

**An Investigation of the structures necessary for the Enabling
Approach to Housing Process in South Africa to Perform
Better. A Comparative Study of Wiggins Fast Track and Lovu
Housing Projects.**

**By
Khulekani Musawenkosi Beresford Ngcongco**

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DEDICATION.

TO MY LATE ONE AND ONLY BROTHER STHEMBISO 'STHE'
NGCONGO. YOU MAY BE GONE BUT YOU WILL NEVER BE
FORGETTEN. YOUR UNDYING SPIRIT AND EVERLIVING-WISDOM
INSPIRE ME TO LOOK BEYOND THE HORIZONS AND TO TAKE LIFE
CIRCLES ONE STEP FURTHER AGAINST ALL ODDS AND
ATROCITIES.

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"We are never given dreams without also being given the power to make them come true".

ABSTRACT

The right to adequate housing is recognized internationally as a basic human right. South Africa is one of the countries that include this basic right as one of the cornerstones in its constitution. Quite a number of ways and means have been implemented and various kinds of mechanisms have been put into place to kick-start and spearhead the process of providing shelter mainly to the poor segments of the communities in South Africa at large. Towards this end the South African Housing Policy is formulated around the notion of the enabling approach whereby state assistance in the form of a lump sum subsidy is given to households to enhance and intensify the beneficiaries' own efforts towards improving their housing. In other words the smooth operation of the enabling approach is to a large extent dependent on the individuals' substantial contribution in many if not all aspects of housing process.

The study demonstrates that since the implementation of this enabling approach too little has been achieved in terms of housing delivery. The study therefore identifies three key issues (among other issues) that are seen as major bottlenecks in the implementation of the enabling approach in housing delivery for all. The study argues that in order for the beneficiaries to consolidate their housing, they need to augment their low-income with a loan or any other form of a housing credit. It is the central argument of this study in this regard that proper housing credit mechanisms suited to the circumstances of the low-income groups have not been adequately addressed. The study further observes that the majority of low-income groups do not have proper labour and employment skills in that these groups also lack access to employment opportunities. This study therefore adopts the position that proper structures need to be put in place in-order to eradicate these above-mentioned major hurdles standing in the way of the enabling approach. The study argues that if these issues are not adequately addressed, housing consolidation among low-income groups will remain a major problem and the enabling approach will eventually be regarded as non-viable and incompetent.

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Chapter One.

Introduction to the Study and the Research Methodology.

1.0. Introduction.

Experience during the 1970s and 1980s has convinced international agencies that the direct action by states to build houses is not an answer to the housing supply issues of many countries especially for low-income households (Habitat:1995). This provider-based solution has created very limited housing for an increasing number of the urban populations due to the fact that those houses turned out to be of very high quality and relatively expensive.

The provider-based solutions to housing have been overtaken by the events to such an extent that they have been recognized to be inefficient and beyond the capacity of governments. (Habitat: 1995). As a result a number of governments have abandoned the provider-based policy and turned to the enabler or support-based approach.

Enabling approach implies a shift from the government directly building a complete house with its entire infrastructure provided, to a state whereby it builds less and less, and encourages the individuals or future residents to add the remaining components. In South Africa the support-based approach or the enabling approach has taken place through state assistance in the form of a lump sum subsidy, delivery of basic services to the site and the legal security of tenure. In reality these are basically the first steps towards housing delivery in a holistic sense.

According to Rodell and Skinner(1983) the enabling approach incorporates the role of the poor in their own housing provision into state programmes thereby reducing the government's share of housing burden.

Marxist theorists on the other hand argue that the enabling approach per se revolves around the notion of state intervention in housing delivery being constantly reduced. The South African housing policy is formulated along these lines with a national subsidy programme as its cornerstone (Smit:1998). Under this programme almost every individual across the board has access to a lump sum subsidy for housing purposes. It has to be mentioned that the lump sum subsidy is meant to secure a site, basic services and a core house. Thus households must either be engaged into a housing loan to supplement their subsidy or embark on an incremental housing process. In most housing projects of this nature, core houses have remained unimproved for more than five years (Smit: 1998).

It is therefore quite clear that there is an immediate need to identify initiatives to be put in place to allow the enabling policy to housing to perform better, both in terms of achieving short term goals and in terms of locating incremental housing as a sustainable form of delivery within the broader housing market in the longer term (Marcussen: 1990).

The chief aim of this study is to identify the structures that need to be put in place to enable the notion of the enabling approach in housing to perform better.

1.1 Problem Statement.

The legacy of apartheid has created significant difficulties for housing policy in the post-apartheid era.

These difficulties have emerged as a result of the absence of a coherent development of housing initiatives that cater for the needs and circumstances of the poor in various segments of the South African population. It is quite true that in South Africa almost every individual across the spectrum has access to a lump sum subsidy for housing purposes (Smit: 1998). According to Bond and Tait (1997) even the maximum subsidy amount of R15 000 is not sufficient to build a decent house, given the fact that a minimally decent house costs approximately R30 000.

The main objective of this capital subsidy is to provide a core house to the households hence giving them legal land tenure (to own that piece of land) expecting them to add the remaining housing components. In reality a core house serves as a starting point or basis for an entire house and most of the work towards achieving housing begins after this stage (Adebayo: 1999). Adebayo points out that the success of the enabling approach to housing is dependent on the individual household's contribution to the housing process.

Yet lack of employment opportunities, lack of access to labour and employment skills and absence of credit mechanisms for low-income households, all of which have severe impacts on the enabling approach continue to be a reality in South Africa today. It is very important to mention that a large portion of the South African population lacks access to job opportunities.

This forms a stumbling block for the enabling approach to work in the sense that as people earn lower and sometimes zero income they fail to reach the stage of consolidating their core houses.

Parris (1982) argues that those households who cannot afford to save regularly and who therefore cannot access formal credit are not able to improve their housing at a rate and quality required in terms of policy goals. Parris also points out that in South Africa most of the low-income households earn less than R600 per month therefore cannot save regularly for basic needs including housing needs.

Given the goal of delivering one million houses in five years, it is counter-productive to target these households for the incremental policy. In other words what he argues here is the fact that for the enabling policy to work the targeted groups should earn enough to save for housing consolidation, in that way such people should be involved in some form of employment.

According to the International Labour Organization [ILO] (UNCHS-Habitat: 1995) there are two types of unemployed groups of people. There are those who are without work but available for and actively seeking employment. On the other hand there are those who are available for jobs but lacking proper labour and employment skills. Both these types of groups are common in South Africa especially among the low-income people. Lack of access to suitable forms of credit has always been a major impediment to the provision of shelter for low-income earning groups (Habitat: 1994)

In reality low-income groups are the actual people who need to be financially supported in order to augment their insufficient incomes for housing consolidation purposes.

In South Africa the government has attempted to address this problem largely by trying to gain the co-operation of the private sector and the financial institutions by assuming some of the risks usually taken by them and taking steps to normalize the lending environment (Smit:1998).

Bond and Tait (1997) point out that the form of co-operation between the government and the private sector has resulted into a situation whereby the central intention remains that, the state gradually withdraws entirely from housing provision with all manner of subsidies, housing credit schemes and other measures being adopted by the private sector.

One of the most generous incentives that the government has granted banks is to permit their imposition of a four to five per cent interest rate premium on housing bonds to low income borrowers, while one per cent discount is granted to many higher-income borrowers. It should be noted that banks and other private financial lenders as profit orientated companies do not favour low-income bonds, instead their interests go in line with those with higher and regular incomes as they have the capacity to pay their loans.

It is quite evident that access to housing subsidies remains largely dependent on the private sector developers; the low-income groups are to a large extent prevented from independently addressing their own housing needs.

Although there have been positive developments in this regard for example the People's Housing Process, the extent to which these developments have been applied is limited.

The fact that access to housing subsidies depend on the private sector, has led to a situation whereby the initial occupiers find it difficult to meet the range of ongoing water, electricity and rates charges associated with the current full cost recovery policy approach. In some cases the initial occupiers in low-cost housing projects sell their subsidized plots to higher income households for cash, typically at a large discount (Bond & Tait:1997).

Housing the poor in South Africa is a long and complex programme due to a number of underpinnings that this study has tried to show. The success of the enabling policy as a notion of housing the poor in South Africa has only been partially witnessed, as very few core houses have been transformed into permanent dwellings. The main aim of this study is to show that the success of the enabling approach is largely dependent on (among others) three critical issues namely employment opportunities, skills development and housing credit.

It is therefore the basic argument of this study that if the housing policy continues to show little sensitivity to the unfolding of these three basic initiatives regarding the enabling approach to housing, it will go a short way towards becoming an effective and sustainable strategy for shelter provision for low-income groups in South Africa.

1.2 Research Question.

What structures in respect of access to labour skills, income generation, and credit affordability need to be put in place to allow the Enabling Policy to perform better?

1.3 Subsidiary Questions.

- ❖ What is Government's action towards eliminating unemployment that has a direct impact on housing consolidation?
- ❖ What could be done to improve access to labour and employment skills?
- ❖ What structures have been put in place by government, public and private sectors to enable low-income groups to access appropriate and affordable forms of housing credit?

1.4 Hypothesis.

For the enabling policy to perform better, appropriate housing finance mechanisms, access to labour and employment skills and income generation initiatives need to be put into the housing process.

1.5. Assumptions.

- ❖ By generating income lower income groups will get access to housing finance.
- ❖ Lower income groups need credits to improve their housing needs.
- ❖ Skills will allow low-income individuals to become income generators.
- ❖ Enabling Approach to housing represents a viable response to the inability of governments to meet their low income housing needs.

1.6. Concept Definition.

Enabling Approach to Housing:

This is the approach whereby government moves away from the state of building a complete house for its people to a state whereby it provides basic infrastructure or sometimes builds a core house and expects the future residents to add the remaining components. (UNCHS-Habitat:1995).

Furthermore it is important to mention there is not only one structured method adopted by each implementing agency. In the South African context a starter house has been provided but in some cases there is no core/starter housing, only title deeds and basic services are provided. In other words the enabling approach to housing can be interpreted differently depending on the method that housing policy has adopted.

The enabling approach to housing incorporates the role of the poor in their own housing provision into state programmes thereby reducing the government's share of the housing burden (Rodell and Skinner: 1983).

The following definition has been adopted by the study to be its working definition.

The South African Housing Policy is formulated around the enabling approach where state assistance in the form of a capital subsidy grant is given to households in need in a way that will maximise the options available to enhance and strengthen the poor's own efforts and initiatives to improve their housing needs(Housing White Paper:1994) .

Labour and employment skills: skills that allow individuals to become potential and actual income generators (Adebayo:1999)for example construction, business management, industrial and even educational skills.

Appropriate housing finance mechanisms: mechanisms that recognize the circumstances of the poor (low and no incomes) in terms of access to housing credit.

For instance the principles of agencies like the Grameen Bank and the European Union (in Cator Manor), whereby small loans between R3 000 and R7 000 are given to low-income people and repayable over a maximum years at small instalments should be adopted.

Income generation initiatives: Initiatives that generate and provide incomes for both skilled and unskilled workers. In this regard when low-income groups have accumulated necessary skills they become potential income generators in the sense that they could be employed in the formal and informal sectors or use such skills to generate their own businesses.

