustainable housing settlements and quality housing" (Department of Local Government and Housing, 2005: 8).

Specific objectives set out by the BNG plan are numerous, and include accelerating the delivery of housing as a key approach for poverty alleviation and utilising provision of housing as a major job creation strategy (Department of Local Government and Housing,

2005: 8). The BNG strategy ensures that property can be considered by all as an asset for wealth creation and empowerment, thereby influencing growth in the economy.

According to the Department of Local Government and Housing (2005: 8) "crime prevention strategies, promoting social cohesion and improving quality of life for the poor, are also listed as BNG's main objectives, by providing community supporting facilities through housing delivery. Additionally, it aims to make use of housing as a tool for development of sustainable human settlements in support of spatial restructuring, promoting and facilitating an affordable rental and social housing market and upgrading informal settlements" (Department of Local Government and Housing, 2005).

With the implementation of the BNG strategy, the government aims to develop and create sustainable human settlements rather than merely providing housing. This indicates major paradigm shifts in the housing policy that will oversee provision of adequate and proper housing facilities. The government's emphasis on the function of BNG in creating integrated sustainable development, wealth creation and alleviation of poverty, are somewhat optimistic. BNG, in essence then, aims to ensure that present and future residents of such settlements will live in a safe and secure environment with sufficient access to economic opportunities, a combination of safe and secure housing and tenure types, reliable basic services and educational, environmental, cultural, health, welfare and police services (Department of Local Government and Housing, 2005).

3.7 COMPREHENSIVE HOUSING PLAN

"In September 2004, the Comprehensive Housing Plan for the Development of Integrated Sustainable Human Settlements was announced by the then Minister of Housing. This plan was readily approved by the Cabinet as the new framework for the implementation of housing programmes for the next five years. The key features of this plan include; development of low-cost housing, medium-density accommodation and rental housing; strengthening of public private partnerships; enhancing social infrastructure and amenities. The plan also aims to change spatial settlement patterns, which are informed by the need to build multicultural communities in a non-racial society. It is estimated that more than 108 000 additional households will benefit from this venture" (Department of Housing, 2004).

With effective and efficient implementation, appropriate and sufficient allocation of resources, the following benefits will be achieved through this plan:

- "Housing delivery will be demand-driven and will involve a great deal of flexibility;
- The role of the private sector will be enhanced through the collapsing of subsidy bands, as well as the removal of blockages relating to down-payments for indigents and pensioners. Beneficiaries' spousal income will also be assessed. A fixed rate and other new loan products will be developed, including an option to convert the capital grant, where linked to home ownership or rental, into an annuity-based grant or benefit;

- Employers will be encouraged to make their contribution through employer-assisted housing;

- Barriers to housing trade will be removed through amendments to the Housing Act, (Act 107 of 1997) to reduce the period during, which resale on the private market is prohibited from eight to five years;

- Access to title deeds will be enhanced through implementation of measures to stimulate a renewed uptake in the Discount Benefit Scheme, and establishment of a high-priority focus on completing the registration of transfer in respect of houses constructed under the existing housing programme; and

- All programmes will be focused on ring-fencing informal settlements and replacing these with more adequate forms of housing" (Department of Housing, 2004).

The government have a lot of faith in this strategy to an extent that additional funds have been allocated to expand and enhance the project and also to ensure that informal settlements are upgraded by 2014. According to the Department of Housing records (2004) "during the 2006/07 budget allocation process, an additional R500m was given and R1,5 billion provided in financial year 07/08. The process of upgrading the informal settlements will be carried out through a number of pilot projects in identified areas"

It is clear that provision of housing alone cannot cure all the social ills experienced by people of South Africa. Provision of housing will however play a critical role in eradication of some of these deficiencies. It is for this reason that the comprehensive housing plan has identified the following as its key focus areas:

- Accelerate housing delivery as a key strategy for poverty alleviation;

- Utilising housing provision as a major job creation strategy;

- Ensuring that property can be accessed by all as an asset for wealth creation and empowerment;

- Leveraging growth in the economy, combating crime and promoting social cohesion;

- Using housing development to break barriers between the first economy residential property boom and the second economy slump;

- Utilising housing as an instrument for the development of sustainable human settlements in support of spatial restructuring; and

- Diversifying housing products by placing emphasis on rental stock.

A variety of housing subsidies and housing institutions have been established nationally in order to facilitate the specific housing and housing needs of the market. The roles and responsibilities of provincial government and municipalities is clearly outlined to ensure that the plans are effectively implemented.

3.7.1   Social housing

The principles of social housing are common all around the world, but the details of the arrangements differ from one country to the other. In South Africa social housing is a form of housing tenure in which the property is owned by a government authority, which may be central or local.

The Social Housing Bill was developed in South Africa after the launch of a R160 million Social Housing Programme in Pretoria which was on 15th of August 2004, by the then Minister and the European Union Ambassador, Mr Michael Lake. The main objectives of the Bill were to:

- Clearly indicate the responsibilities assigned to National, Provincial and Local government pertaining to the management and implementation of the social housing programme,

- Ensuring that all the necessary and relevant institutional arrangements and capacitating, thereafter, are in place and adhered to,

- Establishment of the Social Housing Regulatory Authority that will regulate and govern all the Social Housing programmes and projects.

3.7.2 Public sector redevelopment programme

In 1994 the ANC led government approved a Public Sector Redevelopment Programme Policy mainly to look at the upgrading of hostel facilities. This public sector redevelopment programme provided for as stipulated in the Department of Housing yearbook, 2004:

- The funding of redevelopment initiatives to create humane living conditions in hostels and involve the hostel inhabitants in these initiatives;

- The upgrading of dilapidated complexes and the redevelopment of hostels into family units or a combination of single sex units on a rental or ownership basis;

- A funding limit per family or single person to finance redevelopment initiatives in line with subsidies.

Up to this date, a number of redevelopment pilot projects and projects have been launched. This programme has succeeded in creating more humane living conditions for hostel dwellers who previously occupied dilapidated and undignified housing units. It has not come without any challenges of course, of which mainly is the refusal by the occupants to pay the increased, even though affordable rates for the improved standard of living they are enjoying.

3.7.3 Housing consumer education

According to the Department of Housing, (2004) "the housing consumer education programme educates and trains housing consumers (owners and rental users) on their rights and responsibilities", thereby:

- Protecting and strengthening low-cost housing as a national asset;

- Enhancing the market value of low-cost housing;

- Using low-cost housing as collateral for leveraging credit by the poor;

- Building strong and vibrant communities, in collaboration with other programmes such as community development workers, the Expanded Public Works Programme, and HIV and AIDS awareness;

- Enhancing the maintenance culture of housing consumers; and

- Improving sustainability of the housing unit as an inclusive element of living environments.

Most significantly, the housing consumer education programme affords the consumers with the opportunity to get proper knowledge on legislation, strategies and approaches

pertaining to provision of housing in South Africa. It empowers the   housing consumers with the understanding of their housing rights and responsibilities, as well as different types of subsidies offered by government (Housing Act, Act 107 of 1997).

3.8   HOUSING SUBSIDIES

According to the 1994 White Paper on Housing, high levels of unemployment, relatively low average wage levels and levels of costs in the provision of housing, contribute to a major affordability problem in South Africa. An ability to contribute to the cost of housing is severely limited in most families in the country. Given constraints that are imposed by a need for fiscal discipline, it is clear that the State will not, in the foreseeable future, be able to provide levels of subsidisation at the lower end of the market which are sufficient to cover the costs of delivering a formal house to every South African in need of housing. It is, therefore, central to Government's approach with regard to provision of housing to utilise a combination of the provision of subsidies within the fiscal abilities of the State to those who are most in need and least able to contribute to the costs of their own housing and, through various mechanisms, mobilising individual savings as well as private / non-State credit in order to supplement subsidy assistance which is provided by the State (Housing Act, Act 107 of 1997).

The Housing Act, (Act 107 of 1997) "places emphasis on the development and improvement of various housing subsidy programmes. Amongst these programmes are rental and social housing subsidies. All of these subsidy programmes, including those

linked to projects, are revised to ensure compliance with all the necessary procurement processes, consolidation subsidies, PHP, rural subsidies and institutional subsidies. The housing subsidies have increased by up to 11, 68%, according to Dept of Housing records, with effect from April 2005. This meant that the scope of subsidies provided had seriously been broadened to cater for people with disabilities who receive additional amount to normal subsidy in order to enable them to make their homes disability friendly and accessible in accordance to their physical needs. This is an indication of observing and showing respect for the right to dignity and a comfortable living environment for all citizens of the country" (Housing Act, Act 107 of 1997).

3.8.1   Project-linked subsidies

A Project-Linked Housing Subsidy is a grant from the government that can be used to buy a house, together with the land on which it stands, in an approved municipal housing project. The applicant can only apply and be awarded this subsidy once and the records are kept at the municipal offices (Housing Act, Act 107 of 1997).

3.8.2   Individual subsidies

Individual housing subsidies are available to low-income households who wish to buy a residential property for the first time. It can be used to buy an existing house, including the property on which the house stands. Successful applicants will receive this subsidy only once. It is not a cash payout but is paid directly to a financial institution or a conveyance attorney (Housing Act, Act 107 of 1997).

3.8.3 Consolidation subsidies

Consolidation Subsidies are subsidies paid out on a group basis. A beneficiary needs to be a member or part of a group with a set social contract (agreement) outlining the project goals and how you are going to achieve them. The group should be represented by a Community-Based Organisation that will take responsibility for the project (Housing Act, Act 107 of 1997).

3.8.4 Institutional subsidies

Institutional subsidies are given to organisations within the community that must also agree to pay towards the building project. The houses built then belong to the organisation, and not individual beneficiaries, for at least four years after completion. An Institutional Subsidy is paid out to an organisation (a registered company, co-operative or association) that must also pay towards a building project. The houses built in this project belong to the organisation for at least four years after completion. After these four years, the house may be sold or transferred to the beneficiary, or the beneficiary can apply for a housing subsidy for another property.

The Institutional Subsidy is different from other housing subsidies in that it provides a standard rate for every household earning less than R3 500 per month, and does not necessarily end with the beneficiary owning the property (Housing Act, Act 107 of 1997).

3.8.5 Relocation assistance

Relocation Assistance is given to people who are eligible for a Housing Subsidy but are currently paying home loans but they are struggling to afford payments. It assistance provides an alternative option to defaulting borrowers who were three months in arrears on 31 August 1997, and where the option of rehabilitating these mortgage loans is not affordable. This alternative provides an opportunity to obtain affordable housing with the assistance of the housing subsidy. A person who is eligible for relocation assistance must enter into a relocation agreement to relocate to affordable housing (Housing Act, Act 107 of 1997).

3.8.5.1 Discount benefit scheme

This scheme promotes home ownership among tenants of publicly-owned rental housing, both municipal and provincial. Through this scheme the buyers can receive a discount on selling price of the property. The buyer also does not pay any transfer costs. Some of the municipalities in the country have transferred most of their housing stock to the tenants who are using this scheme (Housing Act, Act 107 of 1997).

3.8.6 Rural subsidies

This housing subsidy is available to beneficiaries who enjoy only functional tenure rights regarding the land that they occupy. In rural areas, many people don't have legal rights over their land but they do have functional security of tenure. For example, tenure granted in terms of the laws and customs of tribes, the custom, usage or administrative practice in a particular area or community or beneficial occupation of State land for a

continuous period of not less than 5 years. These kinds of tenure are protected under the Protection of Informal Land Rights Act while land reform processes are implemented. However, people who don't have legal tenure are not able to access subsidies under the Housing Subsidy Scheme so a special subsidy has been developed (Housing Act, Act 107 of 1997).

