

**PRECONDITIONS FOR HOUSING CONSOLIDATION – TOWARDS  
A SUITABLE PACKAGE OF SUPPORT FOR INCREMENTAL  
HOUSING IN SOUTH AFRICA: A CASE STUDY OF ETHEKWINI  
MUNICIPALITY**

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## ABSTRACT

This thesis set out to examine the application of the supporter paradigm in the incremental housing process in South Africa, and the way support for housing consolidation has been orchestrated in practice. It aimed to determine the forms of housing support that constitute preconditions of housing consolidation in the South African low income housing context. The supporter paradigm upon which post-apartheid housing policy is based takes its cue from the proponents of self-help housing, and the institutions that have entrenched it internationally. It outlines the housing support actions that would enable poor households to achieve housing adequacy incrementally. In South Africa, such households would constitute housing subsidy beneficiaries, seeking to achieve housing 'depth' through the process of housing consolidation, where the national subsidy programme would primarily only have delivered housing 'width', or housing starts. Contrary to the expectations of the policy, the pace of housing consolidation has been slow, and the standard of the resultant housing poor. The thesis' point of departure is that households which have not improved their dwellings, or whose improvement efforts have only yielded temporary housing, continue to experience housing inadequacy, despite subsidy support. This outcome contradicts the policy's goal of enabling households to reach housing adequacy. That subsidy support is but one of a number of supports needed to enable housing consolidation is acknowledged by current policy.

This study critiques the way support has been lent to households in consolidating situations conceptually and empirically. Conceptually, the study analyses the international and South African policy discourse around the support approach to housing delivery, as well as looks at some precedents in housing support practice internationally for useful lessons. Empirically, the study makes use of qualitative and quantitative research instruments to examine and analyse the housing support experience in three different types of incremental housing projects, located in eThekweni municipality, in the KwaZulu Natal Province of South Africa. The housing support findings are analysed within the context of what both the housing policy and the study's key informants consider to be a holistic packaging of housing support, that should be attendant to any incremental housing project.

On the basis of the study's findings, housing support practice is critiqued on two levels. At policy level, the study reveals that the foundation of South African housing policy in a neoliberal context, in the absence of support targeted at improving the incomes of the mainly very poor beneficiaries, sets them up for failure in their housing improvement efforts. At the implementation level, the study identifies three key areas of weakness. Firstly, there is absence of strategic direction at the National level, resulting in the treatment of housing support as an optional function by the housing implementation levels. Secondly, most housing authorities experience difficulty in understanding what housing support entails, because of its multifaceted nature and lack of specificity. Consequently, the support attendant to incremental housing projects is ad hoc and intermittent in nature, and is delivered on the basis of how the particular

authorities or project staff understand housing support. As a result, in any given project, housing support is rarely comprehensively packaged. It is also largely an unfunded mandate. Thirdly, at project level, the thesis establishes that many of the problems that confront consolidating households can be attributed to projects that are poorly planned from the outset, and that support in this regard lies in the development of capacity at municipal level, to plan projects that have the potential to be consolidated in the first instance.

As its main contribution, the thesis develops a multidimensional, comprehensive framework for packaging housing support. One dimension specifies upfront, the support elements considered important in the pre- and post-subsidy phases of the project, as well as in the project implementation phase. The exact form these would take in any project would be informed by the project and beneficiary characteristics. The second dimension packages the institutional roles for housing support, thereby removing the institutional ambivalence towards the housing support function, and specifying the institutional and role changes needed to enable housing support to occur. The third dimension packages support according to project type, indicating which forms of support apply to all types of projects, and which to specific modes of delivery in the South African context. The study concludes that while current housing policy is clear on the need to support households to meet consolidation goals, specificity of both process and actions needs to be lent to housing support practice. The multidimensional support package developed by the study is deemed a useful tool in providing such specificity, and clarifying how support for housing consolidation in South Africa should be set up in both policy and practice.

**DECLARATION**

I declare that unless otherwise acknowledged in the text, this thesis is my own original unaided work, and has not been submitted in whole or part, to any other University.

A handwritten signature in black ink, appearing to read 'Pauline Wambui Adebayo', written over a horizontal line.

PAULINE WAMBUI ADEBAYO

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**LIST OF ABBREVIATIONS USED**

BASA	Banking Association of South Africa
BESG	Built Environment Support Group
BNG	Breaking New Ground
CBD	Central Business District
CBO	Community Based Organisation
CMDA	Cato Manor Development Authority
CMDP	Cato Manor Development Project
CMRA	Cato Manor Residents Association
COSATU	Congress of South African Trade Unions
CSIR	Council for Scientific and Industrial Research
CUSSP	Community and Urban Services Support Project
DBSA	Development Bank of Southern Africa
EPWP	Extended Public Works Programme
EU	European Union
FGD	Focus Group Discussion
FSC	Financial Sector Charter
GCMDF	Greater Cato Manor Development Forum
GEAR	Growth, Employment and Redistribution
GIS	Geographic Information Systems
HLGC	Home Loan Guarantee Company
HSC	Housing Support Centre
HWP	Housing White Paper
IDT	Independent Development Trust
JIPSA	Joint Initiative for Priority Skills Acquisition
KFC	KwaZulu Finance Corporation
MOU	Memorandum of Understanding
NASASA	National Stokvels Association of South Africa
NGO	Non-governmental Organisation
NHBRC	National Home Builders registration Council
NHF	National Housing Forum
NHFC	National Housing Finance Corporation
PHDB	Provincial Housing and Development Board
PHP	Peoples Housing Process
RDP	Reconstruction and Development Programme
ROU	Record of Understanding
SABS	South African Bureau of Standards

SAHPF	South African Homeless peoples Federation
SIDA	Swedish International Development Agency
SMME	Small, Medium and Micro Enterprise
UF	Urban Foundation
UN	United Nations
UNCHS	United Nations Centre for Human Settlements
USAID	United States Agency for International Development
WB	World Bank

## CHAPTER 1: INTRODUCTION

### 1.1 OVERVIEW OF SUPPORT AND INCREMENTAL HOUSING IN SOUTH AFRICA

This study focuses on the supporter paradigm of housing delivery and the incremental housing process in South Africa. It was undertaken over a period of six years, in the midst of which some important policy shifts were announced in 2004. It therefore became important to re-examine the relevance of the research and its findings, given these shifts. It was also important to examine the implications of such shifts on what was until then, a support-based housing policy, to determine whether support for housing consolidation still had a place in the ensuing housing policy context. This overview provides a brief background of the housing policy terrain within which the study took place, the policy shifts indicated, and the basis upon which it was determined that the policy remained firmly rooted in the supporter paradigm, and therefore that the study remained critically relevant, despite the said changes.

South African post-apartheid housing policy comprises two important stages. The first constitutes the implementation over a decade, of the Housing White Paper (HWP), the first comprehensive post-apartheid national housing policy of a democratic order, adopted in 1994. The HWP acknowledged that the required housing delivery rate, the high poverty level as well as budgetary constraints, do not allow the construction of a minimum standard complete house for each poor household. It therefore embraced the supporter paradigm of housing delivery, in which the incremental housing process was deemed the policy route most likely to meet the housing needs of poor households (Department of Housing, 1994). In this delivery approach, the government took on the responsibility for, and became *supporter* rather than *provider* of housing, with its facilitation action seen as incremental and open-ended. A new and more involved role was also envisaged for housing beneficiaries. Incremental housing, geared at conferring an owner-occupier mode of tenure, was considered conducive to household investment in housing *consolidation*.

Under this policy set-up, several forms of support were expected to make it possible for subsidy recipients to attain decent housing of an acceptable standard, thereby sharing some of the mammoth housing responsibility with the government. Firstly, such households would receive a limited housing subsidy which would provide them with basic services and a starter house. Households would then augment such subsidy with their own resources towards the improvement or consolidation of their dwellings over time, as and when their means allowed. Secondly, the government would also create an enabling or supportive environment within which households would realize adequate housing. The support approach to housing policy would thus leverage the state's limited resources, and provide services that individuals and households cannot provide for themselves, while tackling the broader issues that may stand in the way of households being able to carry the housing process through (Department of Housing, 1994). In the implementation of this policy, over 80% of the subsidies approved and disbursed in the post-apartheid period have been targeted at incremental starter housing schemes in greenfield developments in many urban areas around South Africa, despite the availability of other subsidy routes under this policy (Smit W,

2003). A number of policy adjustments were made during the first decade of implementation, mainly aimed at clarifying the HWP's provisions. Despite these, the government's role as supporter of housing has been maintained (Department of Housing, 1997a, 1997b, 1999b, 2000, 2002).

One of the policy's most consistent criticisms was its beneficiaries' inadequate housing conditions, despite government intervention, and the beneficiary households' inability to achieve housing consolidation. Indeed, the second important stage of policy, encapsulated by the Breaking New Ground (BNG) policy, announced in 2004, was an acknowledgement of the limitations of the first decade's policies to create sustainable human settlements, in which housing beneficiaries could thrive and satisfy their needs, including achieving adequate housing through consolidation. Projects that had delivered starter housing were furthermore acknowledged to be in largely unsustainable areas (Department of Housing, 2004, Huchzermeyer and Karam, 2006). When implemented, the BNG policy would constitute what "THISDAY", a weekly newspaper called "a decisive break with the housing policy that has delivered 1.6 million houses for the poor" in the first decade of post-apartheid housing policy implementation (THISDAY, 3<sup>rd</sup> September 2004).

As indicated, because this research predates the announcement of the BNG policy, its findings are based on incremental housing projects delivered prior to such announcements. It is however important to state that the study's proposals for how to package housing support to facilitate housing consolidation in incremental projects still has much relevance to the current South African policy context. Firstly, the BNG policy is in its teething stages, and only one of 18 government-led pilots, planned to try it out before the policy is adopted for broad-based implementation, has been completed. In the meantime, as the Provincial Departments of Housing and municipalities strive to understand what the notion of creating sustainable human settlements means in practice, and to build capacity to achieve this policy aim, the housing delivered subsequent to the BNG policy announcement has involved expenditure of committed funds in the implementation of yet more incremental housing projects mainly.

Furthermore, a scrutiny of the BNG policy indicates that incremental housing as a feature of South African housing policy is not at an end. Despite a number of noteworthy policy changes the predicted "decisive break" of the BNG from the HWP is not that obvious, with analysts like Rust (2006) questioning whether "Breaking New Ground is indeed breaking NEW ground, or perpetuating old approaches and styles". For example, statistics indicate that up to 80% of South African households fall within the income categories that will continue to depend on limited capital subsidies as the main contribution by government towards their access to, mainly starter housing (Smit W, 2003). In addition, the eradication of informal settlements is an important goal of the BNG policy. Many of the arguments raised in favour of the refinement of the BNG's Informal Settlement Upgrading Programme have revolved around the folly of attempting to re-house all squatters in complete dwellings. The proposals emerging in this regard are firstly, for in-situ land tenure and service intervention in desired locations, a housing approach that would call on beneficiary households to engage in the housing consolidation process (Cross, 2006, Huchzermeyer, 2006).

Secondly, there is recognition in the BNG of the need for long term support for people in settlements developed in this way, because their ability to engage in housing consolidation relies on poverty eradication, reduction of their vulnerability and promotion of social inclusion (Department of Housing, 2004). It is therefore important to understand the hurdles that stand in the way of the attainment of the ultimate or *consolidated* house as conceptualized under the incremental housing strategy, and the nature and forms of support necessary for this to occur. Thus, the housing adequacy outcomes for the many households to whom housing subsidies only confer inadequate housing, make a study of housing consolidation support relevant, even in the post-BNG period.

## 1.2 PROBLEM STATEMENT

The supporter paradigm in the housing context has its rationale in the failure of public or conventional housing programmes to provide housing for all, especially the poor. Internationally, very little such housing was ever built relative to the total needs of low income groups, and was often costly and inefficiently administered (Rodwin and Sanyal, 1987, Van Huyck, 1987). Such low income groups, mainly not served by public housing have, in the absence of any form of assistance, demonstrated the ingenuity and the will to produce their own housing. The condition of such housing is merely a reflection of the poor's limits, rather than a lack of will to take some action about their housing situation. Internationally, it is now accepted that there is a need to understand the resultant settlements better in order to facilitate their eventual transition into healthful, productive and efficient components of the urban fabric. This is the basis upon which new (non-conventional) approaches to housing have been constructed, requiring the government to play a supportive role to households, which in turn are expected to independently address their housing needs (Turner, 1976). Turner's view is that instead of attempting to eradicate informal settlements, governments should embrace and actively facilitate informal housing processes, thereby theorizing the role of government to involve the support of informal house builders (Turner, 1976, Smit, undated).

The required support however goes beyond house building activities, to include government's enablement of the non-governmental sector, including households, to participate in the housing process (Skinner, 1991, UNCHS(Habitat), 1991a). Enablement of households would entail the enhancement of human, financial, physical and environmental resources which would create the capacity needed by them to play their envisaged role. The government, through policies and actions in this regard would enable the achievement of the housing consolidation goals of the support approach (UNCHS(Habitat), 1993). This approach defines the *supporter paradigm*, which is one of the most important concepts to emerge from the conceptual framework around the incremental housing strategy.

At an international level, the World Bank (WB), in entrenching the new paradigm in developing countries, initially translated the approach to emphasize the self-help housing approaches of sites-and-services schemes, and later in-situ upgrading schemes (World Bank, 1993). The United Nations Centre for Human Settlements (Habitat) [UNCHS(Habitat)] also took a visible role internationally, in promoting this new form of shelter projects in developing countries (UNCHS(Habitat), 1990). In

South Africa, the self-help notion first began to gain prominence in the late 1970s and early 1980s as a response to reduced public housing supply in the midst of dramatic increase in the rate and scale of urbanization of that period, and was championed by the Urban Foundation (UF), with the state only following suit later in the 1980s (Smit, undated).

The practice of the support approach by governments and international agencies has largely yielded state-initiated site-and-services and state supported informal settlement upgrading schemes. The WB's experience of the 1970s and 1980s in this regard yielded valuable lessons. These led to its evaluation and redefinition of support or enabling action to include new elements. The WB based these on experience drawn from both its housing projects and a voluminous body of data drawn from its Housing Indicators Programme (World Bank, 1993) which draws cross-national comparisons on housing performance. The resultant definition, now widely supported by the WB and the UNCHS(Habitat), looks at the support or enabling approach as a shift in focus from 'projectising' housing and thereby concentrating on the provision of it and the locking of massive resources into projects, to a much more holistic approach in which reforms are implemented to improve the overall efficiency and effectiveness of the housing markets, in other words, enabling the markets to work (World Bank, 1993). Instead of merely intervening to improve informal settlement conditions or provide sites and services, the redefined enabling approach works to revise or remove policies or regulations that impede the provision of housing, as well as to make the necessary institutional changes, while emphasizing the treatment of the housing sector holistically (Dowall, 1998).

The South African housing policy is expected to work within a supporter paradigm context that allows beneficiaries of government assistance to gradually realize adequate housing (Napier, 1998). From 1994, the democratic government launched the national housing subsidy programme as the cornerstone of the policy. A fixed housing subsidy is made available to qualifying households on a sliding scale, with those earning R1500 and less per month qualifying for the maximum subsidy possible. The grant is acknowledged to be insufficient to deliver complete dwellings. There is therefore an expectation that other resources would be needed to supplement its modest achievements of securing of a site, basic services and a starter house, if adequate houses are to be built. Households can supplement the subsidy grant with earnings, savings, a loan, and /or embark on an incremental housing process. Where households do not have the capacity to play this role, the policy calls for such capacity to be developed by the government, as part of its enabling action. The South African government's decision to remain a supporter rather than a provider of housing is much in line with international thinking on the subject.

It is arguable that the over one and a half million starter houses built so far under the government subsidy programme are merely the starting point or basis for complete dwellings and that most work towards achieving adequate housing begins after this stage. Perhaps, herein lies the greatest contradiction in the South African housing policy. The Department of Housing (1994) acknowledges the large number of people requiring government's assistance towards their housing as the basis upon which 'width' (broad social coverage and assistance) is chosen over 'depth' (the delivery of an

adequate product which would obviously be to a far smaller number of households). And yet, there is a substantial role for the same poor households to play towards meeting the objective of adequate housing. This role plays itself out within a market-oriented arena and disregards the major challenge of bridging the gap between housing cost and the incomes of those who are to be housed.

The government acknowledges that the anticipated progressive consolidation and upgrading of the dwellings provided so far, has not occurred. This has been reflected by a poor record of consolidation, and the poor quality of housing delivered incrementally to date (Department of Housing, 2004). Similar views have been expressed by Napier (1998), Smit D (1998), Huchzermeyer (2001) and Gilbert (2003) among others, who further argue that various actions aimed at facilitating or supporting the envisaged progressive housing improvement and enabling households to fulfill their housing role have not necessarily had the desired effect. Currently, there is no guarantee that many beneficiaries will ever be in a position to consolidate their dwellings. Even though there is no time frame within which households must consolidate their dwellings, there is surely an understanding that consolidation would eventually occur, and that within a few years of occupying the starter house, signs that such action is likely to occur would start to be seen. That this has not occurred has served to demonstrate the inadequacy of the application of the incremental notion, using the presently set up forms of support. This outcome needs serious rethinking.

The support required to 'kick-start' household participation in the incremental housing process comprises several actions. These actions constitute forms of support without which the process would be debilitated. In this sense then, support is a precondition of successful housing consolidation, and itself constitutes a series of actions which collectively would constitute preconditions of housing consolidation. Some of the theorists of self-help housing, including Mangin and Turner (1970), and the international agencies involved in housing, in particular the WB (1993, 1994) and the UNCHS(Habitat) (1989, 1990, 1991a, 2002) agree on what these actions or support elements are. This international consensus on what constitutes support is used in this study to offer a normative meter for assessing and judging how well the application of the elements recommended as critical for a support-based incremental housing policy have fared. The study also examines whether the support tools that have been put in place under post-apartheid policy have enabled households to accomplish an acceptable level of housing improvement. The theorists and institutions advocate the following six actions as definitive of the enabling strategy and as providing the framework for support:

- security of tenure;
- provision of subsidy assistance;
- provision of infrastructure and services;
- mobilization of credit and savings at scale and on a sustainable basis;
- promotion of competition in the building industry;
- rationalization of institutional capacities in the housing sector (Mangin and Turner, 1970, Turner and Fitcher, 1972, Turner, 1982, UNCHS (Habitat), 1989(b), 1991 (a&b), World Bank, 1983, 1993)

Post-apartheid housing policy uses the HWP to ratify and embrace this ‘traditional’ and internationally promoted support framework. It also recognizes that implicit in the enabling framework is the need for the poor to overcome initial barriers to financing their housing improvement activities, and in addition to the above, includes the following further preconditions for housing improvement:

- release of well-located land for housing, availing the quality of access;
- job creation and income generation, using the housing process itself to kick-start this; and
- housing support, covering a range of institutional, technical and logistical housing support mechanisms and including important aspects such as advice, skills transfer, information, and job creation, to enable communities to, on a continuous basis, improve their housing circumstances.

The application of the above support framework constituting these nine preconditions has however not fulfilled the goal of consolidation at scale in South Africa. What this outcome means is that while the theoretical and conceptual basis which underpins incremental housing indicates the above actions as necessary for housing consolidation, there are a number of qualifications necessary if their application is to be more effective for the South African context.

This study therefore views the gap in this area as being the need to understand the way in which support has been constituted or actualized in South Africa, the results of such constitution/actualization, and how the deficiencies within such support can be addressed, in order to achieve the housing policy’s support goals. It further seeks to establish whether the foundation of policy in the supporter paradigm has led to the institution of the above-listed support measures by the government, in the various levels of its housing delivery framework. These levels are the national or policy formulation level, the Provincial, local authority, and the project level, at which implementation by the provincial and local authority levels, and housing consolidation, takes place. The study also seeks to establish whether the forms of support so instituted have enabled of housing consolidation by beneficiary households. While this study endorses these ‘traditional’ interlinked elements of support as prerequisites for positive household action with regard to housing improvement, without which consolidation of dwellings is unlikely to occur, it also examines whether these support elements/measures are indeed an exhaustive list of the preconditions necessary for housing improvement or consolidation in the South African context. In addition, the measures are assessed for their suitability and success in addressing beneficiary capacity to carry out their housing responsibility and thereby meet policy objectives of progressive or incremental housing development.

It is impossible to separate these support elements as they are highly interlinked. The HWP recognizes the need to treat support as a package of elements, all important in their own right, but not mutually exclusive. For example, while security of tenure triggers investment in housing, such investment will not occur in the absence of incomes, which are themselves linked to locations that enhance the potential for income generation and to programmes of skills development and

employment creation. Nor will investment occur if the area in which a housing project is located is undesirable due to the absence of infrastructure, amenities and services. Income generation in turn makes mobilization of savings and credit possible and affordable, while such credit is only possible where there are institutions that are sympathetic to the circumstances of the poor. Subsidies are the form of support used to kick-start the housing process in the South African context and are the basis upon which all other forms of support are pegged. Housing support introduces a range of institutional, technical, materials, skills and advisory support structures which support an ongoing process of upgrading residential environments. The overriding support element of strengthening institutional capacity is critical to the meeting of overall objectives of housing policy (Department of Housing, 1994). The incremental housing approach as it applies to beneficiary households, is therefore as strong as its weakest link as far as these support elements are concerned.

The study further argues that these support elements are the responsibility of the state over and above its subsidy contribution, as a direct strategy geared at triggering other actors (private sector and beneficiaries) to perform their envisaged role. It is contended that without such intervention on the part of the government, most poor households will remain unable to achieve consolidation. So, while the capital subsidy is an important support and kick-start to housing the poor, it would seem that longer term commitments to systems of support in the identified areas are required in order that the incremental housing momentum is sustainable by the households themselves. Furthermore, the successful 'enablement' of beneficiaries hinges on the implementation of strategies that recognize the importance of putting in place all the support elements prior to project implementation, and sustaining such support for the length of time it is required to cause the necessary enablement of communities and households to take charge of housing activities on their own.

Support has however been experimented with with mixed results, and success with housing consolidation has proved elusive. This study examines the ways in which the supporter paradigm as the policy approach of choice in South Africa has enabled beneficiaries to play their role in housing delivery. It identifies the lessons that have been learned from a number of support efforts that have been put in place to facilitate housing improvement in post-apartheid low-income housing projects, and suggests what needs to be done to enhance the consolidation abilities of beneficiary households. Many studies on housing policy have critiqued the shortfalls of specific elements of support, but none so far has shown support as the 'package' it is, a set of highly interlinked and interdependent actions that need to occur together rather than on a piecemeal basis. Using the eThekweni Municipality area as a case study, this study will do this, while specifically seeking to fulfill the following objectives:

1. identify the strategy for support as it has been defined within the National Housing Policy, and the mandate given to the implementation levels in respect of support;
2. identify the specific forms of support as they have been set up and actualized at the implementation levels, and how these forms have been 'packaged' to interlink the nine preconditions identified by the study as critical for consolidation, and to remove fragmentation in the practice of support;

3. review the international experience, interpretation and practice of support, additional forms of support used, and their impact on consolidation efforts in varying contexts;
4. assess the extent to which the current support set-up in South Africa has enabled beneficiaries to achieve housing consolidation;
5. examine the relevance and suitability of the supporter paradigm and the incremental housing approach to the South African low income housing context; and
6. propose a contextually suitable housing support package for low income housing subsidy beneficiaries in South Africa.

### **1.3 RESEARCH QUESTION**

Given the limitations of the poor in meeting the objective of housing consolidation within the supporter paradigm context, the study addresses the following research question:

Can the preconditions for housing consolidation as set out in the South African National Housing Policy, enable households to meet their housing consolidation goals incrementally? If not, what additional support measures can improve the housing consolidation experience of subsidy beneficiaries in incremental housing projects in South Africa?

### **1.4 SUBSIDIARY QUESTIONS**

Answering the following sub-questions contributes to an in-depth understanding of the main issues raised in, and to the answering of, the research question:

1. What is the basis of the supporter paradigm as a housing policy approach, and in what circumstances is it likely to work?
2. What specific support /enablement strategies have been put in place to fulfill the support requirements of the South African post-apartheid housing policy?
3. What forms of support/enablement have been attempted under current policy at the various implementation levels, in respect of the preconditions identified above, how have they been actualized and by whom, and what are the results of such attempts on households' consolidation abilities, in general, and in eThekweni municipality in particular?
4. What other forms of housing support have been applied internationally and how relevant are they to the South African context?
5. What is the beneficiaries' housing consolidation experience in the chosen case study areas?
6. What are the main constraints with regard to consolidation and are the forms of support in place suited to overcoming the identified constraints?
7. Has satisfaction or lack thereof with housing characteristics such as proximity to economic opportunities, access to infrastructural facilities and services, quality of starter house and access to housing support, among others, had an impact on household desire to consolidate their dwellings?
8. What housing support framework is suited to the South African context?

On the basis of the answers to these subsidiary questions, the study determines what constitutes preconditions for housing consolidation in the South African context and proposes how they can be packaged within the current policy framework.

## 1.5 HYPOTHESIS

The current South African housing support framework is insufficient and unsuited to the housing consolidation requirements of low income households, and undermines their ability to meet their incremental housing goals. The support elements preconditional to housing consolidation, while largely recognized by current housing policy, have not been set up to facilitate housing improvement by subsidy beneficiaries.

The nine elements of support addressed in this study have already been listed elsewhere.

## 1.6 JUSTIFICATION OF STUDY

The incremental housing approach as practiced in the post apartheid period in South Africa so far, does not appear to have led to adequate housing, despite the speeches and awards that have lauded such delivery. Many beneficiaries of incremental housing continue to live in inadequate housing, in small, overcrowded, sometimes informally extended housing, after more than twelve years of post-apartheid policy implementation, when the results of housing consolidation support should be easily discernible.

A number of studies that have been conducted around the performance of South Africa's post-apartheid housing policy (Bond and Tait, 1997, Thurman, 1999, Tomlinson, 1999, Charlton, 2001, 2003, Khan and Thring, 2003, among others) have tended to address delivery until the point when households are conferred with a starter house as if this marks the end of the housing process. Few have examined the extent to which beneficiary households have succeeded in bringing the incremental process to fruition, given that this must surely be the only way to determine the extent to which this policy has succeeded – by determining whether its ultimate goal has been met.

Thus, studies on housing consolidation have been few and far between. In eThekweni municipality in particular, the Built Environment Support Group (BESG) has conducted two studies (BESG, 1998, 2000). While BESG's studies have lent useful insights into the housing consolidation process, they have concentrated on the types of improvements households undertake, who is involved in the house-building process, and how households prioritize improvements. They have specifically examined consolidation subsidy scenarios, and have also followed the general research pattern in the housing consolidation area, of assessing consolidation up to the point when consolidation/subsidy funds are spent. They do not assess how households can be assisted to continue with the consolidation process by mobilizing and utilizing their own resources to do so. Thus, much like the government, BESG seems to look at the conclusion of the housing process as coinciding with the expenditure of the housing subsidy. The studies certainly do not engage in the consolidation debate from the policy context of support, with supportive action being seen as a precursor/prerequisite of consolidation and

therefore an imperative of the Departments and local authorities. The studies treat support as a ‘good-to-have’ rather than a ‘must-have’ element of housing delivery. BEG itself acknowledges that a lot of issues in its two studies have been dealt with on a superficial level, and recommends a more in-depth metro-wide understanding of housing consolidation. This study aims to fill this gap.

Much of the shift towards support for incremental housing processes, while largely entrenched by the international agencies, can be traced back to the early thinkers of self-help housing and their work, especially in Latin America. Gilbert (2003) notes that the amount of consolidation taking place in incremental schemes in South Africa “is very limited compared with that in much of Latin America” upon which many of the premises of incremental housing processes have been based. Noting the results of research in Bogota for example, where after only four years, self-help settlements would accommodate as many as a quarter of the population as tenants living in rooms added to the original structures, Gilbert argues that “this opens up the whole question, which desperately needs some good research, about why the process of shelter improvement in South Africa is not occurring quickly” (Gilbert, 2003).

There can be no doubt that Gilbert’s question requires some answers. With over a million and a half beneficiaries of starter housing so far, and given that the BNG policy will yield a further lot of beneficiaries required to engage in the incremental process, the observed slow pace of consolidation is not an encouraging verdict for the housing adequacy goal in South Africa. This study attempts to understand the constraints facing poor households in incremental projects, while departing from the point that the support needed to quicken the pace of consolidation has either been inadequate, inappropriate or altogether absent. Its contribution lies in its attempt to come up with a support package that must accompany or be treated as a precondition of housing consolidation, and thus be delivered alongside the ‘housing opportunity’ provided to beneficiaries.

## **1.7 CONCEPT DEFINITION**

The following meanings have been ascribed to the following important concepts used in the study:

### **Preconditions**

The Concise Oxford Dictionary defines a precondition as a thing upon the fulfillment of which depends that of another. In the context of housing consolidation, preconditions would be prerequisites necessary for the achievement of housing consolidation.

### **Housing consolidation**

Napier (1998) defines housing consolidation as building or house improvement activities by beneficiaries aimed at developing their starter housing into complete and permanent dwellings over time, while Ward (1976) sees it as describing what is achieved following self-help housing activities of households and communities. The term is used in these two ways in the study. Napier’s definition is particularly important for this study, because it echoes the HWP’s, the Housing Code’s, and the BNG’s (Department of Housing, 1994, 2000, 2004) definitions of what constitutes adequate housing: a permanent residential structure of dignified size that supports morality of family and

society, and that ensures space, privacy and protection, and at the same time creates wealth or is a social, economic and financial asset for the beneficiary household. Thus, consolidation success in the context of this study means enhancement through improvement and extension, of the size, standard and value of the house. And while the housing start does not achieve these housing attributes, it is clearly envisaged that this type of housing would be the end point of the housing consolidation process.

### **Support**

The Oxford Advanced Learner's Dictionary defines the verb *to support* as to give the necessary assistance to keep in a particular position, while the Concise Oxford Dictionary defines the action *to support* as to carry part of the weight of, or to *enable* and keep from failing. In the context of housing, support would constitute actions on the part of a number of actors and institutions, of specific predetermined elements (identified earlier), aimed at causing a situation whereby those receiving support are able to achieve an envisaged set of results. **Housing support** in the context of the Housing White Paper refers to the introduction of a range of institutional, technical and advisory support structures within communities to proactively and in a coordinated manner support the activities of households in the ongoing process of consolidating their dwellings.

### **Enable**

The Concise Oxford Dictionary defines the verb *to enable* as to empower or supply with means to take certain action. Enablement, coined from this, is defined in the Oxford Advanced Learner's dictionary as a process of rendering able, competent or powerful. Enablement in the context of this study would then be actions aimed at creating enablement of beneficiaries to achieve housing consolidation.

### **Beneficiaries**

Beneficiaries in this study specifically refers to recipients of the state capital subsidy grant through which they gain access to security of tenure, basic services and starter housing in greenfields site-and-service projects, and to regularization of tenure and basic services in a settlement upgrading context. Beneficiaries under current housing policy would be households with incomes of up to R3 500 per month, and meeting certain qualifying criteria.

### **Housing subsidies**

Housing subsidies are a form of redistribution from the government fiscus to individuals or households who are targeted for assistance by housing policy. The subsidy of choice under the South African housing policy is the capital subsidy, a one-off grant to households for the purpose of accessing owner-occupier housing.

Housing subsidies for the purposes of this study refer specifically to project-linked and consolidation subsidies as they are applied in their own right, as well as their application in the People's Housing Process (PHP) projects, and individual subsidies. These are the subsidy schemes

under which the incremental housing approach is practiced, defined by the National Housing Code (Department of Housing, 2000) as follows:

- **Project-linked subsidies:** A form of subsidization in which housing funding is allocated to developers to enable them to undertake approved housing development projects and sell the properties so created (in the form of starter housing on individual lots) to qualifying subsidy beneficiaries.
- **Consolidation subsidies:** Top-up subsidies available to a beneficiary who has already received state assistance to acquire a serviced site under a previous subsidy scheme. Beneficiaries of such serviced sites are eligible to apply for the consolidation subsidy for constructing or upgrading a top structure on the already acquired site.
- **The People's Housing Process (PHP):** a policy vehicle through which beneficiaries can access both consolidation and project-linked subsidies (as well as technical and other forms of assistance/support). They are able to enhance what their subsidy is able to achieve by building or organizing the building of their homes themselves, by saving on labour costs through doing some of the building work themselves or with family and friends, and avoiding the payment of the profit element to developers. It is therefore not the method of subsidization that is different, but the way in which it is put to use and the channels through which the house is constructed. The project process can be province, municipality or NGO-led.
- **Individual subsidies** are subsidies available to individuals who want to buy an existing house or a residential property with or without a completed top structure, that is developed as part of a project that is not approved by the Department of Housing. (The use of these were however banned in KwaZulu Natal Province by the Provincial MEC for Housing because of their susceptibility to corruption and abuse).

### **Housing Policy**

In the hypothesis, this concept is used in a specific rather than a generic sense to refer to the National Housing Policy of South Africa. In this respect, housing policy refers specifically to the Housing White Paper (Department of Housing, 1994), which document forms the fundamental framework for the National Housing Policy (Department of Housing, 2000), and still remains the main policy orientation document in South Africa. Indeed the Housing Act (Act No. 107 of 1997), which is the supreme housing law in South Africa, merely legislated and extended the provisions of the Housing White Paper. In looking at the housing policy level at which there is recognition of certain preconditions for the working of an incremental housing strategy, use will be made of the provisions of the Housing White Paper (HWP) (Department of Housing 1994). However, as already indicated, there is now a new policy plan, the BNG policy, which refines some elements of the HWP, as well as changes some aspects of it. Support as a feature of policy has however been largely retained in the BNG policy. Reference is made to the BNG policy where relevant, although it must be borne in mind

that the case study projects assessed in this study predate this latter policy, and were implemented under the HWP of 1994.

### **Low income households**

Generally, low incomes imply affordability constraints, especially in respect of access to basic goods and services or basic necessities of living on the part of the person or household experiencing the low income. They also imply a number of conditions associated with poverty and want including hunger, dependency, limited upward mobility, lack of personal growth and social exclusion among others, and in the context of housing, homelessness or poor housing and living conditions. Both the HWP and the BNG (Department of Housing, 1994, 2004) identify low income households as those with a monthly income of not more than R3 500 per month as indicated earlier. The same group is targeted for housing subsidy assistance.

### **Incremental housing**

Incremental housing, in the context of the National Housing Policy in South Africa, defines a process rather than a product. The process begins with a site and basic services, and in most instances under current policy, with a starter house in a site-and-services scheme, and with regularization of tenure, basic services and the original shack in the case of an informal settlement upgrading scheme. The envisaged result of the incremental housing process constituting additions and improvements to the dwelling over time is a permanent and complete residential structure

### **Other important concepts**

The context in which the incremental housing approach occurs is one of **self-help**, while the **supporter paradigm** provides the thinking behind the self-help housing policy approach. It is therefore deemed necessary to define these concepts to allow an understanding of the way they relate to the overall study.