1.7. Research Methodology

The research methodology section is a discussion of how the research was conducted, in the sense that it explains what the researcher has used as the sources of information and also the methods of data collection that were used in conducting the research. This study used both primary and secondary sources of data. For the purpose of this study Wiggins Fast Track, which forms part of the Greater Cato Manor area and strategically located five kilometers west of Durban City Centre, and Lovu Housing Project, a site and services housing project in the South Coastal part of Durban were identified as the appropriate case study projects.

1.7.1 Primary Sources.

The primary sources in this study have been divided into three categories namely the beneficiaries, project managers and home loan managers. The study is going to discuss each of the above mentioned categories paying special attention to the reasons why

they were chosen, the nature of information needed from them and the methods used in eliciting the necessary information from them.

1.7.1.1 Lovu and Wiggins Residents/Beneficiaries.

These two case study projects were both initiated seven years ago or to be precise in 1994. Since the main objective of this study was to come up with relevant and concrete information regarding structures necessary to allow the enabling approach to perform better, this period of seven years was long enough to allow the study to accomplish its objective. Both these case study projects were low-cost housing projects and all the beneficiaries out there received the lump-sum subsidy from the government to build their core housing, and then the entire burden of housing consolidation rested upon the beneficiaries themselves.

The beneficiaries from both these case study areas were visited and asked questions by the researcher. In this regard a questionnaire was used to elicit information about housing affordability levels, importance of housing credit as a cornerstone in housing consolidation, the role of skills training programmes and the extent those programmes had contributed to beneficiaries' abilities to consolidate their housing. On top of that these two projects are located close to economic opportunities such as jobs and transport.

Therefore the beneficiaries were also asked questions about the constraints and opportunities that the location of the projects provided in terms of income generation. The questionnaire was answered by the household head who was responsible for the expenditure on housing construction. Basically the questionnaire comprised both closed and open-ended questions.

Closed questions (that needed yes or no answers or for a respondent to choose the appropriate category) were directed to address the personal matters such as monthly income of the respondent and household expenditure on housing construction costs.

On the other hand open-ended questions were extensively used to collect information regarding the problems experienced in terms of housing construction per se and accessing housing credit for housing consolidation. In this regard open-ended questions allowed respondents to voice out their problems freely and also allowed the researcher to make follow-ups on the issues of concern. Questionnaires were all written in both English and Zulu to make things easier for those respondents who could not read or speak English. In the case of those who could not read and write the researcher asked questions verbally, and entered the answers on the questionnaire sheets. In terms of getting access to household heads in both case studies a two-fold strategy was formulated.

The researcher visited the case study areas on Saturdays and Sundays to get hold of those household heads who go out to work during weekdays. To those who were working even during weekends the researcher left questionnaires for them to fill in during their spare time. The completed questionnaire was left to any family member and the researcher collected it at a later date.

1.7.1.2 Sampling Method.

The Wiggins housing project provided 1000 core housing units to low-income beneficiaries with a population of 5000 people (Cator Manor Status Report: 2000). Lovu housing project also provided 1000 housing units accommodating 4000 people (Lovu Housing Project Annual Report: 1999).

The target population of the researcher was divided into two main categories namely those who had successfully consolidated their core housing and those who had not.

At Lovu the researcher interviewed 70% people who have not consolidated their core housing and 30% of those who have successfully reached the stage of consolidation. On the other hand the very opposite approach was undertaken when 80% people of Wiggins were interviewed on the basis that they had consolidated their housing and 20% people who did not consolidate their housing were also interviewed.

It has to be mentioned that this hard and demanding work was undertaken through the extensive help of friends who had finished their exams and willing to help. In conducting the research a stratified random sampling method was used. This method was selected because it ensured that everyone within the projects had an equal opportunity of being selected.

In both projects accessed housing through the government subsidy scheme in that way their income levels determined their varying degree of housing improvements. In the case of those who have consolidated the researcher wanted to find out how they had reached that stage and equally to those who did not consolidate the researcher wanted to find out what the major hurdles were in their way of consolidation. In other words every beneficiary within the project was either consolidated or not therefore was in a position to be interviewed.

1.7.1.3 Project Managers.

Face to face interviews were conducted with Project Managers from both housing projects. With regards to the interviews conducted with project managers the researcher used the structured interview questions. These structured questions were specific and useful in terms of saving time especially for Project Managers who had their daily routine work to do. The structured questions provided the researcher with specific answers regarding the information needed from the Project Managers.

Mr. Dlamini who was the Project Manager from Cudmore and Porter (PTY) Limited was interviewed. In fact he became the project manager when his agency began to be involved in Lovu housing project in 1998 after the Van Wyk and Louw housing agency abandoned their services to the project.

Miss Heather Maxwell who was the housing programme manager at Wiggins on behalf of Cator Manor Development Association (the developing Agency at Wiggins and Cato Manor at large) was also interviewed.

Since the creation of employment opportunities should be on each project's agenda the nature of information required from the project managers pertained to issues of employment opportunities that both projects created to the beneficiaries and the extent to which those employment opportunities allowed the beneficiaries to dedicate a portion of their income for housing consolidation purposes. As the access to labour and employment skills is one of the key elements of this study, project managers were asked questions based on the kinds of skills training programmes they provided to project beneficiaries and the extent that those

programmes enhanced the chances of the beneficiaries in generating income or becoming self employed.

Mrs. Fisani Mzimela who was the Community Development Programme Manager from Cator Manor Development Association and mandated to provide skills training programme at Wiggins was interviewed. The nature of information needed from her revolved around the varying degree of success and failures of this programme that she conducted and the ability of the beneficiaries to become income generators using skills they had acquired from her training programme.

An interview was also conducted with Mr. Vuli who was the Project Co-Ordinator from Khuphuka Education and Skills Training Trust. The main objective of this organization was to equip people with construction, artisan and business skills. It is essential to mention that these two people did not form part of the selected case study projects but due to the input they had contributed in equipping people with basic skills their role could not be ignored.

Therefore the researcher decided to interview this person as well. Mr. Vuli was interviewed on the basis that he was spearheading the skills training programmes in a number of housing projects for example Hambanathi Incremental Housing Project near Avoca and Lusaka housing development in Chatsworth. The nature of information needed from the Project Co-Ordinator pertained to issues of beneficiaries acquiring these above-mentioned skills in an effort to inter alia boost or generate their own businesses to cater for their basic needs including housing needs.

1.7.1.3 Home Loan Managers.

The nature of the low-income housing market is such that 26.0% of the South African population is unlikely to afford formal credit, as their earning capacity is less than R600.00 per month. (Housing White Paper: 1994).

As both projects were developed to target low-income people it was unlikely to have traditional lenders becoming involved in terms of providing housing credit to low cost housing projects.

With regard to Lovu, Welisa Housing Finance extended housing credit to project beneficiaries who were in need of loans for housing consolidation purposes. On the other hand in the case of Wiggins Project, the European Union (EU) established enabling environments, which led to the involvement of Ithala Bank to provide housing credit to low-income people.

The creation of the enabling environments involved among other things the establishment of skills training and support programmes to create and intensify the abilities of residents to enter the job market or establish their own businesses. The European Union went beyond that by setting up an innovative home loan guarantee fund that gave Wiggins beneficiaries access to small housing loans which enabled them to top up their government subsidies and hence to improve their housing.

In this respect two home loan managers from these two above-mentioned institutions namely Miss Z. Mhlongo from Welisa Housing Finance and Mr.Wim from the European Union were interviewed using structured interview questions.

Interviews were used to collect information from these home loan managers regarding their institution's lending criteria, income groups that fall within their lending schemes and the conditions attached to loan repayments. The issues of the beneficiaries' loan repayment record, requirements for collateral purposes as well as the future of non-traditional lenders and the basic problems they faced in low cost housing projects were also covered in the interviews.

The first angle of the interview covered the issues of the European Union involvement in funding the skills training programmes and business oriented programmes and the role that both initiatives have played in contributing to low-income beneficiaries generating employment opportunities. The second angle focused on the European Union setting up the conditions for Banks to provide housing loans to beneficiaries for consolidation purposes. The issues of lending criteria as well as targeted income-groups, loan repayment records and conditions attached to loan repayment were the main focus of the interview.

In all the interviews conducted, the researcher asked permission from the participants to record the responses using a tape recorder. This helped the researcher a lot in terms of analyzing what had been actually said during the interview and only one of these above mentioned people refused to be taped.

1.7.1.4 Secondary Sources.

Secondary sources like books, research articles and journals had been extensively used in this study. These secondary sources provided the researcher with valuable information to show the critical link between the enabling approach to housing and self-help housing process.

The various ways in which the enabling approach to housing had taken place with varying degrees of success were discussed. The experience of the Grameen Bank, World Bank and other international development agencies regarding the enabling approach to housing has been extensively explored. The World Bank Housing Policy has proposed a number of important policy directions since the 1980s and early 1990s. One of these policy directions was to advise governments to abandon their earlier role as producers of housing and to adopt an enabling role of managing the housing sector as a whole.

On the other hand the Grameen Bank represents one of the attempts to mobilize the poor by extending housing finance and income generation initiatives to the poor. In essence both these international experiences are essential to the study and were extensively used to extract lessons applicable to enabling approach in South Africa as a policy approach to low-income housing.

1.7.1.4 Data analysis.

The information that was collected by the researcher from the case study projects through the use of questionnaires and interviews conducted with the beneficiaries, Project Managers and Home Loan Managers was analyzed and interpreted.

The data was processed manually using qualitative method. In this respect the tape recorder helped the researcher in recapping the actual words that people who participated said. From this stage those responses from the tape were analyzed and interpreted in line with what the study sought to find out in the first place.

In terms of the beneficiaries responses as most questions were closed questions it was easy for the researcher to group together similar answers. In order to paint a clear picture in this regard the researcher used tables to better illustrate some of the key factors. In essence the questions that were asked from the beneficiaries in the form of questionnaire sheets and the interviews that were conducted with the Managers from both case study projects allowed the researcher to provide the relevant and necessary information to answer the research question and even to test the hypothesis that was the main focus of this study.

Chapter Outline.

This is the structure of this dissertation:

Chapter 1

This is basically an introductory chapter that includes the outline of research problem, research questions and subsidiary questions, research methodology as well as hypothesis.

Chapter 2.

The chapter focuses on the international as well as South African experiences in relation to the initiatives that various housing stakeholders have made in terms of income generation, access to housing credit and skills development programmes.

Chapter 3.

Firstly, this chapter briefly gives the historical background of both case study projects. It then goes on to show how both projects were funded.

Chapter 4.

The chapter focuses mainly on the findings of the study. These findings were analysed and interpreted in order to either prove or disprove the hypothesis of this study.

Chapter 5.

In this final chapter a summary of the whole study has been made. Final conclusion based on the findings of the study was also made. Lastly the recommendations with regards to the structures necessary to deal with the three main issues that the study raised as well as the problems that the study itself experienced have all been made in this chapter.

1.8 Concluding Remarks.

The main focus of this chapter was firstly to introduce its reader to the whole study by pointing out the research question, subsidiary questions as well as the basic hypothesis that the study seeks to prove or disprove. It was also the main task of this chapter to show the methods and the sources of information that the researcher used in conducting the study. In this respect both Primary and Secondary sources were used extensively. In essence this chapter was the most important one of them all as it indicated the route that the researcher undertook to reach his anticipated destination in terms what the whole study sought to find out. It also came out from this chapter how the researcher sampled the target population out from both case study areas. Lastly the chapter showed through the data analysis section what the researcher intended to do with the information collected from all the participated parties and contacted secondary sources.