3.8.7   Peoples housing process

People's Housing Process is a low-income housing delivery approach, which promotes involvement of the beneficiaries in the development of their own houses. The People's Housing Process provides training and technical assistance to families that own undeveloped, serviced property and want to get a housing subsidy to build their own homes. By contributing their labour rather than paying someone else to do the work, these families can then use their Housing Subsidy and personal contributions to build bigger or better houses for less money (Housing Act, Act 107 of 1997).

3.8.8   Subsidy for people who have disabilities

People who are disabled or health-stricken are entitled to a full housing subsidy (Individual, Project-Linked or Relocation Assistance) without having to pay a contribution, even if their household budget is more than R1 500 but less than R3 500. In other words, they get a dispensation to not have to pay a contribution. The disabled and health-stricken are also entitled to a variance amount over and above the subsidy amount to cover the cost of special structures, for example, a wheelchair ramp for the walking disabled (Housing Act, Act 107 of 1997).

3.9   HOUSING INSTITUTIONS

With regard to housing development, the government has established various national institutions to facilitate the specific housing and housing-related needs of the market, in addition to the role provincial governments and municipalities play

It is a reality that a large number of households in South Africa are currently excluded from access to housing credit through the formal banking sector due to a number of reasons. Through the housing subsidy scheme, the lower income households, for which housing credit is not a viable option, is provided with a housing unit. The upper income bracket of the subsidy scheme, require end user finance to access a housing product. Because of this there is a large number of the South African population who are under- or un-served as a result of:

- The conventional banking sector being unable to service them due to structural incompatibilities
- Insufficient capacity in the emerging, increasingly successful but inadequately funded specialized lending sector
- Insufficient focus by Government and the private sector on alternative tenure forms.

Following intensive local and international research, the National Department of Human Settlements concluded that 4 mutually comprehensive and supportive approaches should

be adopted in order to assist the under- and un-served portion of the population to access housing. These are (Department of Housing, 1994):

- Government initiative aimed at facilitating and encouraging the formal banking sector to increase lending to the lower end of the housing market
- Proactive steps to foster growth and development of the emerging alternative lending sector
- A major initiative to stimulate the provision of housing under a variety of tenure options
- Mechanisms to substantially promote and expand the amount of personal savings mobilized in the housing process.

In order to assist in the achievement of the above objectives, Government created a number of housing support institutions, with various roles and functions.

All institutions are required to report quarterly to the Department in terms of the Public Finance Management Act. Quarterly and annual reports must be submitted to the National Department of Human Settlements. The Annual reports are tabled in Parliament, (Housing development agency Act, Act 2 of 2008).

These institutions include the National Housing Finance Corporation (NHFC), the National Urban Reconstruction and Housing Agency (NURCHA), Servcon Housing Solutions, Thubelisha Homes, the Social Housing Foundation (SHF), the South African Housing Fund, the PHP and the Rural Housing Loan Fund (RHLF) (Department of Housing), 2004. These institutions are being discussed.

3.9.1 National housing finance corporation

The NHFC was established as a result of a Cabinet decision in May 1996, as envisaged in the White Paper on Housing, to search for new and better ways to mobilize finance for housing, from sources outside the state, in partnership with the broadest range of organizations.

The NHFC's business plan revolves around creating housing opportunities for low and moderate income families through innovative housing finance solutions and partnerships. This is to be achieved through (as stipulated in the Department of Housing records, 1996):

- Funding intermediaries to promote broader access to housing.

- Building adequate and sustainable capacity within organizations which it funds

- Partnering organizations to pioneer new finance and housing delivery.

- Specialise in identifying, assessing, pricing, monitoring and managing risks associated with the placement of wholesale funds with retail intermediaries (Department of Housing, 1996).

3.9.2 National urban reconstruction and housing agency

Nurcha, a Section 21 Company, that was established in 1995 and financed primarily by the South African Government and the Open Society Institute of New York. Additional finance has been raised at different times from the Swedish, United States and Norwegian governments and through the Future growth Fund, Overseas Private Investors

Corporation, Shared Interest and Rand Merchant Bank and other South African Financial Institutions.

The National Urban Reconstruction and Housing Agency lends money to small/emerging contractors that are involved in subsidy housing. In order to assist contractors and developers who are unable to access bridging finance from a bank, the National Urban Reconstruction and Housing Agency has developed innovative finance programmes and has entered into agreements with financial intermediaries who ensure an appropriate flow of finance to projects. Applicants who require this form of funding are normally contractors who also require financial-management support (Department of Housing, 1995).

3.9.3   Servcon housing solutions

Servcon was established in 1994 as a 50-50 joint venture between the Department of Housing (representing government) and the Council of South African Banks (presently the Banking Association of South Africa). When the agreement was renewed in 1998, Servcon was mandated to provide exclusive management services in respect of its designated portfolio

Servcon's current activities include:

- Enhancing the normalization/regularization of provincial housing department's low income housing portfolios
- Acquiring and holding suitably located state owned land and/or landed property for integrated human settlement development.

3.9.4   Thubelisha homes

Thubelisha Homes, a section 21 company, was established in June 1998 as a special purpose financial vehicle to create housing stock for clients of Servcon Housing Solutions. As a result of the agreement between government and the banks to subsidise the transfer of properties to all of the remaining Servcon clients, the relocation programme has been effectively discontinued. Accordingly, Thubelisha's mandate has been reviewed in line with the objectives of the department's comprehensive housing plan. Thubelisha has been repositioned to provide provinces and municipalities with technical assistance to unblock stalled housing projects and prepare fast- tracked housing projects to respond to emergency housing circumstances.Thubelisha reports directly to the Minister of Housing.

Thubelisha will assist government's housing plan in the following key areas:

- Informal settlements;
- Social and community facilities;
- Social (medium-density) housing ;
- Job creation;
- Appropriate technology; and
- Delivery-enhancing interventions.

3.9.5 Social housing foundation

The Social Housing Foundation (SHF) is a section 21 Company which was established in 1997 by the national Department of Housing. The organization was established as a national institution and is formally mandated by the National Department of Housing to develop and build capacity for social housing institutions, and to develop a policy framework for the social housing sector through the Housing Amendment Act,1999(Act no.20 of 1999)

Strategic Objectives

- Policy support

- Monitoring & evaluation

- Social housing institution support

- Sector development

- Government support

- Sector communication and knowledge management

There has been evident growth shown by the SHF and the social housing sector in the recent years. By March 2004, there were 83 SHIs in South Africa. The most significant agreement relating to social housing is the one between the European Commission (EC) and the South African Government, Since the EC has pledged 20 million Euros (about R200 million) for social housing over the next five years ending 2009 (Department of Housing, 2004).

The EC programme has been strengthened with a considerable amount of work conducted around building internal staff capacity, systems, procedures and manuals of the SHF. Three SHIs were successful in applying for grant funding for capacity-building and development, and plans for a number of additional institutions are in the pipeline. In 2005/06 government awarded a grant of R18 118 000 to the SHF (Housing Amendment Act, 1999) (Act no.20 of 1999).

3.9.6   Rural housing loan fund (RHLF)

The RHLF was established in 1996 by the South African Government following a grant of about R150 million from the German Government. The RHLF's core business is providing loans, through intermediaries, to low income households for incremental housing purposes. Incremental housing is a people driven process; and RHLF's core business is to empower low income families in rural areas to access credit that enables them to unleash the potential of their self help, savings and local ingenuity to build and improve their shelter over time.

The Rural Housing Loan Fund has channelled funds to homeowners in dozens of rural areas in all 9 provinces in South Africa through 20 medium and small retail lenders. The RHLF has set up a Peer Support Network (PSN) to support capacity building and loyalty to the RHLF mission among intermediaries. This unique approach to development finance seeks to institutionalize peer interaction among non-competitive start-ups.

3.9.7   National home-builders registration council (NHBRC)

The National Home Builders Registration Council (NHBRC) is a section 21 company established in terms of the Housing Consumers Protection Measures Act (1998). Its purpose is to provide housing consumers with warranty protection against defects in new homes, and to provide protection against any failure of builders to comply with their obligations in terms of the act.

The Housing Consumer Protection Measures Act 1998 (Act 95 of 1998) extends the NHBRC home warranty scheme to government housing subsidy schemes.

The warranty scheme has been implemented in three phases, since the approval of the Act by Parliament in October 1998.

The first phase of the Act came into effect on the 4th June 1999. At this point the Council assumed powers of a statutory body and began consultation processes necessary to implement the second and third phase.

The second phase of the Act came into effect on 1 December 1999. At this point, NHBRC received statutory powers to operate effectively in the home building market with exception of subsidy only projects. This phase made it obligatory for all builders operating in the mortgage bond market to be registered. During this phase, extensive consultation took place with regards to Ministerial Regulations, NHBRC Regulations, technical standards and financial implications.

The third phase was implemented with effect from 1 April 2002 and the Warranty Scheme now applies to all housing subsidy financed houses constructed as part of approved projects. The Warranty Scheme does apply to existing housing stock purchased by beneficiaries through individual subsidies. It furthermore does not apply to institutional housing subsidy programmes where existing buildings are converted and upgraded.

The Warranty Scheme ensures that all new homes build from the 1st April 2002 under the government subsidy scheme are fit for habitation, build in a workmanlike manner, comply with the NHBRC technical requirements, carry a one year roof leak warranty from the home builder and carry a five-year major structural defects warranty from the homebuilder which is supported by the NHBRC fund. The NHBRC generates most of its funding through registration fees.

3.10   CHAPTER SUMMARY

In order to achieve government plans to provide quality and affordable houses for all, something that needs to be done at the implementation level. The policies are not implemented properly. Special attention should be given to low cost houses since the majority of this country's population is in this category. South Africa needs to accelerate its economic growth policy development and look at building job opportunities for the lower income groups. People who live in squatter camps mainly live below the poverty line, and have mainly urbanized for better living conditions in cities.

The chapter has illustrated that Government has made great strides in providing housing to needy people and substantial progress has been made in transforming the sector. Since 1994 Government has spent billions to create housing opportunities. Despite not accomplishing its goal, Government's low-cost housing delivery remains a world first and is commendable. However, much remains to be done to overcome the housing backlog and to develop sustainable settlements. Looking ahead, it is clear that integrated housing development and co-ordination should be strengthened.

A major problem in housing delivery in South Africa is the lack of institutional finance. Banks mainly complain about the non-performing housing loans in the townships, which has resulted in the reluctance to make housing loans available to emerging social housing institutions.

Despite all the challenges South Africa and its economy is facing, Housing Development has been one of the main areas in which success has been evident. The problems of housing development are on-going and persistent and will remain with the government for as long as participation of the private sector is slow, limited, and not encouraged. Proper shelter and housing for every citizen, especially the poor, provides a crucial foundation for any economic development. It increases every citizen's commitment and love for the country. South Africa has made great strides in providing housing and basic services such as electricity and water to the people of South Africa., However, much remains to be done to overcome the housing backlog and to make water and electricity available and affordable to all within the country.

CHAPTER FOUR: LOW COST HOUSING ALLOCATION PROCESS

4.1 INTRODUCTION

This chapter deals with the housing allocation process in South Africa. Housing delivery is reliant on the allocation process. In order to understand this process, housing development process and procedures will be explained to give a clear understanding and also the policy of housing allocation will be highlighted. Furthermore, South Africa's delivery performance, since 1994, is analysed and, finally, factors that influence housing allocation and delivery, are also discussed.