**Self-help** is defined by Ward (1982) as the involvement of individual as well as group inputs in a process. It corresponds to a system of production, financing and maintenance in which a significant part is organized and carried out by the person or group. **Self-help housing** would then be housing produced directly by the users, individually or collectively (Harms, 1982), emphasizing more the self-build aspects of self-help housing. Dewar (undated) expands this definition by looking at self-help housing essentially as a management term. In this context, it means individuals and communities controlling the decisions, and therefore being responsible for the management of their housing and their environments regardless of who does the actual building. Both these definitions are relevant to the incremental housing approach as it is currently practiced. The common physical forms of the concept and its implementation context, are site-and-service schemes, core or starter housing and squatter settlement upgrading schemes.

**Supporter paradigm:** Coined from the word support, the *supporter paradigm* defines an approach in which government's role shifts from being *provider* of housing to supporting the actions of households, leaving the final responsibility for housing provision to households themselves (in other

words becoming rather, a *supporter* of housing). Many governments, including South Africa now subscribe to this view. In practice the supporter paradigm has been instrumented through site-and-service and informal settlement upgrading schemes.

In the generic sense, the term **site-and-service schemes** would apply to all two-stage housing delivery systems, for all income groups, in which one agency develops the sites with related services, and a second agent builds the house. It has however been used in a particular way, in relation to housing for low income groups, to refer to a process involving the setting aside of land for informal, as well as formal (as in the case of South Africa) housing purposes, before settlement takes place and servicing this land to levels which secure basic health and safety for future residents. A starter house may be provided for each beneficiary household (and in the case of South Africa is), and is then left for the household to complete incrementally.

**Informal settlement upgrading** refers to intervening in existing informal settlements where appropriate, to secure minimum health and safety levels by providing basic services, and providing security of tenure while causing as little displacement and disruption of the community as possible. Following these initial actions, beneficiaries are expected to improve their existing dwellings incrementally.

## CHAPTER 2: RESEARCH METHODOLOGY

### 2.1 INTRODUCTION

The overall aim of the research methodology applied in this study was to examine the degree to which the objectives of housing consolidation have been achieved in varying incremental housing delivery approaches and the main constraints in this regard. Such examination was done in the context of the support approach to housing. It was therefore necessary to examine one project out of each of the four possible types of incremental projects delivered under the post-apartheid national housing subsidy scheme viz. greenfields, informal settlement upgrading, People's Housing Process (PHP) and consolidation project contexts. In reality, the categories were not mutually exclusive. In South African housing practice, the PHP for example, can be applied in a greenfield, consolidation or upgrading project. Because of this kind of overlap, it turned out to be unnecessary to select a project out of each of the delivery modes, because, through the sampling method used (indicated later), the PHP project selected turned out to be an upgrading project as well, eliminating the need to necessarily select a case study from each of these two categories. Thus, three projects were selected as case studies as follows:

- a greenfield project;
- a consolidation project, and;
- a PHP/informal settlement upgrading project.

The research methodology of this study entailed establishing the preconditions for the performance of the incremental housing policy goal of consolidation conceptually through literature review. These prerequisites were assessed against selected low-income housing developments in eThekweni Municipality, to determine the extent and form of support that has been provided by the various role-players in the areas, deemed necessary for consolidation. The methodology also entailed evaluating how these levels and forms of support had impacted on consolidation efforts of households within the selected case studies. The achievement of objectives was assessed on the basis of household expenditure on housing improvement including internal, external and non-structural improvements, and extension. It however did not include expenditure on maintenance or repair, which was not considered to be a form of consolidation. The achievement of consolidation was also assessed on the basis of observed changes to the structures instituted by the households post-subsidy in both starter housing and consolidation projects, and of new housing built, in the case of the PHP project. It was also determined on the basis of the nature and standard of housing improvements achieved, because current policy sets the standards for housing adequacy as residential structures built of permanent materials. Because this was the definition adopted by this study for consolidated housing, it was important to assess the hurdles and successes in the achievement of this goal.

Six research steps were delineated as important in the achievement of the above evaluation, as follows:

- review of documented secondary sources;

- a preliminary survey which helped determine if the problem statement of the study that post-apartheid housing projects experienced a poor record of housing consolidation, was accurate;
- physical survey of consolidation efforts in the three selected case studies;
- interviews with housing experts, practitioners and officials;
- household survey, using questionnaires administered in the study areas; and
- focus group discussions (FGDs), constituting membership drawn from the political leadership, development committees or trusts, housing advisors and facilitators from each case study, skills trainers, support centre staff and households at project level. These steps are discussed below.

## 2.2 SECONDARY SOURCES

The study firstly examined the existing policy formulation theories and approaches and thereafter located the current South African (post-apartheid) housing policy within this discourse, as well as traced the history of housing policy implementation internationally. The study assessed the results of such implementation, the justification for shifts in policy over time and the rationale for the arrival at the support approach to housing as a policy approach likely to address housing needs in developing countries with budgets. It was found that the international discourse on housing policy has had significant influence on current policy in South Africa. Parallels with the historical developments of housing policy in South Africa were therefore drawn, allowing for an understanding of the expectations of South African housing policy, on the basis of the overarching international policy scenario.

The meaning and justification of self-help approaches to housing also emerged from the literature review, as did the supporter paradigm and enabling strategies as contemporary policy approaches, and the way in which these had, and continue to be applied by the international agencies involved in housing, namely the World Bank (WB) and the United Nations Centre for Human Settlements (Habitat) (UNCHS(Habitat)). These agencies were largely instrumental in entrenching the support policy approach in developing countries and on the basis of their experience (including their success and failures with housing projects based on these policies) over a period of two decades or so, have redefined the policy approach to a much more holistic one (World Bank 1993, UNCHS(Habitat), 1991b). Useful lessons of policy, precedent and 'good practice' with regard to housing support were drawn from this experience as well as others, where support for housing consolidation had been attempted.

The application of the supporter paradigm and enabling strategies in the South African context was explored with a view to understanding what has constituted support/enablement in the implementation of post-apartheid housing policy, and it's sufficiency and suitability in causing the achievement of housing improvement by households. Following this was an in-depth literature review of the international and South African experience and precedent with regard to the specific (internationally promoted and ratified in the South African housing policy) support forms/strategies identified in the study, the way they have been applied in differing contexts, and the results of such

application. The study also sought from such review, other forms of support critical to successful consolidation, how they have been applied internationally, and their relevance for local application. Published and unpublished sources of information in libraries and resource centers in eThekweni were used, and resources unavailable to the eThekweni area drawn in from Witswatersrand and Cape Town Universities in Johannesburg and Cape Town respectively.

## **2.3 PRIMARY SOURCES**

### **2.3.1 Selection of Case Studies**

A number of people conversant with the details of post-apartheid housing projects around the eThekweni Municipality were consulted to provide guidance in the selection of case studies in which consolidation efforts could be assessed. These were a former Executive Director (and before that long-serving Director) in the then Durban Metro Housing Unit, now the eThekweni Municipal Housing Unit; a current Director in charge of housing policy in the same unit; a former project manager in BESG, and an academic and housing expert in the School of Architecture, Planning and Housing, University of Kwazulu-Natal, who is also a former member of the Provincial Housing and Development Board of Kwazulu Natal Province (in which eThekweni is located). Information was required regarding the age of projects in the eThekweni municipal area, whereupon the earliest post-apartheid incremental housing projects implemented were listed and used as a basis upon which to select suitable case studies.

Older projects implemented before 1999 provided a good basis upon which to assess consolidation success, given that there had been sufficient time for consolidation efforts to be discernible. Where such efforts had not occurred, the problems encountered needed to be understood and addressed. Guidance was required in the stratification of these projects into strata reflecting on the one hand, the delivery approach i.e. whether the projects were site and services or upgrading ones, and on the other, the subsidization method i.e. whether they were subsidized via the project-linked, consolidation or the PHP subsidy route. The individual subsidy route was considered unviable for the purposes of this study as beneficiaries of individual subsidies can purchase or build their housing anywhere and are therefore not as easily identifiable as beneficiaries attached to specific projects.

On the basis of the project delivery mode alone, the least number of projects that could be selected for examination was four, but as indicated, the overlaps between modes meant that less than four projects could be, and were in fact selected. To include other critical support-related project characteristics, it was further intended, based on the information gathered from the four individuals consulted, that at least one of the case studies had a housing support center attached to it, and at least one had NGO support, or had a skills training component, to allow for an examination of the role of these in a project. Given that proximity to areas of economic activity is a critically important support to low income housing beneficiaries, it was important to ensure that at least one of the selected case studies exhibited this quality and others not, to enable an examination of the effects of location on household ability to undertake housing consolidation. The four individuals consulted were also asked

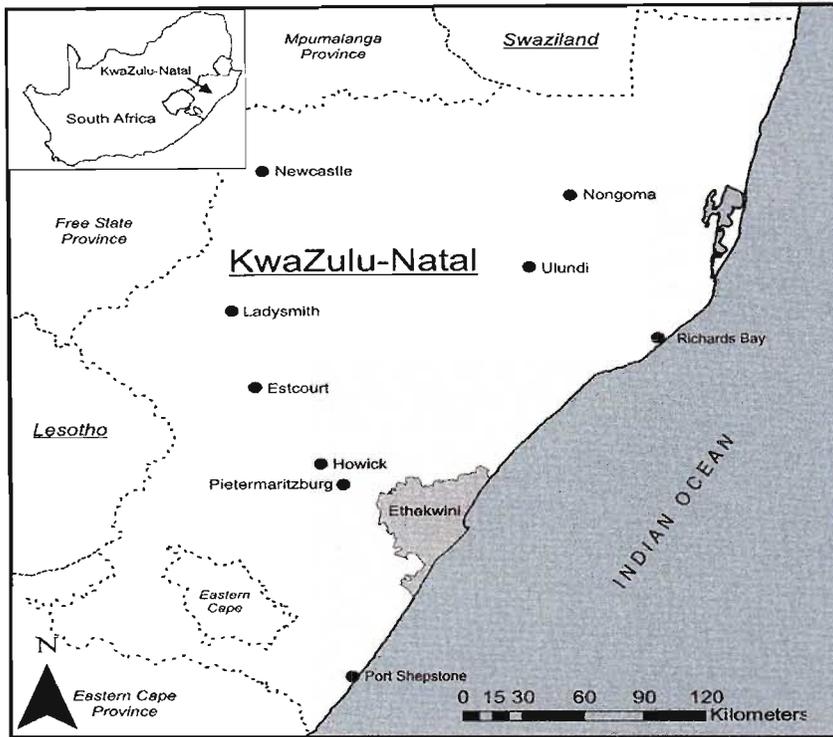
for any projects that stood out in any or more than one of the above characteristics, that would make them suitable case studies for the examination of support for housing consolidation.

Overall, the aim of the selection exercise was to identify a case study out of each of these scenarios (while being mindful of the overlaps indicated earlier), arriving at case studies of incremental housing projects in the eThekweni municipality area. The projects initially meeting the criteria outlined above numbered 13 in total, and were all tentatively considered to be suitable case studies. To determine the number of and specific projects studied, the researcher visited the 13 selected projects for a reconnaissance visit, to observe and assess, and select the case studies most suited to the study's requirements. On the basis of this purposive selection process, three case studies were arrived at, as follows:

- Wiggins Fast Track greenfields development, on the basis of its being one of the earliest projects implemented in eThekweni municipality in the post-apartheid era, as well as its being a part of the Cato Manor Development Project, a UN-award winning project that is generally considered successful. It was important to find out if such success could be found in the area of housing consolidation support, and housing consolidation. Considered optimally located 7kms from the Durban CBD, it was also important to examine the extent to which this attribute contributed to the households' housing consolidation experience in Wiggins Fast Track.
- Savannah Park consolidation project was selected because being located 30kms from the Durban CBD, it had the potential to inform the study from the perspective of a peripherally located housing project's consolidation experience. The BESG project manager involved in the project was also personally known to the researcher, which allowed for ease of entry into the area and interaction with the community.
- Piesang River project on its part is hailed as a housing consolidation success, and the housing consolidation undertaken there in fact largely informed and influenced the development of the national PHP policy of the Department of Housing. Thus, while fulfilling the criteria of the PHP delivery mode, it
- was also chosen to allow an examination of the positive housing consolidation experience reported there, and to derive consolidation lessons from, that could be used in PHP projects in which consolidation was not as successful. As indicated, it also satisfied the upgrading case study criteria, because of its roots in informal settlement and subsequent upgrading.

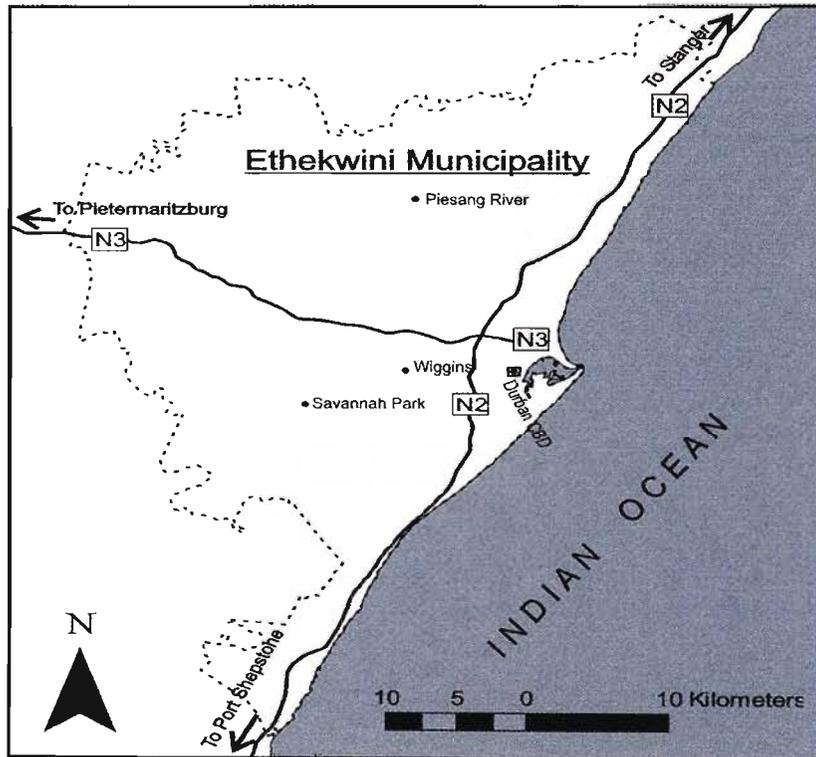
As it turned out, all the projects chosen had some form of housing support centre (HSC) attached, although these were all set up and run differently, and fulfilled disparate support functions. This provided an opportunity for the examination of what the notion of a HSC entails. Further, all projects chosen had NGO involvement, albeit different NGOs, once again allowing for an assessment of what housing support roles are best suited for NGOs, and how they should be orchestrated. The projects chosen ultimately allowed a comparative analysis of an array of consolidation experiences, based on project type, delivery approach, forms of NGO support and the approach adopted for supporting consolidation efforts. Map 1 shows the province and municipality in which the study took place, while the location of the three selected case studies is shown in Map 2.

**Map 1: South Africa, Location of KwaZulu Natal Province and eThekweni Municipality**



Source: School of Environmental Sciences, University of KwaZulu-Natal, 2007

**Map 2: Location of Study Areas in eThekweni Municipality**



Source: School of Environmental Sciences, University of KwaZulu-Natal, 2007

### 2.3.1.1 Preliminary Survey for Confirmation of Problem Statement in Selected Areas

Once Wiggins Fast Track, Savannah Park and Piesang River projects were selected as case studies, it was important to confirm that they exhibited the characteristics in respect of housing consolidation that the study sought to examine, which step constituted the second research step. To establish this, a preliminary survey was undertaken, using a few community members from each area to conduct an actual house count of how many households had not extended or improved their houses at all, how many had done so using temporary building materials and how many had carried out formal house improvements/extensions in both Wiggins Fast Track and Savannah Park. In Piesang River, because there was a common approach to consolidation of replacing the original shack with a four-roomed house, the count established how many people had already achieved this consolidation goal, as a confirmation of whether it was a suitable PHP project choice for the drawing of lessons. It was decided that the three projects were suitable case studies because, while in Wiggins Fast Track and Savannah Park it was found that majority of the households had not achieved housing consolidation and housing adequacy by creating complete and permanent residential structures (as defined by this study), majority of Piesang residents had achieved a four-roomed formal house, as Table 2.1 below shows. The level of, or lack of consolidation as determined by the preliminary survey justified a more involved empirical process being undertaken. There was therefore grounds to proceed with the examination of the housing consolidation process and its attendant support in the three areas.

**Table 2.1 Consolidation Status in the Case Study Areas**

Settlement and Mode of Delivery	% of Households Who Have Achieved:			Total %
	No extensions or improvements	Extensions or improvements using temporary materials	Permanent improvements or extensions	
<b>Wiggins Fast Track</b> (Greenfield Deveelopment) n = 1040	41.25	25.1	33.65	100
<b>Savannah Park</b> (Consolidation Project) n = 640	40.62	28.13	31.25	100
<b>Piesang River</b> (PHP / Upgrading Project) n = 910	23.1	3.2	73.7	100

Source: Field Survey, 2005

### 2.3.2 Physical Survey of Case Study Areas

As the third research step, a more comprehensive physical survey of the case study areas was undertaken. This was aimed at personally assessing the housing in the three areas for both internal

and external improvement to dwellings, and thereby determining the nature of the consolidation activities undertaken by households, as well as to gain a better understanding of the projects themselves. Such understanding was useful at a later stage, in the determining of the sampling process to be undertaken for the household surveys, discussed later. The physical survey yielded information which was used as a basis for formulating relevant interview questions asked of both experts and officials, as well the built into the household questionnaires, which had direct bearing on what was happening 'on the ground'. Such observations thus influenced the questions that were asked and the way they were framed to yield the most exhaustive answers. The neighbourhoods created were used as an indicator of whether neighbourhood desirability might be an issue that was influencing decisions to consolidate or not, and was built into the enquiry.

During this physical survey exercise, photographs reflecting housing and neighbourhood characteristics and living conditions, and exhibiting desirable and non-desirable elements of the projects, were taken. Site conditions, size and shape, physical improvement of dwellings and site, distance to transport and to main facilities, infrastructure and services were all examined, recorded and linked to the consolidation theme.

### **2.3.3 Interviews**

The fourth step of research constituted interaction with the primary sources of information. It involved interviewing of housing experts, practitioners, housing project managers and officials working in housing at national, provincial, local authority and project levels. These key informants were all considered to have either a particularly comprehensive grasp of or insights into the South African housing delivery context, or information that only they could give. Their roles were grouped according to the nature and theme of the information sought from them into three groups viz. housing policy and finance, housing support and housing consolidation informants.

#### **2.3.3.1 Housing Policy and Housing Finance Experts**

1. The first such expert, Prof Patrick Bond, has published widely on the following issues: varying housing policies in different economic contexts; the interpretation and application of enabling strategies by the international agencies especially the WB; South African housing policy and practice; some of its failures, especially in its alignment with the neoliberal notions of the WB, and the resultant challenge of housing affordability by the poorest households. His ideas around these issues were interrogated.
2. The second expert, Kecia Rust, is a consultant on low income housing policy, specializing in housing policy research, development and evaluation. Her role as a member of the secretariat to the National Housing Forum (the stakeholder-constituted policy-negotiating body), which debated and arrived at the HWP gave her useful insights into the thinking behind post-apartheid housing policy. The theme of housing support in the context of the HWP and its implementation was explored with her. As a housing finance researcher for FinMark Trust, whose research findings informed the formatting of parts of the BNG policy, she was asked to discuss the failures and successes of housing support in the first decade of post-apartheid

housing policy, that influenced the policy positions adopted in the BNG policy with regard to housing support. Her well documented evaluation of the performance of post-apartheid governmental policies geared at attracting downmarket lending by the traditional housing finance sector was captured through a discussion of the outcomes of such policies, and their implications for access to end user finance by subsidy beneficiaries, and for the overall performance of a policy that was dependent on such access. She was also asked to discuss the performance of specific institutions put in place by government, to make housing credit accessible to the subsidy market.

3. The Chairman of the Banking Association of South Africa (BASA), a body comprising of representation from the four main traditional financial institutions in South Africa, Vish Supersad, was a useful source from which to capture the views, attitudes and practices of these institutions in the way that they have related to the low-income housing market, following a number of actions (discussed in a subsequent chapter) by the government to induce them to lend lower downmarket. Mr. Supersad also had particular documented views that BASA has a role to play in providing support mechanisms to low income earners. These support mechanisms were discussed, as was the performance of the latest Memorandum of Understanding (MOU) between BASA and the Department of Housing and the parts of the Financial Sector Charter (FSC) that had relevance to this MOU, both of which were instituted to facilitate the sector's downmarket lending for housing.

### **2.3.3.2 Housing Support**

1. An interview with the former Minister of the National Department of Housing Sankie Mthembu-Mahanyele drew out the Department's view of the consolidation record achieved during her tenure as the longest serving Minister of Housing, the Department's assessment of the support given to beneficiaries, and the areas of observed support shortfalls. The interview also sought to establish how the former Minister rated the efficacy of support as defined at the National Housing Policy level, its ability to reach the other levels at which implementation occurs, and how this could be improved. The former Minister was also asked to discuss the strategy that the Department had used to ensure that support was approached holistically. Overall, the former Minister was asked about the Department's views and perceptions of the suitability of the incremental housing strategy in the South African context, given its nine year (at the time) implementation experience.
2. The Housing Director in charge of policy in the eThekweni Municipal Housing Unit Mark Byerley was interviewed on the strategies of housing support expected of the local authority level of government, the means by which such support has been lent to beneficiaries by the Unit to facilitate housing consolidation in its projects, and how housing support could be improved.
3. A former Executive Director of the then Durban Metro Housing Unit (now eThekweni Municipal Housing Unit) Maurice Makhathini was also interviewed, to seek his views based on his long term experience in the said designation. Being a housing expert in his own right,

and a consultant for the National Department of Housing, and having been seconded to participate in the formulation of the BNG policy, he was asked for his assessment of the supporter paradigm's suitability in South African low income housing context, as well as his views on how the incremental housing policy can be made to perform better at the housing consolidation stage.

4. The Head of the Provincial Department of Housing in KwaZulu Natal Chris Ntsele was interviewed along the same lines as the two foregoing persons, with regard to the performance of the incremental housing policy and the supporter paradigm, and especially with regard to housing consolidation by beneficiary households. He chose to bring in the Directors in his Department in charge of policy, project management, subsidy administration and capacity building, inadvertently turning his interaction with the author into a useful FGD. The group was asked about the range of support measures expected of the Provincial level of government and how these had been effected by the Department to facilitate consolidation at project level. It was also asked to indicate the ways in which the Provincial Department supported and assessed consolidation performance by the beneficiaries of the projects that the Department had undertaken or supported in various municipalities over the years. This last angle of questioning was aimed at assessing whether the Department did indeed consider housing consolidation support to be a core business of the Department. The group was also asked to explain its understanding of the Department's role in supporting municipalities in their delivery of housing, how the Department had carried out this mandate in eThekweni municipality, and the housing consolidation results such support had yielded.

### **2.3.3.3 Housing Consolidation**

1. A researcher in the Council for Scientific and Industrial Research (CSIR) with a research record on housing consolidation issues, Dr Mark Napier, was interviewed with the aim of establishing the context and environment within which consolidation becomes possible, the debilitating aspects of consolidation experienced by the poor, and the support needed by households to achieve consolidation, how it should be packaged and the mode in which it ought to be delivered. He was also asked to discuss the work of CSIR on innovative building materials and systems, and findings of research conducted by CSIR on home-based enterprises and their contribution to the critical aspect of income generation by low-income households.
2. Two former Project Managers of two organizations that have been closely involved in post-apartheid housing projects in the eThekweni area, namely the Cato Manor Development Association (CMDA) (now defunct) and the Built Environment Support Group (BESG), Heather Maxwell and Laura Hunt respectively, were asked to discuss their assessment of consolidation success in their projects generally and two case study projects in particular, namely Wiggins Fast Track and Savannah Park respectively. The forms of support their organizations had lent to beneficiaries at project level, and the outcomes of such support with specific regard to consolidation were explored. BESG in particular had conducted exploratory studies on consolidation in two of its projects, with emphasis on the physical attributes of the

resultant housing. The experience and findings of these studies were explored and discussed from a support perspective.

For all the above interactions, structured interviews were made use of, while allowing for a considerable measure of flexibility to probe and seek clarification of issues and sub-themes that arose in the course of the discussions.

#### **2.3.4 Household Survey**

The fifth area of research involved a beneficiary household survey in the selected case studies. Their experiences provided a useful corrective to the accepted wisdom of theory, literature, experts and officials, and brought the research down to their particular support and housing consolidation experience. The forms of consolidation undertaken (where consolidation had indeed taken place) and how households had prioritized and interacted with housing improvement activities, what they had and had not achieved in respect of their housing improvement goals, and why, was interrogated. Beneficiaries who had experienced difficulties with improving their housing were also asked to outline the difficulties encountered, and what forms of support they required to achieve the consolidation goal. Beneficiaries were questioned regarding the extent of contentment with their housing neighbourhoods to determine if the neighbourhoods were themselves a detractor or an encouragement to consolidate. The question of whether there were other reasons, outside the realm of support, why households did not desire to consolidate their dwellings was also addressed.

Questionnaires were used to capture this information. For socio-economic and demographic data, mostly close-ended questions were asked and response options provided. For questions aimed at probing the various elements of housing support, close-ended questions were used to capture responses that were reasonably predictable, with a provision for 'other' response where relevant. Open-ended questions were however used where individual household information or responses were sought, to allow self-expression by beneficiaries and ensure that the exercise was exhaustive of all themes deemed important to the understanding of beneficiaries, and how they had interacted with the forms of support lent, and how they viewed and carried out consolidation given their varying circumstances. Open-ended questions also allowed for the capturing of relevant but unsolicited information from the respondents.

##### **2.3.4.1 Sampling of Households to be Surveyed**

A study of this nature (covering different delivery systems, various forms of support and varying degrees of housing consolidation) required a sample size that would ensure that all forms of support, levels of consolidation and types of households were represented in the selected sample. Two main strata however emerged out of the beneficiary population: those who had carried out discernible consolidation (for example addition of room/s, fencing and greening, internal and other external improvements) and those who had carried out negligible or no consolidation. The former group was recognized by a bigger and/or a better standard structure than the original house, while the latter was identified as households living in the original starter house in both Wiggins Fast Track and Savannah Park, and an informal house or shack in Piesang River.

A different sampling procedure was adopted for Wiggins Fast Track and Savannah Park, from that adopted for Piesang River. In the former, an initial task of identifying the two strata of households was undertaken, by a visit to each project. With the help of research assistants drawn from the communities and trained, numbers 1 and 2 were allocated respectively to houses where consolidation efforts were discernible, and those where negligible or no consolidation could be observed externally. From each of these two strata, a 10% random sample was drawn. This proportion was considered representative enough of the views, experiences and characteristics of a population which while heterogeneous, had the common characteristics of being low income housing subsidy beneficiaries. There was therefore a fair likelihood that they would experience common problems and require common forms of support, with the sample size allowing for the respondents heterogeneity to emerge.

On the basis of a 10% sample size, 104 of the 1040 households in Wiggins Fast Track and 64 of 640 households in Savannah Park were surveyed, with half having carried out discernible housing consolidation, and half none or negligible consolidation. For both household types, the theme of internal improvements was pursued using the household questionnaire, given that internal improvements would have been difficult to establish at household selection stage. It is however important to point out that Savannah Park has more than 640 households. Of the 1114 beneficiaries of sites and services delivered by IDT, 910 qualified for consolidation subsidies post-apartheid. Because of the length of time it took between the application for and granting of subsidies by the PHDB, a substantial number of households left the area and ultimately, only 640 households claimed their consolidation subsidies (Mokoaleli, 2006). These are the households that were of interest to this study.

In Piesang River, information gathered during the preliminary survey revealed over 90% of the households in the settlement to be members of the South African Homeless Peoples Federation (SAHPF), within whose support framework the much-lauded housing consolidation had occurred, with very little room for variation. As such, it was deemed unnecessary to have as large a sample as 10% of the households, because their experience would tend to be repetitive. However, to ensure that any variations in the household experience were captured, 50 households which had engaged in housing consolidation and achieved four-roomed houses were surveyed, selected randomly from the settlement's nine sub-areas. The experience of those who were yet to achieve housing consolidation was captured through a Focus Group Discussion (FGD).

### **2.3.5 Focus Group Discussions (FGDs)**

The data collection methods employed so far had tended to compartmentalize information as that relating to experts, officials and individual households. It was therefore difficult at this stage to determine if the issues raised by individual respondents were also seen as equally important by the collective group of beneficiaries. Furthermore, it was not clear whether the support expectations of the beneficiary households were known to the project level support actors, and the latter had not had an opportunity to record their experience. It was thus decided that focus groups would be constituted

and used to allow for interaction between the two groups to take place, on themes raised by the researcher. Focus group participants from each case study area were recruited, from the broad categories of political leadership (councillors), development committees, project managers, housing advisors and facilitators, skills trainers, support centre staff and households, according to availability and relevance, as follows (Table 2.2):

**Table 2.2 Focus Group Participants in the Study Areas**

Settlement	Focus Group Participants and Numbers	Total Number of Participants in FGD
<b>Wiggins Fast Track</b>	<ul style="list-style-type: none"> <li>• Area Councillor</li> <li>• Area Development Committee (4)</li> <li>• Homeownership educator</li> <li>• Trained housing advisors and facilitators (3)</li> <li>• Small contractor</li> <li>• Households with formal house improvements/extensions (5)</li> <li>• Households with informal house improvements/extensions (5)</li> <li>• Households with negligible or no house extensions (5)</li> </ul>	25
<b>Savannah Park</b>	<ul style="list-style-type: none"> <li>• Area Councillor</li> <li>• Area Development Committee (6)</li> <li>• Trained housing advisor and facilitators (2)</li> <li>• BESSG project manager in charge of project</li> <li>• Households with formal house improvements/extensions (4)</li> <li>• Households with informal house improvements/extensions (4)</li> <li>• Households with negligible or no house extensions (5)</li> </ul>	23
<b>Piesang River</b>	<ul style="list-style-type: none"> <li>• President and officials of the SAHPF (4)</li> <li>• Building material steering committee (3)</li> <li>• Area builders (2)</li> <li>• Households who have achieved four-roomed formal house (9)</li> <li>• Households still living in shack (4)</li> <li>• Those not originally identified for FGD who joined discussions (6)</li> </ul>	28

The aim of this interaction was to bring to the research process an understanding of the community level dynamics of housing improvement, involving the supporters of the process and those supported. Participants got an opportunity to share their insights into the housing consolidation process in a setting where such insights could be debated and counterarguments raised, to produce data and insights that would have been less accessible without the interaction generated by these discussions.

## 2.4 DATA ANALYSIS

The data collected was analyzed and interpreted in terms of the main support-related themes that had emerged from the conceptual material. The data analysis section of the study therefore covered the following areas and themes:

1. A content analysis of findings from the interviews from which key substantive themes and points were identified. These were then categorized according to the various forms of support investigated in the study; the levels of government or institutions through which such support has been provided; and housing support gaps existent in such set-up. The categories were ordered to systematically address the research sub-questions.
2. A detailed description and presentation of quantitative data drawn from the household survey, and categorized into relevant themes to indicate the status and extent of particular trends in housing consolidation in the various case studies, and an analysis of how it has been influenced by varying forms and degrees of support, as well as delivery approach and project type. Here, analysis grids/cross tabulations were used to ease the categorization and comparison of data from the three case studies, thereby making it easier to interpret the significance of the data collected.
3. The qualitative data emanating from the interviews, household surveys and FGDs was presented in such a way as to yield a balanced interpretation of the views, perceptions and experiences of the various sources of information. In this way, the beneficiaries' experience of support for housing consolidation balanced the official and expert views and experience of the same, while pointing out the housing support interventions required for consolidation to occur.
4. An examination of the issues of consensus and divergence around the support sub-themes, emerging from the various informants.
5. An assessment of the overall effectiveness of the incremental housing policy in South Africa, in light of the housing support findings, and the impact of such support on housing consolidation.
6. A discussion of the findings of the study in light of the research question and hypothesis.
7. On the basis of the above (1 – 6), the development of a framework for packaging of support, to address the identified support gaps and to streamline and make holistic its delivery.

The object of the analysis undertaken was to establish if consolidation of dwellings is a critical issue against which to gauge the success of the incremental housing approach, and if support had been given in a holistic manner, in such a way that those who had received or were receiving the support were able to use it to achieve consolidation. Further, such analysis would establish what support is considered desirable by respondents and the absence of which had an impact on the households' ability to achieve consolidation. The effective answering of the research question was mainly dependent on the researcher's ability to demonstrate what support is required in the South African context, to achieve the stated goals of housing consolidation as conceptualized in the incremental housing strategy, under an overall supporter paradigm policy framework.

## CHAPTER 3: THEORETICAL AND CONCEPTUAL FRAMEWORK

### 3.1 EVOLUTION OF HOUSING POLICY: SETTING THE CONTEXT

The trajectory of housing policy since the early parts of the twentieth century has largely reflected an attempt to address tough questions whose answers are still the subject of much current debate. For example, how much the state should be doing to ensure access to good quality housing for all its citizens is as yet unresolved, despite many policy developments. There are those who still question whether the root of the housing problem does not perhaps lie in too much government policy on housing, and not enough individual and market decision-making (Wheelan, 1998 cited in King and Oxley, 2000). Some observe that anarchy would necessarily follow a market determination of who consumes housing. Others recognize that housing policy is subsumed into wider policies – economic, redistributive, reconstructive and restructuring policies, and therefore that housing policy should achieve these broader objectives as well. Yet, housing policies are at the same time attempting to gradually make households more responsible for their well-being, and the question becomes one of just how much “hand-holding” should be retained by the government to ensure that housing goals are met. Where the government cannot deliver housing adequately on its own, it must logically then provide a context, basis or environment within which others can play a role (King and Oxley, 2000).

The evolution in housing policy approaches has been informed by the reality of continued homelessness and poor housing conditions, despite considerable efforts by the state to provide housing for the poor, regardless of context. It is against this background that developments in policy have moved towards alternative strategies for housing, while maintaining the basic requirement that a minimum standard of housing consumption for even the poor be met. Within this new policy setting, government becomes the starting point for change, while relying on other sectors for implementation of policy. Some of the negative consequences of such evolution have been as a result of the state and its agents not knowing enough about the interrelationships that need to occur in the “complex playing field” of housing delivery (Williams, 1997). Thus, it is within this framework that housing policy has evolved from an expectation that housing needs be satisfied under prevailing market conditions, to one of state-provided housing to mitigate the effects of market failure, to policies that permit limited but critical public intervention, while leveraging the activities of the non-state sector.

For this study, the evolution of housing policy sets the context for contemporary policy. Important questions are asked with regard to whether policy changes over time have had the desired effects on the delivery of housing internationally, and whether they are a suitable basis upon which to inform South African post-apartheid housing policy. On the basis of the successes and failures that have occurred as housing policy has evolved, an avenue is provided to package support in a way that reflects the South African context in which the support approach is meant to operate, and to thereby facilitate household efforts at housing consolidation.