Chapter Two

Literature Review-Structures Necessary to allow the Enabling Approach in Housing to perform better.

2.0 Introduction.

There is no single formula for solving South Africa's housing dilemma. It is only by mobilizing and harnessing the full diversity of resources, innovation, energy, individual's initiative, the state and broader private sector that the challenge can be met effectively (Housing White Paper:1995).

The main objective of this chapter is to discuss in depth how the South African enabling approach in housing could be enabled to work effectively and efficiently to help its targeted group to gain access to proper housing. This chapter is going to discuss the role that government plays as an enabler rather than provider of complete housing. In this regard it is the main aim of this chapter to eventually show the uniqueness of the enabling approach in South Africa compared to other countries in Africa and abroad.

Through the use of relevant case studies in South, Africa and abroad, the chapter is going to look at enabling approach as a policy that has been recommended and supported by the World Bank, UNCHS(Habitat), Theorists and a number of housing policies both in developed and developing countries. It is also the task of this chapter to demonstrate how South Africa could learn from the successes as well as failures that the case study countries have faced in the implementation of the enabling approach.

2.1 Linking the enabling approach to Self-Help Housing

Mathey (1992) makes two important points about self-help housing, he mentions that in these kinds of housing schemes people use their own resources and in some cases (like in unaided self-help housing projects) do not call on those of the Government. He goes on to point out that if one thinks that these housing schemes will work without the government's active intervention it is unlikely that the self-help housing would accomplish its main objective. The enabling approach in essence incorporates the role of the poor through in terms of financial resources into state's programmes thereby reducing the government's share of the housing burden (Rodell and Skinner: 1983).

The state's share of the housing burden is reduced in the sense that it should make sure that the resources of all non-governmental actors mainly in housing provision are mobilized and channeled to those low-income groups who are in desperate need of such resources to satisfy their housing needs in particular. It is argued by Adebayo (1999) that the non-governmental actors could be the formal and informal private sector, community based and non-governmental organizations as well as individual households. The second role of the state is to concentrate its efforts on those functions which no-governmental sectors cannot undertake effectively, for example security of tenure, infrastructure and public services, community facilities, construction credit and more importantly a viable legislative framework (UNCHS-Habitat: 1992).

In the South African context after these two stages have been undergone the individual household get their core/starter housing. In this regard through the enabling approach starter housing are build for individual households across the board.

The self-help housing process starts immediately after this stage whereby beneficiaries start to use their own labour as well as financial resources in constructing and consolidating their housing.

Self-help and enabling approach to housing could make a significant contribution to the improvement of housing conditions for poor in many parts of the world. It is nevertheless important to mention that this could only be achieved if the beneficiaries' contribution is in line with constant involvement of the state in respect of security of tenure and basic infrastructure. In this respect various governments have formulated their housing policies around this notion of the enabling approach.

This strategy implies financial assistance to households in need in a way that will maximize the options available to enhance and strengthen their own efforts and initiatives to improve their housing situation as quickly and efficiently as possibly (Housing White Paper: 1994). The main theme of this strategy is to be used as a direct channel to distribute scarce and insufficient state housing resources in conjunction with other stakeholders (such as Private Sector and Non-Governmental Organizations) to poorest sectors of societies. In order to convert this critical sentiment into reality, governments are required to strongly and actively provide formidable support for this process.

This will include not only financial resources like subsidy grants but also the creation of appropriate institutional support structures in the form of capacity building to provide skills training to households so as to allow them to become income generators. In reality the process of self-help housing begins after this stage.

Self-help housing and the enabling approach are separate but interdependent entities in the sense that the success of the enabling approach to housing is dependent on the individual's self-help contribution to the housing process.

2.2 The Role of the State as an Enabler.

It is generally acknowledged today that millions of citizens in developing countries produce, exchange and consume their housing apparently independently of or at varied distances from, market relations or state intervention (Mathey: 1992).

UNCHS-Habitat (1995) argues that the role of government as an *enabler is particularly important in the process of increasing the productivity of the range of urban enterprises and to ensure their contribution to macro-economic performance. It further argues that enabling strategies are potentially the most influential mode of housing provision, with the state playing a significant role of providing five major components namely land, finance, the skills of the labour force, infrastructure and to provide an appropriate regulatory framework.

Since the 1970s the World Bank has been a major actor in urban shelter projects, helping some million people in housing and housing improvement schemes (Spence: 1993). Due to the fact that the population of the developing world grows rapidly, it is clear that housing aid is a long way from keeping up with housing needs and new housing strategies need to be formulated in order to eradicate the housing backlog existing in the developing countries. According to the World Bank (1993) if the interests of all participants in the housing sector are to be served housing policies must be crafted in a way that draws on and uses knowledge

about the way housing markets work and that addresses the causes rather than the symptoms of policy failures.

Housing encompasses far more than living space and shelter. Its nature and value are determined by the services it offers. These services are varied, including access to employment, health, skills and security of tenure in addition to shelter (Grimes: 1976).

In spite of this importance that housing carries, experiences across the board have indicated that the direct action by governments to build houses is not the answer to housing supply issues of most countries especially for low-income people." The state of affairs whereby the government had been providing houses for its people (provider-based strategy) has been overtaken by events (including high rates of services and high costs of housing per se) to such an extent that they have been recognized to be ineffective and beyond the capacity of governments or local authorities. In response to that governments have been abandoning provider based solutions and turning instead to the enabling or support-based approach (UNCHS-Habitat: 1995)

Support based approach involves a change from building a complete house, with all its infrastructure provided to building less and less, and expecting the future residents to add the remaining components on their own. (UNCHS-Habitat: 1995).

In South Africa this type of approach has been used as one of the mechanisms that aims to combat the housing backlog through the state assistance in the form of a lump sum subsidy, delivery of basic services and the security of tenure. The main aim of this capital subsidy is to provide a starter house to individual

households hence expecting them to provide the remaining housing components.

The self-help housing projects in South Africa have produced quite a minimal housing stock. Even though there has been a remarkable shift towards enabling strategies governments are still facing problems in terms of formulating proper mechanisms that enable low-income groups ability to consolidate their houses. In this regard there is a call for strong and coherent governmental action, including intervention in income generation initiatives, skills oriented programs to allow individuals to become income generators and appropriate housing finance mechanisms to allow low-income groups to augment their incomes towards housing consolidation (UHCHS-Habitat: 1995).

Given these parameters, the World Bank proposes an important new housing policy direction whereby its advice to governments is to abandon their earlier role as producers of housing and to adopt an enabling role of managing the housing sector as a whole (World Bank: 1993). On the basis that the best way to eliminate housing backlog is through enabling strategies which permit limited, but critical state intervention in housing provision to leverage the activities of the individual households.

In 1992 the Department of Housing in Nepal undertook a new housing process with a view that Government would work toward setting the conditions so that the housing need is satisfied for all individual households. In this respect Nepal was thus one of the first countries to devise a national enabling housing strategy subsequent to the World Bank resolution. The Nepal Government viewed shelter as an asset and integral part of the Nepal's productive economy.

Given these parameters, the government actively intervened in an enabling capacity by (inter alia) removing existing impediments in the supply, transfer and regulation of land for shelter purposes. Improving skill development at local level and encouraging financial institutions to offer small loans for building material (Spence: 1993).

In short this case study clearly shows that for the enabling approach to housing to perform better, governments should actively play their role and that is to promote, demonstrate and facilitate the enabling strategies to housing provision. After this stage the direct provision of housing is the responsibility of the individual households.

2.2.1 Neo-Classical School of thought and the role of the state as an enabler.

It is a common impression in this school of thought that both gradual construction and self-help housing reduce housing costs and every housing agency within a given budget can settle more families in sites and services than in conventional housing.

According to Turner housing is a social necessity, when left to the people themselves they will build dwellings of types and qualities corresponding to their economic capacity and social circumstances (Marcussen: 1990).

He goes on to mention that what is needed in the way of state support and planning are mechanisms that will ensure accessibility of land and other resources that people cannot provide themselves at local level. In other words what Turner is trying to show, is that the fact that people provide housing for themselves, does not mean that the state has got no role to play but its intervention

in the form of security of tenure and infrastructure provision is of vital importance.

What Turner suggests in this regard is that although the rest of the housing construction rests in the hands of an individual household, there are standards and regulations that need to be followed in order to discourage the spread of squatter camps. In that way the usage of indigenous material is strictly forbidden, as this would take the process back to informal settlement.

For example in South Africa though many people cannot improve their housing due to irregular and no income situations, they are expected to improve their housing at a rate and quality required in terms of policy goals (Housing White Paper: 1994)

2.2.2 Marxist School of thought and the role of the state as an enabler.

According to Rod Burgess (Marcussen: 1990) in societies dominated by capitalism, all housing objects are commodities. The forms of self-help and enabling strategies systems of housing are a variant form of petty commodity production where the industrialised form of production is dominated and the petty commodity is dependent.

He further argues that the role of the state in enabling approach is nothing else but the expression of the capitalist mode of production, whereby state acts in the interests of the dominant classes in their inherently antagonistic relationship with the subordinate class (Gilbert & van der Linden: 1987).

Burgess further argues that this version of the state is a truism, every state action is explained as being in the interests of the dominant classes. Such an explanation of the state intervention has got no predictive value in the sense that it can either be verified or refuted. Burgess goes on to mention that, the fact that people may build houses just in order to satisfy their social and cultural needs without regard to the general laws of commodity production is a theoretical misconception and an ideological smoke screen (Marcussen: 1990).

Gilbert and Van der Linden(1987) partially agree with Burgess that a number of housing projects implemented through the enabling approach are likely to face one or more problems in implementation. Among the obstacles that stand in the way of these housing projects Turner(1972) is of the view that legalization of such projects should be coupled with financial benefits such as the ability of low-income groups to access credit from the financial institutions.

The existing housing situation in South Africa and other developing countries shows that many people are unable to afford adequate housing using their own financial resources alone. Therefore the basic challenge that lies ahead for each and every government in the developing countries is to formulate a sustainable housing process to address and create conditions that will lead to an effective right to adequate housing particularly for low-income groups.

2.3 Housing credit for low-income groups.

Experience of housing delivery in South Africa to date shows that the capital subsidy scheme has put a lot of property into the hands of poor people but has done little to enhance their ability

to access credit (Adebayo: 1999). As a result a number of self-help housing schemes in South Africa have proved to be a failure, due to the unavailability of appropriate credit mechanisms to help and to empower the poor to improve their housing.

The South African Housing Policy clearly states that constraints in the structure and availability of end-user finance for housing and housing subsidies have exacerbated the housing problem (Housing White Paper: 1994). In trying to mitigate this problem there have been attempts by the South African government, to encourage the traditional lenders and other private financial sectors through Record of Understanding to extend their financial aid to poor households.

This was the arrangement between the Association of Mortgage Lenders and the Government. The agreement entailed that banks were now guaranteed against politically related non-payment of new housing bonds. This state of affairs has been strongly attacked by Bond & Tait (1998). They argue that the proposed joint venture mechanism's central intention remains that the state gradually withdraws entirely from housing provision.