Housing is meant to address basic human needs for shelter and security by providing protection against excessive climatic conditions and unwanted intrusion from insects, rodents, and environmental nuisances such as noise that may be injurious to health and wellbeing (Roderick, 2004). In order to fulfill this basic need, the South African government has, since 1994, initiated and implemented several low cost housing delivery programmes and housing subsidy mechanisms. Furthermore, to ensure that all South African citizens have access to adequate housing conditions, the government stipulated, through the National Housing Policy Framework, its goal to increase housing's share in the total State budget to five percent and 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's goal of 1,000,000 houses in five years (A New National Housing Policy for South Africa, 1994). However, budget

allocation and policies are only vehicles to ensure that development of houses is done; the main issue is the allocation, which needs to be done effectively and systematically to ensure that all citizens benefit.

4.2   HOUSING DEVELOPMENT PROCESS AND PROCEDURES

According to the department of housing (2005) the following steps should be followed when developing housing:

4.2.1   STEP ONE

The Council or provincial department of Housing decides on the number of houses to be build, based on a demand list for housing in that area. The Council or provincial Housing Department will select the project that best meets the needs of the beneficiaries and the goals of the department. Qualifying beneficiaries are identified and money is made available for houses to be built.

4.2.2   STEP TWO

Following these decisions, the municipal manager or senior technical staff draws up a proposal for housing delivery. Suitable land for housing development is identified and acquired. If the land belongs to the municipality, the process of registering such land may be shorter, but if the land is to be purchased from a private owner, the process may be longer.

4.2.3   STEP THREE

It is a legal requirement that every development should follow the process of impact assessment on the environment. Environmentalists must be appointed to analyse the Area in which the development has to take place. This is to ensure that the environment and its species are not negatively affected as well checking whether or not the land is suitable for habitation. The appointment of specialists takes about one month and the study to be undertaken could take up to two years.

4.2.4   STEP FOUR

Suitable analysis to determine whether the land is suitable for development:

- A general layout for the development

- Establishment application is made

- Engineering service report

- Public notice and comment

- Handling of objections, if any

- Approval of application

- Conditions of establishment

- Service level agreement between the developer and the municipality must be signed

4.2.5   STEP FIVE

When the application is approved, the general is drawn and the pegging of plots are made.

4.2.6   STEP SIX

When an approval from the surveyor-general is received, a register is opened in the Deeds Registry Office and the township is proclaimed in the Provincial Gazette. The general plan is submitted to the surveyor-general's office for approval.

4.2.7   STEP SEVEN

The relevant authority (municipality or Department of Housing) invites tenders for developers or contractors to bid for housing development.

4.2.8   STEP EIGHT

The developer draws up a proposal and submits it to the department for consideration and appointment. The appointment process may take two months. When a developer is appointed, he or she applies for a subsidy on behalf of those who may qualify for approval.

4.2.9   STEP NINE

Conveyancers are appointed to transfer the title deed in the name of the qualifying beneficiaries.

4.2.10   STEP TEN

The developer is appointed and houses are constructed. The houses must be completed before or on the deadline laid down in the programme.

4.2.11   STEP ELEVEN

The building inspectors monitor the progress of the project on a regular basis and keep the municipality or department informed and certify completed houses.

4.2.12   STEP TWELVE

Qualifying beneficiaries take occupation of the house. A 'Happy Letter' is issued and signed (Department of Housing, 2005).

4.3   HOUSING ALLOCATION: POLICY AND PROCESS

When allocating houses, it is important to verify that the applicant qualifies and complies with all the criteria for housing subsidy allocation before the application can be approved. In so doing, once a housing subsidy application has been captured on the Housing Subsidy Scheme, the application is submitted through three electronic searches. The first

search is to validate the applicant's identity, marriage status and other biographical details; this is checked on the population records. The second one is to ensure that the applicant or their spouse has never been granted the subsidy before by checking through the National Housing Subsidy Database. Lastly, the application is compared to the Registrar of Deeds to ensure that neither the applicant nor his/her spouse has previously owned a property (Auditor-General, 2006: 7). These searches are a mandatory requirement and they assist the subsidy administrators thorough the authorization process. Results of these searches are also made available to the Auditor- General to verify that all processes have been correctly followed and to minimize the chances of corruption.

According to the Department of Housing, the number of subsidies within a housing project will determine the number of subsidies approved by the provincial housing department, for that particular project. The allocation to specific beneficiaries then commence as soon as funding is made available for the project. The Housing Allocations Policy (HAP) was approved in 2004 and was assumed by the City of Cape Town (Steyn, 2007). It states that the following six fundamental principles underpin the spirit in which it was proposed:

"The question of equity is raised as the first principle. Every applicant should be allowed an equal opportunity for housing assistance and not be unfairly discriminated against based on special deals and undue influenced being exercised
 Secondly, transparency must be upheld by making the processes and procedures accessible and open to scrutiny.

Thirdly the Housing Allocation Policy must be efficient in terms of practicality and cost. "Practical judgement should be employed in implementing this policy in a way that preserves its intent but may save money or achieve greater progress" Social unity is listed as the fourth principle and efforts must be made to ensure that social conflict is reduced and that development progress is optimised. The HAP must be applied in such a manner, which will improve access to housing opportunities, the policy should not be used to hinder projects, and should not result in further administrative stumbling blocks. The sixth principle states that the HAP must be employed in a way that encourages integration of the city" (Auditor-General, 2005: 1).

The range of housing waiting lists is extensive; each contains various personal information details and applies to different areas. According to Steyn (2007:87), "the old method' used by municipalities prior to 2000, when all municipalities amalgamated into the Cape Town Unicity, caused confusion – the lists were often duplicated and incomplete. The Interim Housing Database is used to guide the allocation of housing and these lists are integrated to produce a single electronic Housing Database" (Steyn 2007: 87).

All families, groups and individuals, who receive housing assistance in the Cape Metropolitan Area (CMA) 5, originate from one of the following sources: a target community, municipal submission or the interim housing database. Target community refers to the group of beneficiaries that form the basis for the development of a housing

project. What this means is that a housing project is developed to accommodate this group, i.e. the beneficiaries give rise to the new project.

Should there be more families than the target community can accommodate the municipal submission applies. This refers to the additional number over above the target community. The municipality, then, submits the municipal submission list to the project manager. This list of names may only be comprised of families who have to be absorbed as a result of de-densification elsewhere, or families that a court may have directed Council to accommodate (Housing Allocations Policy, 2005: 2). The municipal submission list is different from the interim housing database in that the latter refers to all waiting lists jointly, be it area based, estate based, municipal based or project based.

After the selected beneficiaries have been assisted, they are not removed from the database for record purposes; they are, however, placed on a different schedule. People may apply on a continuous basis to be recorded on the interim database and when successful, a 'confirmation of application' certificate will be issued (Housing Allocations Policy, 2005: 2). In order to qualify, the applicant must provide testimony of having resided in the CMA for at least two years. Applications are open to all persons who live in the CMA and who meet the criteria for a national housing subsidy (Housing Allocations Policy, 2005: 2). Due to the high disparity between the available subsidies and the ever increasing need for housing, it is becoming clear the completion for housing will intensify. This can be detected around the drafting and finalisation of beneficiary lists whereby the lack of lack of official procedure and policy has resulted in substantial

contestation, project delays and, in some cases, violence. As an alleviation measure, the City of Cape Town has introduced the Housing Allocations and Audit Committee (HAAC) and, in order to ease tensions, each project manager is guided by a specific procedure (Housing Allocations Policy, 2005: 4).

This procedure consists of determining the number of even available for each project, which is drawn from the initial site planning. It is a standard requirement that the project manager should outline and submit the initial list of beneficiaries to the Provincial Housing Board before any funding proposal can be approved and funds allocated. This list contains the exact number of names, which can be accommodated in the project, bearing in mind that all the names on this initial list are required to originate from either one of the three sources that discussed previously: the target community, municipal submission or the interim housing database (Housing Allocations Policy, 2005: 4).

Each project will have what is known as a "source-split", subject to authorization and approval by the Executive Councilor for Housing. A source-split refers to how much of the total each source comprises and this maybe mainly as a result of the excess or shortfall that a project may have once the target community has been accommodated (Housing Allocations Policy, 2005). On approval of the project, the project manager should ensure that all applicants on the original list complete application forms in detail. These forms will then undergo thorough assessment in order to rule out any discrepancies and non-compliance. During this process it is always found that a minimal amount of the original applicants can no longer be traced and some do not meet the criteria. When this

happens it opens up opportunities which should be filled by drawing on one of the sources (Housing Allocations Policy, 2005: 4).

An administrative office is then established at each project site and assigned with inserting the qualifying beneficiaries of the target community onto the Council's database and assisting potential beneficiaries in completing national subsidy applications. This office does not allow for any new applications or addition of new names to the list, it only deals with the approved list. Once the list is completed, it is referred to the HAAC. The Board verifies the list upon satisfaction that all objections and any other outstanding matters have been resolved. This list is then referred to as the final list of beneficiaries for that particular project. Is sometimes happens that in the period between the finalisation of the list and the actual occupation period, additional opportunities appear. These maybe as a result of one of the following; people having lost interest, having moved to other places and being untraceable. Should this be the case, these few additional opportunities are again filled from the three sources. As much as more subsidies are being approved, the surge of informal settlements as well as the urban migration is making it difficult for the government to speedily eliminate the poor housing conditions and lack thereof.

Council endeavors to assist all qualifying residents/families of an informal settlement, which is area set aside for in situ 6 upgrading where this is endorsed in terms of the national housing subsidy scheme. Families who prefer to move (as a result of de-densification) will be accommodated as part of a municipal submission. Families that are assisted in this type of project are considered to be the 'target community'. Any

remaining plots are issued to families from the 'municipal submission' (Housing Allocations Policy, 2005: 6). Not all settlements can receive attention in the same year. Assistance should be given to those settlements that are most likely to succeed as upgrade projects. However, this should be viewed as a question of prioritisation and not of allocation (Housing Allocations Policy, 2005: 6).

4.4 FACTORS THAT INFLUENCE HOUSING ALLOCATION AND DELIVERY

Despite the achievements of the first ten years in providing shelter to the poor, according to the Department of Housing (2004: 4), there are a number of constraints that hamper the provision of housing that has added to decline in the number of units that have been constructed per annum since 2000. The Department of Housing (2004: 4) has acknowledged six such obstacles, which are discussed in the section below. Thereafter, an additional five important barriers, which influence the speed of housing delivery in South Africa, are addressed.

4.5 OBSTACLES IDENTIFIED BY THE DEPARTMENT OF HOUSING

There are obstacles identified by the department of Housing that affect housing delivery as quoted in Burgoyne (2008: 25):

- Integrated housing environments had not been suitably created. This was because of the poor configuration of housing plans and funding streams at all levels of

government, as well as the generally poor quality and peripheral position of low-income housing projects.

- Beneficiaries did not view the house provided as an asset because they saw the houses being sold at a cost lower than the replacement value, which demonstrates a challenge to the objectives of the housing programme where the housing units were seen as an asset,

- There is inadequate contribution from the financial sector in the financing of low-income housing. This was principally owing to the poor repayment record of low-income housing beneficiaries,

- There is significant under-spending on budgets for low-income housing by responsible housing departments owing to a lack of capacity, particularly in municipalities, sluggish transfer of state land to municipalities, a lack of collaboration from traditional leaders and the recent implementation of new housing policy measures,

- The constant presence and expansion of informal settlements (through increased migration, discussed in the sections that follow), which have little or no access to services or infrastructure, pose difficulties. A final obstacle was the need to provide housing in the framework of decreasing household sizes. It has been recognised that this factor is partly responsible for the increasing backlog of low-income housing, and the associated increase in slum development in South Africa.

4.6 SOUTH AFRICA'S HISTORICAL SITUATION WITH REGARD TO HOUSING

Other factors that contribute to the delivery or non-delivery of houses, stems mainly from a legacy of the apartheid system, where housing was supplied and used as a mechanism for social segregation (as discussed in section 2.3.1). The disproportionate distribution of wealth, together with the class separation, both evident in the Western Cape, make for great resistance to low-income housing projects by neighboring communities, as new housing projects are perceived as (and often are) dysfunctional ghettos (Department of Local Government and Housing, 2005: 17).