### **3.2 THEORETICAL APPROACHES TO HOUSING POLICY FORMULATION**

Three main theories explain the role of the state in housing provision. For the purposes of this study, they act as a good basis upon which to understand the housing policy approaches that have developed over time, and the reasoning behind the post apartheid policy position, of what can best be described as a supportive self-help housing policy. The functionalist and the 'culture of poverty' theories justify why the state should take a lead role in providing housing for the poor, albeit for differing reasons, and are the basis for the heteronomous centralized public sector policy approach. The neoliberal theory on the other hand emphasizes deregulation and a reduction of the state role, and relies on the market to regulate economic sectors including housing. These theories and their resultant policy approaches are discussed below.

#### **3.2.1 The Functionalist Theory**

The Functionalist theory views society as a social system in which certain problems that society faces need to be tackled in order for it to survive. It also explains the need to provide the means necessary to solve the problems that exist. The theory argues, for example, that the system needs to meet the physical (among other) needs of the members of society. Such provision would be in areas such as food and shelter, the provision of which would then call for a system of production and distribution and an institutional set-up to perform this function. The functionalist theory explains housing intervention in terms of the need to eliminate dysfunctional features of industrial society, such as unhealthy and overcrowded dwellings. The state acts on behalf of society to bring about general improvement in living conditions. This perspective explains the development of social policy and justifies social investment, while intellectually justifying this most contradictory of positions in largely market economies, where this approach has tended to be practiced (Malpass and Murie, 1982).

#### **3.2.2 The 'Culture of Poverty' Theory**

Stokes (1962) and Lewis (1966) cited in Drakakis-Smith (1981) both developed a theory which suggests that many of the urban poor are locked into a cycle of poverty from which they cannot escape. They argue that people affected by such situations live on the physical, social and economic margins and have limited integration with major institutions within the wider urban society. Lewis further associates the poor with economic insignificance. According to him, they produce little wealth and receive little in return. In addition, unemployment, underemployment and low wages give rise to situations where savings are small or non-existent, purchases are made daily in small quantities and consequently at higher prices, and indebtedness is common (Lewis, 1966 cited in Drakakis-Smith, 1981).

Indeed, the poor do frequently suffer from exclusion, and lack of access on many fronts. Drakakis-Smith (1981) for example points out the shared poverty in which many people in low income settlements live. It is the next set of arguments however that dissenters of the culture of poverty theory take issue with. According to Lewis (1966) cited in Malpass and Murie (1982), the cycle of poverty in which the poor are locked is a self-perpetuating situation from which they have neither the

ambition nor the ability to escape. He asserts that the poor pass on these attributes to their children, implying that low income settlements are self-perpetuating. The culture of poverty justifies housing intervention from the point of view that the poor must, despite themselves, be helped to a more humane existence (Portes cited in Dewar, 1982).

The functionalist and culture of poverty theories, despite their differing points of departure, underpin the centralized public sector or heteronomous approach to housing. Thus, while both theories make a compelling case for state-provided housing, the functionalist view argues for a social investment function of the state, while the culture of poverty theory calls for an intervention in the cycle of poverty by providing the poor with housing of acceptable minimum standards, while resisting their desire to live in conditions of squalor. The resultant heteronomous approach favours centralized housing provision, resulting from policies that are developed and driven by the central state, even though implementation may be directed by lower state hierarchies. It focuses attention mainly on the physical attributes of the housing provided. The approach embraces the *provider* paradigm, where the state is the main source, or provider of housing.

### **3.2.3 The Heteronomous Centralized Public Sector Approach**

This approach originated in the relatively advanced countries of Europe and the United States in the early part of the 20<sup>th</sup> Century. It is the most widely accepted of approaches, and dominates most national housing policies in both developed and developing countries including South Africa. It was inspired around the argument that where the market has played a crucial role in the provision of housing, lower income groups have inevitably been unable to consume housing at a level commensurate with need due to income constraints, and the inability to transform their latent demand into effective demand for housing. The market has shown in bold relief the problems of unemployment, poverty, marginality and inequality (Harvey, 1981). Widespread appalling housing conditions in which the poor lived was taken to be evidence of the correctness of this perspective.

To remedy these deficiencies, the centralized public sector approach is called for, which translates into provision of housing of acceptable minimum standards by public authorities for the poor, with policy success measured by the number and quality of units provided. It is further argued that centralized administrations and systems of delivery make housing cheaper and faster to access than any other system. The beneficiaries are seen as passive recipients of goods and services over which they have no input, supplied by the corporate agency (Dewar, 1982). The physical manifestation of this approach takes the form of mass housing programmes, which have been launched and pursued in many national contexts with varying degrees of success. In South Africa, this approach, while closely articulated with apartheid social and spatial engineering, was in many respects in line with international consensus on the need to centralize housing provision (Smit D, 1991).

Unfortunately, under centralized provision, the high standard and cost of the finished product means that the scale of need cannot be addressed simultaneously. The resultant deficiency has led to two differing responses. The first, the decentralized autonomous approach, seeks to harness the strengths

that exist within the delivery system that the poor use to provide their own housing. The second, the support or enabling approach is rooted in neoliberal theory and seeks to enable the market to function in a way that allows low income housing needs to be met in it. These approaches are looked at in detail below.

### **3.2.4 The decentralized autonomous approach**

The dissenters of the culture of poverty theory have differing views on what approach should be adopted to improve the housing conditions of the poor. They lend voice to the decentralized autonomous approach, also called the self help approach. Drakakis-Smith (1981) for example, argues that there is no basis to assume that the poor cannot and do not work towards alleviating their situation, despite their given constraints. Other studies have also negated the view of the culture of poverty. Evidence from Latin America for example, shows progress within, and movement out of the lowest income strata by many poor households (Nelson, 1969).

Turner's articulations on the subject are well known. He argues that even the poorest of the poor desire to improve their housing conditions. That they are not doing so even in housing projects set up to facilitate this, points to the presence of insurmountable constraints (Turner, 1969, 1976). He concludes that the housing structures of even the worst housing settlements, represent the best that self-help efforts can produce without support. Turner argues that squatters have operated in unconventional ways to build millions of human dwellings that enjoy at least adequate dweller satisfaction, and that have far outpaced accomplishments of the state and private sectors. Driving home the point that the culture of poverty theory is unfounded, Lazenby (1977) argues that "people need and desire to spend their cash on improving their homes despite hardships..... because they prefer to live comfortably..... rather than stay uncomfortable."

Premised on the belief that the culture of poverty is erroneous, the self-help approach seeks to give institutional backing to the poor's housing production efforts, both through regularization and servicing of existing settlements, as well as sponsorship of new ones (Ward, 1982). An increasing understanding of, and concern with squatter housing in developing countries, particularly Latin America, is the primary basis of this approach.

According to Dewar (1982), this belief leads to three major perceptual differences from the centralized heteronomous approach. Firstly, whereas the heteronomous approach defines housing according to the standards of the material product, in the autonomous approach, it is seen in terms of its utility to the user. The autonomous approach has a higher likelihood of yielding housing that meets the user's needs more closely, especially in situations where the user controls the major decisions about housing (Turner, 1976, Dewar, 1982). One of the reasons given for this is that priorities vary greatly from family to family and from time to time: consequently, users are the people best suited to assess their priorities. The poor may, for example, prioritize convenient location in relation to work over high standards of shelter, and this would be reflected in the type of shelter they would choose. Further, it is argued by proponents of the self-help approach that autonomy of

decision-making in the housing process itself brings developmental benefits by encouraging self-reliance. The self-help approach also leads to a higher level of satisfaction since people are more tolerant of deficiencies and imperfections in their own housing if they are their responsibility and not somebody else's (Turner, 1972).

The second perceptual difference between the two approaches relates to the economy (Dewar, 1982). Here the issue is one of local resourcefulness as assessed against centralized productivity (Turner, 1978). Whereas the heteronomous approach argues that economies of scale result from a streamlined centralized provision, the autonomous approach holds the view that decentralized decision-making provides scope for resourcefulness through which people can provide housing cheaper for themselves than the central body can provide it for them, provided they have access to resources and factors of production. This has important policy implications, that the poor would be supported to provide much of their own housing.

The third perceptual difference relates to technology and its role. According to Dewar, while the heteronomous approach sees technology as a means to an end and neutral in terms of the ends themselves, the autonomous approach considers technology to be far from neutral. This is because centralized technologies of the heteronomous system are incapable of utilizing renewable or locally plentiful resources and consequently are increasingly dependent on non-renewable and externally provided resources. They are therefore unsustainable in the long run. The autonomous or self-help approach favours intermediate technology in housing production, an important component of contemporary housing policy approaches (Dewar, 1982).

These three perceptual differences have resulted in a different policy position. The autonomous approach argues that people should not be passive recipients of housing but active participants in the housing process. The major block to this occurring pertains to inadequate access to resources by the poor, rather than an actual lack of resources per se (Turner, 1976). The presupposition behind the self-help philosophy is that people should do more for themselves (Burgess, 1982). In terms of policy, the implications are that the state should help people to help themselves, by guaranteeing access to all the necessary resources. This requirement essentially creates the arena for support to become a part of the way in which poor households begin to address their housing problems.

In South Africa, there is no doubt that post-apartheid policy is rooted in the autonomous approach, with lingering heteronomous approach overtones in the centralized way in which decisions around delivery are made. Decentralization and community control in housing delivery are however features of current policy, and reflect a substantial policy shift to looking at housing as a process rather than a product, at least at policy level. Heteronomous approach overtones are also discernible in the way that current policy does not totally shift away from a 'social wage' conception of housing policy, and the redistribution notion embraced by housing technocrats and politicians, who believe that the state should not be let off the hook in this regard (Smit D, 1991). It is important to note however that in terms of policy implementation, centralized approaches and self-help approaches do

not represent alternatives. Rather, they are end points in a continuum of public and private action towards housing, ranging from total provision by the authority, to no provision at all, with all manner of combinations possible between these extremes, the most appropriate of which would be one which fits people's preferences and affordability levels (Dewar, 1982).

### **3.2.5 The Neoliberal Theory**

While the heteronomous approach and the autonomous approach differ fundamentally in their approach to delivery of housing, they both take the role of the state to be given, whether that be a central or a supportive one (respectively). The neoliberal view on the other hand theorizes a shift in the role of the state in housing delivery. The ideas at the foundation of this shift are not new. They come directly from classical economic liberalism that emerged in the nineteenth century and that proclaimed the market as the proper guiding instrument by which people should organize their economic lives. As a new incarnation of the old ideas, this ascendant economic policy is generally called neoliberalism. The neoliberal theory argues that the state is invariably inefficient, partial and corrupt in developing situations, and that it should therefore stay out of the economy as far as possible. It questions the capacity of the state to bring about housing transformation. Neoliberalism calls for reducing the economic role of government in providing social welfare, in managing economic activity, and in regulating international commerce (MacEwan, 1999).

With regard to housing delivery, the neoliberal theory emphasizes deregulation and reduction of state role, and relies on the market to regulate economic sectors including housing. Market enablement is a central theme of this theory. Enablement requires the state's role in the production and regulation of housing delivery to be 'rolled back' and its activities restricted to market enablement. The WB in particular has taken the dominant hegemonic position in the application of neoliberal policies in the housing field. It's argument for a shift to the neoliberal position is based on it's initial efforts at support, which translated into supporting households to access housing through site and services, and later in-situ upgrading projects. The key lessons derived from this experience was that because a project orientation did little to improve the performance of the housing sector as a whole, macroeconomic performance itself remained impaired. The WB reached the conclusion that the challenge of housing policy is to address such impairment, and that this can only be achieved through enabling markets to work ( World Bank, 1993, Smit D, 1991).

In the housing sector, neoliberalism recommends adherence to free market principles. The call for the involvement of traditional lending institutions and the construction and building materials sector in the low income housing market is one example of housing policy subscription to the neoliberal view. The Growth, Employment and Redistribution (GEAR) macroeconomic policy, aimed at creating an appropriate macroeconomic environment in which sectors including housing will grow and flourish in South Africa, is another. The neoliberal view is that a sound macroeconomic policy would lead to growth, job creation, and eventually to the eradication of poverty, which problems lie at the heart of the housing problem itself (MacEwan, 1999). The neoliberal application in South Africa, has been about establishing sound macroeconomic policy, following market processes rather

than resisting them, promoting sensible investments and policies to alleviate poverty, providing environmental sustainability and thereby contributing to efficient effective governance, all of which pave the way for the market to function.

The 1990s transition to democracy in South Africa in fact marks the transition to neoliberal market-oriented ways of organizing urban policy (Bond, 2001, Jones and Datta, 2000). Bond attributes the forceful WB advice from 1991 to 1994, in the form of two WB housing missions and reports, to the present housing improvement fiasco in post-apartheid incremental schemes. Such advice includes *inter alia*, the WB's appeal to the government to limit housing subsidies and to trust commercial banks to make township home loans, instead of the state and community agencies advocated for in the RDP.

Bond (2000, 2001) disagrees with the view that neoliberal policies cause dislocation and pain only in the short run, but lead to a higher standard of living in the long run. MacEwan (1999) on his part contends that neoliberalism prevents adoption of government-driven programmes that would meet the material needs of the majority. He sees neoliberalism as an ideological ruse/cover for powerful, elite groups to pursue their own narrow interests. Mindful of this ruse, popular movement in South Africa, especially during the negotiations towards current policy, argued vehemently for social policies that would directly improve the material condition of the majority. The Congress of South African Trade Unions (COSATU), for example, argued for programmes of income redistribution, minimum wages and land reform, etc. In response, the WB through its two missions cautioned against this route, arguing that government involvement, either directly or through heavy regulation in production, for example in building housing, would impede rather than enable the market to work. All this, the WB argued, would be anathema to private investors, who needed to be courted to invest in South Africa. Such 'interference' by the state to directly improve material conditions of the majority, would thwart the 'greater economic good' being pursued (MacEwan, 1999). It would thus seem that the bigger picture being pursued by advocating neoliberalism and the enablement of the market, is one of a sound macroeconomic policy attractive to private investment, and that housing policy is but a cog in this big wheel, so that it is not really the 'end of the world' if the housing policy goals are not met, provided the broader macroeconomic ones are.

Fortunately, neoliberalism is not a monolithic ideology, and qualifications and modifications of neoliberal doctrine have emerged (MacEwan, 1999). In South African housing policy, such modifications have included for example, 'generous' housing subsidies and state-supported housing finance institutions. On closer scrutiny however one recognizes neoliberal influence, to the extent for example, that state housing finance institutions charge market rates of interest to borrowers, while land for housing is also accessed via the market. Slight modifications are however discernible in the consumption of services, where the state allows a level of free consumption, and only begins to charge for basic services when such level is exceeded. Full cost recovery is therefore averted, albeit to a limited degree. Other examples exist and are dealt with in later chapters. In the meantime, the

intellectual debate around the appropriateness of the neoliberal approach to housing policy in a country with so many desperately poor households rages on.

Conceptually, the differences of the approaches discussed above revolve around the role of the state. Dewar (1982) emphasizes that although there is a chronological order in their emergence, the process has not been a simple one of adoption or replacement. All three have followers and debate over them continues to be fiercely waged. In conceptualizing the housing challenge in South Africa in terms of the way the poorest sector of the society should be addressed, the approaches act as a good basis upon which to understand the evolution of housing policy and the thinking behind current policy.

The centralized public sector approach, the decentralized autonomous or self help approach and the neoliberal approach differ as to the basic structural approach which is appropriate for low income housing. The next theory, the Marxist theory, however argues that the issue of housing, far from being a structural one, in fact lies in the field of political economy (Dewar, 1982).

### **3.2.6 The Marxist Theory**

The Marxist theory addresses problems raised by social and political practice and defines the state as an instrument and expression of the capitalist mode of production that acts in the interest of dominant classes in their inherently antagonistic relationship with the subordinate classes (Harvey, 1981, Burgess, 1985, Gill, undated). Marxists criticize the non-recognition in the capitalist approach, of the different classes of society, and of the fundamental feature of capitalism, of the conflict between the capitalist class and the labouring class. The Marxist theory suggests therefore, that phenomenon such as housing policy should be seen as the products of class struggle, which results in state policies which generally serve the interest of the dominant class, but the subordinate class may win occasional battles or wrest certain concessions to its interests. State intervention in housing can be seen as one such concession, the outcome of persistent demands by the working classes to improve their housing conditions (Malpass and Murrie, 1982).

In South Africa, the reactions to the housing injustices caused by the National Party policies, for example through the Mass Democratic Movement comprising the African National Congress (ANC), the labour movement COSATU and the civic movement, can be seen as a response to the social and political injustice of the dominant class in South Africa, and post apartheid policy has therefore been influenced through such acts (Huchzermeyer, 2001). Other examples include COSATU's continued to push for a state-driven market-assisted policy, rather than what it observed to be a mere tinkering with institutional arrangements to create a market-driven state-assisted policy, which would certainly not be in the interest of the working class. The South African Homeless Peoples Federation (SAHPF) which represented community-based organizations and the homeless, on its part proposed that in the post-apartheid era, government provide the poor with land and infrastructure free of charge, and that banks be required to lend to the poor at below market interest rates. These pro-poor proposals were largely political articulations of a working class position in a

country that had an established pattern of domination of the working class by the capitalist classes (Jones and Datta, 2000).

But why should the state have a hand in the provision of housing in the first place? The Marxists explanation of such role lies in their definition of what housing is, and in their definition, three fundamental dimensions of housing are raised. First, housing is seen as a necessary good. It is seen to be an indispensable element of productive consumption. In effect, this means that housing in a capitalist social formation is of interest to classes other than those who immediately consume it (Burgess, 1985). Secondly, housing is a fixed good. A material precondition for producing a house is that it has to occupy land in a specific location. Land cannot be reproduced at will: it is a scarce commodity and rights to land and its use are enshrined in legal rights to property. Marxists take issue with the private appropriation of this non-reproducible resource, and land thus becomes an area in which working class contestation needs to be ongoing.

Thirdly, in a capitalist social formation, housing not only has a use value, but also an exchange value. It is or can be a commodity whose consumption can only be realized by those with a housing need who can afford to purchase it. In theorizing the housing problem then, the Marxists view it as being located in this commodity status of housing and the quest for profit by various fractions of capital tied to the housing process, the distribution of income, and the transmission of the ideology of private property and consumption (Burgess, 1985). Any solution sought that does not go beyond these pillars of capitalism is therefore merely dealing with symptoms, not causes of the housing problem. The first step in seeking solutions in this regard is to address the numerous inequities in the distribution of wealth, income and power in society (Dewar, 1982).

There are three ways in which housing by its very nature is seen to contribute to the reproduction of the capitalist mode of production. The first derives from its use value. It consists of direct and indirect services, and further has a specific location in relation to other elements of the city (Castells, 1972). All these factors give housing a unique value which affects the capitalist labour relationship, because a stable location is a precondition for the necessary reproduction of labour power; the wage relationship, because the price of housing and other services directly affect the price of labour; and the power relationship, because the quality of spatial exclusivity makes housing an instrument of social control (Dewar, 1982).

The second effect of housing on the capitalist mode of production derives from its exchange value. There are a variety of actors in the process of housing provision and all are concerned with its exchange value and the way in which surplus value is distributed between them (in the form of profit, rent, interests). It is this value that provides additional areas through which capital accumulation can be expanded.

The third way in which housing contributes to capitalism is through urbanization. One inevitable consequence of urbanization under capitalism is that people are displaced from the land at a faster rate than the urban economy can absorb them. The result therefore is vast numbers of people in cities

who are either unemployed, or engaged in petty commodity production, and supply of housing at scale and at affordable prices is always outstripped by demand. The result is exploitation of the working class (Dewar, 1982).

It is in this context that self-help housing is theorized by Marxists as a housing approach which the working class might appropriate, not only to solve their housing problems, but also as an ideology of community resistance to the control exercised over them by the state in a capitalist society. Burgess (1978) however questions the efficacy of self-help as a policy approach, and further cautions that the state will only be drawn into accepting self-help housing as a policy if it is in its interest to do so, since the state is not benevolent in nature. He however highlights a number of reasons why, in specific contexts, the state may agree to self-help housing:

1. It can be a form of retaining control in a situation of rapid, uncontrolled urbanization, whereby it becomes a tool for manipulating cheap labour to points where it is required. It was used this way by the National Party in the past in South Africa, encouraging state-monitored self help programmes that were aimed at quelling dissatisfaction with the working class housing conditions, without jeopardizing in any way the control the state retained over them.
2. Since the expense of industrialized housing may exclude large percentages of people, thereby limiting the capital that can be accumulated in the construction sector, self-help becomes a logical if less effective extension of capital accumulation. Accumulation is however still achieved through self-help use of undeveloped land, building materials and construction finance, while self help housing is used to defuse political instability [as was attempted by the national Party following the township uprisings of the mid 1970s (Wilkinson, 1998)]; retain cheap labour reserve in the cities and to give the state short term credibility (Dewar, 1982).

Burgess argues that the state cannot however allow implementation of self help housing on a scale sufficiently large to make a real impact on the housing problem because it can threaten capitalism by reducing social divisions of labour (Burgess, 1978). This could certainly be said to be true of the National Party in South Africa's apartheid era in its modest attempts at self-help housing (Wilkinson, 1998). In situations where self-help is implemented on a limited scale, Burgess argues further, it may not only be ineffective, but actually counterproductive to the poor's interests. For one, it becomes a camouflage for non-action by government in critical issues of redistribution such as urban reform and land speculation. The urgency of the problem is also reduced because people think something is being done about it, whereas the truth could be that the problem is in fact worsening (Dewar, 1982). Burgess asserts that by satisfying a minimum level of housing need of the urban poor, self-help as a housing policy approach can be said to maintain the status quo. Secondly, self-help formalizes the petty commodity production exercised in squatter housing. By formalizing it, squatter housing is placed back in a higher level of circulation, and exploitation of the informal by the formal sector occurs. Thirdly and as one of Burgess' major criticisms of self-help housing approaches, the approach amounts to the double exploitation of the working classes, who spend hours during the day

producing surplus value for capitalists, after hours, looking after their own reproduction needs (Burgess, 1982, Smit D, 1991).

Dewar (1982) concludes that self-help housing is a potentially ambivalent concept. While it can be used to secure a measure of control by the working class through community driven resistance and advocacy, it can as readily be appropriated to serve the ruling class interests and to further the ends of the state and the dominant fractions of capital, thereby becoming an instrument of oppression. There are some for example, who would argue that especially the private-developer driven housing delivery process in post-apartheid South Africa has exhibited such characteristics, as has the rampant use of consultant professionals in the low cost housing delivery arena.

The fiscal realities of many developing nations including South Africa remove the debate for or against the self help approach from its theoretical realm, to one of what is fiscally possible in the long run. Thus, while the approach can be extremely oppressive of low income groups in their quest for shelter and has proved to be so even under current policy, it has more of a chance than the heteronomous /centralized public sector approach to address need at scale. This realization provides fertile ground for the germination of neoliberal enabling policies, despite their many limitations, especially their emphasis on working markets, which are themselves oppressive of the poorest households, who are required to improve their housing within a market setting. It is therefore acknowledged that without very specific forms of support for the poor, this goal could remain a pipe dream.

The relevance of the foregoing theoretical framework to the study is twofold. Firstly, the theories clarify the conceptual basis upon which the supporter paradigm of housing delivery is informed. Secondly, they demonstrate the policy paradox that exists within the support-based housing delivery context, when low income households are expected to fulfill their housing needs within a market context. On the other hand, the autonomous approach constitutes an important shift in the state's role in housing delivery, and provides a delivery context within which certain neoliberal housing practices can take place. The Marxist perspective on its part questions the extent to which poor households can undertake self help housing, even in the face of support, if the fundamental societal problem of inequity in the distribution of wealth and income is not addressed. Subsequent conceptual and empirical discussions demonstrate the currency of this housing delivery quandary.

### **3.3 EVOLUTION OF POLICY AND EMERGENT INTERNATIONAL POLICY APPROACHES**

#### **3.3.1 The Role of the State in Housing Delivery**

##### **3.3.1.1 The Provider Paradigm**

Governments for many decades passed through parallel histories of responding to housing inadequacy by building public housing (Hamdi, 1995, Smit D, 1991). The reason for this lay in market failure, in its inability to respond to such considerations as affordability. Thus, housing

delivery embraced the *provider paradigm*, which holds that public authorities have the moral imperative, means and capacity to reduce housing deficits and improve quality of housing (Hamdi, 1995). This thinking informed the case for governments acting to promote the consumption of good quality housing (Ward, 1985). Moreover, the poor housing conditions of the poor were taken as clear empirical evidence of this view. This perspective explains the development of social policy of which housing was an important component, and the implementation of social housing programmes internationally (Malpass and Murrie, 1982). In providing such housing, central governments had the overall responsibility for setting policy objectives and providing the means to achieve them, and were backed by local authorities which implemented policy. Although the timing varied, this was the era of the Caracas “superblocks” in the 1950s, and many similar housing developments around the world and constituted the first major phase in the evolution of housing policy (UNCHS(Habitat), 1991b).

The resultant housing, which sometimes replaced forcefully eradicated illegal housing stock, was characterized by high standards and accordingly high costs, achieved using capital-intensive industrial construction methods. In developing countries, these characteristics often reflected the inherited standards of former colonizers. Concurrently, high standards were demanded as evidence of modernization and economic progress. Still others argued that high standards pre-empted high maintenance costs associated with lower standard housing. The implications of high standards for low income households were largely unacknowledged at that point, as was the notion of cost recovery, which was later to become an issue for public administrators (Rodwin and Sanyal, 1987, (UNCHS(Habitat), 1991b).

It is however important to note that the goal of availing minimum standard housing to all only made sense if housing meeting these standards could either be afforded by the occupants themselves, or provided by others. This goal was neither feasible nor desirable where these conditions could not be satisfied. This became the problem especially in developing countries. In addition, the provider approach was criticized because as Hamdi (1995) argues, while *providers* presented themselves as benevolent pragmatists whose paramount interest was getting the job done quickly and efficiently, it cannot be ignored that *providers* recognized the political benefits of the visibility of public housing. Therefore, despite its widely acknowledged and sometimes obvious defects, public housing continued to characterize most government responses to low-cost housing needs. But increasingly and inevitably, the question of costs incurred became a matter of concern especially given the limited coverage of resultant programmes.

Inevitably then, the challenge to the international housing consensus came from the developing countries, whose urbanization and natural population growth momentum of the 1950s and 1960s put pressure on many newly independent governments to deal with a growing housing crisis. At first these governments’ response to rapidly growing informal settlements was to bulldoze them, while simultaneously struggling to provide public housing en masse (Smit, D, 1991). Smit cites Brazil where the government removed people from shack settlements (‘favelas’) to public housing estates

on the urban periphery, while Salas (1988) cited in Mitchell and Beevan (1992) cites the scenario in Venezuela where the government of President Jimenez declared “war on the rancho”. The public housing drive could however not keep pace with demand. Thus for example, notwithstanding the removal of an estimated 140 000 people from favelas in Rio de Janeiro, the overall population of these settlements grew by 50 per cent between 1970 and 1974 (Perlman, 1976 cited in Smit D, 1991).

Other developing countries also could not sustain public housing initiatives. Hardoy and Satterthwaite (1989) cited in Smit D (1991) give examples of Kenya, where only 8 per cent of the public housing units planned for between 1974 and 1978 were built at five times the expected cost, and Nigeria, where only 25 per cent of public housing units planned for construction between 1976 and 1980 were in fact completed. These countries and others had neither the institutional capacity, management and technical skills, materials, nor the money to sustain building activity. Such deficiency challenged profoundly the *provider* role of governments. Governments in developing countries, because of a growing sense of identity, also challenged the western ideals exemplified in public housing programmes, seen to be alien to the Third World urban setting characterized by minimal resources and high levels of poverty among housing consumers, and often at odds with the poor’s cultural experience. Their principal defect however was their cost, which was high and unsustainable (Drakakis-Smith, 1981, Hamdi, 1995, Smit D, 1991).

### 3.3.1.2 The Supporter Paradigm

Overall, the provider paradigm of housing delivery failed, even in its own objectives (Hamdi, 1995). The shift away from conventional policy approaches, to a policy approach and policy instruments where efficient buildings and building systems no longer were the key preoccupation, thus constitutes the second major phase in the evolution of housing policy. This approach, practiced during the 1970s and early 1980s, and defining a new policy, constituted departure from designed solutions, towards technical and organizational support, and towards housing that was flexible in its start, and therefore able to adapt to changing user needs. This defined the non-conventional *supporter* paradigm of housing delivery, in which support rather than provision of housing was the critical difference. In line with these new policy changes, housing agencies became supporters, facilitators and enablers, required to focus on support in critical areas of housing delivery which poor households could not address themselves. This would then give direct impetus to the optimum use of resources in the process of progressive housing improvement. The argument around this view was that given certain basics in the critical areas of land tenure, employment, community services, finance and technical assistance, among others, people over time could and in fact did invest in the improvement of their homes and even in the development of community services. The support approach thus represented this paradigm shift.

Within the supporter paradigm, state role in housing becomes one of supporting poor households to the point where they can take charge of their housing, shifting the onus of housing provision from the state and putting it firmly in the hands of individual households. In the practice of this paradigm,

the available funds are directed towards schemes that reach a wider proportion of the population but equally importantly, stimulate their participation and investment in housing within the context of self-help (Turner and Fitcher 1972, Ward, 1982). The supporter paradigm is widely acknowledged as a paradigm of necessity to address a wider group of people within fiscal constraints.

It has to be said though, that much of this new policy approach also owes its origins to the new ideas around housing for the poor, whose period of emergence coincided with the gradual disillusionment with the provider paradigm. Based on ideas first mooted by Abrams (1966), Mangin (1967), Turner and Fitcher (1972), Habraken (Habraken, 1983 cited in Hamdi, 1995) and other self-help theorists during the 1960s, squatter settlements began to exhibit, in perception at least, the self-help which already existed within many squatter settlements. Despite their associated squalor, their potential to be transformed into aided self-help was recognized. The *supporter paradigm* is thus an endorsement of the argument that rudimentary informal dwellings of the poor can be developed over time into adequate shelter, by the poor themselves, in collaborative efforts with the government, each doing what it is best suited to do. This argument informed policy shifts towards a focus on the means by which the poor could be assisted to improve their housing themselves.

Ratifying this new policy view, the United Nations 1976 Conference on Human Settlements in Vancouver, Canada, made relevant recommendations. The most critical support-related ones were the need to forge new institutions at national, ministerial and other appropriate levels of government, to formulate and implement policy that incorporated the role of those to be housed in the housing process (Hardoy and Satterthwaite, 1982, Miles and Parkes, 1984 cited in Hamdi 1995). This way, the seeds were sown for an internationally recognizable policy approach, which incorporated at varying degrees the conventional and non-conventional sectors. This support policy marked the birth of contemporary housing policy, still practiced widely internationally.

Through the experience of institutions and governments in the practice of support, critical elements of support emerged and constitute some of the elements explored in this study. Importantly, the exact mix of such support elements and its appropriateness to a given context has had a large influence on the housing outcome and the experience of those supported. The key question in determining the right mix revolves around what help households require to produce housing more effectively. Deciding on what interventions are critical to such effective production is key to the success of the supporter paradigm, and is necessarily contextual in nature.

The support approach, is now a widely accepted policy goal in the international arena, with the early thinkers such as Abrams, Mangin, and Turner, and later proponents of aided self-help, in particular institutions such as the WB and the United Nations playing an important role in making it so (Spence et al, 1993). The two institutions have built on lessons drawn from successive programmes and projects over two decades starting from the early sixties. Subsequent sections look at these developments, and the basis for further evolution of policy. They also look at how such evolution has shaped the contemporary housing policy context that the South African housing policy

locates itself. Additionally, the support constituents that emerge from the support approach experience, and which are needed to effect housing consolidation, are reviewed.

From the foregoing review, it is clear, even at this stage, that for the support approach to deliver affordable housing to the poor as well as provide a base upon which they can improve their housing incrementally, many preconditions need to be fulfilled. It is also clear that the users/beneficiary households are indispensable in making the production of housing more feasible at scale, because they understand the needs that require to be met better, as well as bring a resourcefulness not easily replicated by formal institutions. To carry out their envisaged role adequately, households however need both the reason and the capacity to act, and this is where the right support can achieve such goal.

There is sufficient empirical evidence to show that the support approach is not merely an ideal advanced by the early thinkers of self-help housing, but a necessity. Whatever the theorists say for or against it, and regardless of the ideological debate surrounding the same, the lack of alternatives ensures the support approach as an inevitable part of contemporary housing policy, and of the way housing will continue to be delivered (Hamdi, 1995).

### **3.3.2 Conceptualizing Support**

As already indicated, the *support* concept and policy approach owes much to some of the early thinkers of self-help housing, even though the actual shift in national policies is largely attributable to the efforts and influence of multilateral and bilateral development assistance agencies in developing countries, in particular the World Bank (WB) and the United Nations through its Centre for Human Settlements (Habitat) - UNCHS(Habitat). A discussion of the roles of these individuals and institutions provides a critical insight into the rationale behind the support approach that later influenced post-apartheid housing policy, and explains where the support ideas derive from.

#### **3.3.2.1 The Early Thinkers and Support**

A number of names are closely associated with self-help housing and the wave of new thinking encapsulating the support approach to housing, among them Turner, Abrams, Mangin and Habraken (Drakakis-Smith, 1981, Van der Linden, 1986, Smit D, 1991). Turner however remains its most recognizable exponent. These individuals did much to change the way housing was understood, by first challenging its definition, and setting new precedents for its production. They played a substantial role in influencing first academics and practitioners, and later the bilateral and multilateral funding agencies including the WB and UNCHS(Habitat) to approach housing delivery differently.

In tracing developments in this regard, one recognizes the first important step as the departure from the pejorative view which until the 1960s was associated with many assessments of squatter settlements (Drakakis-Smith, 1981). These fortunately yielded in the 1960s, to more positive evaluations, through the work of Mangin (1963) and Turner (1967). They pointed out the

settlements' contribution to the city's commercial and industrial enterprise, labour resources and consumption, whilst housing the poor at little direct cost to the government. Turner began to articulate the injustice of removal of homes produced within dire constraints, and urged a revision of attitudes and policies (Turner, 1967, 1972). The supporter paradigm was therefore in large part an endorsement of the views of Mangin and Turner, based on observations of informal settlements in Lima, Peru, where the rudimentary informal dwellings of the poor had developed, albeit slowly, into typical lower middle-class suburbs, using the community organizations and initiative of the poor themselves (Mangin and Turner, 1970, Smit D, 1991).

On why households were better suited to the production of housing than governments, Turner maintained that the poor could service their own needs more effectively and accurately than any central government, producing more useful homes and creating better environments. Turner further argued that with the right support, slums could be improved and transformed into healthful dwellings. His argument for governments to embrace and actively facilitate the informal housing processes that would eventually cause such transformation in an ongoing process of housing consolidation, influenced the support policy (Turner, 1976). Turner's and other writers' academic writings and growing reputation mapped a clear way forward in respect of housing policy, constituting a partnership between the urban poor on the one hand, and national governments on the other. The policy task ahead was one of finding effective ways for government and self-help owner-builders to participate in providing a steadily improving quality and permanence of product (Turner and Fitcher, 1972, cited in UNCHS(Habitat), 1993).