A number of underlying factors have contributed to the failure of the joint venture set up but the most prominent one is the fact that the private sector shows its unwillingness to offer housing credit at below-market interest rates. As profit oriented companies they do not favour low income-bonds therefore this kind of joint venture delivery approach is in most respect inappropriate to the needs of South African low-income groups in terms of their housing improvements. In relation to the failure of the joint venture between the state and private sectors,

Non-Traditional Lenders have stepped in to provide non-mortgage based finance targeted at low-income groups. The capacity constraints of these lenders are that they are managerially weak, have limited ability to raise finance in financial markets and where they have succeeded, the high cost of this finance has made it difficult to pass on any cost savings to end users (Adebayo: 1999). In the absence of any remarkable role by both Traditional and Non-Traditional Lenders, new initiatives have to be put in place and hence the focus has to be changed from that of individual based loans to a dimension that recognizes groups loans altogether.

UNCHS-Habitat (1992) points out that group savings schemes seem to have worked well for the poor around the world like in Bangladesh, Philippines, Kenya and India. One of the successful saving-based lending was undertaken by the Grameen Bank to break the cycle of poverty in Bangladesh. The "Peoples Bank" provided access to credit to lower income households and the unemployed to establish income generation projects, which helped them to generate income for their housing needs among other needs (Hossain: 1988).

According to Hossain what made the Grameen Bank more successful in Bangladesh was the fact that it gave loans to low-income earners, without collateral and on the basis of long repayments period. In the early 1990s several states came together to make possible the importation of the successful Grameen model into their states. Nepal, Vietnam and India were concerned with poverty that their people experienced and when they heard of what the Grameen Bank did in Bangladesh they begun a series of "International Grameen Dialogues", whereby they took a close and critical survey on what the Grameen Bank did in Bangladesh (Todd: 1996).

The main objective of the survey was to test whether the Grameen Bank model could be implemented and be successful in their countries. According to Todd (1996) the result of the test in all four cases was a resounding 'yes' in that the model was applied and made to work in each case.

In Nepal the Grameen Bank focused on the poor with preference to poor women. Small loans were given to women for any income-generating activity chosen by a woman herself (Todd: 1996).

This is in direct contrast with what the formal financial institutions do in South Africa and other countries. As they are profit oriented institutions they stick to their rule of thumb of giving loans to only regularly employed beneficiaries, which are men in many respects so as to guarantee their repayments.

It will be very unrealistic and misleading for any housing stakeholder to believe that what happened in Bangladesh with regard to saving schemes could be easily implemented to South Africa. Naturally the situation in each country is unique in the sense that solutions, which have been successfully applied in one country, will not necessarily be applicable to another. However this mode of credit delivery has to be vigorously scrutinized due to a number of underlying factors that are completely unique when South Africa is compared to other states.

For example the effect of previous racially based policies left the distribution of the economic resources substantially skewed. However, much can be learned from the successes as well as failures of the Grameen Bank involvement in Bangladesh. UNCHS-Habitat (1994) mentions that by giving loans to lower income groups, the Grameen Bank proved that poor people contrary to

conventional thinking are indeed creditworthy. The intervention of the Grameen Bank in Bangladesh allowed people to access credit aimed at income generation and employment creation initiatives.

2.4 Income Generation and Employment creation.

Income generation and employment creation are critical aspects on which the enabling approach to housing rests (Adebayo: 1999).

South Africa is characterized by a large scale unemployment and the increasing growth rate of the economically active population with a declining rate of growth of GDP, implies that the level of unemployment is set to increase still further (Housing White Paper: 1994).

In Agenda 21 of the United Nations Conference on Environment and development which was convened at Rio de Janeiro in 1992, it was recognized that high priority in development should be given to housing sector due to a potentially enormous role to play in the revitalization of the state's economies (Adebayo: 1999).

Klaassen (1992) poses a question that if the decision is made to invest more in shelter how much more employment will be created? This is a good question to ask, but many people could have many different answers to it.

This study adopts the position that investment in housing could trigger employment opportunities into three different dimensions.

The first dimension is the role of housing in stimulating economic development as a whole through its backward linkages such as the production of stone, cement, bricks and steel as well as its forward linkages such as the production of furniture and other equipment for internal housing improvements.

As a result of these linkages housing sector has a potential to open up a number of employment opportunities. Furthermore housing construction is a particularly important source of employment for unskilled workers (Van Huyck 1986).

Therefore investment in housing is well suited to absorbing labour resources. The construction of low-income housing in various stages allows labour to be used incrementally, depending on availability.

The second dimension of investing in housing sector focuses on the low-income housing projects being located in proximity to various economic opportunities. In this regard government strives for the establishment of viable, socially and economically integrated communities, situated in areas allowing convenient access to areas of employment, transport and other social opportunities.

These developments at policy level offer the most positive opportunities for low income people in the sense that creating urban environments in which affordability constrains can be limited through lesser amounts being spent on transportation out of household income enable them to improve more on their economic status and therefore household incomes could be more saved for inter alia housing improvement purposes (Pearce: 1997).

The classic example of this scenario is the development of Cator Manor. The key strategic objectives of this project was to create an efficient and productive "city within city" targeting principally the poor and marginalized residents of Durban, to provide housing and security of tenure, to reduce existing and infrastructure and to establish safe and secure living and working

environments with ample economic opportunities. In this respect the project has successfully placed approximately 25 000 people to access jobs (Cator Manor Status Report: 2000).

International experience indicates that, in cases of informal settlement upgrading, there has been a better record of income generation and employment creation by virtue of the fact that the location of squatter settlements usually reflects proximity to employment opportunities (UNCHS-Habitat: 1992).

The third dimension comes in the form of low-income housing being used to generate income for its owner-occupier. This can be in the form of rental income from renting rooms or from conducting small enterprises such as spaza shop on the site and such activities can significantly augment the income of the owners (Van Hyck: 1986).

Moreover Boleat (1987) points out that the good quality and well-serviced dwelling is an "input" for a worker enabling him to produce "outputs". According to Boleat once direct employment has been created on the site a range of second order of employment is generated. Thus an investment in housing creates various rounds of employment generation and consequent increases of income.

In the World Bank Dandora Project in Nairobi about one in three of all dwellings are used for income generation activities (UNCHS-Habitat: 1992).

2.5 Skills Development Programmes.

According to the International Labour Organization there are two types of unemployed groups of people. There are those who are without jobs but are available for and actively seeking employment. On the other hand, there are those who available for jobs but are lacking proper labour and employment skills (UNCHS-

Habitat: 1995). Adebayo (1999) makes a critical point in this regard that these two categories are rife in South Africa among the low-income people and without any doubt this has a direct impact on what these households can afford and the kind of environment they end up living in.

In this respect the South African Green Paper on skills development makes a continuous reference to the need for the integration of human resource development policies with other socio-economic programmes like education and health (The Green Paper on Skills Development: 1997). The government in South Africa is faced with the challenge of balancing the demand for a skilled and flexible labour force to make industries in the country more competitive, and on the other hand to ensure equal access for all citizens to skills training opportunities (Dyk: 2001).

In response to this above-mentioned need of skills development programmes, South African Government established the Skills Development Act, which seeks to develop the skills of the people and thereby intensifying their ability to generate incomes by among other things promoting self-employment. The Skills Development Act consisted of the following elements, the National Skills Authority, National Skills Development and Skills Development Levies Act. The three pieces of the Skills Development Act represent the legal expression of the Government's skills training policies. It created a framework for the funding of skills training programmes and the establishment of institutions to develop and maintain these initiatives (Van Dyk: 2001)

The development of these initiatives involved the substantial expansion of entry-level training in many occupations than those covered by racist oriented apprenticeship as well as the provision

of well-structured and high-quality enterprise-based training to support schemes for small businesses.

For example the chief aim of the construction process in Wiggins has been to promote the utilization and development of local contractors and the employment of these local contractors to work on these construction sites, this has resulted into approximately more than 2000 local residents accessing employment opportunities (Cator Manor Status Report: 2000). In terms of skills development programmes, construction skills are not the only way to go.

People need extensive training in business-oriented programmes to enable them to start their own small businesses. A business provides jobs for people as it pays them wages for the work they do (International Labour Organisation-ILO: 1999). This idea has been further supported by Khuphuka Education and Skills Training Trust which was established in 1991 for skills training purposes in the fields of building capacity and small business sector (Khuphuka-Creating Access to The Economy: 1999). The emphasis has been on developing entrepreneurs mainly in business related trades so as to enable them to operate as business owners and in a way employ their own personal to intensify job opportunities.

The International Labour Organization (1999) argues that in Germany there are very low numbers of unemployed groups of people. One of the basic approaches towards this achievement is due to the success of the external labour markets.

These include the dual system of education and training, a highly organized network of chambers of commerce and industry committed to work together in providing a high quality generic skills training in a wide spectrum of occupations (Green Paper-Skills

Development: 1997). This example emphasizes the importance of the state regulated institutional environment within which successful education and training mutually operate. It also points to the need to combine both private and public efforts in education and training programmes in terms of equipping people with necessary skills.

2.6. Concluding Remarks

The main aim of this chapter is to show that the success of the enabling approach to housing in South Africa relies greatly on the improvements of housing by the beneficiaries themselves. However it is the basic argument of this chapter that the government should play a central role in the enabling approach to housing by supporting the beneficiaries in terms of access to housing credit, adequate mechanisms for employment generation and appropriate labour and employment skills to allow them to become not potential but actual income generators.

It was also shown in this chapter that the enabling approach will rarely serves its main objective of providing shelter for all if the Government limits its supportive role more especially of providing the services that individuals cannot be expected to provide for themselves.

The chapter demonstrated in many respects how the Grameen Bank got involved through financing low-income groups in Bangladesh, Nepal, India and Vietnam. Despite mixed feelings about the success of the Grameen Bank model in these states, South Africa should learn from both strengths as well as weaknesses of this model in these states so as to see how far the similar model could go within the South African housing framework.

Chapter Three

Background to Case Study Projects.

3.1 The Lovu Development Project.

The Lovu Development Project was based on the government housing subsidy scheme. The project is 30 kilometers away from the Durban City Center. Lovu Housing Project was initiated essentially as a Greenfield development project with no resident community, as a mass, low-cost, site and service project aimed to address the urgent housing backlog existing in and around Durban Metro Area. Figure 1 below shows the type of low-cost housing provided through government subsidy scheme in this project.

Figure 1. The figure shows small one-roomed houses provided through government subsidy in Lovu.



Source: Survey, 2000

In essence this one-roomed housing project was initiated in order to allow residents who did not have the cash resource or access to housing credit to be able to build their own houses over time as and when their resources allowed.

It was further suggested that self-help housing at Lovu would allow the owner builder to contribute his or her own labour resources so as to save on building costs. Since the inception of the project the number of residents have grown very rapidly. Housing types ranged from the original core houses to consolidated houses. High degree of unemployment is also associated with the area.

3.1.1. Housing Project Funding.

The Lovu Housing Project was initially funded through Government Subsidy Scheme and managed by Condev, a Section 21 company associated with Urban Foundation.

Condev terminated their contract with the project two years after its inception. Cudmore and Porter (PTY) Limited took over as a project managing agency. It was this agency, which came with Welisa Housing Finance Corporation, which aimed to provide housing credit to low-income beneficiaries. For the beneficiaries to access housing credit from Welisa, an income between R600 and R1500 per month should be earned (Survey: 2000).