The restructuring of apartheid spatial and socio-economic patterns of exclusion appear to be the aim and attainable objectives of the BNG's housing plan. Despite the full scale housing delivery and development since 1994, it is apparent that this legacy cannot be removed without the political resolve to confront and defeat resistance to integration of the city as it is apparent in the "not-in-my-backyard" (NIMBY) syndrome. "NIMBYism" mainly manifests itself in the form of resistance to low-income housing in close proximity to higher-income (and often well located) neighborhoods (Department of Local Government and Housing, 2005: 17).

4.7 URBANISATION AND MIGRATION

South Africa has become progressively more linked to the rest of the world, since the emergence of a democratic and inclusive government in 1994, which has seen the country affected by opportunities and challenges of an increasingly accessible world. In terms of

human settlement, the greatest international trend that is and will continue to affect South Africa is that of urbanisation. Urbanisation is defined as "the increase in the urban population of a country or area due to the following components of urban growth: (a) urban natural growth, (b) urban net migration, and (c) the reclassification of parts of the rural population into the category 'urban', due to the sprawl of existing urban areas into their rural surroundings or the development of new towns in formal rural areas" (Lehohla, 2006: 17). According to a report presented by the Department of Housing (2004: 27) at

The Commission for Sustainable Development, urbanisation in South Africa is characterised by not only internal movements of migrants, but increasingly by immigrants from Africa and other parts of the world. Increased pressure is placed on the resources available in South African cities and, therefore, on the country's ability to offer shelter and service needs. As a result, South African cities, as part of the continent and the globe, experience comparable urbanisation challenges that are faced by those throughout the world. According to South Africa's Housing minister, Lindiwe Sisulu (2006a: 1), South Africa's urbanisation rate increases by at 2.09% per annum. South Africa's major cities contribute about 36% to the overall national population and it is estimated that 70% of people will be residing in urban areas by 2030. This is despite the fact that South Africa is indeed ahead of this world trend and according to Boraine (2004: 4), in 2000 the country was already 58% urbanised.

Table 2.4 below indicates that increased access to economic opportunities, coupled with perceived better standards of living in urban areas, will persist in drawing migrants to

urban areas. Migration is defined by Lehohla (2006: 7) as "the crossing of the boundary of a predefined spatial unit by persons involved in a change of residence".

Table 2.4: Urbanisation Levels for the Nine Provinces in South Africa (2001)

Province	Urbanisation Level (%)
Gauteng	96
Western Cape	90
Northern Cape	80
Free State	75
KwaZulu – Natal	45
North West	41
Mpumalanga	39
Eastern Cape	38
Limpopo	10
South Africa	*56*

(Adapted from: The State of the Cities Report, 2006: 17)

It is clear from Table 2.4 above that the provinces of Mpumalanga, Eastern Cape and Limpopo exhibit low levels of urbanisation. The extremely high levels of urbanisation evident in the provinces of Gauteng, the Western Cape, the Northern Cape and the Free State, can be attributed to in-migration of people from other provinces who seek employment, improved services and infrastructure, amongst others.

4.8   SUSTAINABLE LOW COST HOUSING

There are number of factors to be taken into account in order to be able to effective provide sustainable low cost housing. Rosenberger (2009: 6) referred to the following factors that have both direct and indirect impact on the sustainability:

Economical sustainability;

Environmental sustainability;

Technological sustainability;

Socio-cultural sustainability; and

Organisational sustainability;

4.8.1   Economical sustainability

In terms of economic affordability, one should not only look at the price of the house, but other expenses associated with living in that house, for example services, rates and taxes. An assessment of the economic capability of the target group that will include looking at how well they can afford all the expenses linked to the house should be done. This will assist in ensuring that projects are developed according and within the means of each target group. If the people cannot afford to pay then the project will fail and consequently result in more costs for the government. Financial schemes could be linked to reduce the problem of affordability. Another alternative will be having a programme that deals with willingness to pay being incorporated as well job creation opportunities. These can be done and enhanced through activities like; labour-intensive construction methods and the creation of small workshops (Rosenberger, 2009).

4.8.2   Environmental sustainability

Environmental design is of utmost importance in ensuring that the housing development is adjusted to the surroundings, is accessible for service delivery and conducive for human habitation. Modern housing development has a major impact on the ecological system. Damage to sensitive landscapes, including scenic, cultural, historical, and architectural, should be minimised. Use of sustainable, health complaint and less hazardous building materials should be employed at all times. Local traditional materials often have a minor impact on the environment than modern materials such as bricks, concrete and corrugated iron sheets. A life-cycle-analysis should be utilised to determine sustainability of the building materials. Water supply and sanitation should be designed and maintained appropriately in order to minimise impact on the local environment. As means to minimise the environmental impact from inhabitants, renewable energy such as solar and wind energy should be integrated to the highest extent. As highlighted by Rosenberger, 2009, the most significant matter in environmental sustainability is maximizing the use of recycled material and renewable resources whilst minimizing pollution from energy consumption (Rosenberger, 2009).

4.8.3   Technological sustainability

Appropriate technology should be in accordance with local conditions and, at the same time, be durable, reliable and functionally constructed to a modern life. Technology plays an important role in any construction and there are two major setbacks for the survival or life span of any construction usually include building errors and a lack of maintenance. These can be minimised by developing a simple building concept, which respects local climatic conditions and which demands minimal of maintenance. The possibility of

maintenance should, therefore be taken into consideration when choosing building materials and components. Maintenance should be easy and inexpensive and, to the highest degree, involve the owner of the house ((Rosenberger, 2009).

4.8.4   Socio-cultural sustainability

The design of housing and the use of materials should correspond to local building traditions and to the user group's way of living. Religious and ceremonial traditions have a great influence on this and should be included in the planning process. When introducing a new low-cost housing design, it is important that it is not deemed as a type of house which is only for low-income families. The effect of status is in this case, important. People with a low income do not want to live in houses that are labelled for low income people, because then everybody would know those who live in these houses, are poor.

These people tend to copy the houses of the rich, which is also one of the reasons why corrugated iron sheets and bricks are popular. The gender aspect should be integrated into the project. In most cultures women are in charge of the domestic affairs and take upon themselves the responsibilities of the family. This includes also the fight to keep a home and to pay the rent. It is, therefore, important to include women in the planning process.

Human resources should be developed in communities so that, in the long run, the programme remains viable. This implies community participation, where it is appropriate in all phases of the process. Capacity building programmes should therefore, form an

integrated part of all activities with particular attention to improve the capacity of women (Rosenberger, 2009).

4.8.5   Organisational sustainability

Of utmost importance is to have an accurate organizational structure for the duration of the project. This should help in providing stability, sustaining relations and communication processes during this period. The aim of most low-cost housing projects presently is to boost a spreading of the introduced housing concept. A good organizational set up will strengthen this communication process and ensure that it does not end with the project. Environmental and energy issues should be incorporated at all levels of planning and decision-making. Before this can be done, all actors should be involved where it is appropriate and the organisational set up should be solid and well-rooted. The Governmental level and, most prominently the Local Government is considered crucial factors in the process of housing delivery or rather in facilitating the people themselves in housing. Furthermore, the private sector should be motivated in order to enter the low-cost housing sector. Finally, NGOs that operate within the human settlement sector and the urban poor themselves organised one way or another should be at the core of any activity (Rosenberger, 2009).

4.9   CHAPTER SUMMARY

The chapter illustrated that Government has made great strides in providing housing to needy people and that substantial progress has been made in transforming the sector. Since 1994, Government has spent billions in creating housing opportunities. Despite not accomplishing its goal of 350 000 houses per year, Government's low-cost housing

delivery remains a world first and is commendable. However, much remains to be done in order to overcome the housing backlog and to develop sustainable settlements. Looking ahead, it is clear that integrated housing development and co-ordination should be strengthened.

The lack of institutional financing is posing major dent South Africa's housing delivery programme. The major banks in the country are not enthusiastic about funding emerging social housing institutions as they complain about non- performance. In South Africa, only people who earn beyond R8000 per month have experienced little or no problems with housing finance from recognized financial institutions. It is apparent with supporting evidence that housing development is one of the areas in which the present government has achieved higher success rate. Despite not being able to meet its annual target, the amount of subsidies approved and houses allocated is an indication of a great stride towards elimination of informal settlements. There is definitely room for better and more improved performance. In adequate resources, urban migration and high poverty levels in our country are some of the major factors that are making it difficult for the government to reach its target.

In order to be able to reach the set goals and minimize the deficiency, it is crucial for South Africa to begin by developing an economic growth policy that can create jobs within lower sections of the economy. People who live in squatter camps mainly live below the poverty line, and have mainly urbanized for better living conditions in cities. The problems of housing development are on-going and persistent and will remain with the government for as long as participation from the private sector is slow, limited, and

not encouraged. Proper shelter and housing for each citizen, particularly the poor, provides a crucial foundation for any economic development. South Africa has made great strides in providing housing and basic services such as electricity and water to the people of South Africa. Much remains to be done to overcome the housing backlog and to make water and electricity available and affordable to all.

CHAPTER FIVE: CASE STUDY AND HISTORICAL OVERVIEW OF THE MBASHE LOCAL MUNICIPALITY

5.1 INTRODUCTION

This chapter takes the reader into the context of the study as it describes the composition of the municipality, and also describes the functioning and management style at the Mbashe local municipalty.

5.2 BRIEF HISTORY OF THE MBASHE LOCAL MUNICIPALITY

Mbashe is in the Amathole District of the Eastern Province. The Amathole District Municipality, on the eastern seaboard of South Africa, was established after the first transformed local government elections in December 2000. The district stretches from the Indian Ocean coastline in the south to the Amathole Mountains in the north, and from Mbolompo Point (just south of the Hole-in-the-Wall along the Transkei Wild Coast) in the east to the Great Fish River in the west (Mbashe local municipality general document, 2008).

The district has eight local municipalities, which each contain at least one urban service centre, which are Mbhashe (Dutywa, Willowvale, Elliotdale), Amahlathi Municipality (Cathcart, Stutterheim and Kei Road), Buffalo City Municipality (East London, King William's Town, Mdantsane and Bhisho), Great Kei (Komga, Kei Mouth, Hagga-Hagga, Morgan's Bay and Chintsa), Mnquma (Butterworth, Nqamakwe, Centane), Ngqushwa

(Peddie, Hamburg), Nkonkobe (Seymour, Fort Beaufort, Alice, Middledrift) and Nxuba (Bedford, Adelaide) (Mbashe local municipality general document, 2008).

Mbashe local municipality is a Category B municipal area and comprises of 24 administrative wards. Three main urban centres, namely Dutywa, Willowvale and Elliotdale, serve Mbashe. A majority of the population lives in the surrounding rural areas, and several of Mbashe's inhabitants live in poverty. The agricultural potential of the area is vast and includes potential for fruit and vegetable farming, maize farming, forestry, Mari-culture, stock farming, irrigation farming and so on. These potentials have been recognized through the Rural Livelihoods Programme and the Department of Agriculture who have ongoing initiatives in the area (Mbashe Local Municipality general document, 2008).

According to Buso (2002), the biggest problem that faces the municipality is urban migration. The poor, under-educated rural population is increasingly moving into urban centres looking for work or an improved living standard. Increasing populations are straining cities' abilities to provide basic services such as water, sanitation, shelter, education, and health care. At the same time rural populations are dwindling, thus lessening the agricultural base and, in several cases decreasing the nation's food stores. People have moved to urban areas and build shacks, which are constructed in record time from corrugated iron. Advantages of this migration include accessibility of building materials and straightforward building techniques. However the dwellings are thermally and energy inefficient. As a result, inhabitants spend a disproportionate percentage of their income on winter heating. They use highly polluting and low energy content fuels

such as wood and coal, which present health risks and burden the environment and natural resources (Mbashe Local Municipality general document, 2008).