The protagonists of this approach have argued that in its simplest form, governments, especially in a time of economic crisis, would use their limited budgets to prepare the land, provide basic infrastructural services, provide finance and possibly, cheap materials, appropriate technologies and technical assistance, affordable standards and procedures, while prioritizing institutional changes that would increase local access to resources, and letting and enabling people to organize their own housing and local development (Turner, 1987). The residents would then themselves build acceptable housing incrementally. Incremental housing thus became a part and parcel of the support approach.

Habraken (1983) cited in Hamdi (1995) on his part, likens support/enablement to cultivation. Using the analogy of horticulture, he suggests that horticulturalists do not make flowers or trees. Rather, they cultivate an environment for them to grow. As the plants begin to grow, further interventions may be required to support their growth stages so that they can continue to bear fruit. And so it is, he suggests, with housing. In contrast to building houses, support is a process by which to cultivate all the conditions that enable housing production and housing consolidation to occur sustainably.

Based on Habraken's analogy, one recognizes the need to constantly reassess and where necessary reconfigure the role of the state to more accurately address the elements that without support may stifle the housing production process of the users or beneficiaries. In defining support relative to

government policy, both Turner and Habraken define support actions as continuing rather than finite interventions. The supportive role therefore never really comes to an end until the goals of adequate housing have been met. Working in two disparate contexts, Habraken (in Holland) and Turner (in Peru), built an attractive alternative theoretical basis upon which to rethink housing as a flexible, dynamic, incremental housing activity (Hamdi, 1995).

In conceptualizing the incremental housing approach in the implementation of the support approach policy, it is important to recognize that the beneficiaries' role in housing production entails a measure of hardship in the attainment of fully consolidated dwellings, and that appropriate support does much to alleviate some of such hardship.

The support approach policy and the role it carved out for the poor led to widespread intellectual responses, best encapsulated in the debate between Turner and Burgess (Smit D, 1991). In a series of harsh critiques, Burgess argued that support programmes could not override the widespread inequality in income distribution that gave birth to the prevalence of squatter settlements in the first place, and that policies based on the supporter paradigm represented little more than an ideological ruse to allow governments and capital to escape from having to provide housing for the urban poor. Arguing that the housing problem was just one of the many manifestations of the exploitation of the poor by the dominant class, he asserted that until this exploitation itself was ended, attempted solutions solve to the housing problem could at best be palliative, reducing pain without removing its cause (Burgess, 1982, Van der Linden, 1986). Stein (1988) concurred that Turner failed to deal with the issues that lay at the heart of the housing problem in developing countries: the structure of economic and political power, which does not serve the interests of the poor. Others like Fiori and Ramirez (1991) questioned the ability of the state to play a positive role in making aided self help programmes affordable to the greatest number of the urban poor, especially given the contradictions generated by neo-liberal market-oriented housing policies, and their need for full cost recovery, limited subsidies and market interest rates on borrowing. They however acknowledged the limited value of Burgess'(1982) critique of self-help approaches, given the limited housing delivery alternatives in the developing world. Thus, despite much policy headway, holistic policies that would address the inequitable income distribution that plagued/impacted housing consolidation within the self-help context were still required.

In any event, the international agencies' entry into the housing scene, even while not departing from the same point, began to ratify much of what the early thinkers had put forward. In confirming the veracity of the support approach as a critical one in addressing the serious housing problems of the early 1970s, they managed to sideline the call by the angry left for holistic policies that would address the inequality problem which they saw to lie at the root of the housing problem. Meanwhile, the support approach to housing policy gained ground.

### 3.3.2.2 The World Bank and Support

Both the WB and the UNCHS(Habitat) were instrumental institutions in changing housing provision methods, and are therefore an important part of the evolution of housing policy internationally, and of the rationale and trajectory of South African post-apartheid housing policy. The next two sections address their contributions in this regard. The WB in particular, since 1972, was a most influential international factor in the funding and sponsorship of incremental housing programmes on a wide scale (Mayo and Gross, 1987 cited in Stein, 1988), supporting 116 shelter projects between 1979 and 1990 (both site and service and squatter settlement upgrading) in 55 countries with an average project size of US\$ 26 million (World Bank, 1993, Smit D, 1991). The WB led the way towards the consensus around the fact that provider policies were no longer viable, and used its financial and technical resources to seek alternatives. In advocating support as the 'new' role that governments should play in the resolution of the housing question, the WB however interpreted the nature of the low income housing problem, and thence the solutions required to address it, differently from the early thinkers.

The WB saw the housing problem as rooted in the inability of the state to efficiently intervene in the provision of goods and services. It thereby advanced the neoliberal view that the only way to resolve this effectively was to strengthen the market and unlock the bottlenecks that inhibit it's functioning (Mayo et al, 1986). The state's failure in taking a lead role in housing provision through conventional housing policies was also understood in market terms: that the housing deficit was due to sufficient demand for housing in the face of serious weaknesses in the supply side. As long as the supply side kept providing conventional permanent housing only, it was not properly geared to the enormous existing demand. The way to correct this imperfection was to restructure the areas of land, services and finance, to bring the supply cost down, so that housing and services became accessible to large portions of the population excluded from the 'official' housing market (Van der Linden, 1986, World Bank Mission Report, 1994). These were considered to be key support areas that would enhance and facilitate the poor's self help housing efforts. The actual restructuring required is dealt with in subsequent sections.

The WB further deemed uneconomic and counterproductive to replicability, the reliance on subsidies to make housing accessible by the poor, and therefore discouraged them (Van der Linden, 1986), bringing new ideological baggage into the self help approach, quite different from Turner's and other self help theorists, who had never explicitly taken a position against subsidies. The WB thus introduced the notion of full cost recovery of both capital and operating costs, of housing schemes, and required end-users of its projects to pay fully for the housing and services received (with much criticism from the left) (Stein, 1988, Smit D, 1991). Public resources would thus be economized by shifting the financial burden of housing towards the private sector and the urban population itself, with the latter building or managing the building of their own housing. The principle of progressive development or incremental improvement was thus adhered to, as proposed by Turner and other early thinkers, even while being inspired by different arguments.

Housing was further seen to itself be a tool for macroeconomic development that would lead to reduced poverty and higher national productivity, using underutilized labour, materials and financial resources more productively. One way mooted to increase such productivity was the creation of employment in house construction, which the WB emphasized as a necessary outcome of the housing process (World Bank, 1972 and 1975 cited in Van der Linden, 1986). This outcome is indeed also an expectation of post apartheid housing policy in South Africa (Department of Housing, 1994, 2004).

In advancing the cause for site and service programmes as a prudent approach, the WB saw it as a means to promote orderly, more efficient alternatives to squatter invasions (World Bank, 1974 cited in Van der Linden, 1986). At the same time, squatter settlement upgrading programmes would replace earlier policies of removal, and together with site and service programmes, would be the two complementary components of the supporter paradigm and the incremental housing approach (Grimes, 1976). Overall, and in line with the WB thinking, housing policy would fit well into the overriding goal of modernizing the international economy in its market-oriented approach for the sake of its long term preservation (Ayres, 1983 cited in Van der Linden, 1986). Housing was therefore secondary to the more critical goal of economic sustainability of nations.

### **3.3.2.3 Policy developments and shifts: Lessons from the WB experience**

The WB's contribution to housing policy shifts was in legitimizing support in the context of site and service and squatter settlement upgrading programmes, as the means to lever affordable housing to the poor. It used its influence to get the support approach adopted far more visibly than would have been likely with normal government and local authority mechanisms, and demonstrated that the new approach, if undertaken by states, could have far reaching effects compared to the unsuccessful conventional methods. Individual states would then adapt the support approach to local conditions, using the framework set out by the WB and others, and through experimentation, determine the individual mix of supports suited to their particular conditions (Van der Linden, 1986).

Through learning by doing, the WB further redefined and refined support in three phases, with clear lessons for those who would later embrace the support policy approach to learn from. The first phase, between 1972 – 1975 emphasized site and service projects. Emergent problems of access to land due to speculation and unaffordability by the poor led to the second phase, between 1976 – 1979, which emphasized squatter settlement upgrading, in a bid to better reach target groups and achieve replicability. Persistent cost recovery problems due to the affordability constraints of beneficiary households even in upgrading programmes, led to the third phase of refinement in 1980 – 1983, which sought to maximize labour intensive employment activities within projects, with the aim of supporting income generation by households (Keare and Parris, 1982, Ward, 1982, Rodell and Skinner, 1983, Payne 1984 cited in Van der Linden, 1986, Burgess, 1987). The problems encountered in these first three phases pointed to the need for support measures to facilitate income generation and affordability by households on an ongoing basis, and the role that credit among other things could play in this area.

Notwithstanding some success in demonstrating the validity of the incremental housing model, certain aspects as indicated above needed to be thought through more carefully, a concern discernible in South African post apartheid housing policy, despite being formulated over a decade later. For example, even though site and service and upgrading projects improved access to housing by some of the poorest households, still they remained very limited with regard to scale, relative to demand (Stein, 1988, World Bank, 1994). Key insights derived from the WB experience was that an emphasis on funding site and service and upgrading schemes tended to 'projectise' development and failed to lever changes in the broader housing policy environment necessary to achieve impact at scale, facilitate replicability and improve macroeconomic performance (Smit D, 1991).

The WB (and other agencies) then changed its lending policies to reflect this recognition. Instead of locking up large financial resources in project building, it directed its funds more toward the following: the reform of policies and institutions; public administration, so that its increased efficiency would result in direct benefits to the poor, who depend on publicly-provided services the most; local banks; and technical assistance. The WB urged an emphasis of national policy on enabling the markets to work effectively in all submarkets, and on macroeconomic stability and latterly, on equity and poverty alleviation (World Bank, 1993, 1994). These changes constituted the fourth phase of WB urban policies, which occurred in the 1990s decade and into the 2000s (Zanetta, 2004).

The World Bank (1993) suggested seven major instruments with which governments could effect the suggested policy changes. Through its 1994 Housing Mission Report to South Africa, it influenced current policy in South Africa, on the basis of the lessons drawn from its experience in the field. Three of the instruments are demand side, three are supply side instruments, and the last one addresses the need to improve the management of the housing sector as a whole.

The three demand side instruments are:

1. developing property rights systems (thus guaranteeing security of tenure) with careful choice of location for the poor urban population;
2. developing the mortgage finance sector (to facilitate end-user finance);
3. designing carefully targeted subsidies which do not distort the market (which instrument represents a marked shift from earlier policies that discouraged subsidies, and which undermined affordability substantially).

The three supply side instruments are:

4. providing infrastructure for residential development;
5. introducing appropriate regulation systems;
6. re-organizing the building industry (through anti-cartel, anti-monopoly measures that tend to push the prices of building materials up).

The final instrument is a mechanism for managing the housing sector as a whole through:

7. the development of an appropriate institutional framework which can manage and oversee the performance of the sector as a whole, by providing the supportive action necessary for the above six measures to occur (Van der Linden, 1986, Stein, 1988, Smit D, 1991, World Bank, 1994).

Although the instruments were aimed at aiding the markets to work, it is notable that they are also capable of making housing inputs more accessible and affordable, thus contributing in the incremental housing development context, to making housing consolidation achievable by poor households. The seventh instrument guarantees management of the housing process through an institutional framework that is geared to support the other instruments to serve the poor, thus enabling them to engage in their self help efforts in a meaningful way. In addition to these instruments, the WB also urges as an important component of shelter policy, the targeting of the poor directly to alleviate short and long-term poverty (Zanetta, 2004).

It is noteworthy that while in many basic respects, the WB with its emphasis on a supporter rather than a provider role for governments has much in common with Turner, their emphasis, the former on what is good for governments (political order, economizing on budget, enabling markets to work, rational patterns of urban growth, etc.), and the latter on user satisfaction, are really quite different (Williams, 1984 cited in van der Linden, 1986). The congruency of what are regarded as necessary enabling or support measures by both is however remarkable, given their differing points of departure. The elements Turner considers as critical support for poor consolidating households engaged in a process-oriented incremental housing delivery, are considered by the WB as necessary, to remove the bottlenecks that impede the flow of private sector resources to provide housing for the poor. Thus, both agree that the main role of governments is to act as enablers of the market according to the WB; and to protect and make available scarce resources that will enable and stimulate the local provision of housing according to Turner (Turner, 1976, Stein, 1988, World Bank, 1994). With regard to current policy in South Africa, the influence of the WB policy tenets is substantial (Jones and Datta, 2000, Bond, 2001). It is also equally true however, that certain policy views, and those of the RDP in particular (ANC, 1994), reflect some of the early thinkers influence on current policy thinking.

### **3.3.2.3 The United Nations Centre for Human Settlements (Habitat) - UNCHS (Habitat) and Support**

Much like the WB, the UNCHS(Habitat) began to intervene in the housing policy scenario in the 1970s when the provider role of governments was deeply embattled by both the unprecedented scale of housing needs of the poor, and the limitations of governments to address them. Like the WB, the UNCHS(Habitat) responded by adopting the policy approach of site and service and informal settlement upgrading schemes for low income groups.

One successful role that UNCHS(Habitat) played within this period was to cause a growing awareness within the developing countries of resource mobilization issues, and the need for

considerably reduced shelter standards and for increased cost recovery (Van Huyck, 1987, UNCHS (Habitat), 1990, 1991a, 2001). Another pivotal task undertaken by UNCHS(Habitat) was to design an overall broad policy framework that developing countries could use and adapt to structure policies suited to them (UNCSH(Habitat), 1989b). Starting in the mid 1970s, UNCHS(Habitat) also provided support to developing countries to develop stronger housing institutions that would support private sector housing initiatives and lend downmarket to low income households for housing improvement (Van Huyck, 1987). Unfortunately, their 1970s housing policies still focused on providing housing for the poor. Thus, even after twenty five years of experience by developing country governments and UNCHS(Habitat) and other international agencies, public action in addressing the housing problems of the poor was at best limited. As in the WB experience, problems of implementation and inability to replicate, as well as the sheer scale of the housing needs of the poor, revealed the limitations of the 'housing-for-the-poor' strategy (UNCHS(Habitat), 1990, 2001).

The UNCHS(Habitat) highlighted its dissatisfaction with the status quo when it declared 1987 the International Year of Shelter for the Homeless (IYSH), targeting those who, despite policy shifts continued to experience housing inadequacy (UNCHS(Habitat), 1990). 1987 became a pivotal year starting which more realistic national shelter strategies were devised, with the UNCHS(Habitat) taking a lead role in promoting this goal. It was however recognized that even within the auspices of the support approach, there was no standard solution suited to all contexts, and that each country would be best advised to devise forms of action/support that were suited to its social and economic conditions as well as its specific development context (Johal, 1989).

Further, the United Nations General Assembly, on the basis of the IYSH agenda of 1987, proclaimed a Global Strategy for Shelter to the Year 2000 (GSS) in 1988, and designated the UNCHS(Habitat) as the agency responsible for the coordination of its implementation. The GSS was seen to be one of the most important documents yet produced in the field of housing support (Ramachandran, 1991). Its crux was government withdrawal from the direct provision of housing, to facilitating the efforts of others, emphasizing an approach mirroring Turner's views, of partnership and the need to link public, private and "third" sectors in complementary and mutually supportive roles that capitalized on the strengths and capabilities of each of them. In this sense, effective partnership was seen to be the key to the enabling approach to housing. The enabling strategy entailed releasing the energies and resources of the poor people themselves to create and gradually improve their housing and environment, by providing them with the means to enable them to do so (Turner and Fitcher, 1972). The parallelism between these and WB policy shifts is notable. The GSS was adopted in December 1988, and in it, the enabling approach, which later became a key feature of post-apartheid housing policy, was defined.

#### **3.3.2.4 The Enabling Approach and Enabling Strategies**

In addition to the GSS's emphasis on enabling strategies in housing provision and improvement, it also placed housing within a macroeconomic framework by advocating policies that linked housing and economic development (UNCHS(Habitat), 1991a). It argued that significant housing

programmes could provide employment to the unskilled and semi-skilled labour force prevalent in developing countries and also contribute to the skills acquisition through on-the-job and vocational training. The building materials and construction industry required to support the extensive housing programmes envisaged under the GSS could further stimulate industrialization in developing countries. Enabling strategies would, on their part, contribute to capital formation through heightened incentives for personal savings and the provision of an avenue for effective mobilization of such savings, critical for housing improvement (UNCHS(Habitat), 1991a).

Going beyond the traditional pilot project approach, the GSS called for governments to enable all other sectors/actors (private, households and the non-governmental sector), in the housing production and improvement process, by maintaining incentives that would induce them to make their optimal contribution to housing provision and improvement. Governments' enabling/support actions would concentrate on ensuring adequate supply of land for low income housing; coordinating the provision of infrastructure and services; establishing a sound financial environment to encourage private investment in housing; maintaining market interest rates to avoid undue and unwarranted subsidies; and ensuring access to affordable housing finance for low income groups; liberalizing building standards to permit use of a wider range of building materials; and promoting small enterprises in the housing field (UNCHS(Habitat), 1993). The enabling approach was introduced as a policy shift, articulated not just by the UNCHS (Habitat), but also by the WB and other multilateral agencies concerned with housing, to focus on reforms to improve the efficiency and effectiveness of housing markets. The final decision on how to house themselves would be left to the households themselves.

The GSS further stressed the role of the market in housing delivery, and like the WB focused on regulatory and institutional reform, not on direct governmental housing production. Most importantly, it emphasized the need for the enablement of communities and households to incrementally improve their dwellings, in line with Turner's recommendations (Turner, 1976, UNCHS(Habitat), 1990, 2001, 2003). Although the record of actual implementation of these recommendations has remained less than impressive (UNCHS(Habitat), 2001), there was merit in having such a clear policy trajectory, to prevent reversion to old habits of direct construction by governments.

It is important to note that while the UNCHS(Habitat) and other agencies and governments no longer used the 'housing-for-the-poor' approach, site and service and squatter upgrading programmes remained the key delivery systems employed, by which the basics considered necessary to trigger housing investment and improvement by households could be made available to households. The South African post-apartheid housing policy, coming many years after this discourse thus found the two incremental delivery modes to be relevant policy tools, despite the debate surrounding them. The theme of enabling the market is also a key feature of current policy.

### 3.3.2.6 Responses to Policy Shifts

The numerous responses to the efficacy of the enabling strategy and the support approach have been based on decades of their application in an attempt to resolve low income housing problems, and should have informed South African post-apartheid policy making. Spence et al (1993) for example, considers the approach ill-suited to address these problems on any significant scale because of the following main weaknesses:

1. It is management intensive: The approach demands effective and imaginative management at all levels. It requires housing actors with multiple skills. It is not well-suited to line management structures which are firmly entrenched in many government ministries. It requires housing actors, not just learning new procedures, but also new ways of thinking (Spence et al, 1993). In South Africa, these weaknesses are compounded by a relatively new housing policy that requires actors not only to learn the new approach, but also to 'unlearn' the old practices of delivering low income housing of the apartheid period.
2. It ignores poverty: The enabling strategy and support approach is about removing the constraints which limit the ability of people to invest their resources in housing. To those without resources, it does nothing. The enabling approach's creation of employment and hence wealth for the poorest is at best, painfully slow ( Spence et al, 1993). Laquian (1983) cited in UNCHS(Habitat)(1987) argues that the solution lies in addressing the sets of measures that must accompany housing, geared at alleviating poverty and enabling communities to help themselves. These measures are an important part of the way in which households would afford housing improvement, and a theme of this study.
3. There has been criticism that the support approach yields housing that tends to serve the most able and enterprising of the poor. The UNCHS(Habitat)(1987) acknowledges that enabling strategies and the support approach do not reach all poor people equally, making the distinction between the poor, the very poor and the destitute. In South Africa and elsewhere, the support approach has little to offer those who live in destitution, as it builds on something that is already existent, or something that the poor already possess.
4. The need for cost recovery, coupled with the desire of governments to see initial starter housing and squatter housing consolidated to high municipal standards has generally caused undue hardship for the poor beneficiaries (Hamdi, 1995).
5. The support approach often does not harness the relationship between houses, jobs and economic opportunity, services and transport. The implementation of housing projects in isolation of settlement-wide processes has resulted in little impact in respect of improving the poor's economic welfare, and this has imposed unintended restrictions/limitations on would-be consolidators.
6. The support approach has been facilitated through aided self help projects. While they are supposed to constitute a departure from conventional programmes, many aspects of their implementation remain conventional in practice, and rigidly institutionalized, thereby stifling the spontaneity of self help (Ashton, 1976 cited in Drakakis-Smith, 1981).

Such limitations notwithstanding, there appear to be no alternatives to governmental support to household action around housing improvement. Despite these weaknesses, UNCHS(Habitat)(1987) concludes that the approach does seem to carry the greatest hope and promise, relative to direct government provision of housing.

At the end of the project period allocated to GSS in 2000, the UNCHS(Habitat) moved on to other human settlement agendas, with current strategies now emphasizing and favouring rights-based approaches while taking advantage of the potential of housing markets. These new strategies have shifted the limelight from the support approach and its accompanying enabling strategies, to promoting “globally relevant norms and standards on secure land tenure and adequate housing and services, using an integrated approach of complementary action of research on norms and standards, capacity building and direct intervention through field projects at national and local levels” (UNCHS(Habitat)(2001). The Millennium Development Goals and their focus on and commitment to human rights, good governance and democracy, despite their direct relevance to human settlements, also constituted a shift in emphasis away from enabling housing strategies, to a more holistic programme for combating hunger, disease, illiteracy, environmental degradation and discrimination against women (UNCHS (Habitat), 2001, UN – Habitat, 2003).

Despite Habitat I Conference’s (Vancouver, 1976) achievement of laying of the foundation and comprehensive framework for subsequent attempts to address the housing problem at both international and national levels, its resultant support approach did not make the envisaged impact, on the size and scope of the housing problem internationally in the two intervening decades that followed. The shift described above was thus intended to progress past the inadequacies of the principles UNCHS(Habitat) had applied for two decades. Towards this end, the Habitat II Conference took place in Istanbul, Turkey in 1996. The South African government was represented. The Habitat Agenda, resulting from the Habitat II Conference, attempted to frame the enabling/support issues differently, with its declarations and platforms featuring the principles of civil engagement, sustainability and equity (UNCHS(Habitat), 2001). While still embracing the enabling and support theme, Habitat II began to touch on specific issues that had constrained the support approach and enabling strategies, and cited the following priority issues as needing to be addressed by governments, to increase the effectiveness of the support approach:

- Unsustainable consumption and production patterns
- Unsustainable population changes
- Unemployment
- Lack of basic infrastructure
- Growing insecurity and violence
- Increased vulnerability to disasters.

These priority areas were contained in the first of two documents resulting from the Habitat II Conference, named the Istanbul Declaration on Human Settlements. The second of the two documents, the Habitat Agenda, outlined goals and principles covering a broad spectrum of issues related to human settlements, some of which interfaced significantly with concerns addressed by

both Habitat I and the support approach. Among those principles relevant to the support/enabling approach were:

- Equitable settlements where all have equal access to housing, open space, health services and education among others, the absence of which reduced incentives to improve housing by households;
- Poverty eradication in the context of sustainable development;
- The importance of quality of life of physical conditions and spatial characteristics of cities;
- Solidarity within disadvantaged and vulnerable groups;
- Increased financial resources; and
- Health care, and other services to improve quality of life (UNCHS(Habitat), 2001).

By expanding on the enabling/support approach principles, Habitat II's contribution was to reject the narrow perspectives of housing that had up to then failed to treat it as a settlement-wide aspect, and which approach profoundly undermined the support approach. Habitat II also stressed the importance of exchanging information between countries, and showcased 'best practices' from different countries and initiatives that had been employed effectively in areas such as poverty alleviation, management of the urban environment and providing access to land, housing finance and community infrastructure and services. These experiences could be adapted and tried in countries still grappling with what support to provide, and how to provide it for maximum effectiveness in housing consolidation.

In conclusion, the role that UNCHS(Habitat) played in making the support/enabling approach the contemporary housing policy approach of the day, was one of making consistent the theme, throughout its declarations and programmes, that the scale and severity of extant problems exceed governments' capabilities and resources. This acknowledgement prompted and maintained calls for the development of supportive and enabling policies, capacity building in the housing sector, and broad-based partnerships with the non-governmental sectors. In addition, the new normative policy platform emerging from the United Nations in the 1990s and bridging this period into the new millennium, began to build emphatically on the concurrent commitments to eradicate poverty and reduce inequality, which remain at the heart of the failure of the support approach policy to attain housing consolidation goals at scale within an incremental housing context. It does therefore beg the question why these relevant themes were not exhaustively dealt with during post-apartheid housing policy formulation and partly explain the reason why South Africa is grappling today with support problems that had been identified and acknowledged by both international agencies for over two decades.

### **3.4 Incremental Housing and The Supporter Paradigm in Practice**

The support approach identifies a series of interrelated elements, actions and processes on the part of the government to alleviate the pain experienced by the poor in their quest for housing adequacy. Such critical elements of a supportive environment should encourage a desire for personal investment and commitment to household action in the housing context, by ensuring that the poor

receive institutional support and the resources necessary to effect such investment and commitment. A support policy framework for sustained household investment in housing would aim at supporting households in the areas of basic needs (land, infrastructure and services), appropriate technology, management of the housing process and job creation and income generation, access to finance and information among others, enabling them to invest in housing improvement. The subsequent discussion of these is aimed at clarifying the exact nature of support called for in these areas, to launch the poor into housing improvement activities.

### **3.4.1 Land**

A vast number of low income households cannot afford legal access to residential land (Angel et al, 1983). Furthermore, not all available land is suitable for housing for the poor. Suitability is determined by location, affordability and the land's physical attributes. Angel (1992) argues that availability of suitably located land poses a serious constraint to housing development for low income communities in urban areas, which has direct negative implications on housing consolidation and improvement.

Unemployment, low wages and the private market prescribe land affordability levels and therefore residential locations and conditions. Wolfsohn (1990) draws attention to the contradiction in terms in the notion of suitably located affordable land for the poor. The market can only avail cheaper, more affordable land on the urban fringe, making the cost of transportation to centrally located employment opportunities prohibitively high for the poor. Only government's support in this regard can ensure that the poor's locational needs are met, even if this has to occur outside of the market mechanism, or through some form of subsidization.

With regard to the land's physical attributes, there is need to consider that the poor will need to maximize the potential of the given land at the least cost to themselves, in housing consolidation. If for topographic reasons marginal land exists near the inner city, these areas, while they may become strategic sites on which to locate the poor, have important implications on a policy that has requirements for the poor to afford housing consolidation. For example, steep sites are more costly and less desirable to improve. Furthermore, households are more likely to invest in sites which are free from frequent inundation or erosion by storm water, have basic social necessities like pedestrian access to the dwellings and provide for vehicular access among other things (Dixon et al, 1991).

Finally, land and housing delivery are tenure driven, and increasing security of tenure is thus considered to be one of the most critical steps required to catalyze housing consolidation in the incremental housing context. Studies have shown that a sense of security of possession in a parcel of land will release surprisingly large amounts of capital, even among the poor (Angel, 1983, Doebele, 1987). Wegelin and Chamond cited in Angel (1983) note that security of tenure and an ownership status provides an asset recognized by credit-granting bodies as being acceptable collateral. Security of tenure is therefore an important form of support by which governments can ensure, directly, legal access to land, and indirectly, investment in housing improvement and consolidation.

### 3.4.2 Infrastructure and Services

The provision of essential infrastructure to residential settlement areas is, next to land, the most important obstacle to meeting the low income housing needs (Van Huyck, 1987). While the incremental housing process aspires to self help notions in which the poor develop most aspects of their housing, it is widely accepted that investment in essential infrastructure must of necessity, be largely a public sector responsibility. Support in this regard triggers investment in housing construction/improvement by households themselves, whereas such investment may be frozen if households, even though able to provide their own housing, are unable to obtain water supply, sewerage, solid waste disposal, sanitation, power, road access or provision of community buildings. Without infrastructure, households are simply less willing to invest in housing (Van Huyck, 1987, World Bank, 1994). Support in this regard must however not just address infrastructure supply per se, but also the nature and level/standard of infrastructure, and combination of infrastructure elements provided, and the likely impact of these on the desire to improve housing by households. Improving a single component of infrastructure, for example, will not support the level of housing consolidation which could be achieved if a combination of components were to be integrally provided (UNCHS(Habitat), 1987).

### 3.4.3 Building Materials

Building materials constitute the single largest input in housing construction and account for approximately 37 - 55 per cent of the total cost of the entire dwelling (Moavenzadeh, 1987). Drakakis-Smith (1981) pegs it higher at 60 – 70 per cent of the total housing construction cost. Constraints in access can therefore affect households' efforts at consolidation profoundly. Building material prices in developing countries are attributable to the following four main elements:

1. high import content of the main building materials;
2. the monopolistic tendencies of large building materials producers who remain the main suppliers of building materials for housing;
3. inappropriate building standards, codes and regulations which prescribe the use of costly building materials and which fail to acknowledge alternative lower cost, often locally produced building materials;
4. a high degree of wastage or wrong application, for example the use of reinforced concrete in simple structures, and cement mixtures that are stronger than they need be for certain functions (UNCHS(Habitat), 1987, Van Huyck, 1987).

Among the ways that governments can indirectly support households in this respect and ultimately making building materials and the building process less costly, are:

1. appropriate standards for the use of building materials;
2. substitution of conventional materials with cheaper innovative materials; and
3. support for local production of building materials through local entrepreneurship and small businesses.

It is UNCHS(Habitat)'s contention that, for almost every building material currently being produced, less costly alternatives can be found, and that several production technologies are feasible, with

varying scales of production ranging from petty, small-and-medium scale plants, to larger complex production units (UNCHS (Habitat), 1987). Thus, all forms of technology (but especially the low technology ones) and scales of production should be supported, and the range of building materials obtainable expanded, creating the necessary competition in the building material industry, thus stabilizing the cost of this important housing input. For example, it is desirable to find alternatives to concrete for walling and roofing, with several options open including the use of clay blocks and tiles, timber components, wooden composites, agricultural and industrial residues, reinforced glass material and even sheets from base metals (Shelter-Afrique, 1991). Government support in this area can be lent in two ways viz.:

1. overall policy making and strategies to regulate the overall policy framework within which some of these changes can be implemented;
2. within housing projects, support to small scale entrepreneurs and family businesses to obtain licenses for raw materials quickly and cheaply, affordable credit, advice and support with marketing of products, as well as technical assistance and training to improve technology and production skills.

Finally, it is important to take cognizance of the potential of this support to enhance the overarching policy goal of using low cost housing developments as opportunities for employment creation and income generation.

#### **3.4.4 Housing Finance: Credit and Savings**

Access to housing finance by the poor is an essential support to households involved in incremental housing. Given that the poor's resources alone are insufficient for such investment, housing credit becomes critical to completion and improvement of dwellings. Governments therefore need to provide a housing finance system that works for them.

The sources of finance for the poor are varied and have included savings, contribution from friends and relations, and/or borrowing from informal moneylenders. In the interest of addressing the scale issues, these sources have needed to be enhanced through policy measures that harness some of their already established attributes. Government support in this area entails:

1. Supporting formal institutions that make credit available to the poor, and supporting initiatives that seek to link the formal financial sector with the urban poor. Contrary to popular belief, low income households are not poor credit risks (Van Huyck, 1987). Indeed, they have often paid much higher real rates of interest in informal credit markets, and are likely to make substantial savings on the cost of credit if given access to unexploitative formal credit markets. The main problem remains one of lack of the income stream needed to qualify for long term loans (UNCHS(Habitat), 2002b). Small loans thus seem to be more appropriate, and support is then not just required to unlock credit per se, but the right/appropriate type of credit. It need be borne in mind that the credit needed by low income households is not only for financing housing consolidation, but should also be aimed at income generation and employment creation, if housing affordability issues are to be addresses sustainably.

2. Supporting efforts to mobilize savings in the informal sector, and linking these where appropriate, to the formal sector where larger amounts of money, more attuned to housing construction can be accessed (UNCHS(Habitat), 2002b). Many poor communities already mobilize monies through informal saving. Governments, in conjunction with the formal financial sector need ingenuity and financial engineering means to tap into this large pool of funds, while providing desirable incentives for savers, and making savings-based lending possible. Government support also needs to include formulating strategies intended to inculcate the culture of saving among the poor (UNCHS(Habitat), 1987).

### **3.4.5 Labour**

According to Moavenzadeh (1987), labour is the second most important input to housing construction, estimated at 19 – 27 per cent of the total value of output. Only building materials constitute a greater expenditure. Labour unites a number of critical elements within which government support is required to impact housing improvement efforts by households. Firstly, procurement of labour requires income on the part of the household that is procuring labour, unless the labour is paid for in kind. To this extent, poverty and low incomes become a significant constraint on the ability to afford labour.

Another less simplistic aspect of labour is also critical. Households expected to engage in a self build process require skills not always found among low income groups, and it cannot be automatically assumed that the poor will build their dwellings without some assistance. In a formal housing context, the skills they bring to the process may not be found acceptable. There are however means of acquiring the necessary skills, and government could couple project implementation efforts with formal and semi-formal training programmes. Those trained could in turn, informally provide on-the-job training or apprenticeships to others (Van Huyck, 1987, UNCHS(Habitat), 2002b). The availability of varied skills within a settlement not only makes it possible for labour to be procured more cheaply, but it gives incentives for housing improvement for households surrounded by such skills. A further support from the government in this area could be the cultivation of cooperative building activities by households, by first fostering building groups with varied skills, and providing the organizational support necessary to keep the building process going.

The choice of technology to be employed in the building material production and housing construction often determines the labour needs, and whether these will be skilled or unskilled workers. However, considering that not all low income households will engage in the self build process, procurement of labour will continue to be a function of income, and to this extent, improvement in household incomes becomes a critical link to the labour issue in the housing consolidation process.

### **3.4.6 Management of the Housing Process - Institutional Support for Housing Improvement**

As indicated earlier, institutional support to the incremental housing process determines in large part whether housing policies based on this approach meet with success. Where housing improvement is

expected, there must be corresponding institutional capacity at all levels, and weak institutional capacity and poor management of the housing process does impact negatively on the implementation of such policy in the meeting of its overall objectives.

There is no doubt that the area of institutional support to household and community activities is complex. Here, government intervention is aimed at not just creating a policy environment favourable to incremental housing activities of private households and micro-enterprises in the construction field, but also ensuring that it works. This calls for an institutional capacity for “learning by doing, learning from the experience of error and surprise, learning to build institutional capacity where little or none existed before, and learning to play new enabling roles in a varied and continually changing policy context” (Schon, 1987). Creation of such capacity calls for a better understanding at institutional level of how incremental building processes and housing systems actually work, their preconditions or prerequisites, and the types of public and private institutions, and formal and informal systems needed to enhance such working. Removal of inefficiencies within the institutional framework must be accompanied by the creation of capacity to implement national housing strategies at all levels.

### **3.5 INCREMENTAL HOUSING DELIVERY INSTRUMENTS AND SUPPORT**

Within contemporary housing policy, housing programmes embracing the supporter paradigm have revolved around squatter settlement upgrading and sites and service schemes. These have taken the basic premise that the poor will be able to improve their own homes, if the right circumstances and some government assistance are availed. These two forms of intervention are instruments in “good currency” (Schon, 1987), and have become important tools implementing the support approach. And despite advocacy for a shift away from ‘projectising’ housing, they still largely provide the basis upon which responsibility-sharing for housing by various sectors can be achieved.