3.1.2. Income Generation Initiatives and Skills Development Programmes.

The project in Lovu did not come with skills training programmes to equip people with construction skills to allow them to participate in the housing construction process so as to generate income in return, therefore the high rate of unemployment was linked to this factor.

In the absence of skills transfer programme people seeked jobs without skills in hand (Survey: 2000). The unavailability of skills programmes contributed in people's inability to access job

opportunities to generate income. The absence of income generation leads to unavailability of access to any form of credit. These above-mentioned factors were common and contributed to the high rate of housing unconsolidation in Lovu. In trying to overcome the unemployment problem business ventures were established as the main source of incomes. Due to the fact that no entrepreneurial skills were provided to facilitate the running of those businesses they became lucrative (Survey: 2000).

3.2 Wiggins Fast-Track Housing Project.

The Wiggins Fast-Track area forms part of the Greater Cator Manor. Its history is not mutually exclusive from the Cator Manor history. In 1994 the Cator Manor Development Association and the Durban City Council jointly agreed to undertake the development of the area. Wiggins Fast-Track was among the first projects to be undertaken at Cator Manor.

The Provincial Housing Board through capital subsidies funded the project. The table below shows the amount that each beneficiary received depending on their salary income.

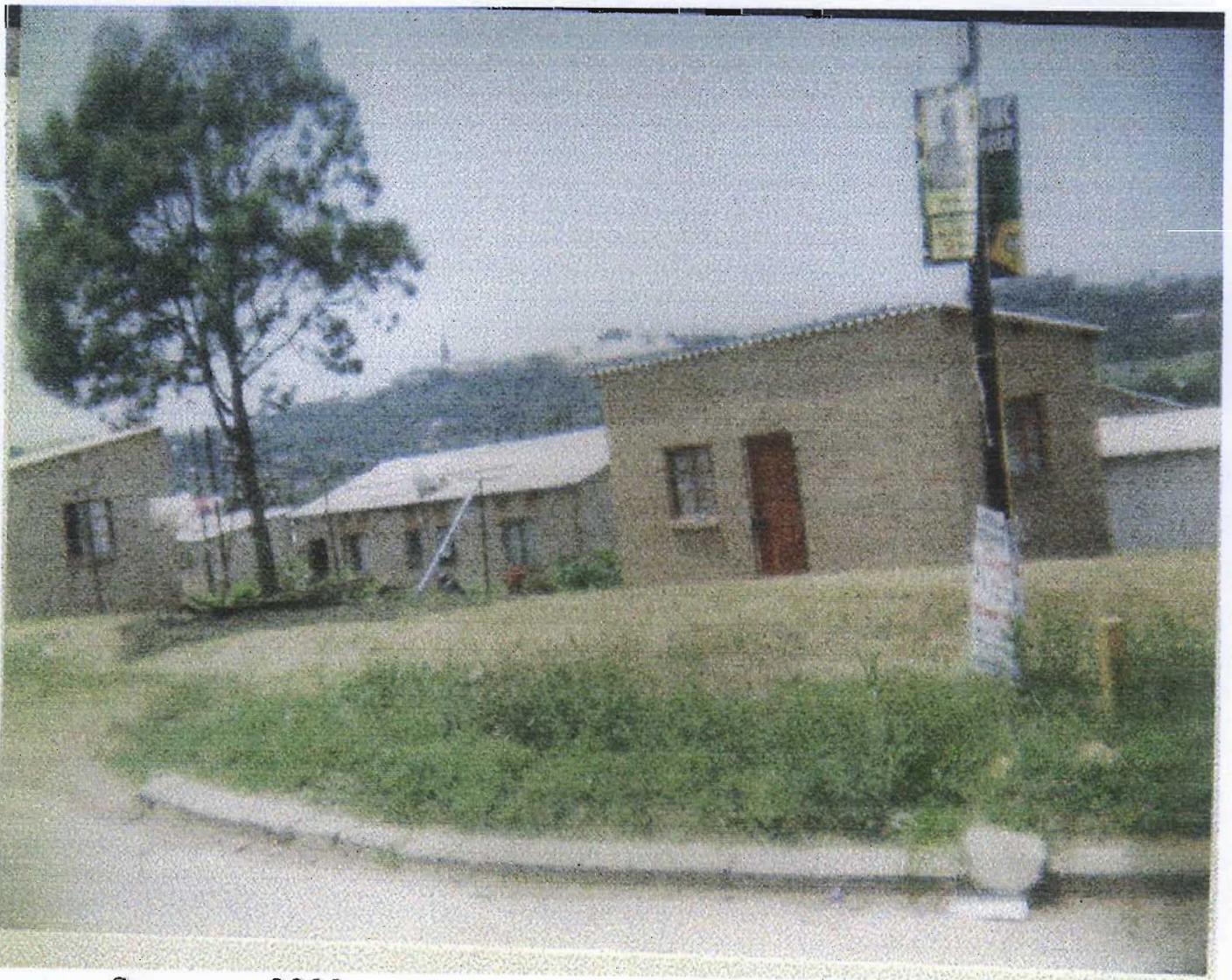
Table.3.1. The table below shows various subsidy amounts given to people on the basis of their different income.

Income Level Per Month	Subsidy Amount
Up to R1500	R15000
R1500-R2500	R9500
R2500-R3500	R5000

Source: Smit, 1998

This allowed for the construction of a basic two roomed houses that could be developed incrementally by the households in accordance with available funding. The local builders constructed houses, as during the construction phase local trained builders were equipped with construction skills to allow them to build houses starting from scratch to the top structure. The construction skills that people acquired helped local builders to participate in the housing building phase and so as to be able to generate incomes in return.

Figure 2. The figure below shows the two-roomed house constructed by a local builder in Wiggins.



Source: Survey, 2000

In terms of the housing improvement credit to the project beneficiaries the Cator Manor Development Association joined its forces with the European Union in providing the Housing Loan Guarantee Scheme to enable the project beneficiaries to access housing credit for housing improvement purposes.

3.2.1. Skills Development Programmes, Income Generation and employment creation.

Wiggins housing development is the classic example of the projects where skills programmes have been implemented and produced positive results. In this respect a wide range of skills training programmes were provided to enable project beneficiaries to equip themselves with proper construction skills to become actual income generators. After training The Cator Manor Development Association helped trainees to access job opportunities through Job Opportunities Bureau (JOB). They kept the database of all job seekers who were their trainees and submitted their names to potential employers. This was another good initiative that Cator Manor Development Association was trying to combat unemployment at Wiggins.

3.3. Housing Finance.

International as well as local experience indicates that financing low-cost housing is not easy and is full of all sorts of problems that put lending institutions at great risk than when lending to middle and high income categories. But in reality low-cost housing is where the greatest demand for funds is urgently needed. The point has been made repeatedly that the problem is not availability of housing finance, but an inability of low-income people to access it (Pearce: 1998).

In dealing with access to housing loans for low-income people of Wiggins the Cator Manor Development Association and the European Union established a Micro Loan Guarantee Scheme.

The scheme allowed low-income people of Wiggins to access small loans for housing consolidation purposes from the Ithala Bank. The main aim of the scheme was to act as a guarantee between a borrower and the Bank. These enabling environments that the European Union created, made a positive contribution in people's access to housing loans to consolidate their houses.

3.4 Concluding Remarks

It is generally acknowledged that housing finance institutions are reluctant to extend their financial resources to low-income people due to abnormal risks. This reluctance causes major upset and it is the major hurdle in the way of housing consolidation among low-income groups.

The Ithala Bank took Wiggins to another level when it extended its housing credit to the beneficiaries of this low-cost housing project. Due to this positive and active role that this institution played in Wiggins a massive housing consolidation has taken place as beneficiaries used loans from Ithala Bank to augment the Government Subsidy and their low-income towards housing consolidation.

Chapter Four

Research Findings, Analysis and Interpretation

4.0 Introduction

The current subsidy process focuses on tenure and a basic level of services to be delivered out of the subsidy amount, with a small contribution to the housing unit itself (Adebayo: 1999). In both housing projects beneficiaries were provided with two roomed houses at Wiggins and one roomed starter houses in Lovu.

4.1 Housing Finance

Like in any other projects of this nature, beneficiaries were expected to consolidate these starter houses using their own financial resources. In the research conducted in Lovu 70% of the people was unemployed and the remaining 30% of them was employed. Within the 30% of the employed 20% of them was self-employed and relied on irregular income that their small business produced. Their small business activities were mainly spaza shops, street vending and taxi industry.

The remaining 10% of the 30% was formally employed and their income were between R600 and R1500 per month (Survey:2000). These figures clearly showed that the area falls under a category of low-income housing project as defined under the current subsidy arrangements. In that way people find it difficult to access any form of housing loans from lending institutions to augment their low income for housing consolidation purposes. This issue came up clearly during the research conducted with the beneficiaries of Lovu Housing Project, they made it clear that their income was insufficient to cover their basic needs including housing needs. 80% of the people interviewed stressed that the question of access

unavailability to housing credit hindered their ability to consolidate their housing.

A single mother of two children aged ten and eight said that with her income of R600 per month she budgeted for transport for herself as well as her children who attended school in Durban. Three of them travel by taxis from and to Durban as there were no trains and buses in the area. Transport alone cost her more than two hundred rands per month. The rest of the money covered all other basic needs like food and clothing. She mentioned that although she was willing to improve her core house, her financial position could not allow her to achieve her goal. According to her statement, she had tried to apply for a housing loan from a bank but was turned down because of her low salary.

The research showed that this did not occur to this mother of the three children only, but it happened to all those who work in Durban and other surrounding towns like Isipingo and Amanzimtoti who need to budget for their transport costs to and from their working places. They were bound to budget from their small income for transport costs. Those who were working in Durban and other neighbouring towns made it clear that due to high transport costs they find it difficult to save money for housing consolidation purposes.

At Wiggins their case was a little bit different compared to Lovu. In this housing project the beneficiaries were exposed to various types of skills training programmes starting from construction to entrepreneurial skills. Because of the availability of skills training programmes 80% of the people interviewed were generating incomes. Three quarter of this percentage [60% of the 80%] was employed in the Cator Manor construction projects.

The self-employed people as well as those who were formally employed within the City Center and earned between R600 and R1500 per month constituted the remaining 20% of the 80% employed. The remaining 20% of the interviewed beneficiaries of Wiggins were unemployed. Given these income statistics it was unlikely that the beneficiaries from Wiggins could access any form of housing credit from the financial institutions mainly the Traditional Lenders.

- When the Project Manager from Lovu was asked why there was unavailability of access to housing finance from the Traditional Lenders for the people of Lovu, the main reason was that these financial institutions had shown substantial reluctance in lending to this low-income housing project which (and other projects of this nature) was considered as high risk. According to Mr. Dlamini, when making the arrangements with the Traditional Lenders to finance the people of Lovu these Lending institutions made it clear that the low-income category that they offer housing improvement loans earned not less than R3000 per month [Survey: 2000]. From the research conducted in both case study projects the beneficiaries from both projects were automatically excluded from accessing housing credit from the Traditional Lenders, as their income did not fall under R300.00 ratio per month.

It could be argued that these people could access housing credit from the Non-Traditional Lenders. The findings of this study showed that the Non-Traditional Lenders have non-mortgage based finance system targeted at low-income people. According to Mr. Dlamini the capacity of these institutions were however very weak due to inter alia the fact that their ability to raise finance from financial markets was very limited. Therefore their involvement in providing housing credit for low-income groups produced very limited impact.