5.3   GEOGRAPHICAL BACKGROUND OF WILLOWVALE AND DUTYWA

The focus of this study is on Willowvale and Dutywa, two rural areas were chosen, namely Candu and Xhomo. Willowvale got its name from willow trees, which grow in the valley. The area was originally inhabited by the San and Khoikhoi people who were displaced by the Gcaleka tribe of the Xhosas. The settlement was known as Gatyana, which was named after chief Gatyana of the Gcaleka. Then Gcaleka were driven away and in 1878 a police camp was established. Magistracy was introduced and the town was developed, hence Willowvale became a municipality in 1933 (Mbashe Local Municipality general document, 2008).

Dutywa is situated in the midst of nowhere between the former homeland capitals of Bisho, and Umtata. Dutywa is a non-descriptive rural town whose streets are lined with pavement traders selling fresh fruit and cheap imported synthetic clothing, Dutywa feels almost lost in the greatest expanse of the Eastern Cape. Income levels in the area are low, while a majority of households earn below subsistence level. The municipality contains tracts of agricultural land and, in addition, the area is well endowed with natural and physical resources and has immense potential for development of agricultural industries, and other commercial enterprises (Mbashe local municipality general document, 2008).

In terms of social, administrative and physical services, the urban and commercial farming areas are relatively well served, while large parts of the rural tribal population have historically been under-provided with services. The main town and service centre

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of the municipality is Dutywa, whose court, magistrates, and banks serve the district. It has a thriving bus and taxi business, which serves the rural surrounds and also links with Mthatha and East London. The informal settlements around the town ermeged in 1995 and this situation is being addressed by low-cost housing projects. The other town and business centre is Willowvale. The town comprises retail enterprises, which include supermarkets, petrol outlets, liquor stores, post office and motor spares and repair shops. The surrounding area is agricultural land which is interspersed with tribal residential areas.

5.4   HOUSING PROVISION

Compared to big cities, the structure in Mbashe has a higher proportion of owner occupation, a higher proportion of private rented housing (including tied housing), but a lower proportion of social housing. The structure of provision increases difficulties that people face as they attempt to gain access to housing.

According to Du Mhango (1997), with respect to people's housing circumstances, a higher proportion of both young men and young women live in parental homes in rural areas, as opposed to urban areas. They are less likely to be living as a single person household in rural areas. Young people in rural areas seem to experience a more extended transition to independent living than those in urban areas.

Rural homelessness may be a significant factor, which leads young people to move away from their local communities and on to urban areas. Housing issues are sometimes assumed to be urban problems, but there are real problems in rural areas too.

Less council housing exist in rural areas. A shortage of affordable housing is considered to be one of the most serious issues that face small municipalities such as Mbashe. People who live in the countryside and have housing difficulties, are far more scattered than their counterparts in urban areas. This situation leads to less attention, fewer resources and fewer support services. Support services, advice/counseling centres or council departments are more likely to be in a main town. With regard to poor transport systems, particularly people in the rural areas, may have to travel long distances to access any of these (Du Mhango, 1997).

Rural people in the Mbashe local municipality suffer the same problems of poverty as other communities. However, they have additional problems such as long distances to schools and a lack of other basic amenities. It is important that government understands that several people in the rural areas do not want to go to towns, but are happy to be given houses where they are and where they can still have their stock, milk cows each morning and cultivate their land. This means that developers, architects and builders should consult with rural communities to determine suitability of the shapes of houses and the like, which will make their settlements sustainable.

The then Honorable Premier of the Eastern Cape province, Mrs. Nosimo Balindlela, at the Eastern Cape Rural Housing Summit, which was held at Elliotdale on 25 January 2008, mentioned that 'through the Freedom Charter, we promised that all people (rural, farm and urban) shall have decent shelters where they will raise future families. The anger shown by some communities for not receiving services challenged government to accelerate sustainable housing delivery as part of eradicating poverty. Housing is a basic

need, while a lack of housing is a sign of poverty. Without a house, people are stripped of their dignity. Poverty is enemy number one for democracy, since democracy means that one has a basic food and shelter"

People who live in informal housing have often been promised better housing and better services. The people of Mbashe have been promised the same, but there is a lack of service delivery, for instance, a house is a house with better sanitation, better electricity, accessible water, and so on. According to Trade Invest SA (2008), more than 2.2-million families in South Africa live in informal settlements with no proper ablution facilities or running water and no electricity.

5.5 ROLE PLAYERS AND RESPONSIBILITIES IN MBASHE LOCAL MUNICIPALITY

5.5.1 Councillors

Mbashe local municipality consists of 51 councilors, who during the low cost housing process; the councilors consider and adopt a process plan. Before approval, other stakeholders comment on the process plan (Mbashe Local Municipality general document, 2008).

5.5.2 Executive Mayor

During housing development, the executive mayor also decides on the process plan with the councilors who are also responsible for the overall management and co-ordination of the process. The executive mayor also monitors the process and sometimes delegates

functions to the municipal manager. The executive mayor also approves nominated people who are in charge of the project during the low cost housing process (Mbashe local municipality general document, 2008).

5.5.3   Ward Councillors

Mbashe local municipality had 26 ward councilors. Ward councilors are a major link between the municipality and the community and their main role is to link the planning process to their constituency and or wards. They are also responsible for organising public participation and consultation. They always make sure that there is effective and efficient communication between the municipality and the community during the planning or decision making period (Mbashe Local Municipality general document, 2008).

5.5.4   The municipal manager

During the process of housing development, the executive mayor sometimes appoints or nominates the municipal manager to co-ordinate and monitor the process. The municipal manager is there to make sure that relevant role players are appropriately involved during housing development. His duty is also to nominate people who will be in charge of different roles, and while he is responsible for the day to day management of the housing process in Mbashe, he also makes sure that the planning is strategic, participatory and implementation oriented. He also responds to comments from the public (Mbashe local municipality general document, 2005).

5.5.5 Head of the Department of Housing

The head of the Department of Housing provides relevant technical, sector and financial information in order to determine priority issues.

5.5.6 Traditional Leaders

Traditional leaders are supposed to identify suitable land for housing development and the local municipality should facilitate, initiate and manage the housing development. The traditional leaders have no clear understanding of what their duties are supposed to be during housing development (Mbashe local municipality general document, 2007).

5.5.7 Public participation during the low cost housing process

Because of South Africa's turbulent past, the disenfranchised majority was deprived of many basic human rights. Public participation in housing issues was a right reserved for the white minority. Today, as a democratic state, the Constitution (South Africa, 1996), the supreme and sovereign law of our country, considers access to proper housing a basic right to be enjoyed by all South Africans.

5.5.7.1 Creation of appropriate conditions

Mbashe local municipality should encourage the community and all stakeholders to become involved during the low cost housing process. According to housing legislation in order to ensure public participation, municipalities should create appropriate conditions that would enable participation.

5.5.7.2 Structured participation

Mbashe local municipality is a rural municipality and the population size and area is too big to allow for direct participation, hence when planning housing development as stated in Burgony, (2008), the following questions should be addressed:

- Who should participate?

- Who will not directly participate, but should be consulted on certain issues?

- On which issues should direct participation or consultation take place?

5.5.7.3 Diversity

Burgony, (2008) also mentioned that, the way public participation is structured provides sufficient room for diversity within the municipal area in terms of:

Different cultures;

Gender;

Language;

Education;

Rural/ Urban; and

Special groups:Youth.

5.5.7.4 Participation Costs

Participation costs are eliminated during planning, as potential participants are aware of the fact that it is in their own interest to be involved in the planning process and it is not a task that they have to pay for. Even travel expenses from their areas to town or to the meeting place, are paid by the municipality.

5.5.7.5 Informing rural, urban communities and stakeholders

According to Rosenberger (2009), the following is utilised to inform relevant role players and the community of the municipality:

- Radio;

- Press;

- Community news paper;

- Adverts;

- Flyers;

- Ward committees;

- News letters;

- Church notices; and

- School notices

In Mbashe local municipality, there is no proper form of communication, no radio station, not local news paper etc. The community must be informed of what is hapenning in its municipality.

5.5.7.6 Appropriate Language

As previously mentioned, Mbashe is a rural municipality, whilst 90% of its community is illiterate. Xhosa is the common language; hence interpreters were used when the need arises during interviews (Mbashe Local Municipality general document, 2008).

5.5.7.7 Venues and time for meetings

Venues that the municipality chooses during discussions are always centrally situated.

Most of the time, they make use of community halls, the homes of the traditional leaders and town halls. The only problem is that, no means of transport is made available for the community to attend these meetings.

5.6   SUMMARY

The role of the municipality in housing distribution has not been a positive one in recent years. This is owing to a lack of co-operation between the local municipality, councilors, community members, traditional leaders and other stakeholders that are involved in housing development.

The quality of housing that the researcher witnessed in Mbashe local municipality raises questions about why   some houses are of such poor quality, where breakdowns in the delivery process have occurred and how service delivery, in this regard, can be improved. It is also important to consider implications of poor quality. The right to adequate housing means the "right to live somewhere in security, peace and dignity" Houses provided by the state should align with constitutional rights to privacy and human dignity; and provide protection from adverse weather conditions. It is also important to consider how government's systems have failed and how poor quality requires a shift in perspective and practices at provincial and local levels. Poor quality does not occur in a vacuum and it is important to consider what challenges and constraints face provincial and local officials when planning and implementing housing plans and policies.

CHAPTER SIX: RESEARCH DESIGN AND METHODOLOGY FOR LOW COST HOUSING DEVELOPMENT IN THE MBASHE LOCAL MUNICIPALITY

6.1 INTRODUCTION

In order to successfully investigate the low cost housing process in the Mbashe local municipality, it is imperative to first establish the role played by the municipality and the community during the low cost housing process. In order to investigate the low cost housing process, necessary information was collected.

6.2 METHODS OF DATA COLLECTION

The researcher should make a decision whether the data will be collected either through questionnaires, observations, case studies, interviews or focus group discussions (Rashe, 2006:98).

6.3 DEGREE OF MEASURING ACCURACY

The researcher should make a decision whether to use a qualitative or quantitative research approach as means to measure the degree of accuracy (Rashe, 2006).

6.4 MAIN OBJECTIVES OF THE RESEARCH

"The research plan could be influenced by the main objective of the research, which could be to:

- Evaluate;

- Test hypothesis;

- Conduct comparative research; and

- Conduct a descriptive study" (Rashe, 2006:98).

6.5   REASONS FOR COLLECTING DATA

According to Pekeur (2002: 144) "the reason for collecting data is to determine whether primary data should be gathered or whether a secondary analysis will be sufficient. He also stated that there are two broad categories of research, namely qualitative research and quantitative research. Qualitative research is used to focus on:

- Characteristics of language as a means of communication or a cognitive representation of culture; and to

- Discover realities

Quantitative research is used when data can be expressed in numbers. The most common research designs are:

- Design of exploratory research;

- Design of experimental research; and

- Design of descriptive research" (Pekeur; 2002: 144).

According to Stugwig (199:45), as quoted in Pekeur (2002:144), stated that "the main purpose of exploratory research is development and clarification of ideas and formulation of questions and hypothesis for more precise investigation at a later stage. This method also involves gathering a great deal of information on one or a few cases" Pekeur

(2002:144) further states three possible methods that are used for exploratory research, namely:

- The study of secondary sources of information;

- An analysis of selected cases; and

- A survey of individuals who are likely to have ideas on the subject, on the whole.