Upgrading of squatter settlements can involve the improvement of the dwellings themselves, but usually consists of the installation of basic infrastructural services, and social and community facilities. In theory, the principal objectives of upgrading are to reduce the costs of housing improvement for the squatter, while avoiding the residential dislocation (Drakakis-Smith, 1981, UNCHS(Habitat), 1987). The expected housing improvement follows rationalization and conferment of security of tenure, but depends on how desirable the critical aspects of upgrading make the project, as well as the support provided to households to enable housing consolidation action.

In South Africa however, upgrading has taken on a somewhat different approach of largely meant relocating squatters altogether, or in the minority of instances, taking them out of a particular site for a time, demolishing their existing shacks, regularizing sites, providing security of tenure and basic services to each site, as well as building a formal starter house. Those unable to be incorporated in the newly planned project are relocated. In the latter context, it is upgrading to the extent that a previously informal settlement is upgraded to a formal one, but the element of gradual upgrading of original dwellings does not apply (Huchzermeyer, 2006). The BNG policy is however set to change

this, as advisors on the refinement of its Informal Settlement Upgrading Programme are insistent on the need to undertake in-situ upgrading projects in desirable locations.

Sites and service schemes differ fundamentally from upgrading in that they often involve entirely new developments, on new land subdivided into serviced residential plots, and often in the urban periphery. There is plenty of scope to innovate in this approach, and the various ways in which this approach has been employed is testimony to this. Service standards may vary, as may plot sizes. Some projects may have water piped directly into each house while others may have common water standpipes shared by several households. In some cases, only the serviced site is provided while in others, a core or starter house may be provided. New residents may build the houses themselves or contract out labour. Government subsidies may be used to provide the basic elements, and/or be extended to building materials and/or cash loans, and technical support (Drakakis-Smith, 1981, UNCHS(Habitat), 1987).

Thus, contemporary housing policy, using the two incremental housing approaches of upgrading and site and service schemes, attempts, while reducing direct governmental housing provision, to still maintain or restore formal control over land subdivision and house-building processes, and to mobilize the resources of low income households for both creation and improvement of housing. In squatter settlement upgrading programmes, such mobilization is seen to depend upon granting security of tenure to the squatter. In sites and service programmes, the process seeks to make use of the resources the poor may otherwise invest in squatting or in buying in an illegal subdivision.

From the residents' point of view, the primary and initial attraction of both incremental housing approaches is undoubtedly the security of tenure they offer, together with some measure of infrastructure and freedom to build at ones own pace. Contemporary policy however introduces elements into housing consumption that makes it fundamentally different from conventional housing policies, and these continue to challenge its efficacy in addressing the needs of the poor, especially where corresponding support is not provided. In particular, affordability and cost recovery are two such elements.

The primary aim of the incremental housing approach within contemporary policy is to make housing affordable to the urban poor, and through self-financing to have high levels of cost recovery. While achieving these two critical objectives, households must also attain gradual improvement of housing. Support with respect to affordability is expected to be achieved through improved economic circumstances of the poor, triggered by their improved status as urban dwellers once the project basics are provided. Thus, elements such as access to economic opportunity, and to housing credit are expected to flow automatically out of these two forms of intervention. Furthermore, if set up correctly, projects are supposed to be 'integrated' into other human activities, providing for a systematic and coordinated access to physical and social infrastructure. And given that affordability and cost recovery are important objectives of upgrading and site and service programmes, the programmes should themselves provide extensive opportunities for income generation and

employment creation. These objectives are however not automatically achieved, and specific support measures need to be provided concurrently, some at preliminary project planning stages (for example location of housing sites) if maximum benefits for households are to be derived (UNCHS(Habitat), 1987).

Support measures to improve affordability of the poor's material needs including housing remains the single most formidable challenge to contemporary policy, so that both upgrading and site and service programmes have displayed the tendency to serve the most able and enterprising among the urban poor, while their most disturbing feature remains the inability to help those most in need of assistance (Payne, 1975, Peattie and Doebele, 1976). With regard to cost recovery, the WB and UNCHS(Habitat)'s requirements for recovery of both capital and operating costs in housing schemes continue to challenge consolidating households, where improvement of affordability has not been adequately addressed (Smit D, 1991). Contemporary housing policy's greatest contradiction remains one of attaining housing affordability and financing of housing consolidation by the poorest of the urban poor, an expectation which appears to be defeatist from the outset. Packaging support to be comprehensive and holistic can begin to address this contradiction.

The acceptance of the incremental housing approach as the vehicle for housing improvement for low income households necessarily needs to be followed by deliberate governmental support. Such support however means not just actions geared to foster activities around housing improvement by households, but also the removal of the obstacles that stand in the way of such action. Sometimes support may find expression in the readiness on the part of governments and public authorities to take decisions that may conflict with conventional, often neo-liberal views in certain critical housing matters, for example land and financing of housing (UNCHS(Habitat), 1987). Future support action must also be guided by the indications 'on the ground' with regard to how successful/effective the support strategies in place have turned out to be. Thus, it is only by unequivocally listening to those that need to be supported that the public sector can design a support package suited to address the needs that are expressed.

### **3.6 SUMMARY**

This chapter accomplishes the objective of demonstrating the origins and rationale of the incremental housing approach, its rooting in support-based policy, and the critical role of the early thinkers of self help housing and both the WB and UN – Habitat in shaping the support policy in the housing context. All these role-players agree that certain support actions are critical in incremental housing projects, to facilitate housing consolidation. These are raised throughout the conceptual framework, and include;

- the provision of adequately serviced, suitably located land, with secured tenure, required to provide the poor with the confidence they need to invest in the phased construction of permanent dwellings;
- infrastructure and services developed by urban authorities;

- equitable housing finance programmes which may or may not include subsidies, and affordable credit which may or may not be linked to savings;
- support for the development of affordable/competitive sources of building materials;
- Job creation and income generation, with the housing process itself set up to contribute substantially in this regard, and skills training in housing construction- related activities provided where applicable;
- appropriate building regulations relevant to how the poor build , and which can guarantee housing consolidation/improvement at scale;
- institutional, technical and logistical support to the housing process, by central and provincial governments;
- And finally, overall, the role of managing the housing sector by creating market-oriented institutional structures to oversee the implementation and performance of the housing sector, coordinate the combined activities of the public sector, the private sector, non-governmental and community based organizations, and which would support the poor in the housing improvement process ( Turner, 1976, UNCHS(Habitat), 1987, 1990, 1993, 2001, HWP, 1994, World Bank, 1994, Zanetta, 2004).

These are reiterated here as the critical elements that the study assesses the South African post-apartheid housing policy for, in respect of how they are set up and packaged, and the extent to which they help housing beneficiaries achieve the goal of housing consolidation. In summarizing contemporary housing policy, one however recognizes that it does not automatically yield the envisaged incremental housing improvement results, even though housing consolidation is an important basis upon which contemporary policy should be judged. The 'support' aspect of the support approach that defines contemporary policies, means specific, relevant and tangible actions which are reflective of context, and in determining how successful the supporter paradigm and the support approach policy has been, the effectiveness of these actions in meeting the housing consolidation goals must necessarily be evaluated.

## **CHAPTER 4: SOUTH AFRICAN POST-APARTHEID HOUSING POLICY: WHICH WAY SUPPORT?**

### **4.1 INTRODUCTION**

Post-apartheid housing policy's definition of its role as one of supporting households in their housing improvement endeavours, locates it firmly within the supporter paradigm and the self help and support approach to housing delivery, with the government expected to provide the support framework needed to make this goal achievable (Department of Housing, 1994). Self help housing in South Africa is however not a purely post-apartheid phenomenon. It was practiced in the late 1970s and early 1980s, and official announcements made in 1983, of a shift to greater reliance on self help and the private sector to supply housing (Smit D, 1991, Wilkinson, 1998).

Post-apartheid housing policy is aligned to the ANC's Reconstruction and Development Programme (RDP) of 1994, which set the new policy agenda for the country in line with contemporary international housing policy developments of meeting housing delivery through a combination of public and private sector resources. Such partnership was considered likely to address better, the high levels of poverty among urban communities, lack of access to basic municipal services, limited or no access by the poor to land, a culture of disaving, declining investment in housing as well as an extremely fragmented urban structure, all of which confounded housing delivery (Department of Housing, 2000). Official discussions on the structure and the spirit of the post-apartheid policy was closed with the launch of the HWP of 1994 (Department of Housing, 1994, Huchzermeyer, 2001). The irrelevance of some of the policy's provisions to the urban poor have however been noted to negate the efficacy of this support-based policy.

This chapter looks at the historical context that informs current policy; the way in which the support approach framework has been conceptualized; how support has been packaged and delivered; as well as the main housing support roles and their role-players. The chapter asks whether this policy approach can achieve a reasonable pace and scale of housing consolidation within incremental housing projects. It identifies the gaps and contradictions that require to be addressed to make the policy more attuned to the poorest households. The chapter also identifies the parallels and divergence of post-apartheid policy with the broader understanding, thinking and analysis of contemporary housing policy.

### **4.2 HISTORICAL CONTEXT**

For a long time in South Africa, the state provided for the formation of settlements by direct funding and subsidy, and settlements were seen as a social overhead required to provide a basic level of welfare. Even though in this respect South Africa was no different from many other countries, housing provision was however closely articulated with apartheid social and spatial engineering (Smit D, 1991). Thus, despite the welfarist 'vener' attached to state efforts, apartheid housing policies exhibited undesirable characteristics. Due to numerous and severe restrictions, the material and institutional framework within which black people lived to a large extent affected their income

generation and wealth-creation possibilities. It was therefore unlikely that they could produce their own housing of an acceptable standard. (Andrew and Japha, 1978, Burnett and Prinsloo, 1978). A new political dispensation therefore required new state responses so as to ensure a certain degree of social legitimacy and stability (Marcusse, 1992, Dewar, 1999), by specifically instituting measures to redress the housing situation that was only getting worse. Backlogs to the tune of 1.5 million units were cited (Department of Housing, 1994), and it was important that the policy be realistic in terms of how these would be tackled.

The ambitious public housing drive of the 1950s and 1960s did however result in substantial public housing for black people, consisting of the so-called “match-box houses” in townships in cities around South Africa (Smit D, 1991). The dramatic increase in the rate and scale of urbanization of the 1970s, and concurrent deliberate scaling down of public housing production by the apartheid state to disincentivise rural-urban migration, however led to the mushrooming of shack developments around South African cities, and to severe confrontation between the authorities and shack settlers. This called for change in housing policy approach in the 1980s.

Agencies such as the Urban Foundation (UF) were founded in the wake of the township uprisings of the 1970s, to begin to address the untenable situation of overcrowded township housing, the brutal suppression and removal of illegal settlements, worsening unemployment, and the continued ‘temporary sojourner’ status of black people in urban areas, fuelled by heightening political activism (Wilkinson, 1998). The UF began to argue a case for a shift to self help and to market-driven housing delivery processes (Smit D, 1991), as a way to introduce land ownership and a black housing market, and thereby ‘douse the flames’, with the Viljoen and Steyn Commissions of 1983 following suite. This shift would be accompanied by commensurate reduction in the provision of public rental housing. Thus the stage was set to prioritize the availing of infrastructure to all persons who could then, “with their own financial resources, those of their employers, financial institutions and other private means, accept responsibility for the construction of their own houses” (Kotze, 1982 cited in Dewar, 1983).

The 1980s decade thus saw the first UF experiments with site and service schemes in Khutsong and Inanda, Durban. The state responded more slowly with self help housing, and did not seriously deliver at scale despite its stated intentions. Squatter settlement upgrading was avoided because of its implied recognition of informal settlement, which was contradictory to the apartheid state’s obsession with orderly urbanization. In the meantime, the township uprisings of the 1970s had set in motion processes of oppositional civic movements, which vigorously opposed site and services schemes, self help and market approaches when these were introduced onto the South African housing policy scene in the 1980s, because they interpreted them to mean the removal of state funds from housing provision (Smit D, 1991).

The international housing policy debates and shifts which occurred in the late 1980s and early 1990s (tackled in previous chapter), culminating with agencies such as the WB and the UNCHS(Habitat)

promoting a more holistic approach of treating housing as a key sector of the economy with a view to meeting housing needs (Smit D, 1991, UNCHS(Habitat), 1991a, World Bank, 1994) infiltrated the housing debate in South Africa, where political circumstances had also shifted dramatically towards democratic rule. This resulted in growing international recognition, and in the housing field, efforts by many major players including the WB to influence the future of the housing question.

The advent of democracy in 1994 brought a new housing policy into operation, which policy was influenced by the 1980s self help housing experience in South Africa in general, and its leading advocate, the UF in particular, the international debates (of which the WB was a significant influence), as well as the need to, within a democratic context, redress the imbalances and neglect created by many years of apartheid planning. This new policy, the HWP, was implemented over a decade, and then reviewed to yield the BNG policy, aimed at addressing some of the main failures of the HWP. One such acknowledged failure was the inadequacy of the 'RDP' housing produced. This failure contradicted the fundamental goal of policy to ensure its beneficiaries' enjoyment of adequate housing, achieved through their own effort, supported by government, to improve the starter housing initially provided. This study reviews beneficiary experience with housing consolidation in the first decade of post-apartheid housing policy.

#### **4.2.1 Is Current Policy Really Post-apartheid Policy?**

The main pillars of post-apartheid housing policy are based on precepts and developments of the late apartheid period (Mabin, 2000 cited in Khan and Thring, 2003), which has important implications on the form and spirit of the emergent policy, and these are explored in due course. As already indicated, the establishment by organized business of the UF aimed to, using self help housing as an approach, address the large and growing backlog in housing supply, while facilitating the emergence of homeownership in the black (UF, 1994 cited in Huchzermeyer, 2001, Wilkinson, 1998). Thus, in line with internationally accepted conventional wisdom, homeownership and security of tenure were established as basic tenets of the emergent policy.

Because of its origins in business (the Anglo American Corporation), the UF's urban and social policy orientation leaned towards ownership and market ideals (Siedman, 1990 and Bond, 2000, Huchzermeyer, 2001, Khan, 2003). At the same time, the private sector's considerable leverage over the ruling National Party had already led to significant reform in urban policy in the 1980s, including abolition of influx control and gradual introduction of black land ownership. Unfortunately, despite some limited success with the latter, the new policy did not bring the supply of housing in line with demand in the rapidly growing black urban population, which mainly experienced a high rate of structural unemployment and widespread poverty (Wilkinson, 1998, Khan, 2003). Furthermore, the UF's use of "old" local authorities to implement their "new" approaches meant lack of support for lower standards for low income housing by municipalities. The resultant self-help housing therefore imposed strictly controlled, technocratically defined development, that mapped the trajectory for future self-help housing (Huchzermeyer, 2001, Khan, 2003).

In respect of influencing post-apartheid housing policy, the UF published its proposal for a National Housing Policy in 1990 (UF, 1990 cited in Huchzermeyer, 2001), with the central theme of a serviced site financed through a one-off capital subsidy. The National Party funded the implementation of this concept through the Independent Development Trust (IDT), in a 100,000 sites and service scheme, providing one-off capital grants of R7,500 per site (Nuttall, 1997 cited in Huchzermeyer, 2001). The IDT recognized that access by households to formal housing could only be on an incremental basis, with households undertaking the process of housing consolidation themselves, using their own financial resources and/or sweat equity/direct labour (Wilkinson, 1998).

The IDT's pilots, consisting of the supply-side, one-off capital subsidy are now legendary for creating what came to be infamously called 'toilet towns' (Smit D, 1998, Khan, 2003), and giving incremental housing delivery a bad reputation that preceded it into the post-apartheid policy deliberations. Its approach to accelerated housing supply nevertheless directly influenced the next important stage of policymaking, the De Loor Task Group, set up by the Department of Housing in 1990 to advise on a new national housing policy, reflective of the anticipated democratic changes (De Loor, 1992, Wilkinson, 1998, Mackay, 1999). The significance of the Task Group is its contribution to the key ideas incorporated into the current policy framework, in particular the supportive role of the state in establishing the legislative, institutional and financial framework which would enable private sector supply of housing (Merrifield, 1995).

The National Housing Forum (NHF), which was the major negotiating body for current policy, soon thereafter superseded the Task Group. Set up in 1992 and funded by the IDT, it comprised of 19 members, drawn from major political groups; parastatals (one of them the IDT); representatives of the financial, construction and insurance sectors; and non-governmental organizations (one of them the UF) (Wilkinson, 1998, Huchzermeyer, 2001). There is therefore a clear continuity of policy approach and recommendations from the UF to the IDT, the Task Group via the NHF into post-apartheid policy. Because of an intellectual rapport between these institutions and the WB, neo-liberal notions were strongly reflected in the resultant national housing policy launched in 1994 (Tomlison R 1994, cited in Jones and Datta, 2000). This occurred despite differing ideas put forth by progressive and radical NGOs which participated in the NHF's discussions, whose views carried less weight than those of established forces (Khan, 2003). Also less influential was the representation of low income groups in the NHF, under the auspices of the South African National Civics Organization (SANCO), while the ANC shifted its ideas away from a state-led housing policy, in order to secure future support from the business sector when it came to power (Huchzermeyer, 2001). SANCO's demands for a people-centred approach to housing and other features that would put the poor at the heart of housing action, did not therefore feature prominently in the resultant policy. Groups constituting the main intended beneficiaries of housing policy were also excluded, including the rural sector, informal savings organizations and women's groups, and this exclusion may partly be accountable for the absence from policy, of specific ways to deal with the issues affecting these groups' efforts to attain housing (Jones and Datta, 2000).

The Housing White Paper (HWP) of December 1994 is the outcome of the negotiated policymaking of the NHF. Dubbed a new housing policy and strategy for South Africa, the HWP attempts to reconcile the dominant position of the private sector for the commodification of housing, with people-centred housing procedures advocated by the democratic movement. The new policy's approach reflects a model of earlier policy thinking: a planned township, with a modest or incomplete house for each household situated on its own plot of land, as a way to formalize the housing process.

Despite the now acknowledged weaknesses of the HWP and the subsequent 2004 BNG policy announcements, the HWP remains the key housing policy orientation document in South Africa, with the BNG policy merely constituting a refinement, clarification and 'fleshing out' of some of the HWP's key features.

In addition to articulating the main policy features within which housing would be delivered, the HWP also closed the policy debate and called for commencement with delivery (Department of Housing, 1994, Huchzermeyer, 2001). There have however been numerous calls to re-open the debate on the underpinnings of the policy (Bond and Tait, 1997, Bond, 2000, Huchzermeyer, 2001), ranging from radical re-conceptualization, to accelerated and more effective implementation of certain aspects of the policy (Khan and Ambert, 2003). This study addresses the latter, specifically the means/forms of what Napier (1998) terms "post-occupation support for housing consolidation", necessary to make housing improvement achievable.

It is noteworthy that although the international intellectual housing debate largely passed South Africa by during the 1970s and 1980s (Mackay, 1999), clear policy parallels can be drawn between South Africa and the international arena over the last three decades or so, even while not necessarily inspired by the same reasons. In particular the shifts from direct governmental provision, to self help housing and 'projectising' of housing, and finally to enabling strategies are discernible in both contexts. Influence from the WB is particularly discernible, and the NHF's discussion documents widely cite the WB's enabling approach policy, while the main principles of both the WB and the UNCHS(Habitat) with regard to improving housing finance systems; targeting subsidies; security of tenure to facilitate credit from the formal sector; infrastructure and services improvements; removal of regulatory impediments from the building sector; improved organization and competition in the building industry; partnership between sectors in delivery and appropriate institutional reforms are embraced. This occurred despite tacit rejection of two WB Mission proposals to South Africa. The ready acquiescence of the South African government to be a part of the Habitat Agendas of the UNCHS (Habitat) also reveals the government's subscription to the general policy direction articulated by the UNCHS(Habitat) (UNCHS(Habitat), 1990, Tomlinson M, 1994, World Bank, 1994, Kyung- Hwan, 1997 cited in Mackay, 1999, Smit D, 1998, Mackay, 1999, Jones and Datta, 2000, Department of Housing, 2001).

### **4.3 MAIN FEATURES OF CURRENT POLICY AND IMPLICATIONS FOR SUPPORT AND FOR DELIVERY**

The main features of current policy are understood against the background of what the HWP (1994) identified as the core problems within the housing arena. These included a large housing backlog, and enormously inefficient settlement patterns with respect to both commuting and infrastructure provision, resulting from apartheid spatial engineering. End-user finance for low and lower-middle income households was unavailable, while land allocation procedures were slow and tenure arrangements complex and unsatisfactory. Complex socio-political issues, such as high expectations, poor consumer education and non-payment for services existed, as did constraints in the housing construction sector, in the form of monopolies, limited capacity, bottlenecks as well as misfits between areas of demand and capacity (Department of Housing, 1994, Smit D, 1998, Mackay, 1999).

It is against this background that housing policy in South Africa located itself within the supporter paradigm, acknowledging that support at different levels of the delivery structure would be an integral part of post-apartheid housing. Given the modest rates of national economic growth experienced at the commencement of policy formulation, and the pressing priorities of other critical programmes including health, water, education and social welfare, the HWP acknowledged the impossibility of delivering complete dwellings for the many poor households. It instead opted for an aided self help policy framework, in which an enabling environment would be created, for households to access permanent residential structures on an incremental basis. Out of this general policy framework emerged central features that would allow this policy path to be followed. These features and their implications for housing delivery in general, and for housing consolidation support in particular, are explored below.

#### **4.3.1 Incremental Housing Delivery**

While the HWP (1994) refers to the product that the government would deliver to households as a “permanent residential structure”, there is no doubt that the means by which this was going to become achievable was through an incremental housing process. It is however necessary to understand the debate that ensued between proponents and opponents of incremental housing as a critical feature of housing policy, because some of the concerns raised by the opponents in particular, are now concerns in the implementation of incremental housing policy. The debate is necessarily historical.

The poor reputation that the 1980s ‘toilet towns’ gave incremental housing carried over to the policy negotiation process, and into the first years of post-apartheid housing implementation. As a consequence, the HWP makes only disguised reference to incremental housing, even though it is actually central to the policy (Smit D, 1998, Huchzermeyer, 2001). This disguise did however create a great deal of confusion. The right to “have access to adequate housing” now enshrined in the 1996 Constitution (Republic of South Africa, 1996) echoed the interpretation of the concept of adequate housing by the HWP of “a permanent residential structure and with secure tenure, ensuring privacy

and providing adequate protection against the elements” in “viable, socially and economically integrated communities” (Department of Housing, 1994). This reference to a “permanent residential structure” set the norm for ‘housing’ that distinguished between the expected housing, and that provided within the ‘toilet towns’ of the previous government, and was further reinforced by the HWP’s undertaking to deliver a million “houses” in five years (Department of Housing, 1994).

Unfortunately, the capital subsidy financial mechanism for such delivery was unable to deliver the envisaged house. In response to this shortfall, initial impressions and expectations were corrected in two ways. Firstly, the first post-apartheid Housing Minister began to refer to the policy as an “incremental approach”, putting paid to the notion of a complete house (Huchzermeyer, 2001). Language within the Department of Housing began to articulate the terms ‘starter houses’ and ‘housing opportunities’ to ratify this view. This approach, the Minister clarified, required the government to ensure locally available technical assistance “as and when people were able to add to their starter houses” (Buchanan, 1994 cited in Huchzermeyer, 2001), thus beginning to touch on the post-occupancy support required to achieve housing consolidation. Secondly, the Constitution’s requirement that the government “achieve the progressive realization” of the right to adequate housing was pointed out.

Incremental housing as the core of the housing policy, was variously questioned. Firstly, beneficiaries observed the deficiencies of the starter house, and compared it unfavourably with the four-roomed township houses of the apartheid period, disregarding the security of tenure attached to the starter house, in particular, as well as the wrong reasons for which the housing of the apartheid era was provided in the first place. Secondly, the then Premier of Gauteng, in a running policy battle with the Minister of Housing, expressed his disillusionment with the proposed housing course by declaring that “we shall not be party to any scheme or plan whose eventual outcome.....is to create serviced informal settlements in the name of housing. People deserve to live in proper low cost houses” (The Star, 20<sup>th</sup> May 1994 cited in Pottie, 2003), entrenching an already existing view, even among government functionaries, that incremental housing was unlikely to yield the satisfactory housing.

Further, at the initial stages of housing policy implementation, some Housing Members of the Executive Council (MECs) (the political leaders in charge of housing at provincial level), publicly questioned the household subsidy amount, citing it’s inability to deliver the four-roomed houses associated with apartheid state housing delivery in the townships which required no consolidation by beneficiaries. When it was drawn to their attention that incremental housing was never meant to deliver four-roomed houses, the MECs’ next problem was that they were now bound by a policy formulated by others, which they were unable to influence (The Housing Accord, 1994 cited in Tomlinson, 1996). Therefore, while the debate over the standard of housing delivered under the incremental or progressive mode was closed by the HWP as indicated earlier, the policy did not settle comfortably on its actors, especially provincial governments. The critique by the MECs of the incremental housing approach mainly revolved around the enormous housing responsibility given to

beneficiaries to achieve housing improvement and completion, and the fact that few were going to be able to do so. The consolidation difficulties that faced beneficiaries were therefore anticipated from the early stages of the new policy's implementation, and not an unexpected or unforeseen outcome of a policy rooted in the incremental approach (Tomlinson, 1996).

At no time however, was criticism of the incremental housing policy approach as visible as when it was leveled by the second Housing Minister. After she took over the housing portfolio, she immediately took a swipe at the incremental housing approach, labeling it a recipe for "toilets in the veldt" (Sunday Times, July 17<sup>th</sup>, 1995 cited in Tomlinson, 1996). She took issue with the fact that many poor households would never be able to finance the completion of their starter houses. She however soon rallied and vowed to implement the policy (Tomlinson, 1996), and later became one of it's most ardent supporters, saying of it that "I am sure you will all agree that our policy framework is one of the best" (Department of Housing, 1999a, cited in Pottie, 2003). Her changed position ensured that the policy's commitment to the incremental approach survived.

The incremental approach policy feature cannot be concluded without reference to its main informing argument of "width" versus "depth" (Department of Housing, 1994, Smit D, 1998). The choice of width over depth allowed for as many low income households as possible to access government housing assistance, as quickly as possible, within the context of fiscal constraints and in line with the WB's requirements for horizontal equity of subsidies. The incremental approach was realistically the only way to achieve such equity. The responsibility to achieve depth of housing via improved and completed dwellings rested on the beneficiary households.

There are those such as Bond and Tait (1997) cited in Smit D (1998), and Jones and Datta (2000), who argue that the so-called trade-off between width and depth is a false dichotomy, and that there are no fiscal constraints in the simultaneous pursuit of both. Bond and Tait in particular, argue that with a lower delivery target per year (for example 200,000 units instead of the 350,000 argued for in the HWP) and an increased housing budget to facilitate bigger housing subsidies, both width and depth could be achieved simultaneously, and the responsibility for consolidation by poor beneficiary households ameliorated. While Smit D (1998) recognizes the desirability and feasibility of an increased budget, he contends that the argument around the width-depth issue is neither simple nor straightforward, and that even if the budget were to become substantially bigger, there would still be a question of whether to spread these funds as widely as possible to, for example, eliminate the backlog in a much shorter space of time. Smit further argues that given other housing purposes for the available funds, including facilitation, inherited housing commitments (for example existing rental stock) and other desirable housing programmes, the argument for increased subsidies to facilitate greater 'depth' of housing is not necessarily that compelling (Smit D, 1998).

Given the committed argument for the incremental housing approach, and given the lengths to which the government went to reinforce and retain it, it is inexplicable why, as Huchzermeyer (2001)

## 5.2 LAND FOR HOUSING

In South Africa, the skewed historical patterns of land use and allocation, the complex legislative and policy framework associated with land, the systematic exclusion of the majority of South Africans from land ownership in the cities, inadequacy of tenurial security, widespread poverty and high demand for land for both housing and investment purposes, posed immense constraints in the achievement of land-related goals in the post-apartheid era (Morris, 1981, Ward, 1983, Baken and van der Linden, 1992, Department of Housing, 1994). In a support approach context, addressing these issues was seen to be one of the major responsibilities of the government. The RDP (ANC, 1994) heralded the aims of post-apartheid policy in this regard, of providing for the rapid attainment of secure of tenure, and location of residential and employment opportunities in close proximity, which would impact on the propensity of households and communities to invest in housing improvement (Department of Housing, 1994). Thus, in addressing the land issue as a precondition of housing consolidation and therefore a pivotal housing support aspect, land is looked at through the security of tenure and location lenses.

### 5.2.1 Security of Tenure

Housing as an asset and the benefit from capital gains through ownership are essential reasons why security of tenure is the most vital component of any housing policy seeking the long term improvement in housing. The widely made assumption regarding incremental housing in particular, is that security of tenure is the kick-start needed for households to spend on housing improvement (Dewar, 1977, Maasdorp, 1977).

Andrew and Japha (1978) pointed out the merits of security of tenure in housing as early as the 1970s in Gleenmore, Cape Town. Here, a 1927 Council estate, built originally of corrugated iron boxes and ash bricks, with an outside toilet, was sold to incumbent tenants, who then improved the service levels, extended, altered and sometimes completely transformed the houses, which in turn produced particular identities in the street character. The range of houses of vastly different standards reflected people's abilities, desires and priorities. In Port Elizabeth, sale of council housing to incumbents in Jarman township led to substantial economic and physical advancement of the scheme. Andrew and Japha therefore identify secure tenure as a fundamental prerequisite to successful housing consolidation, and argue that people with no stake in the housing or land they occupy will not willingly develop it over time. They also argue that incremental housing provides a good basis for securing tenure for the poor, because it allows them to gain access to a reasonable level of standards, which they capitalize on to incrementally improve the physical and service standards initially provided.

Within the current policy, security of tenure has been largely of a freehold nature, providing free-standing houses on individual sites in greenfield incremental housing projects, while attempting to relax the standard of initial dwellings. This enables cheaper structures to qualify for homeownership, and also encourages self-help processes and steadily improving housing over time. The land/site cost

is included in the household-based capital subsidy (Durban Metro Housing, 1999, Huchzermeyer, 2001).

To the extent that over one and a half million households have attained secure tenure in the post-apartheid period (Department of Housing, 2004), tenurial support has been successful. The question that arises then, is one of whether such support has yielded the envisaged housing consolidation results. It must therefore be remembered that security of tenure links to consolidation in a particular way. Its importance in the context of current policy is therefore located elsewhere. Post apartheid policy assumes firstly that if households attained secure tenure, they would begin to “consolidate” their circumstances (Department of Housing, 1994, Tomlinson, 1998). Secondly, secure tenure was meant to trigger lending to households, through use of title as collateral (Napier, 1998). Tomlinson and Smit D (1998) observe that consolidation is not occurring at nearly the anticipated scale, and give a number of reasons for this, which point to security of tenure as just one of a number of interlinked aspects of support that need to be promoted thus.

Firstly, many poor households with secure tenure in projects in the urban peripheries are not sure they wish to locate there in the long term. They therefore often sell their sites at a fraction of the subsidy’s value when they need to move on, often in search of work (Tomlinson, 1998), surrendering their security of tenure. This begins to show that security of tenure for the poor is not that important in its own right, and that certain other conditions need to be fulfilled to make it as important as policymakers generally regard it. Furthermore, security of tenure has not released the expected end-user finance for consolidation purposes (Bond and Tait, 1997, Lombard, 1999, Datta and Jones, 2000, Huchzermeyer, 2001). Simple tenurial support therefore appears to be an insufficient condition for channeling people’s resources into housing. In particular, limited consumer affordability prevents beneficiary investment in housing (Bond and Tait, 1997, Town and Regional Planning Commission, 1997). Andrew and Japha (1978) conclude that housing provision should offer the possibility of economic choices, in order to allow individuals and households to participate in decisions which have a large effect on their day-to-day lives, including housing improvement. In the absence of other concomitant forms of support to address the economic opportunity and income concerns of beneficiary households, tenurial support on its own is an insufficient precondition for housing consolidation.

### **5.2.2 Location**

A ‘good housing location’ is one that affords households proximity to urban facilities, services and opportunities (Royston, 2003). Dewar argues that for self-help housing, such location considerably lowers transport costs. It also improves access to cheaper goods and services, and housing satisfaction, and these attributes cumulatively contribute to enhanced housing improvement (Dewar, 1982).

It is Dewar’s further view that contrary to popular belief, land suitable for locating low cost housing, made up of small parcels, exists within the present boundaries of South African cities which, if used

intelligently could yield a more integrated form of urban development with higher levels of social and commercial services, viable public transportation services, etc (Dewar, 1999). A crucial locational support intervention therefore lies in the reduction of distances and cost of travel, which would free up income for housing expenditure. These ideas of densification and inclusionary housing have found their way into BNG policy (Department of Housing, 2004).

Dewar's comments following the introduction of self help housing policy in South Africa in the early 1980s bear repeating. He points out that the imposition of peripheral locations exacerbates the inability of the poor to enter the system (Dewar, 1983). It also reinforces the spatial inequalities of the apartheid system (Watson and McCarthy, 1998, CSIR, 1999 cited in Khan and Thring, 2003, Lalloo, 1999, Tomlison, 1999, Bremner, 2000, Charlton, 2001, Huchzermeyer, 2001, Khan, 2003, Royston, 2003). It would seem that squatters exhibit a better understanding of the major role that poor locations and lack of integration plays in their poverty cycle, than housing technocrats. Dlamini and Bokwana (1998) cited in Huchzermeyer (2001) demonstrate this by elucidating on the locational dilemma of 'beneficiaries' of a transit site 30 km south of Johannesburg, who indicate a desire to return to their previous inner city location, where they did not incur any transport costs to access odd jobs. In fourteen post-apartheid housing developments in the Western Cape, the lack of access to economic opportunity and lack of jobs is raised as a serious problem in eight. The concurrent poor record of consolidation in these demonstrates the location-income relationship (Thurman, 1999). Locational support within current policy has failed, mainly because housing, public transport, community and social services have been treated as independent phenomena, and therefore not provided together in newly created neighbourhoods.

At policy level, there is recognition of the need to develop properly supportive living environments, rather than simply deliver houses. In this regard, the HWP makes a call for public authorities to urgently identify land for housing, and further uses the Development Facilitation Act (1995) (DFA)'s three tools to speed up land development in relation to low income housing development. The DFA has however failed to meet this objective, because practitioners have found its first tool, the Chapter One principles, aimed at promoting well located developments and integration, difficult to interpret. Secondly, the DFA's Land Development Objectives (LDOs), aimed at setting land delivery targets, have yielded 'wish-lists' of projects that are unreflective of the scarcity of resources for housing delivery. Thirdly, tribunals as the third tool of the DFA, aimed at speeding up land development decision-making, have experienced technical and administrative capacity limitations (Royston, 2003).