In Wiggins things were totally different compared to Lovu as the Cato Manor Development Association with the extensive help from the European Union have established a Micro Lending Scheme to provide guarantees to Wiggins beneficiaries so as to enable them to access small housing loans to top up their subsidies and improve their housing (Survey: 2000). According to the housing programme manager Heather Maxwell the micro lending scheme aimed at providing guarantees, which made it possible for financial institutions to extend small home loans to Wiggins residents who earn R1500 per month.

She went on mentioning that the Ithala Bank was the only active lending institution at Wiggins. The active role of the Ithala Bank stemmed from the fact that Cator Manor Development Association and the European Union were not giving loans to people but they only guaranteed loans to low-income people of Wiggins housing project.

The role of the European Union might become confusing and in this regard the researcher asked Mr. Wim Eising who was the European Union representative to clarify exactly what the European Union did at Wiggins. According to Mr.Eising it was very difficult for the people of Wiggins to access loans from banks as they considered financing the whole area of Cator Manor as very risky. They therefore came out with the idea of creating the guarantee scheme to help the low-income people to access housing credit from Ithala Bank for housing consolidation purposes. He made it very clear that the European Union did not offer credit to individuals but they only offered guarantees between borrowers and the Ithala Bank.

The findings of the research showed that the involvement of European Union in Wiggins through the creation of the guarantee scheme produced positive result in terms of housing consolidation. In this regard the findings showed that 80% of the people who consolidated in Wiggins used the scheme to access loans from Ithala Bank.

Besides this role the European Union also funded the capacity building and skills training and support programmes thus creating opportunities for residents to be empowered to enter the job market or establish their own businesses (Survey: 2000). The study found out that in Wiggins the European Union has in association with the Cator Manor Development Association established the enabling environment so as to allow people to help themselves.

This investigation based fact emanated from the findings of the study. The study found that 80% of the people consolidated, was due to those enabling environments that the European Union in association with Cator Manor Development Association created. If borrowers did not pay back their loans for one reason or the other, the bank then applied for repayment out of the European Union guarantee fund. In that scenario Ithala Bank was covered from the default risks [Survey: 2000].

Despite the housing consolidation shortfalls that the low-cost housing has experienced, the role that the European Union played in creating enabling environments could not be overlooked. This scenario enabled quite a large number of people to consolidate their housing. In the survey conducted 80% of the people managed to consolidate their starter housing using the guarantee scheme provided by the European Union.

The consolidation that this study traced entailed replacement of the core house with a decent four-roomed house. Of the 80% consolidated using the scheme, 60% of them had completed their dwellings and 20% of the other houses were still under construction.

According to the survey the reason for the delay was among other things due to the fact that local Cator Manor contractors carried out housing constructions. The contractors that were interviewed clearly mentioned that they preferred to build other people's houses because they got paid and managed to cover their needs. They built their own houses on Saturdays and Sunday and most of the houses under construction when the survey was conducted belonged to these contractor men.

One of the local constructors [Mr.Mkhize] mentioned some interesting points that "almost all the costs for housing are higher today than they have been before. The costs of land, material and the labour to build have all doubled in only a few years. Learning to build houses to meet your own needs is quite efficient, money saving and satisfying". The study discovered that there are many opportunities to have housing that is efficient, beautiful and yet relatively inexpensive if people themselves do much of the work.

The picture below shows a house under construction. The owner of the house is a local constructor who mentioned clearly that he preferred to build other peoples' houses rather than built his own house because he got paid for the job so as to able to buy building material to improve his own house. Figure 3 below shows a house under construction. The owner of the house is a local constructor who mentioned clearly that he preferred to build other people's houses rather than built his own house because he got paid for the job so as to be able to buy building materials to improve his own house.

□ Figure 3. The figure shows a house under construction.



Source: Survey, 2000

The remaining 10% of the 20% unconsolidated beneficiaries did not consolidate because housing consolidation was their last priority hence they saved money for other basic items like education, consumption goods, clothing and basic services such as water and electricity as the expenditure on these items go up rapidly and unexpectedly one of them said.

These beneficiaries said that they preferred to use their expenditure on these above mentioned basic needs that led to a total failure to save money for housing consolidation [Survey:2000]. Besides the reason of saving money for other basic needs other than housing, the remaining 10% of the 20% unconsolidated people mentioned that they were at Wiggins only for work purposes. They had original homes in the countryside they were happy with their two-roomed houses and there was no reason for them to consolidate their houses. (Survey: 200).

In Lovu

In trying to deal with the problem of housing improvement credit at Lovu, Cudmore and Porter (PTY) Limited, which was a Housing Development Agency, established a home loan scheme called Welisa Housing Finance Corporation. This scheme was basically established to lend money to low-income people of Lovu housing project. The problem with this scheme was that the beneficiaries had to pay a sum of R4500 as a deposit in order to access any form of housing loan from this scheme (Survey: 2000). This is what the Minister of Housing said about these kinds of institutions "In the absence of an active role by the traditional lenders, we have seen a massive exodus of financial institution's branches from the townships, a move incongruent with basic tenets of the service ethos that advocates that people be provided service at places convenient to them" [housing.gov.za].

In principle the idea of bringing financial institutions branches into townships was quite good but in practice the main problem stemmed from the fact that these institutions like Welisa in Lovu were weak and in many cases corrupt.

The Project Manager at Lovu clearly pointed out that housing finance was one of the major obstacles in relation to people's housing consolidation. But his major concern was the way that the whole system of Government housing delivery was constantly abused by negligent and vicious housing stakeholders like Planners, Architects and Contractors.

According to Mr. Dlamini who was the Project Manager at Lovu, all these housing stakeholders were after money and they tried by all means to save money for their profit and give out to poor as little as possible. At the end of the day the beneficiaries who were the initial recipients ended up getting frames and a toilet.

The survey discovered that initially all the project beneficiaries of Lovu Project were promised to receive one-roomed houses. But actually this was only done in the first three phases of the Project after that people were provided with frames and a toilet as a starter house expecting them to contribute their own financial resources as well as labour to reach the stage of housing consolidation (Survey: 2000).

In essence the initial objective of the Government Subsidy was to provide shelter in the form of a house to the poor people of Lovu but in reality these people got shelter in the form of frames and a toilet. The question that was often asked by the people that the researcher interviewed was "what do they (Government) expect us to do with these frames, who could sleep in a toilet?"

They did not promise us frames but houses, we need our houses here and now" (Survey: 2000). The picture below shows the site with frames and a toilet. The Development Agency provided these frames as a starter house for Lovu beneficiaries.

□Figure 4. The figure shows the frame shelter provide to Lovu beneficiaries.



Source: Survey, 2000.

In this regard the researcher tried to go deeper by asking the programme manager how much was spent on infrastructure. The programme manager pointed out that they were the third developing agent involved in the project. According to him the first agent called CONDEV built the first phase (in the form of one roomed housing) and left.

The second agent called Van Wyk and Louw came along to build the frames and toilet phase. It is therefore very difficult to come up with the relevant information regarding the money spent on infrastructure. But the fact that people got frames and a toilet instead of a house that alone painted a picture that very little was spent on this phase [Survey: 2000].

4.2 Structures to be put in place.

In terms of the structures necessary for the enabling approach to perform better, there have been attempts made by the state specifically the Department of Housing on national level to persuade traditional lenders to extend their housing credit to low income people. This arrangement between the Association of Mortgage Lenders and the Government was formalized in a Record of Understanding. Agreement gave birth to a new structure that aimed to make availability of access to housing credit for low-income groups. Servcon Housing Solution, the National Urban Reconstruction and Housing Agency [NURCHA] and National Housing Finance Corporation are some of the structures that were born after the Government and the Association of Mortgage Lenders established the Record of Understanding to help the low-income categories access housing credit for housing consolidation purposes. In principle the incentives were perfect and effective but in practice the incentives achieved very little in terms of providing or increasing housing credit for low-income people in both housing projects.

Besides the involvement of Ithala Bank and the enabling environments created by the European Union in Wiggins, structures like those that emanated from the Record of Understanding, the study discovered that neither of the structures extended its lending facilities to any of the two case studies studied.

The findings of the study with regards to the structures to be put in place were that group-saving schemes were the potential possible way of mobilizing lending facilities/services to low-income people from both case studies. In both case studies low-income people raised the feeling of people coming together in small group to save in the form of stokvels as a right direction towards solving the old time problem of lack of access to credit.

The idea came out more often in Lovu as they were lacking proper programmes to provide them with business and construction skills, 20% of the people interviewed at Lovu mentioned that they relied on group saving schemes in the form of stokvels to save for their basic needs. According to them group saving schemes were informal, have limited financial resources and above all they were exposed to high degree of corruption and fraud but despite all those atrocities they continued to use them to mobilize credit to help them anyway [Survey: 2000]. To enable the group saving schemes to perform better the beneficiaries who were interviewed in the survey in both projects highlighted that the government should intervene by establishing the institutions to facilitate the activities of group saving schemes (e.g. stockvels and non bond loans agencies) as they were recognized as the significant way to extend credit to the poor in South Africa. The establishment of those institutions served as a kick-starting assistance providing inter alia small loans to low-income people to meet their needs.

If these institutions could be put into place the problems of the low-income people in terms of access to housing credit could be eased and because of this the enabling approach to housing would be enabled to perform better.

4.3 Skills Development.

The European Union and the Cator Manor Development Association have joined forces to provide skills training and business courses to micro and small businesses and to create more jobs for the people of Cator Manor (Cator Manor Status Report:2000). In this respect the Manager for community development Mrs. Fisani Mzimela pointed out that in 1998 the Cator Manor Development Association conducted a survey in relation to the establishment of skills training programme for the people of Cator Manor or Wiggins for the purposes of this study. The findings of that study clearly showed that many people were unemployed because they lacked basic capacity building skills. In this regard a Community Development Committee was formed with a basic objective to equip people of Wiggins with necessary skills in order for them to become competent and actual income generators in a wage sector. It was also discovered that many people at that stage were busy with their small businesses and therefore necessary strategies had to be put in place in order to develop and strengthen those ventures (Survey: 2000).

Based on the findings of the survey conducted by the Cator Manor Development Association, the core function of this committee was formulated as being a committee that should enable the people of Wiggins to access economic opportunities through the skills development and capacity building. In undertaking the skills training programmes the Committee directed them not on individuals but to groups and communities that existed at Wiggins. The programme was divided into two categories.

One, those skills that were directed at a wage sector and two, those that were directed at small business sector. In the business sector the Committee provided basic business management skills, which was a course that was formulated by the International Labour

Organization [ILO]. In this course people were given skills to start and improve their own businesses.

Based on the findings of this study those who wanted to start/improve their businesses were trained or provided with entrepreneurial skills from this programme and became actively involved into business sector by establishing or improving their own businesses. The business ventures involved small spaza shops, vegetable markets, canteens or tarvens and fashion design centers. In the survey conducted regarding these business ventures it came out clearly that such ventures have made a positive impact in relation to the employment of people to come and work in them.

In other words the training of people in business sector had produced positive spin-offs in the whole programme. The main problem that these people faced in most cases was that a large number of trainees from this programme entered into similar business ventures like opening up spaza shops which sold similar goods like fruits and vegetables, in that way these forms of business competitions became stiff, no longer lucrative and non viable (Survey: 2000).