According to Sturwig (1996:46) "descriptive research attempts to describe something and the degree to which its use varies with income, age and gender" The descriptive research design, according to Pekeur (2002:144), forms a basic research instrument for administrators and policy analysts. The main goal of this type of research is to describe the data and characteristics about what is being studied. Although this research is highly accurate, it does not gather the causes behind a situation. Descriptive research is mainly done when a researcher wants to gain a better understanding of a topic. Leedy (1985:134) identifies the following characteristics of the descriptive survey research method:

- "It deals with a situation, which demand the technique of observation as the principal means of collecting data;

- It chooses the population of the study carefully;

- It clearly defines and specifically delimits in order to set precise parameters for ensuring discretion to the population;

- Its data is susceptible to distortion through introduction of bias into the research design; and

- Its data is organised and presented systematically so that valid and accurate conclusions may be drawn from it" (Leedy; 1985:134).

Pekeur (2002:145) identified the following studies as examples of designs for descriptive research, namely:

- Cross-sectional design;

- Longitudinal design;

- Time series;

- Panel studies;

- Case studies;

- Focus group interviewing and ; and

- Meta-analysis;

These studies will assits the researcher to answer questions such as: How many? How much? How efficient? How effective? And how adequate?

For the purpose of this study, a case study, interviews, observation and a focus group discussion, were utilized. Yin (1984: 23)" defines the case study research method as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used. Yin (1984:23) also mentioned that "Case study research generally answers one or more questions which begin with "how" or "why." The questions are targeted to a limited number of events or conditions and their inter-relationships. To assist in targeting and formulating the questions, researchers conduct a literature review. This review establishes what research has been previously conducted and leads to refined, insightful questions about the problem. Careful definition

of the questions at the start pinpoints where to look for evidence and helps determine the methods of analysis to be used in the study. The literature review, definition of the purpose of the case study, and early determination of the potential audience for the final report guide how the study will be designed, conducted, and publicly reported.

Based on the purpose and objectives of the thesis, as defined in Chapter One, it was decided to use a descriptive research design. The purpose of the study is to investigate the low cost housing process in the Mbashe local municipality. In order to help achieve this, the research objectives of the study were to:

- Evaluate the current low cost housing process in the Mbashe local municipality;
- Evaluate the role played by chiefs or traditional leaders, youth and the community in implementation of the housing policy of the Mbashe local municipality;
- Develop a strategy for use by the Mbashe local municipality and the community, which will assist with awareness, transparency and accountability during the housing construction, implementation and allocation process; and
- Propose recommendations on how to improve communication between the municipality and the people.

6.6   DATA COLLECTION

According to Leedy and Ormrod, (2001) "in primary data collection; you collect the data yourself using methods such as interviews and questionnaires. The key point here is that the data you collect is unique to you and your research and, until you publish, no one else

has access to it. There are many methods of collecting primary data and the main methods include":

- Structured interviews,
- Focus group discussions,
- Non- participant observation, and
- Case studies.

6.7   METHODS OF COLLECTING DATA

Structured interviews were conducted to collect data. As the Mbashe local municipality was the study area, 200 people were interviewed, 100 men and 100 women from each area were chosen, as stated in Chapter One. In order to successfully complete the interviews, the researcher visited clinics in order to get more people to participate in the study. The interviews were conducted between 07:00 and 14:00 each day whilst people waited at the clinics. This made it easy for the researcher to obtain information from varying ages. The researcher sought permission from the traditional leader in each area to accompany him/her to the clinics each day as some community members were suspicious and did not want to co-operate.

As the questionnaires were written in English, the researcher had to translate them into Xhosa while interviewing community members. The interviews were successful.

A case study assessment was conducted. The researcher studied the local municipality itself, and the duties and responsibilities of stakeholders during the low cost housing process. The researcher conducted non-participant observations for two days.

A focus group discussion was conducted, which comprised eight members of the municipality. The researcher facilitated the discussion. The purpose of the focus group discussion was to find out from officials whether the problem of poor housing in the Mbashe local municipality was the municipality's priority, and to investigate the communication channels and community participation during the process of housing development. The discussion took place in Xhosa and was later translated into English.

The discussion deliberately sought to investigate the role played by a range of local level stakeholders during housing development in the Mbashe local municipality.

6.8   LIMITATIONS OF THE STUDY

As stated in Chapter One, the study's geographical focus is the Mbashe local municipality with specific reference to Dutywa, Gatyane, Nywara and Candu. Community members were interviewed from 1 August 2008 to 15 August 2008. Non participant observation and a focus group discussion was conducted in the Mbashe local municipality offices. The case study assessment encountered a problem as some officials were of the opinion that the researcher was being sent to investigate them for fraud.

6.9   OBSERVATION AND FEEDBACK FROM MBASHE LOCAL MUNICIPALITY

As a person who grew up in the area, the researcher is aware of the process. The researcher observed the case study as from the 01 August 2008 to 15 August 2008. The observations were based on housing allocation, communication, participation and the

standard of current houses. According to the policy government should allocate funds to provincial and local government for housing development, but there is no housing development in Mbashe local municipality, however, there are Housing Boards at both National and Provincial levels, and funding is still controlled by National government causing bureaucratic complexities in obtaining funds to administer programs at local levels (Jenkins, (1999). The majority in Mbashe local municipality is rural people with no education. People in the rural areas of Mbashe local municipality have no idea what a subsidy is. They need houses, the researcher discovered that a family of ten shares one mud house.

The councilors should be helpful because they are close with the communities and the majority stays in rural areas, their homes are well build. There is no communication between the councilors and the citizens. There is also no communication between the community and the traditional leaders, for instance there is no local news paper or radio station that people can utilise to give their views and opinions. The community is not consulted about their needs.

6.9.1   Housing Allocation

The housing allocation process should be fair and accountable to everybody. The municipality should create awareness, be accountable and transparent to the community. The community should be aware of its rights during allocation of houses.

6.9.2 Communication

People in the rural areas are not aware of what is going on within their local municipality. There is no communication between ward councilors and the people, while traditional leaders do not call meetings to inform communities about housing policies and integrated development plans.

6.9.3 Participation

There are several factors that prevent communities from participating in housing provision. These include inaccessible language, a lack of information and a lack of understanding of the roles and responsibilities of various stakeholders within the municipality. Community members that were interviewed felt that the top down centrally organized strategies of addressing issues of housing, has led to poor planning and implementation.

Generally, communities, traditional leaders and councilors have not developed strong relationships. Participatory decision making is hampered by tension between them about who should represent community interests and keep the community informed.

6.9.4 Standard of current houses

As mentioned previously in the study, housing service delivery is very poor in Mbashe local municipality, people complain about the quality of service that was rendered by contractors during the building process of low cost houses in Willowvale. There is a lack or monitoring and evaluation of contractors that have built houses so far. Houses that are built by contractors are of a poor quality. When community members complain about the

quality of houses, contractors tell them to contribute a further amount in order to deal with the problem.

The most common complaint was that when it rained, water would come in through the roof, along the bottom and top edges of the walls and around the doors. Beneficiaries said that they routinely needed to move all their furniture and possessions to the centre of the house when it rained in order to avoid water-damage.

6.9.4.1 Key structural quality defects

Roofs were not always firmly secured to the walls and/or trusses, which caused them to rattle, or even blow off, when windy. Beneficiaries had taken to placing stones and tyres on their roofs to prevent this.

Doors did not fit securely into their frames and beneficiaries usually had to stuff material or newspaper along the frames, especially at the bottom, to stem water that got in when it rains. Some beneficiaries tried to fix the problem permanently by removing doors and adding additional cement or mud to fill the gaps. Ill-fitting doors were made worse when frames were made of metal, which rusted and warped over time. In addition, doors were not varnished and the wood gads begun to strip. Some beneficiaries covered their doors with plastic to keep them waterproofed and to keep the cold out. Also, some doors had gaps between the wooden slats, which were wide enough to see through. Beneficiaries filled these gaps with material or plastic.

Cracks in the walls developed soon after beneficiaries moved in, particularly around the windows, doors and corners.

Foundations often cracked where they met the top structure. In addition, some top structures did not align and square off with the foundations. The damp proof course appeared to have been laid incorrectly in a number of homes that were inspected with some beneficiaries who complained of rising damp.

Most houses that were visited did not have bathrooms, and beneficiaries shared communal toilets and taps. Sometimes there was a tap outside each house. Some beneficiaries had water metres in their houses. One beneficiary indicated that they had been receiving free water, but had recently been asked to a sign forms so that they could have water metres installed. A committee has been organised, however, to investigate what the situation is with the water and the community is still receiving free water. Some beneficiaries had electricity meters.

6.9.4.2 Responsiveness of the municipality to complaints about quality

When asked if they had complained to the municipality or Department, most beneficiaries said no, adding that there was no point because officials seldom came to inspect the houses when other people had complained. Those who indicated that they had complained said that even when officials did come to look at the house, they never came back to tell beneficiaries whether anything would be done about the poor quality of their homes. One beneficiary said that some officials from the municipality came in 2005 and promised to renovate her house, but they had never returned. This particular beneficiary

had a number of problems with her home, including numerous cracks on the inside and outside, water damage to the walls and floors, no handles on windows so they could not be opened and a rusting doorframe, which had warped, leaving her door unable to close properly. Another beneficiary said that municipal officials had visited her house in 2006 and promised to come back. She had not yet heard anything from them.

6.9.5 Migration

Migration from rural areas to urban areas has contributed to an increase in demand for houses. People move from rural areas because they expect a better quality of life in urban areas. They migrate to urban areas and they build shacks on land that is not allocated to them because there is no other accommodation. According to Kepe and Cousins, (2007) problems of poverty and inequality are particularly stark in rural areas hence rural municipalities should focus on reducing inequality.

6.10 DATA ANALYSIS AND INTERPRETATION

What is a primary and secondary households?

Primary households are homes or houses that are independently owned by either an individual or a family, whereas secondary households exist within the premises/plot of the primary household. Secondary household/s could be in the form of a room/s behind the main house.

Number of households interviewed

Type of household	Number of households

	interviewed
Primary household	160
Secondary Household	40
Total	200

Table above indicates that majority of households were primary, meaning that they were resident owners.

Number of people per household

Number of people staying in the house.	Number of people per household
1	28
2	52
3-5	219
6-9	158
10-15	43
Total	500

Based on the above table it is clear that the majority of people in a house was 3-5 followed by 6-9.

Level of education

Grade 1-3	120
Grade 4-7	230
Grade 8-9	50

Grade 10- 11	75
Grade 12	25

The majority of people in this area only have grade 4-7 level of education which has a link to their employment status, which means, their level of education has an effect on the kind of skills they have for employment.

6.10.1 STRUCTURED INTERVIEWS

QUESTION ONE

Do you live in the area of Mashes' local municipality?

Response

All the interviewed people lived in the Mbashe Local Municipality.

QUESTION TWO

What type of dwelling do you live in?

- Room/Flat Shared
- Mud house
- Homeless
- Municipal House

Response

Respondents from rural areas build their own houses by using home made bricks while the majority live in mud huts. Respondents from urban areas live in old council houses

and RDP houses that were built between 1994 and 2000. There are a few who live in shacks. In Willowvale few low cost houses were built between 2003 and 2006.

Interpretation

A majority of respondents felt that government merely uses them to obtain votes, and they have been promised better lives, while they still live in poor houses. Unless government assists them to get better houses, a majority will not vote in the next upcoming elections.

QUESTION THREE

Is there a great need for low cost housing in your area?

Response

According to all respondents, there is a great need for low cost houses in the Mbashe local municipality. The youth migrate to big cities because of the lack of development in rural municipalities.