In addition to the DFA's failures, the emphasis on the number of housing subsidies approved has featured more prominently than the integration achievable through well located land. The conflictual interests attendant to such land have also undermined the expediency objective. Furthermore, while the location of housing is a prominent policy goal, project implementation has tended to contradict this, by emphasizing the development of vacant land, largely available in the periphery. Thirdly, proactive local government land identification has been limited, contrary to policy expectations.

Lastly, the regulations guiding implementation fail to take account of the variable land costs between provinces and localities. Royston argues that this practice prejudices certain subsidy beneficiaries in location terms, particularly in the wealthier metros and cities where land costs are highest (Royston, 2003).

Other system constraints exist. For example, many local authorities remain debilitated by insufficient land databases. Indeed, the implementation of the BNG policy has been hampered by this very problem. In addition, securing land against invasions and providing alternatives to evictions has used a disproportionate level of resources and capacity, at the expense of proactive land release. Private housing developers on their part have mainly targeted peripheral land because it is cheaper, leaves a higher portion of subsidy for the top-structure, is easier to access process-wise, and accommodates the cost-saving application of standardized layouts. Moreover, the policy itself displays a contradiction by advocating for supportive locations while placing a limit on the portion of subsidy that can be spent per site, inadvertently leading to peripheral developments where land is cheaper. Therefore, despite policy provisions, peripheral locations for low income housing continue to be perpetuated (Royston, 2003). The BNG is set to change this by covering the cost of land independently of the subsidy, but this is only likely to work for 'rich' municipalities that can cover such cost from their coffers.

Charlton further notes the lack of commitment by politicians, officials and the public to the notion of well located land for the poor. As a result, in eThekweni municipality for example, where this study is located, every single attempt to secure such land for housing has resulted in raging battles. Such battles have aimed to achieve the following: secure such land for housing over other competing uses; for the cost of land to be made affordable to low income housing projects; and against the NIMBY (Not in My Back Yard) syndrome, which due to real or perceived negative impact on property values and the environment, causes middle-income property owners to reject the development of low income housing adjacent to their neighbourhoods (Charlton, 2001). The support promised by post-apartheid housing policy in this regard has not been forthcoming. Furthermore, market prices are payable in the municipality for both private and Council land, making well located land inaccessible using subsidy funds. Thus, although the eThekweni municipality does boast a number of well located projects (in contrast to other major cities of South Africa) (Bremner, 2000 cited in Charlton, 2001), most of its projects are peripherally located (Charlton, 2001). Moreover, the few examples of spatial integration in major cities are an outcome of long-disputed land invasions rather than a deliberate intention to locate them optimally, the Cato Manor housing development in eThekweni being a case in point (Berrisford, 1999 cited in Huchzermeyer, 2001).

In a conversation reported by Huchzermeyer (2001) between herself and an official of the Department of Housing in the Western Cape province, the official states that "the problem with most of the vacant land in Cape Town is that it is prime land, and therefore not suitable for low cost housing." Interestingly, the same official sees no irony in following his comment with one to the effect that "local authorities are going bankrupt because of non-payment of services" by many poorly

located beneficiaries. It is unlikely that such beneficiaries are investing in housing improvement. Huchzermeyer asks if municipalities might not be less strapped for funds if their poor constituencies had access to better located land, and thus more likely to have a sustainable source of income, and lower expenditures on transport (Huchzermeyer, 2001).

Dewar (1999) cited in Huchzermeyer (2001) notes that the average annual bus subsidy per commuter in Cape Town is R3300. Perhaps this is all it would take to augment each household's subsidy funds and allow them to access well located land, for which such high transport subsidies would no longer need to be payable in perpetuity. To further Huchzermeyer's question, might low income households be in a better position to undertake housing improvements if they accessed to better located land, thereby improving their income, and saving on transportation expenditure? Locational support can therefore make an immediate and lasting difference in the livelihood and housing improvement issues of low income households.

There have been some useful if not widely applied developments with regard to availing of well located land, in eThekweni in particular. In 1997 for example, the Durban Metropolitan Council accepted the use of certain identified sites in its ownership bigger than five hectares, albeit under certain conditions. It would appear that a 1975 Ordinance allows the Council to sell such land at less than market value, provided the intention is advertised and the land is developed within two years for disadvantaged people (Charlton, 2001). This development is an example of the creativity that can be brought to bear on attempts to locate low income households more optimal locations.

Unfortunately, in eThekweni land desirable for housing is mostly privately owned, and the support needed in these instances is policies that address how the principle of market value can be circumvented or even overridden for public interest where justifiable. Another support, suggested by the Durban Metro Unit's Informal Settlements Programme document, is financial contribution from the local authority (Charlton, 2001), to augment subsidy in purchasing particularly private land. Governmental concerns about equity have however been raised in this respect, given that many municipalities cannot afford to augment the national subsidy with additional funds (Royston, 2003).

As for the NIMBY syndrome prevalent in South Africa, Charlton (2001) suggests municipality-wide cost-benefit analyses of the impact on property values of locating low income housing adjacent to middle income neighbourhoods. This, she concludes, would give the Council the necessary authority to support beneficial, if unpopular developments, as well as establish a uniform official response to objecting property owners, which currently does not exist. She further urges that well located land already 'identified' by squatters be used through informal settlement upgrading, a call that has been echoed by the BNG policy (Charlton, 2001, Department of Housing, 2004).

In a number of areas in South Africa, some physical characteristics including steep undulating topography and geotechnical constraints have serious cost implications for housing improvement (Charlton, 2001). Support in this context may entail the augmentation of subsidy with Council funds to access initially more expensive land with less technical limitations, or to increase the subsidy to

enable site preparation for immediate housing improvement by the beneficiaries, at no extra cost to themselves.

Planning instruments such as zoning also have an effect on location, and offer no flexibility to address issues of land management in areas characterized by high levels of informality. This rigidity has meant that the informal characteristics of irregular settlements that enable access to socio-economic opportunities are eroded and/or undermined by the process of formalization, which may impact the desirability of such settlements. Thus, any attempts to address land development management must first address the challenge of accommodating informality. A necessary support would entail tackling of the rigidity of land use and zoning regulations (Royston, 2003).

In concluding on the issue of locational support, it is reiterated that the sentiments of current policy with regard to suitably located land need to be supported with the necessary enabling tools, such as the ones suggested throughout this section. At the same time, given the various constraints to accessing well located, there is need to develop policies to transform the peripheral locations themselves by diversifying local economies, improving transport and making into them more sustainable settlements (Todes et al, 2003). Such policies would address settlement-wide relationships, remove the narrow focus on housing delivery only, and serve to alleviate the concentration of activity in limited central areas, that itself exacerbates the location problem.

### **5.3 INFRASTRUCTURE AND SERVICES**

It is widely accepted in housing discourse that while the poor can build houses for themselves, the environment would remain substandard without public sector investment in infrastructure (Wegelin, 1991, Stilwell and Atkinson, 1999). Furthermore, infrastructure is an essential complement of the housing superstructure, and without it, households are simply less willing to invest in housing. Importantly, the nature and 'value' to users of what has been provided is as important as the provision itself, and it is here that the right balance needs to be struck (World Bank, 1994).

Infrastructure and services are distinguished according to function into three categories, all of which are important for housing improvement. The first, economic infrastructure, produces services that facilitate economic production or serve as inputs in production and includes electricity, water, telecommunications, roads and other transport sub-sectors. The second, social infrastructure, provides services in health, education, recreation and safety, and has both a direct and indirect impact on the quality of life. The third, domestic infrastructure, comprises services consumed by households such as water, sanitation, electricity, sewerage and solid waste disposal, and has both an economic and a social role (DBSA, 1998, World Bank, 1990).

Low income groups in South Africa generally have less access to, or enjoy a lower quality of infrastructure and services than higher income groups. Being disadvantaged in this way entails losing out on the positive externalities of infrastructure. Kessides (1993) argues that a minimum level of transport and communication services for example, is necessary for markets to function efficiently. The lack of such services has highly unfavourable impacts on prices faced by the poor, either as

producers or as consumers. As an example of the importance of transport and communications infrastructure, Kranton (1991) argues that the time and money spent commuting are basic determinants of poor households' access to employment in urban areas. Infrastructure also impacts on labour productivity and availability of employment. Furthermore, levels of wage income and diversity of income are considerably greater in locations well served by infrastructure. In addition, investment in infrastructure creates employment in its construction, operation and maintenance stages, and affects land values and consequently the wealth of housing beneficiaries in such neighbourhoods. As far as infrastructure and service provision relate to housing consolidation, it is the quality of infrastructure created, and the quality of life it confers, as well as the longer term economic and social benefits to be derived from it, that beneficiaries are interested in (Kranton, 1991, Kessides, 1993).

### 5.3.1 Areas of Infrastructure and Services Support in South Africa

Two issues are noteworthy regarding the infrastructure that the poor need; firstly, they need it, regardless of whether they can pay for it or not. Secondly, where other income groups can find alternatives in the absence of satisfactory provision, the poor are forced to do without infrastructure and services. These two aspects have important implications for both the households' ability and desire to carry out housing improvements.

The core areas of service provision that the poor require are identified by in the HWP, and include:

1. Water and sanitation facilities: Wilson and Ramphela (1989) cited in Schwabe et al (1996) observe that "one of the most striking features of poverty in South Africa is the cost, to the poor, of water (in particular), in terms of time, effort and money." Better water supply and sanitation also yield desirable housing areas relative to areas with less of these attributes.  
  
In 1994, the RDP estimated that 12 million people did not have access to clean water and 21 million people did not have adequate sanitation. The RDP's aims, later re-iterated in the HWP, were therefore to provide an on-site supply of clean water, improved on-site sanitation and appropriate household refuse collection systems.
2. Electricity provision: The provision of an adequate supply of electricity leads to enhanced quality of life, health benefits like reduced air pollution and fire hazards, and is a catalyst for increasing the productive capacity of communities, in particular by way of small business development (DBSA, 1998). In 1994, the RDP indicated that an accelerated and sustainable electrification programme was required to provide access to electricity for 2.5 million households by the year 2000 (ANC, 1994).
3. Access to roads and other commuter infrastructure: The location of a housing project to take advantage of road and other commuter infrastructure serves as a catalyst for social development and economic improvement of a given area. It also improves the array of livelihood choices available to the very poor, and provides access to job opportunities, schooling, health, shopping and recreation (Schwabe et al, 1996).

argues, the government has provided neither the framework, nor a comprehensive strategy for governmental support for the subsequent improvement of starter housing.

#### 4.3.2 The Housing Subsidy Scheme

The national housing subsidy scheme is described as a cornerstone, and the most ambitious initiative of the housing policy (Smit D, 1998, Jones and Datta, 2000, Khan, 2003). Given the inequitable subsidies of the apartheid state, was critical that post-apartheid policy adhere to principles of vertical and horizontal equity (Adler and Oelofse, 1996) The fundamentals of the subsidy scheme piloted by the IDT were built into the HWP, to enable delivery of core housing financed through a household-based one-off product-linked capital subsidy, constituting an upfront injection of state funds into housing (Huchzermeyer, 2001). The private financial sector was expected to provide unsubsidized credit to augment what the subsidy delivered. This would be achieved in the spirit of enabling the market to work even for the low income housing sector, while minimizing housing and financial sector market distortions. In addition, subsidy policy was designed to take account of the enormous existing and projected backlogs, and fiscal constraints (Department of Housing, 1994).

With regard to types of subsidies, one-off, capital or lump sum subsidies were preferred over other forms for a number of reasons (Adler and Oelofse, 1996):

- The subsidy targets all poor households, thereby avoiding racial discrimination;
- The capital grant would secure starter housing in which recipients could live, and therefore not have to find income to service a loan immediately;
- Because it was not an interest rate subsidy, the capital amount would not favour higher income beneficiaries who could service bigger loans;
- Capital subsidies would be fiscally more sustainable, because they are finite and would not require future government expenditure, as would be the case with, for example interest rate or rent subsidies (MacLennan, 1990, NHF, 1993);
- Finally, capital subsidies were seen to be administratively easier to manage, as they would be paid out, in a single amount, thus avoiding long paper trails over extensive time periods (Adler and Oelofse, 1996).

Table 4.1 below provides subsidy-related information. Firstly, it indicates the application of subsidy on a sliding scale, so that households with the lowest monthly income receive the highest subsidy and vice versa. This sliding scale structure is in line with the WB's requirements for vertical equity in subsidization (Stein, 1988, World Bank, 1994, Jones and Datta, 2000). Also in line with the WB's requirements is the accurate targeting of subsidies to ensure that their inflationary effect is minimized (Smit W, 2003). Despite numerous adjustments to the subsidy quantum over the years, project-linked subsidies can only cover a serviced site and a 30 - 40 square metre top structure.

Table 4.1 Capital Subsidy Quantum for Incremental Housing

Capital Subsidy Amounts							
Monthly Income Category	Up to April 2002	April 2002 Adjustments	2004 BNG Adjustments	2004/2005	2006 / 2007	2007/2008	Own Contributions
<b>Project – Linked Subsidies for Starter Housing</b>							
R 0 -1500	R 16 000	R 20 300	R 25 800	R 31 929	R 36 528	R 38 984	NONE
R 1501-2500	R 10 000	R 12 700	NOT APPLICABLE				
R2501-3500	R 5 500	R 7 000	NOT APPLICABLE				
R 1500 – 3500	NOT APPLICABLE		R 23 321	R 29 450	R 34 049	R 36 505	R 2 479
<b>Consolidation Subsidies</b>							
R0-R 1500	R 8 500	R 10 900	R 12 521	R 18 792	R 21 499	R 38 984	NONE
R 1501-3500	NOT APPLICABLE		R 10 042	R16 313	R 19 020	R 36 505	R 2479
<b>Peoples Housing Process (PHP)</b>							
R0 - 1500	R16 000	R 20 300	NOT APPLICABLE				NONE
R1501-2500	R 9 500	R 12 700					NONE
R 2501 - 3500	R 5000	R 7000					NONE
R 0 - 3500	NOT APPLICABLE		R 25 800	R 31 929	R 36 528	R 38 984	NONE

Source: Department of Housing (2000, 2002, 2004, 2005, 2006, 2007)

An important development in 2002 was the requirement for a household equity contribution, by subsidy beneficiaries who would not build their own houses in PHP projects. This development is reflected in the last column of table 4.1. The amount was worked out at 10% of the household subsidy in 2002, and the rationale for the amount at that point was that a product price of R22 800 was required to meet the standards requirements of the National Home Builders Registration Council (NHBRC) for a starter house. NHBRC is the body responsible for regulating the homebuilding process and protecting consumers from shoddy workmanship. Given the maximum household

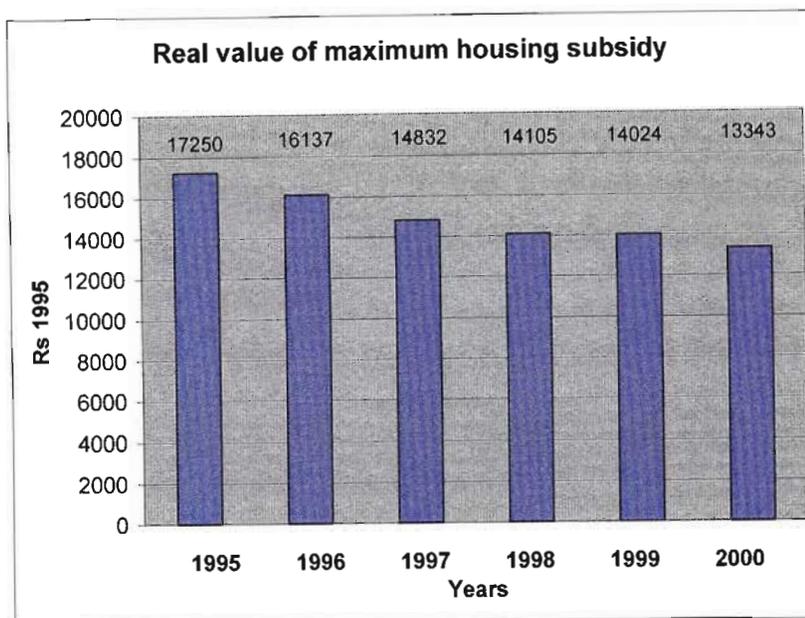
subsidy of R20 300 at that point, a household contribution was deemed necessary to fulfill this imperative (Department of Housing, 2002).

Equity contribution is in line with contemporary policy, and with the HWP's call for beneficiary contribution to ensure that beneficiaries justify receipt of subsidies and to engender a sense of 'ownership' of the resultant housing. Equity contribution has been maintained in the BNG policy, with households earning a monthly income of R1501 – 3500 required to provide proof of savings to qualify for subsidy. Those earning R0 – 1500 per month are however only required to provide sweat equity contribution in PHP projects, which are not required to conform to NHBRC standards. The additional amount needed to meet these standards is therefore not applicable to such housing.

The policy choice of width over depth means that households must embark on "a process of consolidation and upgrading", and "continuously strive to improve their circumstances with whatever further means come at their disposal". The HWP also notes that "the more limited the ability of a household to be self sufficient, the more responsibility the state has to support the endeavours of such a household to house themselves" (Department of Housing, 1994). There are two possible interpretations of this: one, that the government's role goes beyond subsidy support, and has to be a continuing one, supporting the efforts of low income households in their incremental endeavours as well; and two, the need to provide larger subsidies to the households facing serious income constraints, in recognition of their inability to achieve housing depth via the market.

In reality, most housing thinkers agree that its both interpretations together that will aid the housing consolidation efforts of households to occur at an acceptable level and pace. There is therefore merit in the recurring critique leveled specifically at the subsidy amounts and their inability to provide adequate housing in the absence of consolidation ability. Adler and Oelofse (1996), Bond and Tait (1997), Smit D (1998) and Smit W (2003) among others, observe that the value of the subsidy has been steadily eroded by inflation, and despite a number of adjustments has remained steadily behind the rate of inflation, thereby undermining the nature of product deliverable. To illustrate this, Smit W (2003) observes that the real value of the maximum subsidy decreased by 23% from mid-1995 to mid-2000 despite a R1000 increase to the maximum subsidy in 1999, represented in Figure 4.1. Porteous and Naicker (2003) estimate that between June 1994 and December 1999, the value of the subsidy declined by 42.5%.

**Figure 4.1 Real Value of Maximum Housing Subsidy**



Source: Smit, W (2003)

While the exact value of decline may be debated, the decline's implication is undeniable – poor construction standards in incomplete houses, typically with no ceilings, insulation or plastering, and inadequate ventilation and roof overhangs (Smit W, 2003). The BNG's attempt to peg the annual subsidy increase to inflation has proved difficult to achieve, with what the subsidy can cover considerably diminished by a sharp escalation in building costs, triggered by an ongoing building boom (Building cost inflation soars, 2007). This scenario has important implications for housing consolidation and support, which explains the in-depth exploration of the subsidy scheme as a policy feature:

1. Initial post-subsidy consolidation efforts of households are often directed at housing improvement and maintenance and repairs rather than at extensions, because of the poor standard and incompleteness of the initial dwelling.
2. Considering that 69.7% of the South African population earns less than R 1500 per month (Department of Housing 1997b cited in Baumann, 2003), and that only 62% of this income group are employed (Statistics South Africa cited in Baumann, 2003), it is clear that consolidation requires more money than they can raise. Without support to improve their income, their housing circumstances are likely to remain unchanged, despite subsidy support.

Successful implementation of the subsidy policy therefore does not depend on the subsidy support alone, but hinges on the simultaneous implementation of other policies in respect of land, services, institutional arrangements and accessible housing finance markets among others. According to Adler and Oelofse (1996), few of these policy interventions were implemented concurrently with subsidy policy. Thus, the greatest critique of current policy is that the subsidy policy was implemented before all the necessary preconditions its success, and in particular support elements for housing

consolidation, were put in place, with negative consequences on housing consolidation (Jones and Datta, 2000, Huchzermeyer, 2001).

#### **4.3.3 Owner Occupation**

A feature that unites the above two policy features, namely incremental housing and subsidies, which emerges out of the delivery system adopted to make use of them, is owner occupation. The HWP, while noting the need for subsidy policy to incorporate the fullest range of tenure options, places great emphasis on individual ownership and freehold tenure. The Department of Housing (2001) retrospectively recognizes this as a shortcoming of policy, but justifies it against the background of past deprivation of property rights of a majority in South Africa. Individual ownership is also predicated on the need to develop a functioning low cost property market, as well as “fostering and promoting equitable distribution of wealth within the free market system” (Mthembi-Mahanyeke cited in Pottie, 2003). The greatest strength in homeownership was however seen to be the incentive it would create for households to invest in housing consolidation.

Despite recent initiatives directing more subsidy funds to rental housing, most subsidies are still linked to owner occupation in greenfields developments. Moreover, owner occupation provided by starter housing is likely to remain the most practiced delivery system, because the quantity objective of policy remains the most visible way to assess performance, hence its lure for delivery authorities (Smit and Siyakhana, 1996, Huchzermeyer, 2001, Khan, 2003).

The expansive, peripherally located, segregated housing schemes which have resulted from owner occupier schemes in greenfields developments do not contribute to spatial integration or overcome the race and class-based spatial inequalities cemented in the apartheid urban form (Huchzermeyer, 2000). Their locational disadvantages have placed considerable strain on household economies in significant ways. Many new owners are unable to pay rates, water or electricity charges, and risk being disconnected from these services that the housing subsidies secured for them, and in the extreme, even losing their properties. Property ownership in new greenfields developments often diminishes the wealth of households and significantly undermines their livelihood/coping strategies Khan (2003). In Cape Town for example, 56% of subsidy beneficiaries are unable to afford typical monthly rates and service charges of R 100 to R 150 per month (Cape Metropolitan Council, 2000 cited in Smit W, 2003). Unfortunately, ownership has only been possible in peripheral locations where land is affordable from the limited subsidy.

Although the location theme is pursued in greater detail elsewhere in this study, the considerable burden on new homeowners of high transport costs to access economic activities is noted. Huchzermeyer (2001) argues that given the greater role that transport expenditure plays in the poverty cycle the poorer the household is, high transport costs could stifle consolidation efforts considerably, especially when coupled with the need to afford services as well. She asks how peripheral locations can be suitable for the poorest, if they are deemed unsuitable for moderate income earners, whose social housing is being promoted in inner city locations. Conclusively then,

home ownership is a positive aspect, not in its own right, but only insofar as an environment is created to support the reaping of the benefits that are supposed to flow out of it.

#### **4.3.4 A Non-state Sector Role in Housing Delivery**

Another important feature of post-apartheid housing policy is a private sector role in housing delivery, set up to focus on (1) creating a niche for and sustaining the involvement of the sector in the low cost housing market; and (2) entering into arrangements involving government and private sector developers, financiers, building materials producers and suppliers, etc. It is however recognized that private sector involvement in this market may not be profitable, and could even be highly risky. The objective of current policy is for such risk to be shared between the state and non-state sectors (Smit and Siyakhana, 1996), and in the context of neoliberal policy, for housing provision to occur within an effectively functioning, normalized market (Department of Housing, 1994, Bond and Tait, 1997, Huchzermeyer, 2001, Smit W, 2003).

The private sector stakeholders for whom a role is envisaged are: the construction sector, the housing finance sector, employers, communities and civil society, and NGOs (Department of Housing, 1994). The housing consolidation support role of some of these sectors is examined elsewhere in this study. For now, it is noted that in practice, all delivery agents are given equal access to subsidies (Smit D, 1998). Households would improve their housing conditions over time, by making use of the inputs received from the private sector suppliers of construction materials, credit and labour. The policy further allows for government's provision of incentives (or 'carrots') to facilitate private sector involvement, while also taking prescriptive measures (or 'sticks') to ensure that the envisaged private sector role takes place, while protecting communities to be housed from exploitation (Gardner, 1996). These support measures would avail private sector inputs to households wanting to improve their housing.

The envisaged private sector role in housing in South Africa has not materialized. For example, government attempts to stabilize the housing environment and manage risk have not attracted downmarket lending by the traditional finance sector. The government and its agencies have tended to enter into asymmetrical arrangements with the private sector, where the public sector ends up carrying much of the risk and not a great deal of the benefits (Smit D, 1998). Kusi (2000) argues that this outcome is not surprising, because the private sector deploys its resources to earn profits commensurate with the accompanying risks. If the risks are perceived to be high and not easy to manage, private investors will invest elsewhere. The overall outcome has been that the envisaged support to households, meant to be triggered by an increased private sector role, has not occurred to the level that would impact housing consolidation in a meaningful manner.

#### **4.3.5 Augmentation of Subsidies with Own Resources for Housing Consolidation**

Between 1994 and 2004, the government invested R29.5 billion in state-assisted housing (Department of Housing, 2004). Current policy requires that such investment be supplemented with private funds held by financial institutions, employers, as well as people's own individual or

collective savings and social networks, in the process of housing consolidation (Department of Housing, 1994, Wilkinson, 1998). Indeed, one of the HWP's seven key strategies is to mobilize private savings and credit at scale, for households to augment subsidy funds. Policy however recognizes the need for governmental support where, due to socio-economic adversity, people are unable to engage in such activities (Department of Housing, 1994). In this sense, such support is a precondition of housing consolidation.

In practice, those with limited incomes have little hope of supplementing the subsidy, or of accessing credit or accumulating significant savings without the requisite support (Mackay, 1999, Adebayo, 2000). Thus, as Smit W (2003) observes, inadequate housing has to be seen as part of a poverty problem. To address this, Mackay (1999) argues for the expansion of the scope for employment creation, skills transfer, entrepreneurial development, upward mobility, and small and intermediate enterprises in the creation of new housing. The employment created and income generated through this would stimulate housing improvement. Simultaneously, savings and availability of end-user finance for poor households need to be enhanced, and low income housing located to facilitate access to economic opportunities critical for housing affordability. It is also recognized that household access to services and facilities crucial for their daily lives adds to housing satisfaction, itself a consolidation incentive (Department of Housing, 2004).

Smit and Siyakhana (1996) and Adebayo (2000) note the interconnectedness of the elements listed above, and argue for their provision as a package, to trigger and support ongoing housing improvement activities. In addition, housing programmes need to aim at the overarching goal of creating viable environments in which the income generation and affordability constraints of the poor begin to be addressed.

#### **4.3.6 Support**

Support is a critical feature of current housing policy and the central theme of this study. As such, it is addressed separately, as a chapter on its own. In this section, it suffices to point out that a support policy framework was envisioned to occur, through sets of enabling action in support of self managed housing consolidation activities, in the areas of basic needs, housing subsidies, services, land, housing finance, planning and housing design, job creation, training and skills development, information and technical assistance, and support of relevant institutional structures. These aspects were seen to be mutually supportive and required to be provided as a package, rather than separately. With the right support in these areas, low income households would over time voluntarily increase their investment in housing improvement (Department of Housing, 1994, 2000).

Current policy aligned itself to the seemingly universal consensus on what constitutes support, as well as to the need for enabling strategies, promoted by the WB and the UNCHS(Habitat) in particular. The support needed in the enabling context is in areas outlined in the preceding paragraph as well as highlighted at the beginning of this study as preconditions of housing consolidation. Despite this apparent consensus on what support elements are preconditional to housing

consolidation, the task of policy formulation and implementation of support strategies remains the responsibility of national and local governments. The next chapter examines both the requirements for, and the results of housing support at the various levels of housing delivery, the extent to which such requirements have been fulfilled in the implementation of the HWP, and their impact on the scale and standard of housing consolidation by households in South Africa.

In summing up this chapter, it is worth noting that the support areas outlined above remain important features of the 'new' BNG policy as well. That inadequate support in these areas clearly manifested itself in the first decade of the HWP's implementation is the subject of discussion of many housing analysts, and is examined in detail in the next chapter. Thus, some of the policy shifts reflected in the BNG policy are a reflection of continuing rather than new support-related problems, inherited from the apartheid period and first noted by the HWP, which carried into the policy implementation phase in the post-apartheid period. The BNG's vision of achieving integrated and sustainable human settlements, and its goals of facilitating release of well-located land for low income housing and integrating the poor into the city; using housing as a tool for wealth creation and poverty alleviation; improving municipal capacity and the capacity of the housing sector as a whole; improving access to housing finance are, among others, aimed at enhancing support in these areas, already called for by the HWP itself. In this sense, the BNG demonstrates the continuing importance of theme of this study viz. housing support, as a feature of post-apartheid housing policy.

## CHAPTER 5: AREAS OF SUPPORT WITHIN CURRENT HOUSING POLICY IN SOUTH AFRICA

### 5.1 INTRODUCTION

The previous chapter identifies support for households as a requirement of housing policy. Although, as has already been acknowledged elsewhere in this study, there is no specific strategy for housing support developed to back the South African national housing strategy, there are however clear statements made in the HWP with regard to the need for support, and some ideas on how it would be implemented. Subsequent policy documents including the Constitution of South Africa (Act 108, 1996), and now the BNG policy elaborate and qualify the provisions of the HWP, and echo this need. This chapter elaborates on the support feature of policy, and examines the nine elements of support identified at the beginning of the study in Section 1.2 of Chapter 1, in terms of the policy provisions in place regarding them, the way they have been set up to occur in practice, and the implications of such support on housing consolidation objectives. Thus subsequent sections discuss the nine elements, recapitulated below:

1. security of tenure;
2. provision of subsidy assistance;
3. provision of infrastructure and services;
4. mobilization of credit and savings;
5. promotion of competition in the building industry;
6. rationalization of institutional capacity in the housing sector;
7. release of well located land for housing, thus availing the quality of access;
8. employment creation and income generation, especially the use of the housing process itself to kick-start these;
9. institutional, technical and logistical housing support assistance, including important aspects such as advice, skills transfer, information and job creation (Department of Housing, 1994, 1997a, 2004, World Bank, 1993, 1994, UNCHS(Habitat), 1987, 1990, 1991a, 2001).

While the literature review reveals these elements as preconditional for housing consolidation, the success of support lies in their packaging, creativeness and logic of application to suit the target group. It is here that some policy implementers succeed better than others in packaging and implementing the very same elements.

In their assessment, the above elements are repackaged for ease of, and logical sequence of discussion. Thus, security of tenure and release of well located land for example, are looked at under the land for housing title, while subsidy assistance, credit and savings are discussed under the housing finance banner. Rationalization of institutional capacity is assessed only to the extent that the institutional restructuring that has occurred in the post-apartheid period has impacted institutional support for the housing process, and for beneficiary households in particular. As the main support elements are discussed and their problems in policy and practice highlighted, other support elements, also preconditional to housing consolidation emerge, and this chapter also assesses and includes these in the support package developed by the study.

According to the RDP, development of roads and other commuter infrastructure in particular is a policy intervention meant to address apartheid planning which burdened the poor with enormous travel distances and cost (ANC, 1994).

4. Telephone services: telephone services are an important form of information infrastructure. Many services and activities, for example education, health, welfare, informal sector income generation activities, policing and safety programmes depend on telephone communication. Telephone services are also used to access information on markets, and save enormously on transaction costs for small enterprises.
5. Postal services: generally, quality of life, and certain activities and services are dependent on a functional postal system.
6. Education facilities (schools and pre-primary facilities): Not only are these critical to social development, but their relative access has implications on commuter costs as well as on adult time freed up from child-minding which can be used in other activities including income generation and housing improvement. Their easy access also makes neighbourhoods more desirable.
7. Health facilities (hospitals and clinics): these have health, productivity as well as neighbourhood desirability benefits.
8. Police protection: This has safety and security benefits (Schwabe et al, 1996).

Within post-apartheid housing policy, the capital subsidy available to qualifying households bundles together the three components of land, infrastructure and the top structure. The infrastructure component covered by the subsidy is limited to water, sanitation, roads, storm-water drainage and street lighting. Thus what municipalities have provided under the capital subsidy programme is municipal domestic infrastructure (to the exclusion of social and economic infrastructure, which lie outside the realm of municipalities to provide).

A study by Sikhumbane on housing satisfaction in post-apartheid housing projects indicates general dissatisfaction with the level and standard of services provided, and in all service areas, from unreliable water supply and inadequate water pressure, to poorly finished roads, poorly lit streets, blocked sewerage systems and storm water drains, and lack of refuse collection (Sikhumbane, 2002). Compounding this problem is the absence of provision of social, educational, commercial and recreational infrastructure. Very few post-apartheid projects have provided such infrastructure as part of integrated housing neighbourhoods, mainly because the responsibility for the various types of infrastructure rests with diverse agencies with varying jurisdictions, procedures and resources. This has resulted in a delay of the benefits expected from the housing process, sometimes for many years. Such delay has led to a lack of consolidation or improvement of minimal starter houses (Huchzermeyer, 2001, Sikhumbane, 2002). Packaging housing projects to have the three types of infrastructure, is now identified by BNG policy as critical to producing desirable housing developments that provide consolidation incentives.

Another important observation in respect of services is the variety of levels of services discernible in post-apartheid projects. These are influenced by a number of factors, for example the topography of a project area, availability of bulk services to link to and the construction cost in any given area, as well as how the services are constructed. Robinson et al (1994) argue, based on their 1994 research of the IDT capital subsidy schemes, that the important issue concerning levels of services is one of whether they give people an adequate start in the housing process, and are sufficient to provide beneficiaries with a suitable and sustainable base from which to launch and progress with the incremental housing process. Where beneficiaries feel they are not, they might wait to access more desirable levels and standards of services elsewhere, or at a later stage, but in the interim, their efforts at housing improvement may be put on hold. To address this, local authorities' could augment the subsidy to enable the delivery of a higher level of services, satisfactory to both beneficiaries and local authorities. For the beneficiaries, it may yield higher housing satisfaction and open up opportunities for informal economic activities in low income housing areas and improve access and mobility, while inducing housing consolidation. For the local authorities, the long term costs of services maintenance and repairs are considerably reduced (Huchzermeyer, 2001).

A further chronic problem associated with infrastructure services remains one of non-payment for services. In the IDT projects, this was attributable to a culture of boycotts in response to poor service provision and maintenance (Robinson et al, 1994). Considerations of financial and environmental sustainability however require cost recovery. Hunter (1995) observes that service payment levels have plummeted since the democratic election in 1994, and a 1995 campaign to re-start payments, has not borne fruit. It is however also true that poverty and low incomes often impact cost recovery negatively (Bond and Tait, 1997, Thurman, 1999). Robinson et al (1994) observe that for the portion of low income households who have genuine affordability problems, the housing consolidation expectation seems misplaced. Thus, they argue, "planning for the consolidation phase at the stage of project design is essential if levels of services installed are to be in accord with people's ability and willingness to pay for them." This would entail asking what forms of support are imperative for households who have insufficient resources to meet both their service charge and housing consolidation responsibilities.

Some policy recommendations relevant to the South African context emerge from international discourse. Van Huyck (1987) for example, argues that investment in essential infrastructure must of necessity continue to be largely a public sector responsibility, with as little of it as possible passed on to consumers, especially if they are low income households. Thus, the call is on municipalities to increase infrastructure investment. On the same matter, Dewar argues that there is a minimum amount of public investment in infrastructure which is necessary to achieve a reasonable livable environment. Thus, the tendency for the state to use rhetoric surrounding the incremental self help approach policy to reduce its investment in infrastructure and services, must be avoided at all cost, because it produces poor housing environments and households lack the incentive to consolidate in such areas (Dewar, 1999).