Mrs. Mzimela went mentioning that in terms of wage sector skills the department had established what was called Multi Skilling Programme of the local construction workers. In terms of this programme people were trained in three different areas namely, Multi-Skilling of Small Contractors, Multi-Skilling of Civil Contractors and Multi-Skilling of Homebuilders.

The programme trained the unskilled residents in bricklaying, plastering and painting and assisted the trainees in accessing job opportunities. According to the Community Programme Manager, Cator Manor Development Association did accessing job opportunities by

keeping all the contact details of the trainees into their database system. When there is job vacancy or a tender in and around Cator Manor the Association took the responsibility of contacting the relevant trainee to apply for that tender or to occupy that vacancy (Survey: 2000).

For example Homebuilders were trained to start a house from scratch up to the top structure. In addition to that they were given contractual skills and entrepreneurial skills, which means that they could tender or contract with other big companies.

Unlike the business sector that proved not to be working well, this sector proved to be the most viable venture in relation to people earning income hence contributed a portion of that into housing improvement.

Based on the findings of the study conducted, it came out that people needed skills to make them potential income generators to meet their financial needs hence contributed a portion of their income to housing improvement. The skilling programmes conducted in Wiggins made a substantial difference to access by beneficiaries to employment and income generating activities.

Unlike the people of Wiggins who had used the skills training programmes as the vehicle towards generating income to contribute to their housing improvements, the people of Lovu did not have such a chance.

The survey showed that since the beginning of the project in 1994, nothing had been put into place in relation to skills development. When the Project Manager was asked about this the answer was that, this type of programme was not in the project

pipeline during its inception and up to now there have been no provision of such initiatives.

On the other hand Khuphuka Education and Skills Training Trust had showed the importance of skills development. This Durban based organization was basically established to focus on the provision of basic skills. They aimed at providing project-linked skills in and around the KwaZulu Natal Province. Their emphasis was on developing entrepreneurs, mainly in construction and related trades such as electric and metal works (Survey: 2000).

According to Mr. Vuli, the Project Co-ordinator at Khuphuka all the training courses took place on site and on projects. He also pointed out that there had been one approach that Khuphuka had applied in all these training programmes undertaken. This approach heavily relied upon responding to the needs of that particular project community. The information that was given by Mr.Vuli convinced the researcher that the skills training that they undertook from Housing projects like Hambanathi housing projects near Avoca and Lusaka housing development in Chatsworth proved to work well for low-income groups in terms of putting their own resources towards housing improvements.

4.4 Structures to be put in place.

For the Enabling approach to perform better in respect of labour and employment skills, the findings of the study came up with one key initiative.

The findings indicated that the training of people in various types of fields like housing construction and business sectors helped the poor to become income generators to meet their basic needs.

The problem that people faced from the projects surveyed was that their employment was not guaranteed.

In other words the skills programmes conducted did not make or empower the people to move away from the state of being potential income generators to a state of being actual income generators.

If this goal of making people actual income generators has not been achieved the skills oriented programmes become useless and incompetent [Survey: 2000].

In order to enable the enabling approach in this regard the skills programmes stakeholders from the side of the government or community-based organizations as well as other related institutions should be established to provide skills to the people. But the most important aspect that needs to be considered would be that the trainees must be given a platform to practice the skills they have acquired.

A platform in this case would be a workplace, where the trainees were expected to add value through their labour skills and generate income simultaneously. Because of that they become actual income generators and are enabled to have their portion of their income being dedicated to housing improvements.

4.5. Employment and Income Generation.

South Africa is characterized by large unemployment scale in the formal sector of the economy (Housing White Paper: 1994). It is important to mention that beneficiaries from both case studies needed money to cover their different kinds of basic needs as well as money to consolidate their houses. In this regard the focus of the study emanated from the fact that, both employment as well as income generation are among the important aspects of the enabling

approach. This factor was discovered from the study, as the findings showed that it was the level of income that determined the level of housing consolidation in both case studies. At Wiggins people were provided with construction and entrepreneurial skills to empower them to become actual income generators. The findings showed that the skilling of people with these skills did produce positive spin-offs. This was based on the fact that 80% of the beneficiaries from Wiggins managed to consolidate their houses. The consolidation process stemmed from the fact that they were generating income from the housing construction in the project.

The research discovered that with the incomes they generated from the project they managed to buy enough materials to consolidate their houses. Those who were not equipped with construction skills mentioned that they were allowed to buy material and also employ trained builder to build their houses.

Besides the fact that people were skilled to become income generators, their income allowed them to access loans/credit for housing consolidation purposes from Ithala Bank. As it was mentioned earlier on that this lending institution was involved in Wiggins to make access to housing credit for the project beneficiaries. As a result of these enabling environments created at Wiggins the researcher witnessed stable conditions in terms of housing consolidation. The types of housing improvements that was seen in the case study project ranged from external improvements like transformation of core houses into big stable houses with tiles and also the internal improvements like fringes, TV sets and other appliances convinced the researcher that these improvements were made possible by income generated from housing construction projects due to skills acquired from skills development programmes.

As it was mentioned earlier on that 80% people consolidated accessed credit from the Ithala Bank this initiative helped them extensively to make outstanding external improvements that was seen in the project.

The Cator Manor Development Association realized the fact that it was not enough to train people and leave the burden of getting job on them hence they made arrangements for their trainees to access job. It came out clearly from the research that access to jobs by these trainees depended largely on employers, in that way the Association extended their training programmes to entrepreneurial level. These entrepreneurial skills or knowledge helped beneficiaries to become self-employed. Due to these acquired entrepreneurial skills 10% of the people interviewed turned their dwelling units into commercial activity entities. In this regard the dwelling was used for both shelter and income generation purposes.

. It is important to mention that 6% of the 10% spaza owners interviewed was unemployed therefore relied upon the incomes generated by these activities. The remaining 4% was employed in the housing construction and the income generated from housing construction and by the activity was mixed and mingled towards saving for housing consolidation among other things. Unlike fruits and vegetables markets that became lucrative due to high competition as the study discussed earlier, these spaza shops proved to be effective and viable in terms of income generation. The findings showed that all the dwellings that were used, as commercial units were well consolidated/improved externally as well as internally.

The spaza shop owners pointed out that housing improvement was made possible by the income generated by the activity itself (Survey: 2000). According to the information given by those beneficiaries living around these commercial activities, it made things easier to send their small kids to buy them things like cold drinks and bread. In other words these activities were convenient in terms of theft and road safety to their children. The picture below shows local kids in one of the local house that was used as a commercial activity in Wiggins.

Figure 5. The figure below shows a house used as a commercial activity in Wiggins.



Source: Survey, 2000

It was pointed out earlier on this study that the Community Development Committee played a remarkable role in trying to combat unemployment at Wiggins. This successful initiative was motivated by the massive skills training projects in the fields of both business and wage sectors.

One of the strategies that the committee used was that after the training session was completed the programme trainer was paid only 80% of the whole salary and the rest of the 20% was only paid after all the trainees had been placed into job vacancies (Survey 2000). When asked about the details of this programme the Programme Manager said that each programme session took three months. By June 2000, 300 people were trained and these figures were expected to double by the end of the year. The Committee kept a Database of the trained job seekers under Job Opportunities Bureau (JOB) whereby the names of the unemployed were submitted to potential employers (Survey: 2000). According to Mrs. Mzimela 1344 of the 4220 people registered on the JOB database were placed on construction projects. In that way they have been made actual income generators.

It is important to note that the focus of this study is not about people getting jobs, but it is about how those jobs produce incomes enough to have other portion being dedicated to housing consolidation. The findings of the study showed that these people who were placed on construction projects by the Job Opportunities Bureau became actual income generators and saved money for their housing needs.

4.6. Location-Creating Access to Income Generation.

Smit [1998] argues that peripheral location of low-income people where they experienced excessive travel costs to and from work can cause severe stress and unacceptable financial burden.

The main aim of the housing policy was to make sure that low cost housing projects were located in proximity to areas of economic opportunities with adequate means of transportation to transport people to and from their workplaces. International experience indicated that, in cases of informal settlement upgrading there has been a better record of income generation and employment creation by virtue of the fact that location of squatter settlements usually reflects proximity to employment opportunity (UNCHS-Habitat: 1990).

In this regard the study found that the location of the Wiggins housing project within the proximity to the Durban City Center contributed in people generating income. The location of this project, which is five kilometers away from Durban City Center, helped the people who chose to open up their businesses within the Durban City Center to reach their business sites easily without much fares.

The study discovered that they walk from Wiggins to their business places and those who chose to use transport save very little for transport as the single journey to Durban costs only R2.00. According to these people little money was budgeted for transport in that way they were able to save for their housing improvements. However, at Lovu there was a great demand for transportation mainly from and to the Durban City Center where 10% of the 30% working people interviewed worked.

As a response to this demand, the local taxi owners came together to form a kind of a taxi association called Simunye (we are one) Tours Association. This association jointly bought a number of mini-buses that took passengers straight from and to Durban City Center for only six rands per single journey. The association did not only help local people with the adequate means of transport but a number of local drivers also got employed to drive those mini-buses (Survey: 2000). On the other hand 50% of the people of Lovu was affected by the location of the project. Those who wanted to seek jobs in the Durban City Center and other neighbouring towns found it difficult to pay for transportation.

However based on these findings one could safely say that the location of Wiggins terminated the apartheid legacy of strategically placing the low-income in urban fringes where they were expected to pay high transport costs to travel to and from work. It has to be mentioned that location of this low-income housing project contributed in people accessing job opportunities and others running their own businesses within the Durban City Center. They also mentioned that if they were to spend more on transport they would struggle to put any contribution to improve their housing.

4.7. Concluding Remarks

The main objective of this chapter was to analyze and interpret the findings of the study.

The main aim of the research was to show that for the enabling approach to housing to perform better, necessary structures in terms of income generation, development of labour and employment skills' programmes and the access to appropriate housing finance for the poor need to be put in place.

The aim of the chapter was to establish the relationship between employment and housing improvement. According to the study it was not enough that people got jobs, the purpose of the study was to prove whether those jobs paid enough to allow people to access credit/loans for housing consolidation purposes and to save/spend for housing.

The chapter clearly demonstrated that housing projects have a good reputation of creating job opportunities. It is basically this fact that led this study to conclude increased allocation of funds (from the side of Government) should be on housing sector due to its positive potential to stimulate economic growth through its strong backward and forward linkages. It was also argued that in this chapter that a holistic definition of housing is not only refers to the structure that simple provides shelter to people, but it refers also to the one that is in proximity to centers of employment and other economical, educational and health opportunities. This is clearly stated in the National Transport Green Paper: 1995 that no employee should commute more 40 kilometers between residence and a place of work and no household should spend more than 10% of their disposable income on transport. These developments at Policy level offer the positive opportunity for creating urban environments in which affordable constraints can be limited through lesser amounts being spent on transport (Pearce: 1997)

Chapter Five

Summary, Conclusion and Recommendations

5.1 Summary

The study had specific aims and objectives, a research question and the hypothesis that it sought to address. This section mainly addresses how this was dealt with by supplying the main findings.