Interpretation

The municipality should educate the community about low cost houses so that they can benefit from it. The rural community has no idea of what a low cost house is, whilst the majority in the rural areas believes that houses are only for urban areas and not for them. According to respondents, they think that the municipality is of the opinion that housing rural people is not their issue.

QUESTION FOUR

Are there any current low cost houses in your area?

Response

90% answered no this question and few from urban areas answered yes.

Interpretation

The issue of housing development has been a central problem that has affected most historically disadvantaged people, partially those who reside in rural areas. Government is not aware that there are areas such as the Mbashe local municipality that lack housing development.

QUESTION FIVE

Do you participate in any housing development in Mbashe Local Municipality?

Response

All respondents would like to be involved and participate in housing development, but presently they are not involved.

Interpretation

Local government is sphere of government which is closest to people. Several basic services are delivered by local municipalities and local ward councilors are politicians who are closest to communities. It is their responsibility to make sure that the public participates in all activities of the municipality.

The South African government has clear policies that local municipalities and councilors should be sensitive to community views and responsive to local problems. Partnerships should be built between civil society and local government in order to address local

issues. A number of laws outline participation processes that municipalities should use to consult the community.

QUESTION SIX

Which type of houses do you prefer?

- Individual subsidy

- Consolidation Subsidy

- People's Housing Process establishment grants

- Rural subsidy

Response

All respondents felt that whatever the municipality provides them with will be accepted, as long as the municipality will consult, communicate and involve them during the process. The municipality should also make sure that houses are of a good standard.

Interpretation

The community should be educated about options while construction companies should be challenged to find cheaper options that adhere to standards. People with a low income do not want to live in houses labeled only for low income people, because then everybody knows that the persons living in these houses are poor. These people tend to copy the houses of the rich, which also is one of the reasons why corrugated iron sheets and bricks are popular.

QUESTION SEVEN

What can be done to improve communication between the municipality and the community?

Response

Respondents felt that the municipality should involve them in decision making during housing development and rural communities felt that communication channels should operate via traditional leaders, and that the traditional leaders should arrange monthly meetings with the community.

Interpretation

A lack of a clear housing policy for the Eastern Cape Province has contributed to confusion amongst local authorities, business people and councilors who need clear participatory guidelines in order to develop the Mbashe local municipality and its areas.

QUESTION EIGHT

Do people in your area have any experience in the construction industry?

Response

People in Mbashe Local Municipality do not have experience in construction. Those who are educated migrate to big cities as soon as they matriculate to further their education. There is a problem of illiteracy in all the areas of Mbashe local municipality. People have certain skills; they build their own houses starting from foundation to the roof. These skills require improvement.

Interpretation

The municipality should train labour for low cost housing. A programme that deals with willingness to pay should be incorporated. Job creating activities such as labour-intensive construction methods and the creation of small workshops, could present another way of obtaining local economical sustainability. The community should be motivated by all means to acquire construction skills, that means the municipality will save a lot of money because local labours will be utilized instead of getting labours from surrounding cities.

QUESTION NINE

Are women and youth physically active in the construction of houses?

Response

Yes they are involved especially women because they outnumber males, since males migrate to big cities for jobs and women in the rural areas are left behind to raise children. During the construction of their houses, the role of women is to make home-made bricks, fetch water from the rivers and cook for labourers. In urban areas, women are not actively involved at all as they work during the day.

Interpretation

The municipality, businessman and other stakeholders should support women in construction, especially women that were previously deprived of an opportunity to be part of the process.

QUESTION TEN

Are councilors actively involved in the development of houses?

Response

Some of the councilors in Mbashe Local Municipality do not work effectively to address the needs of their communities. For instance you will find out that in some areas the water is accessible, in others women still had to fetch water three km away from homes.

Interpretation

Communities and political parties alike should keep councilors accountable when it comes to housing development within their areas. Without people actively participating in their own democracy, creating it, fostering it and defending it, fundamental priority will not be fulfilled. Some of the councilors are lost, since they do not understand how municipalities operate. Training should be conducted to expose them to the operations of municipalities for whom they work.

6.10.2 FOCUS GROUPS

The focus group discussion was between the municipal officials and the researcher, the discussion lasted for two hours.

QUESTION ONE

What are the problems that you experience in terms of planning for housing development?

Response

The municipal officials revealed that the municipality faces a big problem and a challenge, as it serves about 430 000 people, a majority of whom reside in rural settlements. The population is primarily dependent on welfare and pensions for their survival as a result of the widespread of poverty and unemployment. Thus, traditional

leaders always report poor meeting attendance. The municipality communicates with the traditional leaders who then take time to provide feedback to their communities.

In urban areas, when meetings are called, the attendance is poor and an out majority is from the municipality, and not the public. The municipality utilizes radios and local newspapers to inform the community about meetings. Some initiated projects have failed because the municipality cannot plan alone.

Interpretation

It has been indicated by municipal officials that the communities are not concerned about what happens in their municipality.

QUESTION TWO

Which project has the municipality initiated for housing development?

Response

Officials revealed that they do not have a budget, since their budget is controlled by the Provincial Government, and the provincial government takes time to respond to their requests. Currently, there is an upcoming project, which is funded by an overseas company. All community members in the rural areas have been asked to register their names and 50 houses will be built in each area. The municipality has received a positive response and the planning has been smooth thus far. Officials visit traditional leaders in the rural areas more often now to identify suitable land for those houses.

Interpretation

Officials revealed that the provincial government provides money only when the land is identified for housing development and the role of the councilors is to make sure that land is identified and designed for housing development. Without identified land, there can be no project.

QUESTION THREE

Does the municipality organise workshops on certain issues related to housing development? What kind of workshops and what groups of people participate mostly?

Response

Officials revealed that workshops are organized by the municipality and councilors and ward councilors attend these workshops. The workshops concern housing development, as well as what the municipality can do to improve the situation.

Interpretation

Workshops and meetings regarding housing development should be announced regularly to the community in order to improve the standard of participation and communication**.**

QUESTION FOUR

What would be the best way to involve all community members in decision making during housing development?

Response

Municipal officials felt that communities should be informed of meetings a month prior to the meeting and be reminded, since several communities consist of senior citizens. Everybody should attend these meetings, and not only ward councilors and councilors.

The meetings should be announced in churches, burial societies, at stockvels, and the municipality should organise transport to and from these meetings.

Interpretation

Municipal officials agreed that the communities need a clear understanding of what happens inside the local municipality.

6.11   CHAPTER SUMMARY

This chapter has focused on the instruments that were used to collect data for the research. Structured interviews and focus group discussion were utilized as means to collect data for the study.

CHAPTER SEVEN: RECOMMENDATIONS AND CONCLUDING REMARKS:

THE LOW COST HOUSING PROCESS WITH SPECIFIC REFERENCE TO THE MBASHE LOCAL MUNICIPALITY INVESTIGATION

7.1   INTRODUCTION

In this research thesis, housing development and participation of communities were examined. Although houses have been built in certain areas of Mbashe, there is slow delivery and a lack of public involvement in housing programmes, which decide the future of the community. The eight principles of Batho Pele have served as a guideline to promote moral dimensions of both participation and cooperation in housing development for all the municipalities. In order for any development to be sustainable, it should be driven by affected people with a sense of ownership being engendered to them. This holistic approach for housing development is in line with current government policy on the matter. Both the Reconstruction and Development Programme document of 1994, Housing White Paper and the Development Facilitation Act (Act 67 of 1995) state that "development is not about the delivery of goods to a passive citizenry, it is about active participation and growing empowerment."

When introducing a new low-cost housing design, it is important that it is not deemed as a type of house for low-income families only. The effect of status is important in this

case. The quality of housing that the researcher witnessed in Mbashe local municipality raises questions about why some houses are of such poor quality, where disruption or failure in the delivery process have occurred and how service delivery, in this regard, can be improved. It is also important to consider implications of poor quality. The right to adequate housing means the "right to live somewhere in security, peace and dignity" Houses provided by the state should align with constitutional rights to privacy and human dignity; and provide protection from adverse weather conditions. It is also important to consider how government's systems have failed and how poor quality requires a shift in perspective and practices at provincial and local levels. Poor quality does not occur in a vacuum and it is important to consider what challenges and constraints face provincial and local officials when planning and implementing housing plans and policies.

7.2   FINDINGS OF THE RESEARCH SURVEYS

Findings of this study have indicated that for any effective partnership that the community plays in relation to the low cost housing process in Mbashe local municipality to be successful, proper consultation through stakeholders' involvement, should be undertaken. As stated by Rashe (2006:125), it should be noted that at the root of any development programme, are benefits for local communities.

Housing is a top priority for most people, regardless of their income levels. During the interviews everyone listed housing as their most important need, above food, health care and education for their children. Without the security and comfort of a home, there is no

escaping difficulties that result from poverty. Poor people do not have the financial means to buy or construct houses with their savings and, therefore, they live in their ancestral huts that are rented from landlords (with ensuing obligations), or government-supplied houses.

Poverty levels measured by monetary expenditures toward food, do not adequately capture the quality of life that is greatly affected by the type of available housing. Adequate housing is considered to be a fundamental human right regardless of income level, a basic necessity for all that cannot be denied within a fair and equitable society. It is interrelated with other aspects of life such as health and education. For example, children cannot study in a poorly lit house. Respiratory disorders among rural population in Mbashe local municipality are often a result of unfavourable housing and poor living conditions.

The following has been discovered during the research process:

- Lack of supervision by both municipalities and former provincial departments of Housing (Currently referred to as Human Settlements)
- Appointing emerging contractors with no formal training at all
- Minimal subsidy quantum (What can you do with R12 000.00). This was inclusive of Labour, Material, Contractors overheads as well as profit.
- Involvement of politics in the form of councilors who were also expecting kick backs in the process.

- There were also no indemnity structures like NHBRC back then

The following recommendations offer clear mechanisms as solutions to the problem:

7.3 RECOMMENDATIONS AND CONCLUSIONS

According to Ntonzima (2004:150), the term "recommend" has more than one meaning: firstly, it suggests being fit for some purpose, or advice as a course of action, or to make acceptable or desirable. The recommendations of the study regarding the low cost housing process in Mbashe local municipality should be viewed as advice for a course of action for the purpose and objectives of this study.

7.4 OBJECTIVES OF RECOMMENDATIONS

A major intention with these recommendations is to stipulate that governmental level, and more prominently local government, are considered crucial factors in the process of housing delivery or rather in facilitating people in housing themselves. Furthermore, the private sector should be motivated in order to enter the low-cost housing sector. Active community involvement is vital in order for low cost housing processes to be successful in any local municipality. During municipal elections, the councilors elected should serve their own communities, where they live. That will be easy for the community to communicate with its councilor, instead of electing someone who lives far away and spend most of the time in the offices of the municipality.

7.4.1   RECOMMENDATION ONE

Based on the interviews conducted in Mbashe local municipality, the municipality should provide feedback to communities and keep communities updated regarding meetings and workshops that are held. Meetings and workshops should be held after hours and closer to the community. The municipality should not circulate documents with a lot of jargon and in a language which is least spoken by a majority of the community. A key requirement would be the need for Mbashe local municipality to build a capacity of community representatives, so that they have both the skills required and understanding to effectively represent the needs of the communities.

7.4.2   RECOMMENDATION TWO

The focus group discussion and observations throughout the study process has indicated that for effective housing development, Mbashe local municipality should:

- Give priority to the needs of the poor in respect of housing development;

- Consult meaningfully with individuals and communities affected by housing development; and

- Ensure that housing development is based on an integrated development plan and is administered in a transparent, accountable and equitable manner and upholds the practice of good governance.

7.4.3   RECOMMENDATION THREE

The Mbashe local municipality should develop a working relationship with the community. Beneficiaries should be educated about options for instance what type of a house can be suitable for a family of six or two and what is the municipality recommending for pensioners. Corrugated iron houses, mud houses and wooden shacks should be eradicated and the municipality should focus on the low cost housing process so that the community can take ownership of their housing projects.