Further, current policy should consider such critical, logical and seemingly common sense actions as:

1. the coordination of infrastructure provision to new residential areas through the establishment of integrated sectoral plans. This is one of the requirements of the BNG policy, but only time will tell how successfully it is implemented.
2. infrastructure installation, operation and maintenance programmes that facilitate income generation opportunities for households (Van Huyck, 1987).

## **5.4 HOUSING FINANCE**

The importance of the housing finance policy issue is reflected in the fact that two of the HWP's seven key strategies revolve around the development of housing finance mechanisms to support housing improvement efforts. The first is around the provision of subsidies, and the mobilization of private savings and credit at scale; the second, the stabilization of the housing environment, has housing finance implications (Department of Housing, 1994). South African housing finance policy adhered to the WB's recommendations, of using public funds in the form of subsidies, to leverage private market-rate lending for housing, and enforcement of foreclosure laws (Department of Housing, 1994, World Bank, 1994). In looking at the housing finance component of support, it is therefore necessary to assess the extent to which subsidies, private sector funds (mainly in the form of credit) and savings have facilitated housing consolidation.

### **5.4.1 Provision of Subsidy Assistance**

Subsidies are an affordability support mechanism, provided by governments and targeted at households who lack sufficient income to present effective demand in the market. The volume and structure of subsidy systems have to be carefully appraised against the scale of need and the availability of financial resources. Well designed subsidy systems have to be equitable and efficient, and must be instituted as part of an overall strategy for meeting the poor's needs in a comprehensive manner (UNCHS(Habitat), 1990). It is important to assess the current subsidy programme against these requirements.

Capital subsidies are not a new phenomenon to the South African housing policy terrain. As indicated elsewhere, the IDT capital subsidy scheme in particular, was an important forerunner of current subsidy policy, instituted to motivate housing supply for low income households through formal sector developers. The subsidies are provided upfront and once-off, so that a recipient household is not eligible for another subsidized house. The capital subsidy has been the main (but not the only) form of state intervention with regard to housing finance (Department of Housing, 1994, Baumann, 2003). The following key objectives of the subsidy programme as identified by the Department of Housing (1994), have much relevance in evaluating the success and efficacy of the programme as a support and prerequisite for housing improvement by low income households:

1. alleviating housing shortage;
2. increasing the supply of affordable housing;
3. stimulating the delivery of affordable sites, and promoting end-user affordability;
4. promoting homeownership and encouraging self-help;

5. stimulating socio-economic development and job creation; and
6. encouraging private sector organized construction industry, mortgage financing institutions, employers, cooperatives and community institutions investment and involvement in the low cost housing market.

#### 5.4.1.1 Subsidy Process and Product

The capital subsidy scheme is financed by annual allocations from the national budget, and disbursed via Provincial housing departments. Although public and private sector delivery agents can apply for subsidy funds, most housing projects are designed and proposed by local authorities, which enter into arrangements with developers to service sites and build houses. As already indicated, the capital subsidy covers the cost of land, services and various planning and consulting fees. A core or starter house is built with the residual amount left over after other costs have been covered. Subsidy grants are then paid out to the developers on transfer of approved properties to qualifying households. Subsidies may also cover the sale of existing houses, including former public rental stock. For incremental housing which is the focus of this study, capital subsidies are made available in the form of project-linked, individual, 'top-up' or consolidation subsidies, and via PHP projects (Department of Housing, 1994, 2002, 2004). The mechanisms of these subsidization routes are discussed in Section 1.8 of Chapter 1.

To the extent that provision of subsidies has in effect offered very many poor households the opening necessary to join the housing market, the achievements of the scheme cannot be dismissed lightly (Mackay, 1999, Khan, 2003). This however does not detract from the capital subsidy's most controversial characteristic since its inception, of the choice of width over depth, and the unacceptable shallowness of the subsidy in its attempt to spread its assistance as widely as possible. Inevitably, households require additional resources to improve, extend or complete subsidized to a standard and size that would meet their requirements (Wilkinson, 1998). This was of course the initial intention of the scheme. Thus, the very limited extent to which subsidies have been credit-linked is an important criticism, because it means that subsidies have not necessarily succeeded in meeting their main objective of triggering credit, in a housing finance policy of which the subsidy is only a part (Porteous and Naicker, 2003). Of the total number of subsidies disbursed in the first four years of the post-apartheid national housing programme, 84.3% delivered starter homes in greenfield developments. Only 5.8% of these were linked to credit of any form (Baumann, 2003, Porteous and Naicker, 2003).

The absence of subsidy-linked lending has meant that majority of beneficiary households are sorely dependent on the housing subsidy to meet their housing needs. The resulting subsidized housing has ended up becoming the *de facto* standard, despite its inadequacy. The nearly 60% of South Africans earning below R1500 per month (Statistics South Africa, 1996), are ineligible for any kind of credit, and therefore totally dependent on the housing subsidy (Pearce, 1997). While availability of credit has improved somewhat in the intervening years (Tomlison, 1999, Rust, 2002a, Baumann, 2003), the scale issues have not yet been addressed. Moreover, improvement in real incomes has as yet not been

realized. The subsidy programme thus presents a paradoxical scenario, whereby households earning an income low enough to qualify for a maximum subsidy do not earn enough to qualify for a loan of any kind to achieve housing improvement.

Secondly, the socio-economic status of beneficiaries is attributable, not to market failure, but to apartheid and pre-apartheid policies that systematically impoverished majority of South Africans. A market-based income-driven housing policy is therefore unlikely to address their housing poverty, and mere access to housing subsidy insufficient to cause improved market access for those falling outside the 'credit gap' (Baumann, 2003). Jones and Datta (2000) conclude on this matter, that the subsidy programme has done little to improve the affordability of housing by the poor, and to the extent that its aim as a support measure was to do exactly that, subsidy support has failed to meet its objectives. Furthermore, Jones and Datta assert, the poor record of the subsidy programme as a form of support can be attributed to the uncritical stance adopted by the NHF, of the lessons that previous experience with subsidies had, or should have taught. There were early enough indications of affordability problems in both the UF and the IDT programmes, with an early record of defaults and arrears in the Inanda UF project in Durban (Gwagwa, 1993) cited in Jones and Datta, 2000), and unoccupied IDT sites despite widespread squatter housing, because they were wrongly located, provided the wrong facilities or were unaffordable despite subsidies (Goodlad, 1996) cited in Jones and Datta, 2000).

Despite these glaring concerns, the government has gone ahead with its subsidy delivery programme. It is however clear, based on the above commentary, subsidy support is but one of a myriad forms of support that should occur in concert, and that housing improvement is dependent on support occurring in this way. There is therefore need to address the forms of housing finance and other support complementary to subsidy support, and how these can be strengthened.

Jones and Datta (2000) argue that as long as the subsidy programme concentrates too much attention on getting the supply-side institutions right, and too little on the demand side, the programme cannot improve housing affordability. Complementary poverty alleviation strategies are therefore a form of support that must be pursued simultaneously with subsidy support (Bond and Tait, 1997, Huchzermeyer, 2001, Baumann, 2003). Buckley (1996) cited in Jones and Datta (2000) however cautions with a rightist view, that "the best way to provide housing assistance is not to target subsidies exclusively to those who are the poorest", arguing that subsidies to such households might not motivate housing consolidation at the rate that they would for better-off households with savings and access to finance institutions. The argument here is that perhaps a different form of support may be more suited to the requirements of the very poor.

Smit W (2003) notes the added problem of ongoing costs associated with subsidized housing, which creates future financial sustainability problems for local authorities. Moreover, with the decline in the real value of subsidies, cash-strapped local authorities are increasingly being required to top-up subsidy, or to subsidize components such as land and bulk service infrastructure costs, which further

strains their solvency (Porteous and Naicker, 2003). Very few local authorities indeed have been able to afford this, and even for those that have, it is doubtful if it is sustainable (Smit W, 2003). With regard to the developments around household contribution to access subsidy, Khan (2003) comments that the impact of “forced” equity on disposable income is very negative, and signals “the onset of a graded system of rights and entitlements.”

To determine the extent of the subsidy programme’s success, it needs to be assessed against the non-subsidy aspects of the housing policy that it was meant to complement, in particular its reshaping of the institutional framework of commercial housing and finance markets. This way, while subsidies covered housing width, funds from a transformed private sector would enable households to acquire housing depth over time. An improved macroeconomic climate would in the interim improve the socioeconomic status of low income households to take advantage of the institutional framework so created.

Many housing practitioners now agree that the above objective which is fundamentally complementary to subsidies, has not been achieved. They also agree on the ‘shallowness’ of the subsidies, and the need to deepen them. Smit W (2003) suggests that support here lies in the modification of the capital subsidy framework into a two-tier system, so that subsidies for the first tier, comprising the poorest group, provide an adequate house in the first instance. The second tier, comprising those earning R1 501 to R3 500 per month, would receive lower subsidies, but be supported to gain access to loans, suggesting that efforts need to be made to forge their links to lenders. Further, where access to credit would require upfront savings, support would be lent towards organizing/mobilizing savings groups for such purposes. In given circumstances, support would constitute leadership in some of these matters, at project level, to initiate activities that households/communities can sustain. This area presents fertile ground for the government to draw in and involve NGOs in these proposed forms of support.

The two-tier subsidy band proposal has now been incorporated into BNG policy, but its intended improvements to subsidy performance are yet to be seen. Some gaps are however already discernible, firstly in the fact that contrary to what Smit W (2003) suggests, the subsidy now receivable by the lowest income group cannot in fact deliver an adequate house in the first instance. Secondly, the BNG policy does not seem to fully appreciate the lack of links between households and sources of credit, or the organization and mobilization support needed to unlock savings at household level.

From the foregoing discussion, it is clear that the capital subsidy programme on its own, is a necessary but not sufficient form of housing affordability support, and that housing consolidation depends on other concurrent forms of housing support, in particular those geared at supporting mobilization of savings, and access to credit.

## 5.4.2 Mobilizing Housing credit

### 5.4.2.1 The challenges

When post-apartheid housing policy was formulated, the support measures put in place to facilitate access to credit were aimed at making the enormous resources in the financial sector available to very low income households for housing improvement, and at removing the obstacles that might prevent this from occurring. It was hoped that every rand of public sector money spent would draw in four or five rands in private sector investment (Smit D, 1998). Rust (2002a) asserts that while this objective is easily definable, its practice has been complicated and its impacts nebulous.

Despite South Africa's status as second, only to the United States in the share of assets of the banking system held in the form of mortgage loans (Mayo, 1993), majority of South Africans had not previously had access to mortgage finance by 1994 (Smit D, 1998). Mayo however predicted improved access to South Africa's world-class housing finance system "if the conditions are put in place which provide for secure tenure, reasonable standards, a housing delivery system that provides well located and sound quality housing, and a regulatory framework which protects the interests of both borrowers and financial institutions" Credit would therefore not automatically flow out of goodwill, but would be related to the housing environments created, and whether these made it worth the mainstream institutions' involvement in the low income housing market.

To kick-start lending to low income households, a number of policy initiatives were put in place. These were geared toward risk management and risk sharing and the development of a track record of experience in the low income housing market, so that the private sector would "be brought back" into this market segment (Smit D, 1998), although what was closer to the truth was in fact that private sector institutions had never really played a substantial role here, and that the housing finance market was polarized.

The main assumption of current policy that South Africa's considerable housing finance clout could translate to access to credit by low income households however proved to be somewhat simplistic, especially viewed in retrospect.

### 5.4.2.2 The Policy Initiatives

The state-supported initiatives around housing credit in the post-apartheid years were aimed at facilitating purchase of new homes in the low income market segment, as well the provision of credit for post subsidy housing improvement, or what Rust (2002b) terms "enhancing RDP housing". Only the latter are relevant to this study and are considered here below. It is important that the nature of the support envisaged by the initiatives is understood, to allow for the evaluation of their performance and inform the way forward. The initiatives involved:

1. The signing of a Record of Understanding (ROU) in 1994, between the government and banks, committing them to lending to low income households for purposes including housing

consolidation. The ROU was renegotiated into the New Deal in 1998, also between the government and the banks.

2. The establishment of a Mortgage Indemnity Fund (MIF) in 1995, to cover banks so indemnified if they were unable to repossess properties via normal legal channels upon default. This was accompanied by a commitment, by the government, to within a three-year period 'normalize' what was considered to be an abnormally risky township market. Banks would in turn resume lending in areas where they had ceased to lend, and would lend down-market (Wilkinson, 1998).
3. The Masakhane Campaign, a civic organizations' undertaking to facilitate a resolution of the widespread mortgage bond and service 'boycotts', and restore the rule of law and a culture of payment in the townships (Wilkinson, 1998, Hanekom, 1997, cited in Mackay, 1999, Department of Housing, 2000, Huchzermeyer, 2001).
4. Servcon Housing Solutions, a government-banks venture, set up in 1995 to refinance property which could not be repossessed, by offering the households concerned the opportunity to transfer to a rental agreement, or to move to more affordable accommodation or renegotiate the original loan package (right-sizing) (Jones and Datta, 2000). This measure, while not directly linked to credit mobilization, complemented it, by attempting to create a healthier lending environment.
5. The National Home Builders Registration Council (NHBRC), created in 1995, to regulate home building, and protect consumers from shoddy workmanship, and banks from clients defaulting on these grounds (Department of Housing, 2000).

The government also supported the establishment of new finance delivery agencies, in particular:

6. The National Housing Finance Corporation (NHFC) established in 1996, and charged with raising funding from the banking sector, and as a wholesale lender investing it in loans for low cost housing, through non-traditional lending institutions (Jones and Datta, 2000, Huchzermeyer, 2001).
7. The establishment of the National Urban Reconstruction and Housing Agency (NURCHA) in 1996, to guarantee commercially-loaned bridging finance for developers, and of relevance to finance for housing completion, to guarantee direct credit to low income households (Huchzermeyer, 2001).
8. The Community Bank, established in 1994, with funds from the IDT and the Development Bank of Southern Africa (DBSA). The Bank would be set up with branches in or near low income communities, and train staff and households in finance management and homeownership skills (Jones and Datta, 2000, Rust, 2002a).

Rust (2002b) looks at the above initiatives as having occurred over three necessary phases. The first, the stabilization phase, constituted, the MIF, the Masakhane Campaign, Servcon and NHBRC as stabilization initiatives. The second phase constituted initiatives such as guarantees and wholesale finance mechanisms, designed to help the private sector to familiarize itself with the low income housing sector and constituting NHFC and NURCHA. These responded to the HWP's second strategy of credit mobilization. It is critically important, given the government's considerable

investment in supporting these initiatives, to ask whether they achieved the goal of supporting the poor to access and afford credit for housing improvement.

Many analysts agree that despite the considerable lengths to which government went to gain the trust of the private sector, a commensurate level of enthusiasm from the sector has remained lacking (Pearce, 1997, Lutango, 1998, Smit D, 1998, Jones and Datta, 2000, Tomlinson, 1999, Rust, 2002b, Baumann, 2003, Porteous and Naicker, 2003, Department of Housing, 2004). Of the 1.3 million subsidies delivered by April 2001, less than 1% were credit-linked (Department of Housing, 2001 cited in Rust, 2002b). The average size of new loans granted under the MIF of R71 429, for example, suggest that loan servicing occurred at the top end of demand. The poor workmanship generally associated with low cost developments also did not inspire bank involvement. Importantly, banks did not perceive township markets as having normalized, and slackened their lending rapidly with the closure of the MIF (Jones and Datta, 2000, Porteous and Naicker, 2003). Subsidy beneficiaries on their part did not trust the conventional banking system with which they were largely unfamiliar (Tomlinson, 1997). It is therefore noteworthy that the credit available to the target market largely did not in fact emanate from the above costly initiatives.

It would however appear that the explanation for the failure of the above forms of credit support lay in the nature of the conventional mortgage loan system, which both banks and government recognized as too complex and expensive for the low income market (Huchzermeyer, 2001). Tucker, a former Chief Executive of the Banking Council, concurred, arguing of the ROU and its initiatives, that it “was developed without taking heed of the lessons financial institutions had learned from the previous lending environment: that you cannot take what is substantially a ‘bad’ loan and through ‘fancy financial engineering’ turn it into a good loan” (Tucker, 1999). Besides, the stable employment records and evidence of savings lending requirements, point to a type of client profile that most low income households cannot fulfill, and further questions the appropriateness of policies that are reliant on conventional mortgage finance (Government of SA, 1998, Tomlinson, 1997 cited in Huchzermeyer, 2001).

Rust argues however, that the ROU and the New Deal are highly significant support instruments, despite their less-than-sterling performance, because they went beyond the constitutional and legislative requirements of the private sector to get involved in the resolution of the housing problem, given their market-determined activities. The sector has taken this role even further, by continuing to participate in the development of subsequent policy (Pottie, 2003). Of course the merits of the resultant policy are nebulous, to the extent that such policy cannot compel banks to lend to risky markets, their apparent commitment notwithstanding.

Two such policy developments have occurred recently in the area of access to credit. Firstly, in 2003, the Financial Sector Charter (FSC) came into effect. Seen as a transformation charter, it entailed the financial sector’s recommitment to extending affordable financial services to black people, who had remained unserved in areas that the sector had avoided. Each participating institution would be given

a rating/score on the basis of its performance in this regard, and on the basis of a satisfactory rating against the FSC scorecard be able to get preferential government contracts. Secondly, following the announcement of the BNG policy in 2004, yet another MOU was signed between the government and banks, aimed at facilitating the creation of functioning housing markets in previously underserved areas, and making homeloan finance available and accessible to low and middle income households. The MOU also aimed at facilitating the implementation of the housing-relevant sections of the FSC, in particular the delivery of a minimum of R42 billion investment in new affordable housing finance in the R1500 – 7000 monthly income market by December 2008 (Melzer, 2007). The performance of these policy provisions are evaluated in the empirical chapter of this study.

The NHFC on its part, from inception until June 2001 had approved over R1.3 billion in credit to 53 retail institutions, of which R1.018 billion had been disbursed, resulting in 171 653 housing loans and over 70 000 housing units (Porteous and Naicker, 2003). Its main criticism however is that the non-bank lenders it supports have, according to Porteous and Naicker, mainly provided payroll-based loans for home improvement, disadvantaging many low income households who can afford credit, but not meet the payroll criteria. Thus the NHFC has mainly served the same potentially ‘bankable’ population that received private mainstream credit during the 1980s (Bond, 2000). The need to operate efficiently compromises access goals for which the institution was established in the first place. It has however played a role in promoting new capacity in the ‘affordable’ housing sector if not necessarily for the poorest households.

NURCHA has had some success in guaranteeing bridging finance; up to the end of 1999 it had provided R290.5 million in bridging finance guarantees, which facilitated 70 000 new houses (Rust, 2002b). It has however been far less successful with guaranteeing end user finance for low income groups. And while most of the households it has guaranteed have below R1500 monthly incomes, its services have not made much dent on the scale of demand. For example, between 1997 and 1998, it covered only 2500 households. Furthermore, NURCHA itself admits that its operations are not sustainable as costs exceed income and most of its capital is tied up as grants (Jones and Datta, 2000).

The Community Bank initiative was a failure, and collapsed after only four years of operation. According to Jones and Datta (2000), as early as 1995, fundamental problems manifested themselves. Firstly, lending over R15 million per month, even at market rates, was depleting capital resources faster than income and new capital injections could replace. Setting up operations in or near low income communities and training staff and households in finance management and homeownership skills proved costly, even while it was considered an important support measure. In addition, leading donors to the Bank were committed to short-term and reducing involvement, while commercial banks were reluctant to fund what would become a competitor once scale was achieved.

In determining whether support with regard to end-user finance was successful or not, there is need to be realistic about what was possible, and what, even though desirable, was unlikely to occur.

Regardless of policy expectations, it need be accepted that financial institutions have a responsibility to ensure that borrowers are creditworthy and the securities offered by them adequate and readily saleable in the property market. So for example, the lack of a secondary market in the new housing developments, and the poor standards of construction of newly created housing is unattractive to financial institutions (Pearce, 1997, Rust, 2002b). Also unattractive are the small, frequent, unprofitable loans required by low income households. The poor have also unfortunately been unfairly penalized on account of perceived risk associated with past bond boycotts in townships, while the poor lending practices that contributed to loans being extended to households who did not qualify seem to have been forgotten (Tucker, 1999). In fact, only 4% of non-performing township loans were attributable to political boycotts, while the majority were attributable to affordability problems associated with job loss, etc (60%), lack of awareness and relevant information (22%), and housing quality, non vacant possession and vandalism (11%) (Home Loan Guarantee Company, 1993 cited in Jones and Datta, 2000). The irony of this, given the resources that were used to stabilize the 'unstable' lending environment cannot be escaped.

Bond and Tait (1997) also argue that the lessons from the early 1980s in which reliance on the private sector to finance housing delivery had failed, should have been a useful pointer to the likely outcome of relying on such a policy again. Wilkinson (1998) and Jones and Datta (2000) further this view by asserting that the efforts directed at formal housing finance delivery should have been matched by equal attention to the harnessing of informal finance methods; to how households had saved and financed their housing for the preceding two decades; the costs of informal credit; and the useful lessons in this regard that could inform the resulting policy. They therefore further attribute the mismatch between the resultant housing finance policy and its target group to an inaccurate understanding of the group's finance-related behaviour and practices. COSATU on its part laments the policy's "state-assisted and market-driven" characteristics, arguing that a policy better suited to the poor should have been "state-driven and market-assisted" Jones and Datta (2000).

#### **5.4.2.3 New Developments in the Credit Arena**

Following the first two phases of stabilization and familiarization of the private sector with the low income market, a the third phase of housing finance developments has now emerged. It recognizes the still present vacuum of appropriate credit for low income households, despite, or perhaps due to an undue state emphasis on banks/conventional lending institutions to date, which both Tomlinson (1999) and Rust (2002b) agree is misplaced. It "draws on the relative stability and familiarity created by previous initiatives, but ironically involves a different set of players - small banks, non-bank (niche market and micro) lenders..... working on their own or in partnership with traditional banks as well as with end-users with savings" (Rust, 2002b). This phase has seen a host of partnership arrangements emerge, between donors and NGOs, developers and lenders, and players and employers, that have yielded credit mobilized from a variety of sources, targeted at a variety of end users, many of them subsidy beneficiary households. It is noteworthy that this new sector has been more successful in availing credit to low income households than any of the state-led initiatives, and has occurred without government support. Although in particular, the emergence of

small banks and non-bank lenders can be attributed to NHFC's support of emerging institutions, other players in this arena operate without any interaction with government-supported bodies (Rust, 2002b). While this constitutes a fundamental departure from the way housing credit for low income households was originally envisioned, it nevertheless provides an avenue for government support, geared at addressing the scale angle of this sector.

There are three main developments in the third phase, namely those providing credit; those aiding in the provision of credit by providing guarantees and other forms of security; and facilitation. In the credit arena, there is now a new market for loan finance and building material credit of up to R10 000, served by micro and niche lenders. These institutions utilize the Usury Act exemption, which allows them to charge above-market interest rates to compensate them for the risk and administration costs associated with such small loans. Mainstream institutions have found it advantageous to team up with non-banks governed by the Usury Act. The development of other legislation governing the lending environment including the Equality Act, the HLMDA and the Community Reinvestment Act may also have played a role in this (Rust, 2002b).

Some examples of institutional collaborations include the Standard Bank with the African Bank, ABSA with Unibank (which subsequently failed), NedBank with FutureBank, and the Board of Executors (BOE) with Cashbank. In the African Bank/Standard Bank collaboration, for example, each of the institutions supports the expansion of the other by jointly offering each others products to their clients (Jones and Datta, 2000, Rust, 2002b). Unfortunately, because the Usury Act exemption only applies to loans of up to R10 000, loans greater than this are still virtually unavailable, and a credit gap still exists in this segment that would provide credit for households at the higher end of the subsidy ranking (Rust, 2002b), and there is a strong case to be made for the raising of the Usury Act ceiling to cover this latter market segment.

In the guarantees and security mechanisms arena, important developments have occurred in the form of backing from pension and provident funds, salary deductions, and guarantees designed specifically for the low income market by the Home Loan Guarantee Company (HLGC) and NURCHA. More importantly though is the role that loan administrators and use assessors have played to reduce risk and therefore facilitate lending in this segment. Loan administrators act as intermediaries between low income clients and lenders, and perform roles that financial institutions are unwilling to perform, given the small loans sought, for example "identifying clients, performing credit checks, helping clients to fill in their loan applications, liaising with developers, and monitoring clients repayments so that they can intervene whenever necessary on behalf of the financial institutions concerned". These are especially critical supports to potential borrowers. Use assessors monitor on behalf of lenders, whether loans taken are used for housing purposes. This is especially important in state or donor supported credit programmes where a housing target is the basis for the mobilization of such funds in the first place (Rust, 2002b).

It is noteworthy that neither loan administrators nor use assessors have been established or facilitated by the government. They are a response to a niche in the market. There is however no reason why the government should not institute and fund similar measures, or target certain institutions and persuade them to lend in this market once loan facilitation and use assessment are guaranteed to take place. This would be an important measure to address the scale constraints associated with current initiatives.

Another innovation, which Southfin for example, has introduced in the low income market segment, is one of securing housing loans with assets other than the housing unit itself, by for example using furniture or jewelry. Lastly, a new market has emerged for very small loans to low income households based on their savings records, with organizations like the National Stokvel Association of South Africa (NASASA) establishing important savings-based lending linkages with institutions like the Permanent Building Society and First National Bank (Rust, 2002b).

Unfortunately, the niche market initiatives and developments discussed above have not been widely documented and their lack of links with the government denies them much needed visibility. Government support in this regard would thus constitute devising ways of providing these innovations the visibility necessary to attract many low income households who still have no knowledge of these credit routes. On the other hand, means could be found to provide new and old beneficiaries with enough information to take full advantage of these new credit-related developments, and to mobilize groups to save in order to take advantage of the savings-based lending developments.

Given the failure with initiatives targeting private financial institutions, there is need to rethink new and different ways of employing state resources, and the government should consider throwing its weight behind the above emerging financial sector, devising new ways of collaborating with them, and where merited, even subsidizing the sector to offset its lack of capacity and liquidity and administration cost problems. And while this move may work against the policy recommendations of ‘enabling the market to work’, it is likely to address the credit needs of those for whom the market would never work in any case, given their current economic situation..

#### **5.4.2.4 Savings and Savings for Credit**

There is a direct link between savings and investment in housing and household savings are a powerful leverage for accessing credit (Boleat, 1987). The HWP “regards personal equity in housing as a cornerstone of a sustainable housing delivery process” (Department of Housing, 1994), especially given the incompleteness of the starter house and the need to improve it over time. This recognition was however at odds with the saving habits of South Africans generally. For example, domestic savings had fallen from over 30% of GDP during 1979 – 1980, to 16.5% in 1996. Only 27% of people with income less than R5000 had a bank account, and only 5% had home loans (Government of South Africa, 1998, Paulson & McAndrews, 1998 cited in Jones and Datta, 2000). At the same time, about 10 million people saved through 800 000 rotating credit schemes, with

savings often depreciating over time, with inflation. Thus, while savings were seen as a critical policy tool, Jones and Datta (2000) raise the question whether they are an equitable means to supplement housing finance. Mthwecu and Tomlinson (1999) proffer the contrary view that not only are they equitable, but that they are far better suited to the affordability profiles of low income households than even housing credit. Whatever the merits of savings, policy developments linking them to the capital subsidy scheme only came in 2002, and have since drawn mixed responses to the way their mobilization structure. Savings and savings-based lending innovations around in South Africa have therefore occurred largely without the benefit of government or policy support. They are however discussed, with a view to showing how they could be supported, or the lessons drawn from them used to strengthen savings mobilization for housing improvement.

The savings-for-housing terrain in South Africa currently presents three scenarios:

1. individual household savings, directed at housing improvement.
2. grassroots voluntary savings programmes where savings are rotated informally, or channeled through savings-based lending institutions.
3. the compulsory subsidy-tied, state-driven savings model, implemented in 2002 and described in Section 4.3.2 of Chapter 4. There is the question however, of whether the policy linking savings with subsidies is supportive of access to improved housing.

Some innovations in the second scenario above have impacted the housing finance terrain in South Africa. For example, the National Stokvel Association (NASASA), established back in 1988 to bring together numerous rotating credit schemes, has grown into a major player, able to negotiate deals with the Permanent Building Society and First National Bank (Rust, 2002b). Unfortunately, such collaborations have not been many, for precisely the same reasons that lending by conventional institutions to the low income market has not worked. Mainstream institutions in particular have argued that previous savings patterns of the poor are not necessarily indicative of their ability to repay a loan (Mthwecu and Tomlinson, 1999). Like the lending environment generally, savings-based lending has therefore not been a success.

NGOs that have entered this terrain claim to have been more successful than government in combining savings and microlending (Jones and Datta, 2000). Some NGO initiatives have certainly been both successful and visible. The South African Homeless People's Federation (SAHPPF) for example, boasts approximately 800 savings groups in 200 communities that work in conjunction the Utshani Fund, a financial intermediary administering a R10 million government grant. Average loans of R8500 are made from Utshani, to groups which also make bulk repayments. The Utshani Fund loans constitute an interim credit support for members to start housing improvements while saving towards accessing a conventional loan. A long term credit solution is however still expected to come from conventional channels. By 1999, Utshani had provided 2862 loans to 168 schemes that had constructed at least 820 houses (Jones and Datta, 2000). Lessons form the SAHPPF include the importance of both saving and consistency of savings, because households are likely to engage in recurrent borrowing before their housing is fully consolidated. Government and NGO support to

would-be consolidators should be in ensuring that such lessons are disseminated at community and project level.

Other NGO-initiated savings initiatives, for example the Savings and Credit Cooperative League (SACCOL), Ithala Savings Scheme and Letsema National Women's Group schemes have met with varying degrees of success. These are briefly discussed because they collectively paint the picture that reflects the broader current savings-lending scene in South Africa. SACCOL is a central body that controls Savings and Credit Cooperatives (SACCOs) affiliated to it. SACCOs pay a membership fee to the league which is used to help them start up, train staff and implement standardized systems. SACCO savers access credit at below market interest rates, 70% of which has gone into new housing and home improvements. SACCO loans of up to R25 000 for terms of up to five years (Mthwecu and Tomlinson, 1999), demonstrate that large enough sums of credit for housing purposes can be mobilized through savings.

The Ithala Savings Scheme, a 45-branch deposit and loan institution in KwaZulu Natal Province, is not successful. Only 2% of its extensive deposits (of more than R640 million accumulated since 1991) has been lent to the very poor, with the bulk of loans going to people earning R3 500 per month or more, as mortgage finance (Mthwecu and Tomlinson, 1999). Like traditional institutions, Ithala collects the poor's savings, but does not lend to them. The Letsema Women's Group helps groups affiliated to it to, *inter alia*, bargain for better interest rates and benefits from financial institutions. Letsema also invests a portion of its members group savings in the financial market, with the aim of growing the capital so that it can realize better returns; establishing a guarantee fund that would be used to underwrite loans to members by financial institutions; and negotiating competitive lending rates for members (Mthwecu and Tomlinson, 1999). These are important savings-related supports that could be built upon.

Many rotating credit schemes exist at grassroots level, through which savers with no affiliations to major bodies and no access to formal credit, have pooled and mobilized monies to achieve small incremental housing milestones. Unfortunately by the time the credit gets around all group members, it has often depreciated in value due to inflation. In addition, even where such groups deposit their monies with conventional institutions, they are rarely able to negotiate better interest rates. There is no doubt that where there is evidence of such savings, the government can get involved, alone or in collaboration with NGOs, to negotiate better interest rates on behalf of these groups, to help their savings schemes accomplish more than they are currently doing (Mthwecu and Tomlinson, 1999, Rust, 2002, Porteous and Naicker, 2003).

Support in the savings area could also occur in the form of government-provided incentives to save, such as those contained in the 2002 amendment to subsidy policy, and the BNG, where subsidy allocation acts as the incentive. SAHPF and other analysts of this development including Jones and Datta (2000), Huchzermeyer (2001), Rust (2002a) and Khan (2003) among others, however caution that using savings as a means of determining eligibility for housing subsidies not only becomes a

barrier to poor households' acquiring improved housing, but also acts counter to the objectives of subsidy support, which is to target these very households in the first place.

The Chilean model of saving-subsidies appears to be an improvement on the South African one from the point of view that in Chile, every low income household, with or without savings qualifies for a minimum subsidy. However, those who wish to benefit from more than the minimum subsidy may enter into a savings contract with a recognized savings institution. Achievement of certain saving milestones entitles the saver to his/her subsidy plus an additional loan (Garcia, 1999). This model has the advantage of rewarding savers without penalizing those who through circumstance are unable to save. In South Africa, such a model would be especially useful to the higher income bands of subsidy beneficiaries. The Department of Housing could support them by negotiating with, for example, NURCHA to guarantee their borrowing, or with some of the NHFC subsidiaries, and the traditional and non-traditional collaborations discussed earlier, to extend credit once certain pre-set savings milestones have been achieved.

To assist those savers who still cannot access credit via traditional and non-traditional institutions, government's support could be in the area of mobilizing grants or negotiating for donor funding to be injected into informal savings arrangements that are already in functioning order, to improve their cash flows and allow them to extend bigger and more frequent loans to a larger number of low income households. Very poor households are more likely to respond to this incentive than to the carrot-and-stick approach which links subsidies with savings. The Department of Housing could also seek ways to dovetail funds coming out such grants or donor funds with subsidies, for example in PHP projects.

Finally, two areas emerge as critical to mobilization of savings, and it is imperative that the government get involved to ensure that they occur. The first of these is dissemination of information. Many households are unaware of the channels via which they could link into savings-for-lending networks. There is no reason why, for example, the Capacity Building Programme driven by the Departments of Housing at Provincial level, and local authorities, should not provide housing subsidy beneficiaries with this information. The second area of intervention is employment creation and income generation support. Tackled in more detail later, it suffices to say here, that this is a critical area of support, as income is a definite prerequisite for savings mobilization.

## **5.5 BUILDING MATERIALS: PROMOTION OF COMPETITION IN THE INDUSTRY**

The HWP cites constraints in the housing construction sector as a key limitation to the housing completion by households. Limited capacity, monopolistic tendencies, bottlenecks and misfits between areas of demand and capacity were seen to be important areas for intervention and support if incremental housing policy goals were going to be achieved (Department of Housing, 1994). It is no wonder then, that Bond and Tait (1997) take issue with the fact that, little effort has been made to intervene in the construction and building materials market, substantial market imperfections notwithstanding.

The state intervention directed at the building materials sector has been relatively small, and has made negligible impression on enabling access to cheaper building materials. Dewar (1999) and Bailey and Associates (1999) point out the continuously escalating building material prices in South Africa, despite contrary expectations of post-apartheid policy, and the private sector's free unfettered reign in this area. While reasons for this escalation are complex, Dewar indicates four significant ones:

1. near monopoly production of basic materials such as cement, glass, bricks, blocks and tiles, with producers vigorously protecting this profitable niche;
2. limited production of indigenous building materials;
3. a tendency towards centralization of the building industry, and the use of nationally uniform, often excessively high, building standards which rule out the use of locally specific building materials where such exist. Thus, the economies in the use of building materials achieved in the artisanal form of self-help housing cannot be replicated in formal incremental housing schemes. In this regard, Dewar warns that few cost benefits can emerge, if acceptance of the principle of incremental housing implies a different style of using the same materials; and
4. the centralized location of factories, which has also caused significant transport costs, increased the likelihood of delays in the construction process, in which time significant price escalations have occurred in certain instance (Dewar, 1999).