The hypothesis of the study was that for the enabling approach to perform better, appropriate housing finance mechanisms, access to labour and employment skills and income generation initiatives need to be put into the housing process. The findings of the study in Wiggins showed that people were provided with construction and entrepreneurial skills. It was these skills that allowed people to access jobs in the construction of houses in Wiggins. Entrepreneurial skills on the other hand helped 20% of the people to start up their own businesses. These two factors, which were brought about by skills transfer programmes allowed people to generate income, and it was that income that allowed them to access housing credit and save for housing consolidation. The generation of incomes due to skills acquired from the programmes allowed people to access housing loans from the Ithala Bank that extended its financial services to this low-cost housing project.

In Lovu people were not provided with skills, the findings showed that without skills they found it difficult to access jobs and having said that, it was even harder for them to access any form of housing credit from lending institutions. These findings allowed the study to summarise by saying that provision of skills to people enabled their abilities to generate incomes. When they become actual income generators their chances of getting access to loans are intensified. Based on the findings of the study, the hypothesis of the study has been tested and proven to be true in all respects.

5.2 Conclusion

The main objective of the study was to identify structures that need to be put in place to allow the enabling approach in housing delivery to perform better. The study identified and discussed three key issues that form the basis where the notion of the enabling approach rests.

One of the main findings of the study was that the unavailability of housing credit was the main factor leading to the low rate of housing consolidation. The lack of access to housing credit to Lovu beneficiaries resulted to 70% people failing to reach the stage of consolidating their houses. On the other hand the 80% of people in Wiggins consolidated their houses was due to among other things the availability of housing loans. According to the research conducted in this project, beneficiaries accessed housing loans from Ithala Bank and 80% of them used those loans for housing consolidation purposes.

It was discovered that the intervention of the Ithala Bank in this low-cost housing project was due to the enabling environments created by the European Union in Wiggins. The enabling environments entailed among other things the establishment of the Micro Lending Scheme whereby the European Union acted as a guarantee between a borrower and the Bank. The findings showed that these conditions encouraged people to apply for loans and it also encouraged Ithala Bank to extend their lending services without any risks anticipated. Besides the involvement of the Ithala Bank in Wiggins low-cost housing project, Bangladesh used the financial services of Grameen Bank to break the poor out of the iron structures that kept them poor. The study discovered that the lending of financial services to low-income people by lending institutions produced positive spin-offs in terms of the poor's ability to meet their basic needs in general and housing needs in particular.

The International Labour Organisation (UNCHS-Habitat: 1995) argues that there are two types of people. There are those who are without jobs but available for and actively seeking employment. There are also those who are available for jobs but lacking proper employment skills. According to the findings of the study these two groups of people are common in South Africa more especially among the low-income people. It was showed by the research that if people were equipped with proper skills they moved from the state of being potential income generators to a state whereby they become actual income generators.

According to the findings acquired skills allowed people to generate incomes and save money for housing consolidation purposes. In Wiggins the study discovered that people were provided with construction and entrepreneurial skills to intensify their abilities to income generating activities. According to the findings construction skills helped 60% of the people to access jobs from the housing construction project within the area. Entrepreneurial skills helped 10% people to start or improve their own businesses.

These findings helped the study to establish the relationship between employment and housing improvement. The relationship helped the study to demonstrate that capacitating people with capacity building skills allowed them to access jobs to generate income that allowed them to save for housing consolidation among other things.

The Housing Policy of South Africa stresses the fact that low-cost housing projects should be located within the proximity to areas of economic opportunities. The findings of the study in this regard found that location of Wiggins five kilometres away from Durban City Centre helped those who work in this area to save very little for transport fare. It was also discovered that others even walk to and from Durban City.

The research demonstrated that the location of this low cost housing project alone, contributed in people saving less for transport, hence spending more on other needs including housing needs. These above mentioned the people of Lovu, which is, situated 30 Kilometres away from Durban City Centre, did not enjoy location incentives. The study showed that the location of the project jeopardised their chances of saving for housing among other needs, as they need to pay R6.00 per single journey to Durban City. It was discovered that transport fares hinder their ability to save for housing consolidation purposes.

5.3 Recommendations.

The Grameen Bank in Bangladesh provided loans to low-income people to alleviate poverty, Nepal, Vietnam and India adopted Grameen model into their states and Ithala Bank has extended its financial services to low-income people of Wiggins. The study and the findings proved that the involvement of these institutions by extending their financial resources to low-income people proved to be effective and a right way to allow low-income groups to access housing credit. The study recommends that more financial institutions should extend their financial institutions to low-cost housing so as to remove the label that lending to these projects is risky.

According to Wim who was the representative of the European Union, which acted as a guarantee between borrowers and Ithala Bank, no default cases reported meaning to say that people repaid the loans they borrowed from the Ithala Bank.

It is therefore recommended that these above-mentioned scenarios should encourage the financial institutions to break up the stereotype believe that funding low-income housing projects is highly risky. This perception needs to be changed in that suited financial resource strategy should be implemented and be geared towards low-income groups. By the way this has been only

implemented at policy level through the Record of Understanding between the Government and the Association of Mortgage Lenders.

The study observed that there were no tangible and traceable developments regarding the basic terms of the Record of Understanding targeted to low-cost community segments. Therefore it is highly recommended that developments and terms entailed in the Record of Understanding should be put in place in order to allow low-income groups to access housing credit for housing consolidation purposes.

The three key areas that the study was based on (lack of access to housing credit, limited capacity building skills that impact poors' income generation potential) are valid, constitute major hurdle and form a major part in the contemporary enabling approach discourse. It is therefore worth mentioning that any further input to take this study to another level is highly recommended, bearing in mind the pitfalls, shortcomings as well as setbacks that this study experienced.

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Appendix A.

Questionnaire to Project Beneficiaries.

Financial/Employment Status

1. What kind of work do you presently do?

- A. Unskilled
- B. Skilled
- C. Semi-skilled
- D. Professional
- E. Self-Employed
- F. Unemployed

2. What is your monthly income?

- A. Up to R1,500.00
- B. R1500.00-R2500.00
- C. R2500.00-R300.00

3. Do you save money? Y/N.

4. What are three most important basic needs that you save for and why?

.....
.....
.....

5. Do you save money for housing improvements? Y/N.

6. If yes how much do you save?

Housing Improvements

7(a) Did you make any improvements to your house? Y/N.

7(b) You did not make any improvements in this house why?

.....
.....

8(a) How many rooms does it have now?

8(b) What are the main problems in improving your house?

.....
.....

8(c) How do you plan to resolve such problems?

.....
.....

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9. Over what period did you make the improvements?
.....

10. What kind of material did you use for your housing improvements?
.....

11. What assistance would have been necessary to improve quicker?
.....

12. Who should have lent this assistance?
.....

13. Was this option pursued?
.....

14. Do you think housing improvement is important and why?
.....

Housing Finance A.

15. Did you apply for any housing financial assistance besides the government subsidy? Y/N.

16. If no why?

17. If yes from whom?

18. How much did you apply for?

19. Did you get the amount you applied for or did you have to reduce it?
Yes/No.

20. Was it enough for the purpose for which you borrowed it for?
.....

21. If no did you get money to top up ? Yes/ No
.....

22. Where did you get that money to top up?
.....

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23. How much do you pay towards your housing loan?

.....
.....

24. Do you have any problems with regard to your housing loan repayment?
Yes/No.

25. If yes what are those problems?

.....
.....

26. How are you resolving them?

.....
.....

27. What further assistance would you require to ease loan repayment?

.....
.....

Housing Finance B.

28. Did you apply for any housing loan besides the Government Subsidy?

.....
.....

29. If yes from whom did you apply?

.....
.....

30. What was the response from those lending institutions?

.....
.....

31. Have you applied for a housing loan from one of the Banks? Yes/No

32. If yes which one?

A. First National Bank

B. Standard Bank

C. ABSA Bank

D. African Bank

E. Other-Specify

33. How the lack of access to loans impacted on your ability to undertake housing improvement?

.....
.....

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34. What assistance would have been necessary to improve access to housing loans for low-income people?

.....
.....

35. Who should have lent this assistance?

.....
.....

36. Have you participated in or have loaned money from any group-savings schemes?

37. If no why?

.....
.....

38. Do you see group saving schemes as the right way for the poor and low income groups to access loans for housing improvement purposes?

.....
.....

Technical Skills Training

39. Did you get any form of skills training during the project construction?
Yes/ No.

40. If yes what skills did you get?

.....
.....

41. Have these skills helped you to get a job?

.....
.....

42. Have these skills helped you become self-employed?

.....
.....

43. If so are you able to:

A. Earn an income.

B. Save housing consolidation.

C. Dedicate some of your earning towards housing

44. How did you hear about this training programme?

.....
.....

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45. Was there a criteria to fulfill to get in to the programme?

.....
.....

46. What were the costs of the programme?

.....
.....

47. Did you find it affordable?

.....
.....

48. Was it worth the expenditure?

.....
.....

49. Did you face any problems regarding the programme?

.....
.....

50. Has the location of the project enhanced or jeopardized your chances of getting a job? If yes please explain.

.....
.....

Thanks Very Much for Your Contribution. Have a Nice Day!!!

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Appendix B.

Project Manager's Interview Questions

1. When did the project start?
2. What criteria used in site allocation?
3. What role did you play as the Project Manager?
- X 4. Can the sites or plots be used as collateral?
5. How was the project financed?
6. What percentage of the total population got subsidies?
7. Did you make any financial arrangements with lending institutions to lend housing finance to the project beneficiaries?
8. Which institutions did you approach and what was their response?
9. Were the beneficiaries informed about the lending facilities/packages available to them for housing construction/improvements, if yes how?
10. Did you provide the community with technical skills training? Yes/No.
11. What criteria was used to determine beneficiaries of the training programme?
12. What skills did you offer and why?
13. What percentage of your total trainees managed to get jobs related or even unrelated to skills acquired?
14. What percentage of them have managed to become self-employed on the basis of skills acquired and incomes earned?
15. What are the key problems that people face in terms of housing consolidation?
16. What could be done to resolve those problems?
17. Do you see enabling approach as the appropriate tool towards housing delivery in South Africa?

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18. What problems did the housing project as a whole face?

19. How were they resolved?

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Appendix C

Home Loan Manager's Interview Questions

1. What lending facilities/packages do you offer?
2. Do have lending facilities/packages that cater for housing improvements?
3. If yes, what criteria do you use to access the housing improvement loan application?
- X 4. What size of loan does the lowest income group(e.g R1500 and below) qualify for?
- X 5. What is the largest size of loan that you can lend to low-income people for example those earning R1500?
- X 6. What does your institution require for collateral purposes in the case of low-income groups?
- X 7. Can one use a site as a collateral?
- X 8. What conditions are attached to loan repayment for low-income groups?
9. What percentage of the total beneficiaries is paying back their housing loans?
- X 10. Do you encounter any problems regarding the repayment of the housing loans? if yes specify.
- X 11. What measures does your institution take to redress such problems?
12. Who approached you to finance this housing project and why did you agree?
13. Do you have any other housing projects of this nature where your institution lends money to project beneficiaries?
14. If no why and if yes specify.

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15. Do you think access to housing credit for low-income groups is adequate in respect of loan size, terms of repayment and collateral requirements attached? Yes/No.
16. If no, what measures does your institution take to intensify the availability of housing finance to low-income groups?
17. Does it succeed in doing that? Yes/ No.

Thanks Very Much for Your Contribution. Have a Nice Day!!!