7.4.4   RECOMMENDATION FOUR

A closer interaction between citizens and municipal officials is a prerequisite for good governance. Good governance can only be established and advanced if the municipality takes community's needs and aspirations seriously. This, in turn, will help to build a trusting relationship between the municipality and the community, therefore, ultimately this will lead to legitimisation of the institution, strengthening of communication channels and consultations, taking into account both urban and rural community structures for example, traditional leaders, youth and civic organisations. Each citizen should be made aware of the low cost housing process.

7.4.5   RECOMMENDATION FIVE

The provincial government of the Eastern Cape and, Department of Housing should provide more funds that could assist Mbashe local municipality in development of low cost housing. Funds should also be provided to equip people with skills so that they can take part in the construction process. Cooperation networks should be established and strengthened between the provincial government of the Eastern Cape and Mbashe local

municipality, as the services that they provide should enhance and complement each to the benefit of the community.

7.4.6   RECOMMENDATION SIX

A documentation mechanism for all the projects undertaken should be developed and forwarded to the district municipality in the Eastern Cape. These documents/case studies will be consolidated to highlight successful housing projects and achievements for the Mbashe local municipality, which will assist as means to source funding. According to the Municipal Structures Act (Act 117 of 1998) section 83, "building capacity of local municipalities to perform their functions and exercise their powers where such capacity is lacking, is the responsibility of the district municipality'

7.4.7   RECOMMENDATION SEVEN

There is a need to link economic development with social development. Employers, employees and municipalities should engage in a partnership around housing delivery. This will also ensure that social development meets the needs of a growing economy. Steps should be taken to strengthen capacity in local authorities to deliver housing. Skills development and re-allocation and recruitment of staff to housing departments, should also be considered.

7.4.8 RECOMMENDATION EIGHT

Development and communication of housing policy should be improved and strengthened. The Housing Department should have regular updates on policy and workshops to discuss changes in policy, which should ensure that the local government in Mbashe local municipality fully understands these. Concerns raised by the local municipality should be taken into consideration and fed through to the Provincial Government.

7.4.9 RECOMMENDATION NINE

Women should be involved in low cost housing development. It is also a known fact that black women in South Africa, when their men leave for work in the mining sectors, should built their dwellings, clayed floors, thatched roofs, cultivated land and supported their families.There is a need for the background of where women come from, challenges that they face, and why they should be involved in the construction of low cost houses, that should be understood.

7.4.10 RECOMMENDATION TEN

The private sector should be encouraged to become involved in housing programmes, primarily because South African banks and financial institutions are still conservative about financing low cost housing. The project may be achieved by allowing the private sector to build houses and the regulatory body to purchase houses at an agreed price and sell them to house seekers at a discount, with individuals' pension fund as security to the

regulatory body. The regulatory body should be given full property rights for the sale of the houses.

7.5 CONCLUSIONS

This study reveals that Mbashe local municipality needs a proper housing policy, which encourages involvement of the rural community, youth and traditional leaders in decision making processes. The Housing Department, along with the municipality in Mbashe, should develop a strategy that will enhance participation from NGOs and other developmental agencies that are involved in the future of housing development in Mbashe local municipality.

Participation from stakeholders should be guided by informed decision making that enhances cooperation between developers and the community. Corrugated iron houses and wooden shacks should be eradicated, while the housing department should focus on the People Houses Processes so that the community can take ownership of their housing projects.

There is a need for more innovative planning that involves all role players, especially community, at a local government level. There is a need to link economic development with social development. Employers, employees and municipalities should engage in a

partnership around housing delivery, which will also ensure that social development meets the needs of a growing economy. Steps should be taken to strengthen capacity in local authorities to deliver housing. Skills development and reallocation, as well as recruitment of staff to housing departments, should be considered. Development and communication of policy should be improved and strengthened. The Housing Department should have regular updates on policy and workshops to discuss changes in policy to ensure that the local government in Mbashe local municipality fully understands these. Concerns raised by the Local Government should be taken into consideration and fed through to the Provincial Government. Integration of various departments in order to prioritize basic services, especially to housing, should be driven through use of Mbashe local municipality's IDP. Beneficiaries should be educated about options. The NHBRC (CBH) should be challenged to find cheaper options that adhere to standards.

It has been discovered that local communities are not well organised; as a result, their impact on the housing process is minimised. They could not claim their right to information but instead had to rely on leadership to lead the process. Communities are not even aware of the fact that they should be represented at sub-council meetings nor are they aware of the existence of sub-council meetings as a participatory organ. Council members are not actively engaged in community issues as complaints about their non-performance were raised at almost all meetings. Communities are poor and cannot afford to attend meetings or gatherings late at night at venues that are far from their homes, thus attendance at meetings, is often poor. The level of disunity amongst communities of Mbashe local municipality is apparent. Due to a lack of education and vulnerability, they

easily disagree on issues of mutual interest. Almost all interviewees suggested that local communities are often not willing to attend meetings or activities or serve in community structures if they do not directly benefit from it or if they believe that it is not in their own interest.

The Housing Department with the local government in Mbashe local municipality should develop a strategy that will enhance participation by the NGOs and other developmental agencies that are involved in the future of housing development in Mbashe. Participation of the stakeholders should be guided by informed decision making that enhances cooperation between developers and the community. Corrugated iron houses and wooden shacks should be eradicated and the Housing Department should focus on the People's Housing Processes so that the community can take ownership of their housing projects.

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APPENDIX A:

STRUCTURED INTERVIEW: QUESTIONNAIRES

INVESTIGATION OF THE LOW COST HOUSING PROCESS WITH SPECIFIC REFERENCE TO THE MBASHE LOCAL MUNICIPALITY

1. Do you live in the area of Mbashe local municipality?

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2. What type of dwelling do you live in?

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3. Is there a great need for low cost housing in your area?

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4. Are there any current low cost houses in your area?

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5. Do you participate in any housing development?

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6. Which type of house do you prefer?

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7. What can be done to improve communication between the municipality and the community?

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8. Do people in your area have any experience in the construction industry?

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9. Are women and youth physically active in the construction of the houses?

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10. Are councillors actively involved in the development of communities?

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APPENDIX B

FOCUS GROUP DISCUSSION QUESTIONNAIRE

FOCUS GROUP DISCUSSION: MUNICIPAL OFFICIALS

1. What are the problems you are experiencing in terms of planning for housing development?

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2. Which project has the municipality initiated for housing development?

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3. Does the municipality organize workshops on certain issues related to housing development? And what kind of workshops and what group of people participate mostly?
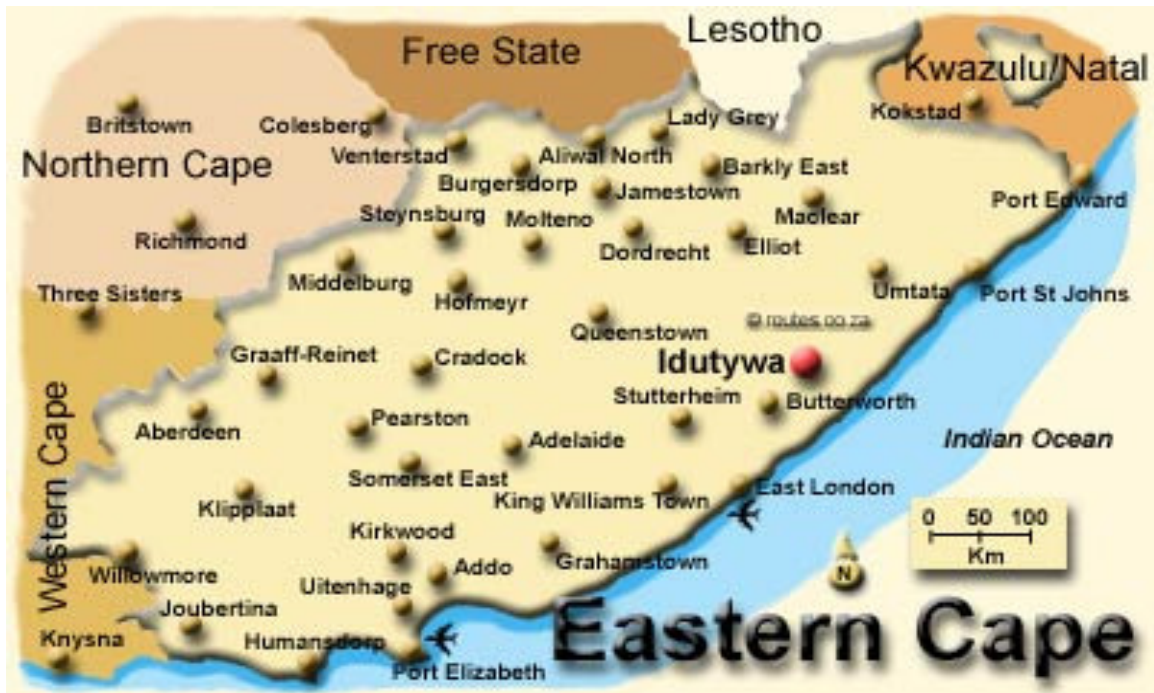
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4. What would be the best way to involve all the community members in decision making during housing development?

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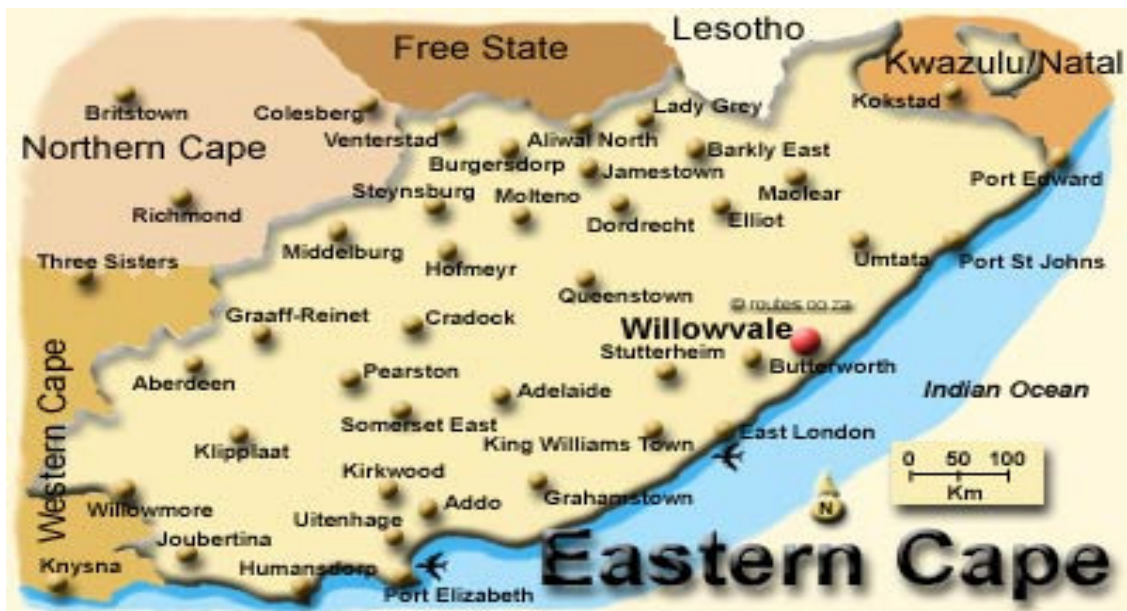
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APPENDIX C

IDUTYWA LOCATION AND WILLOWVALE UNDER MBASHE LOCAL MUNICIPALITY

Map of Idutywa http://www.routes.co.za/ec/idutywa/location.html

Map of Willowvale http://www.routes.co.za/ec/willowvale/index.html