The effects of high and increasing costs of building materials have been not only to eat substantially into what the capital subsidy can deliver, but also to impact what the lowest income households can accomplish in the housing improvement phase. The desired cost reduction in housing consolidation depends upon the emergence of a sector constituting a network of suppliers of local, non-standardized and therefore cheaper materials, and the ability of small builders and producers to innovate. This in turn implies locally (as opposed to nationally) specific standards and controls. And given that the emergence of such a sector would undoubtedly be contested by existing large suppliers, the government would need to make a conscious effort to support this development in both policy and practice (Dewar, 1999).

Such sector as Dewar proposes has had difficulties taking off in the post-apartheid period for a host of reasons. For one, few government agencies exist to support such a sector with microloans; formulate and enforce standards and specifications suitable for low cost housing; disseminate technical information and research findings needed for the development of such a sector; and develop a criteria by which the developers and contractors selected for project implementation can facilitate the emergence of such a sector (Kusi, 2000). In addition, entrepreneurs in this sector lack storage facilities, money for capital expansion, and working capital. Suppliers and producers at this level are also at a disadvantage in bargaining for inputs relative to large scale firms, and in marketing their wares. For households, the need to often resort to credit to purchase materials makes them costly. Furthermore, the market for goods from this sector is sometimes limited by their uneven

quality, public bias and a perception that they are inferior to the goods produced by the formal sector (Moavenzadeh, 1987, Kusi, 2000).

Kusi bemoans the lack of conviction of the public sector (despite policy statements to the contrary), that the emergence of this competing sector represents progress in the right direction. It cannot also be disregarded that the beneficiaries themselves aspire to conventional looking structures as representing improved/consolidated dwellings, putting paid to the notion of applying the wisdom of traditional experience in the building materials and technologies used for housing improvement. Some would-be consolidators may however be unaware of the availability of such alternatives.

The Department of Housing needs to address the gap that exists in the absence of such developments, bringing in other departments where need be, whose operations have relevance to this development, for example the Department of Arts and Culture, Science and Technology among others. Countries like Ghana, Kenya, Malawi, Tanzania, Uganda, Sierra Leone, Mauritius and Zimbabwe among others, have made noteworthy headway in this regard, and it would be worthwhile to examine their experience. These countries have developed materials that have reduced housing cost significantly, as well as moved from the fixation with earth-based materials and technologies that have tended to characterize the debate around the use of local building materials and technologies (which is in fact only a walling materials solution), to explore and develop alternative roofing, flooring and binding materials. They have also established channels for information and experience sharing so that strategies for building material cost reduction can be replicated elsewhere. They have also sought to remove the negative perceptions associated with this sector. In Malawi, for example, the Department of Housing has funded the periodic touring of a core-group of experts to local authorities, interested professionals and groups involved in the production of building materials at community level, to familiarize them with developments in the area. It has also solicited funding from donors and the non-governmental sector for the training of local building groups in production. Another support, also tried in Kenya and Ghana, has been the incorporation of some of the materials in the building regulations and by-laws. In Kenya, such materials have been used in visible government projects including housing projects, clinics and schools, to promote acceptability (UNCHS(Habitat), 1990). This knowledge provides a good basis from which to launch a search for an alternative building materials sector.

In addition, the policy statements at national level in this area need to be more specific about what needs to occur, and at what level. Funding to support resulting developments at provincial and local levels also needs to be sourced from the Department, donors and NGOs, to facilitate implementation at the lower levels of government. It is also important to support ventures that have employment creation benefits as well, and the development of an alternative materials sector is one way of achieving this. Provincial and local levels of government can work with interested parties – NGOs, donors, tertiary institutions, research organizations, etc. – to encourage the formation of such ventures, and to support them with the assistance they might require (information, training, marketing, and links with credit sources), while killing the proverbial ‘two birds with one stone’ by

tapping into the employment potential that such support provides. There are many ways in which this could be set up. In Kenya for example, The African Housing Fund, an international NGO, worked in collaboration with the Ministry of Housing, to organize unemployed women into building groups; provide them with training in the production and use of tiles and blocks, and with machinery for production; and to find them a market for their materials, once the expected standard and quality had been achieved. With the building skills provided, the women were able to build their own houses in the evenings and during weekends (Shelter-Afrique, 1994). Other important supports are in information and training. In India, the government has used building centres to demonstrate the developments in the alternative building materials field. Training and audio-visual materials have also been produced and circulated via the building centres. Kusi (2000) also suggests the establishment of a network of building centres across the country to provide institutional intervention for putting into practice new research and development of appropriate materials and technology. Such centres would be the first 'port of call' in the dissemination of information and imparting of new skills.

More could be done to develop a competitive building materials sector in South Africa than is being done currently. Supporting the emergence of such a sector will allow households and communities to exercise control over the purchase of building materials, a much-needed reprieve for households needing to carry out housing consolidation.

## **5.6 POVERTY, EMPLOYMENT CREATION AND INCOME GENERATION**

Under post-apartheid housing policy, housing was understood to be a valuable source of productive employment on a scale large enough to realize tangible housing consolidation benefits. The assumptions made during policy formulation that would drive the incremental housing approach were that:

1. Employment would also be created through the government's economic reconstruction and development programmes, while improved macroeconomic performance would improve real *per capita* incomes of households.
2. Local authorities would use the housing programme to generate greater local economic activity, alleviate poverty, increase the role of small and medium-sized businesses and labour intensive approaches, and thereby maximize the direct employment opportunities and the multiplier effect of the programme. Consequently, the rate of saving and borrowing for housing improvement would increase among the poor, on account of households' improved incomes. The BNG policy seeks to maintain these housing delivery benefits (Department of Housing, 1994, 2004).

Dewar (1999) questions the very premise upon which such policy assumptions are based, arguing that local areas populated almost entirely by poor people cannot generate an adequate local economic base. Few studies have comprehensively assessed the housing and employment creation/income generation links in the post apartheid housing programme. Studies of individual projects (Thurman, 1999, Mkhize, 2001) have however ratified Dewar's observations. Indeed the HWP acknowledges that the employment benefits of such policy would take a considerable time to

achieve. It is however also true that the role of housing in achieving employment creation/income generation goals was meant to be complemented by broader programmes of poverty eradication, which have themselves not succeeded Baumann (2003). The result is that the bulk of subsidy recipients confront a very grim housing improvement future. Baumann indicates for example, that given current GDP, employment and real GDP *per capita* growth trends, approximately 45% of the combined black and coloured population is unlikely to improve their incomes to qualify for loan finance of any kind, even though this group's credit requirements are more acute than any others, due to its very low incomes.

With over 92% of subsidies granted to households earning less than R1500 per month by 2001 (Department of Housing, 2001), Gilbert argues that the subsidy programme has produced ghettos of unemployment and poverty, and asks how households facing such circumstances will improve/extend their dwellings (Gilbert, 2004).

### **5.6.1 Has Current Policy Facilitated Employment Creation and Income Generation?**

It is widely acknowledged that the post-apartheid housing programme has not facilitated employment creation and income generation at scale (BESG, 1999, Department of Housing, 2001, Hassen, 2003, Gilbert, 2003, Porteous and Naicker, 2003, among others). The failure in this regard is understood from three angles. Firstly, as Baumann (2003) points out, are the limitations of a market-based income-driven housing policy to address the causes of housing poverty. Secondly, as has been noted already, the housing policy's success in this regard is dependent upon macroeconomic performance, an area which housing policy *per se* has little control/direction over. Thus, the poor macroeconomic performance, including the only modest performance of the government's centerpiece macroeconomic plan i.e. the Growth, Employment and Redistribution (GEAR) strategy, has impacted housing policy negatively, while at the same time, the housing sector can on its own do very little to turn this tide (Wilkinson, 1998, Baumann, 2003). Thirdly, Baumann attributes the limited impact of housing development on employment creation and income generation to the lack of capacity of many public authorities to drive a holistic housing delivery-poverty alleviation-employment creation-income generation focus required of current policy, especially at local level. The local level technical cadres responsible for designing and implementing housing rarely possess the relevant skills, and moreover, have little interest in, and concern for community level livelihood strategies (Baumann, 2003). Baumann uses the following three ways in which the poor can derive incomes from housing to demonstrate this disregard or lack of understanding:

1. Income through location and access, and from informal activities of households;
2. Income from the housing construction process;
3. Income from rental and home-based work.

These three aspects are examined to demonstrate the lack of support for low income households in practice, and the opportunities that have been missed to improve the employment creation and income generation potential of the housing process.

### **5.6.2 Income Through Location and Access, and Informal Activities of Households**

A major and increasing concern in respect of post-apartheid housing developments has been their spatial and economic integration, the extent of economic empowerment of beneficiary communities and how this will impact sustainability. In this respect, location of housing projects has proved to be their major downfall.

Hassen (2003) observes the reduced thresholds for viable and employment-creating investment in the new housing areas caused by their continued peripheral locations. People have been relocated, for example from squatter settlements close to economic activities, to the cities' peripheries, thereby physically tearing them away from their jobs. These economic opportunities have not been recreated in new housing, and reaching former economic activities has become more costly. Baumann (2003) attributes this to a lack of understanding and support of the livelihood strategies of the poor. He asserts that by disregarding these, post-apartheid policy has increased the vulnerability and poverty of beneficiaries. Given the large proportion of subsidies that have gone into greenfield developments, to which many residents of informal settlements have been relocated, one recognizes the magnitude of this impact. The opportunity to use the clearly more supportive in-situ upgrading approach, from an income generation perspective, has also not been seized. In the Western Cape for example, only an estimated 5% of approved subsidies are consolidation subsidies for in-situ upgrading (Thurman, 1999). Nationally, only 4.2% of subsidies were allocated to this category between 1994 and 1998. The bulk of the remainder went to greenfields developments (Baumann, 2003, Khan, 2003). In addition to the location huddle, greenfield developments have also tended to produce economically homogenous, low income communities. In the bid to maximize subsidy funds, higher income households in existing settlements tend to be excised from new developments, negatively impacting the cash base markets, and thus income strategies of self-employed persons such as traders and personal service providers (Choguill, 1995 cited in Baumann, 2003). Support in this area would involve a higher level of engagement by the local authorities, with the livelihood strategies of the poor, in part through meaningful collaboration with NGOs that have such leanings, if current policy is to have a meaningful impact on poverty.

### **5.6.3 Income From the Housing Construction Process**

The potential to create employment through incremental housing lies in both the production of building materials and construction work. Housing policy envisaged a situation whereby the building materials and housing components used for housing consolidation would be bought from local small scale retailers, who may also be involved in the production of the same. Construction jobs would also result from the housing consolidation process. The ability of small, medium and micro enterprises (SMMEs) created by the housing process, to create additional employment opportunities was also an important policy component. The income generation benefits of this set-up are also favoured by the BNG policy (Department of Housing, 1994, 2004).

These expectations have not come to pass. Very few unemployed and underemployed housing beneficiaries have directed their labour into housing construction. Most put their free time into

efforts to find or expand employment in their relevant occupations, in part due to lack of skills in the housing construction sector, as well as the need for a sustainable livelihood that the housing construction sector has not been able to satisfy for beneficiaries (Khan, 2003). Meanwhile, the SMME sector has not been triggered by housing development activities. This has much to do with the intermittent nature of post-subsidy construction activities, and its inability to support, not just housing consolidation activities, but livelihoods as well.

According to Dewar (1992, 1999) and Werna (1999), the ability of households to generate income from the housing construction process itself is rooted in the creation of preconditions for viable small-scale production and exchange of housing components and skills to occur. This entails the packaging of projects to overcome internal and external constraints such as lack of managerial skills and other skills, and lack of access to credit and equipment respectively.

In the assessment of policy success, the employment creation/income generation goal has been sidelined as an important policy goal, due to the tendency by public authorities to view the delivery process as one that ends upon transfer of the subsidy 'RDP' house to the beneficiary, or the subsidy 'deliverables' to a targeted squatter upgrading project. Rarely has the question been asked, of what beneficiaries are doing with consolidation, especially by the Department of Housing as it evaluates its performance. In addition, an absence of clear policy guidelines for intervention in the employment creation/income generation situation at provincial and municipal/local authority levels, has led to a negligible role being played by these two implementation levels (Gilbert, 2004).

Thus, Smit W(1999), Baumann (2003), Hassen (2003) and Porteous and Naicker (2003) all agree that the extent of meaningful empowerment of beneficiary communities through employment creation at project level remains questionable and a major concern of policy performance. Furthermore, a large percentage of those who have got work from the housing construction process have been involved in lowly paid, casual, part-time work. Large private sector developers and contractors, in response to declining subsidies and escalating production costs, have sought cheap ways to construct low income housing. They have resorted to employing more casual labour and small informal contractors, with negative implications for both employment security and improvement of labour standards and skills at project level (Thurman, 1999, Hassen, 2003). The use of more capital intensive construction methods and industrial building materials has also limited the employment creation potential of the subsidy programme. This market-driven response to changes in the housing construction sector shows clearly that profit-driven construction processes are not compatible with job creation goals, and specific requirements supportive of the latter need to be put in place.

As far as SMMEs are concerned, it is CUSSP's view that the Department of Housing generally, and provincial and local government housing activities in particular, lack effective programmes to support the implementation of SMME policies. Their implementation is also not seen as these institutions' direct mandate or core business, policy articulations notwithstanding. Moreover,

financial institutions still view SMMEs, especially micro-enterprises as a high risk, and this limits their access to credit. There is also poor information dissemination regarding financial schemes available, stifling further the emergence of this sector as an employment creating one (CUSSP, undated).

Attempts to support beneficiaries through programmes of skills transfer within projects have often not been satisfactory. Smit W (1999) indicates for example, that in two BESG-managed projects in Durban, the builders, small contractors and SMMEs trained within the project complained about shortage of work, limited returns, stiff competition due to too many builders being trained, inability to compete for building jobs due to lack of access to bridging finance, and high cost of tools to set up the building trade. Due to lack of support to develop financial management skills, many ended up making losses. There are also still instances of beneficiary preference for formal contractors, so that local builders/contractors are not given work by households within the project. Sometimes the internal arrangements within the project are flawed. In the two BESG-supported projects, for example, supply of building materials was contracted to suppliers outside the project. Training people to produce the materials themselves was found to be too time-consuming while acceptable standards could not be guaranteed. Thus, in choosing expediency and a less complicated process of accessing building materials, the opportunity to support income generation by beneficiaries within their own projects was lost.

These problems notwithstanding, the participation of small-scale contractors and builders and SMMEs generally made it possible for some subsidy, as well as savings and credit monies to be retained in the communities. In the two BESG-managed projects, about 180 local people found short-term employment as builders, and over R3 million was paid out to builders in the projects (Smit W, 1999), pointing to a huge potential that more careful project packaging could exploit.

Werna (1999) and Hassen (2003) conclude that for every project, support must include investment in and a budget set aside for the support of SMMEs, including small contractor and small producer programmes in the form of training, credit, technical assistance, equipment and tools, etc, to harness the employment potential of projects. Such investment could be accompanied by a requirement that those so supported employ labour from project areas as a form of 'repayment' for such investment. CUSSP (undated) adds that emerging entrepreneurs need to be assisted to understand tender and procurement procedures. They also need to develop cooperative relationships and links with large business to integrate small businesses into mainstream economic activity. Further, larger entrepreneurs could be required to impart skills to smaller ones, especially if they are gaining from housing development contracts. Hassen (2003) also points out that of the few skills programmes that have been implemented within projects in South Africa, majority have emphasized technical skills above other skills, and that such programmes need to be expanded to improve community skills to, for example, engage in non-building income generating activities collectively, improve products, market their wares, and manage their finances. This way, not only housing beneficiaries in the

building trade are able to improve their incomes, while sustainability of employment and income generation issues begin to be addressed.

#### **5.6.4 Income From Rental and Home-based Work**

The use of housing for rental, commercial or industrial activity is a powerful means of facilitating the economic sustenance of households, without which many would perish (Haq-Hussain, 1996, Pacione (2001) cited in Mahmud, 2003, Mahmud, 2003). The WB in its early projects around Africa found home-based work and the leasing of rooms to be an effective means of increasing incomes and making housing sites affordable to target populations (Kearre and Parris, 1982).

In South Africa during the 1990s, more new tenancies were created in the informal sector than the formal rental sector (Dubel and Pfeiffer, 1996 cited in Gilbert, 2003), indicating the potential of rental income in low income housing projects. This potential has however not always been realized in South Africa, and residents have even been discouraged from making investments in rental and non-residential activity that can provide an escape from poverty. For example, the Department of Housing has considered regulations requiring beneficiaries of subsidy projects to hand over materials previously used in their informal dwellings, to prevent their use in informal additions that households could use for rental accommodation or income generation activities (Baumann, 2003). Baumann argues that large numbers of those who occupy new housing developments may never obtain formal employment. To then them opportunities to seek informal methods of income generation is therefore to condemn them to perpetual poverty (Baumann, 2003). And although their first efforts may result in informal structures, income earned can play an important role in their eventual improvement. Support in this area should thus constitute a tacit acceptance of such as important methods of achieving housing consolidation.

Once again, squatter settlements offer some useful lessons in this regard. Here, the absence of stringent official and community regulations governing the use of the house for rental or home-based work reflect an understanding of the needs and opportunities of residents. Unfortunately, relocation of such households to formal greenfield developments may impose restrictions that limit their ability to use their housing assets as before, leading to a diminution of household income (Baumann, 2003). Such restrictions, coupled with the low densities that have accompanied low income projects due to a lack of densification have inhibited the critical mass and the level of local demand necessary to support extensive economic activity.

Dewar (1999) advises the need to plan for income generating activities in the packaging of housing projects. In addition, project infrastructure should include economic infrastructure, which would allow people to access a wide range of opportunities to manufacture and trade within the housing area. For example, kiosks as well as formal shops, sheds and bazaars can be facilitated through creative housing designs that incorporate this as part of the house structure, thus supporting rather than hindering the use of dwellings for income generation. Subletting of dwelling must also be encouraged, and stressed as an important source of income in beneficiary education drives.

In conclusion, Gilbert (2003) maintains that repressive occupancy and use rules and regulations are useless if the households being protected by them have to sacrifice much needed income to enjoy space and environmental comfort. Given the choice, they would, without fail, choose income over comfort. Both Wilkinson (1998) and Gilbert (2003) argue for public sector rethinking and formulation of policies that are genuinely supportive of low income households' ventures to improve their economic condition, because this is an important precondition for housing improvement.

## **5.7 INSTITUTIONAL RESTRUCTURING AND CAPACITY BUILDING**

As early as the 1980s, attention was directed by both the WB and UNCHS(Habitat) to the institutional arrangements needed to deliver housing (Schon, 1987), the need to build capacity at various levels of government to design, implement and monitor housing policies and programmes, as well as balance public and private sector roles.

In South Africa, a priority of post-apartheid policy was institutional adjustment, intended to streamline and/or create delivery channels that would be supportive of the incremental housing process, while utilizing public and private sector systems for delivery of such housing (Baumann, 2003). Institutional restructuring was envisaged to achieve significant transformation and capacity building of government actors at all levels, and clarify the roles and responsibilities and the relationship between central, provincial and local governments, as well as civil society and private sector institutions, whose cooperation and coordination was required in the implementation of the incremental housing strategy.

Within this context, the support needed to allow policy objectives to be met, and the level of the institutional set-up at which such support should occur, was defined. For this study, the way institutional restructuring has occurred in post apartheid housing policy is examined only to the extent that it facilitates post-subsidy housing support, and that such support trickles down to levels that households can access and partake of.

### **5.7.1 Institutional Restructuring and Capacity Building - Policy Issues**

Within post-apartheid policy, two principles in particular were seen as critical to institutional restructuring, namely, maximizing non-state delivery capacity with the state acting as a facilitative agent; and maximizing the participation of the community. Such institutional reform would yield better loan instruments, targeted subsidies and rapid and co-ordinated supply of land, among other support elements. Based on these principles, institutional structures and roles for housing delivery were determined by policy, and later ratified by the Housing Act 107 of 1997 as follows:

1. At National level, a single Department of Housing responsible for developing, implementing and monitoring the success of the national housing policy framework;
2. Provincial Departments of Housing, responsible for implementing Provincial policy within national parameters. According to the Constitution, these two levels of government have the concurrent responsibility for housing affairs.

3. Local authorities, identified as key actors in the housing process, specifically with respect to ensuring the availability of land, bulk services and developing a local development framework conducive to housing development. There was an implicit understanding that national government would empower provincial and local authorities through legislation, human, financial and material resources, thereby developing capacity at these levels to carry out these important roles. In the context of incremental housing, local authorities would also have the responsibility to build the capacity of communities to participate in the housing process.
4. Participation in policy formulation and decision making processes by key national and provincial stakeholders in the housing sector was entrenched through statutory advisory bodies, for example the National and Provincial Housing Boards, among others.
5. National and Provincial state corporations, set up to overcome temporary and/or permanent market weaknesses and failures. However, although such agencies had unambiguous operational mandates from the government, they were to remain operationally and financially autonomous. To this extent, it was possible for the aims of policy and the prudent operations of the institutions to be in conflict, despite good intentions on both their parts.
6. As many housing delivery, finance and building materials supply organizations as possible, from the private, NGO and community sector, were required by current policy to become involved in housing delivery (Gardner, 1996).

These six levels constitute the institutional framework established under current policy, and at all these levels lay an implicit responsibility to create an enabling environment for households, as a precondition for their effective participation in the housing process.

To fund housing activities, monies are channeled through a single National Housing Fund and single Provincial Housing Funds to specific predetermined programmes and activities, which fall within the overall policy framework (Gardner, 1996). By the same token, activities that are not funded cannot occur, however critical they might be. Activities for which clear policy and strategy has not been developed and which therefore cannot be directly linked to specific levels of the institutional framework, easily 'fall through the cracks', regardless of their importance. Housing support has been one such activity. The fact that it encompasses several areas of the housing process and all the levels of delivery, makes it a difficult aspect to pin down to a specific institutional level. It is Huchzermeyer's (2001) contention that the absence of a specific strategy for support and capacity building at the various delivery levels, has left obvious gaps for both funding and for the action necessary to trigger and sustain the housing improvement activities of households. USN (1998) cited in Pottie (2003) in response to this shortcoming, calls for more detailed specification of the roles and responsibilities of the different role-players, to ensure clearer articulation of both expectations and outcomes.

### **5.7.2 Institutional Gaps – Government Sector**

The main institutional gap with regard to support lies in the extent to which the state and private sector actors are able to fulfill their specific roles as envisaged in the overall housing strategy. The

government's ability to fulfill its role has been persistently inhibited by the lack of institutional capacity (staffing, skills and resources). This is especially acute at provincial and local levels where according to Khan (2003), Pottie (2003) and Thring (2003), their ability to take up the additional responsibilities of support required of them under current policy is severely limited. In particular, the principles of developmental local government and cooperative governance have added new responsibilities for local government in respect of housing delivery, requiring the development of new skills. Poor technical, facilitation, planning and regulatory capacities of public authorities further inhibit their ability to design and implement integrated development plans. Moreover, local authorities are working under fiscal and political pressure as they try to meet these responsibilities and simply do not prioritize those support activities that are not explicitly required of them, even while they acknowledge the need for them (Thring, 2003). These constitute very significant obstacles in maximizing support outcomes and stymie housing consolidation efforts of households.

In other instances, the problem has not been one of capacity, but more accurately lack of innovation. For example, despite constitutional dispensation, few provinces have attempted to formulate what would be tantamount to "provincial policy". This is partly because such attempts have resulted in conflict. Provinces like the Free State, Eastern Cape and Gauteng which have for example, subsidized serviced sites so that household subsidies can achieve better top structures, have been criticized for what is seen as distortionary "double" or "hidden" subsidies. Due to these kinds of reactions, provincial governments have not been taking accountability for housing support (Smit D, 1998). Smit suggests that if provinces formulated their own policies and took responsibility for them, there would be much scope for innovation, especially on the issue of post-subsidy housing support, because provinces would be able to take action that only they are accountable for. Moreover, by prioritizing post-subsidy support, individual provinces could set new parameters by which policy successes could be assessed and replicated, while highlighting housing consolidation as an important benchmark against which to assess policy success.

Other institutional problems that Pottie (2003) has pointed out include insufficient national supervision of local implementation of post-subsidy support and unclear functional definition among the spheres of government, so that unfunded mandates, of which support is an example, are passed from one sphere to another in a typical 'passing the buck' scenario. In addition, as has already been observed elsewhere, responsibility for some support elements lies with other government departments, even though coordinated relations with the Department of Housing are required to achieve them. Unfortunately, as noted by the Department of Housing (1997c) and the Presidential Review Commission (1998) cited in Pottie (2003), poor coordination within and between different departments and spheres of government continues to create incapacity to implement national programmes, with the consequent failure to deliver on some intergovernmental policy goals. Support is one such goal. The new BNG policy reiterates this problem, and calls once again for interdepartmental action (Department of Housing, 2004).

At project/household level, the support and capacity building needed by households assume a level of capacity in local government that is not often available. The role of housing support, whereby local authorities are required to, for example, enter into joint ventures and private contracts with developers, directly administer and support projects, and facilitate the participation of other role-players, is a new governance culture (Thring, 2003). The administrative capacity needed to play these roles is not present in many local authorities overall. Added to this is the financial crippling of many local authorities by non-payment for services and non-collection of revenues, which has rendered many local authorities unviable. It is unrealistic to expect any meaningful support of households by local authorities affected in this way (Smit D, 1998, Huchzermeyer, 2001).

The reform of the housing finance institutional environment has been comprehensively addressed in Section 5.4.2 of this chapter. It suffices to say here that despite many facilitative mechanisms by the government, many private sector actors remain uninvolved in the low income housing market (Gardner, 1996, Thurnman, 1999, Huchzermeyer, 2001, Smit W, 2003, Department of Housing, 2004, Melzer, 2007), and this has had negative implications on households needing housing finance support. At the same time, the role of savings, which seem to be far more important and relevant to the affordability profiles of the poor, has been sidelined. Little support has been devised to encourage the poorest households to save in secure and accessible formats, with the possibility of dovetailing these funds with credit and subsidies (Jones and Datta, 2000). There are now requirements for households to save in order to access subsidies. Unfortunately, not only are these embryonic, but savings are only encouraged to augment an insufficient subsidy, rather than to support households to tap into the savings-credit-subsidies link. There are however a few examples of experiments with savings initiatives that show its potential to work. A Cape Town scheme has used municipal funds to leverage credit for capital subsidy recipients, with such access to credit being contingent upon recipients building a savings record (Hewu, 1999 cited in Pottie, 2003). This is one possible option that could be used by other municipalities, with a number of possible variations.

With regard to the housing administration process, Thring (2003) observes that the major paradigm shift of policy from direct housing provision to the support approach demands a new understanding of the housing implementation process. For example, to ensure community participation, the policy requires that a 'social compact' be signed between key players, outlining their specific roles and responsibilities (Smit D, 1998). The types of support that would be extended to beneficiaries, for example, could be specified. In practice, social compacts have in some instances constrained rapid delivery. This has been addressed through granting of discretionary powers to the MECs to override social compacts for the sake of expediency. The results for support have been unsatisfactory however, as role-players can no longer be held accountable for roles they did not commit to by signing a social compact. Thus, developers and financiers in particular have wriggled their way out support roles that they were not keen to play in the first place.

Thring (2003) also observes that there is a disjuncture between the aims of new housing policy, and old management and administrative systems and styles, manifested in various forms. These include

“resistance by old bureaucrats (including sabotage of projects), the inexperience of new bureaucrats, the absence of financial, administrative, technical, professional and monitoring skills.” She concludes that these present formidable bottlenecks to housing support, with provincial and local authorities having little understanding of the kind of support needed by households, and how to make it available. In this respect, Marx (2003) laments the increasing irrelevance of local governments internationally, in supporting people’s housing initiatives.

The National Department of Housing’s ongoing National Capacity Building Programme is aimed at addressing the above capacity gaps. Whether these efforts are accurately targeted is quite another matter, but while capacity is being built at these levels, the communities and beneficiary households which are dependent on this capacity are without any means of support. Additional capacity building activities/initiatives have included special ministerial task teams to identify housing delivery bottlenecks, national, provincial and local government workshops and introduction of tertiary education courses in housing development and management for housing actors at the various levels. Very few of these initiatives have broached post-subsidy support as a critical area of intervention and capacity building (Thring, 2003). Certainly, few efforts have been directed at building beneficiary capacity around housing consolidation goals. This raises significant concerns for beneficiary achievement of housing adequacy, particularly in housing areas spatially trapped by poverty and managed by weak state institutions.

### **5.7.3 Non-governmental Sector Institutions and Support**

Private, NGO and CBO sectors are considered by policy to be important institutions to complement state sector roles. Indeed, some visible NGOs have actively supported beneficiaries at household level and gained prominence nationally for collaborating with the state sector. Examples include the already cited SAHPF, Peoples Dialogue and the Utshani Fund among others. These successes notwithstanding, getting the non-state sector involved in delivery has overemphasized the roles that financial institutions should play, and sidelined the role of NGOs and CBOs (Jones and Datta, 2000). This is attributed to the limited attention paid by the HWP to the potential role for NGOs and CBOs, and the ambivalence and sometimes hostility of government towards NGOs. By 1998, NURCHA for example, had supported only one NGO project (Jones and Datta, 2000), while only about 1% of housing subsidies were devoted to NGO savings schemes by 1999 (Jenkins, 1999 cited in Jones and Datta, 2000). The PHP, which was an avenue for NGOs/governmental support collaboration, was not adopted until 1998. Despite the PHP’s subsequent important role in building beneficiary capacity through workshops and setting up of building support centres, the few PHP projects implemented since its inception, relative to other delivery modes, make the role that NGOs have been able to play in the PHP context a minimal one (Jones and Datta, 2000). Baumann (2003) argues that under conditions of scarcity and capacity constraints as those that currently exist around housing delivery in South Africa, CBOs’ role lies in providing an informal but critical framework for supporting housing activities at project level. They have local information that can identify cheaper, more appropriate ways of providing services including housing, and local authorities need to structure housing delivery to capitalize on these strengths, especially at post-subsidy stage. Jones and

Datta (2000) argue that the lack of institutional support of NGO and CBO household-support roles “raises a wider series of questions about whether the selective enabling strategy is working counter to broader aims to address poverty and equity”, and to the goal of enabling households to drive the housing consolidation process.

It can then be concluded that the success of institutional reform and institutional capacity building, and what the new institutional framework has achieved in respect of support and enablement of beneficiary communities and households, if judged against the context of national housing policy requirements, is found wanting. Wilkinson (1998) and Khan (2003) point out that there is a political angle to this outcome, and argue that because political will has not been thrown behind the restructuring of institutions for delivery, the expected outcomes of post-subsidy support are unlikely to occur.

## 5.8 HOUSING SUPPORT

The HWP recognizes the need to provide subsidy beneficiaries with project level housing support in order to ensure the continuous improvement of their initial housing. The HWP defines futuristically, the housing support mechanisms that the government “would consider establishing”, indicating that at the point of policy formulation, this important aspect of policy implementation remained ambivalent, rather than an absolute requirement within projects. The envisaged support would include, *inter alia*;

- Advice and support to communities in the planning and funding of new housing developments and their continuous upgrading (thus indicating a continuous support presence in the consolidation phase);
- Technical, legal, financial and consumer protection advice;
- Planning assistance including the quantification and costing of building materials and other building requirements;
- Assistance and advice in respect of contracting and supervision of building activities;
- Assistance and advice in terms of material procurement at affordable prices; and
- Advisory support and skills training during the implementation/construction process (Department of Housing, 1994).

The HWP places responsibility for these actions with local government, requiring it to provide such support in the form of *Housing Support Centres* (HSCs) to local communities. Local government would collaborate with suitable private and non-governmental agencies in such ventures. The centres would provide the support activities outlined above (Department of Housing, 1994). In 1994, R50 million was earmarked by the National Department of Housing, to kick-start the process (Smit D, 1998). The general lack of success with housing support therefore lies with its haphazard implementation, rather than with flaws in the policy provisions around it. It is however important to note that despite the HWP’s definition of specific housing support action, housing support does not entail a necessarily universal set of actions to facilitate housing access by the poor. Internationally, an infinite number of models of housing support have been used as shown in the next chapter.

Rather, housing support defines actions with contextual relevance, and should be structured to address the specific needs of a given group of people at a given time, while constantly innovating and adapting as the context changes or is better understood.

### **5.8.1 Forms of Support for Housing Consolidation**

The forms of housing support required in incremental housing projects are those that facilitate self-organized and self-managed housing activities by providing the skills and resources needed for such activities. A BESG study (1999) and Smit and Mbona (1996) (of BESG) draw on BESG's experience of housing support in two projects in Durban, to list the following important supports for consolidating households:

- Technical assistance in house design, site layouts and basic construction;
- Support in the form of subsidies, credit and funding for skills development;
- Skills training for small builders and building materials producers;
- Building finance to small builders;
- Job creation within projects and structuring the consolidation process to maximize the number of economic opportunities made available;
- Information: BESG for example compiled and made available a list of builders with an acceptable level of skills in the project areas, which consolidating households could choose from, thereby eliminating exploitation and poor workmanship.

As already indicated, the support needed by households is dependent on the context, type of households, and the networks of supply of housing inputs including finance, labour, technical assistance, building materials, etc., and how best these can be packaged. The support given would also be influenced by factors such as whether the would-be consolidators would be willing to engage in self-build, or whether they would rely on the building skills of others. Housing support is therefore about setting up suitable scenarios and following them with appropriate support options. According to Stewart (2003), at the very least, basic information on the possibilities within a project should be collected by the local authority, alone or in conjunction with say a knowledgeable NGO. Such information would include, for example, the existing skills base of beneficiaries, possible support from the local municipality and possible sources of finance approachable by beneficiaries, etc. Both Huchzermeyer (2001) and Gilbert (2004) stress that the support needed for housing consolidation does not always require financial intervention, and therefore that successful support has to do with being able to determine what circumstances call for what support. Nkwiti (2003) and Napier (2003) add that in fact, the difficulty in understanding support for most authorities has to do with its lack of specificity, so that few of them know what modes of intervention are necessary, and even fewer understand enough about the operational side of support, to systematically package it by determining why, when, how and with what to intervene. In such circumstances, according to Napier, there is an important role for the private and NGO sector with particular skills to play, in a range of diverse support. The choice of private sector actor/s or NGO/s would therefore depend on the support needs in each project.

Napier gives the simple example of a project in Soshanguve in which the private sector building materials suppliers provided additional support in the form of brick-making machine loans and training when a household bought materials from them. The relationship between the materials suppliers and households became mutually supportive, and households got support in areas that applied directly to their housing improvement activities. In the Eastern Cape, the provincial government asked private building materials suppliers to develop particular appropriate packages for the PHP process (Huchzermeyer, 1999 cited in Napier, 2003). In another PHP project, the developer provided support by organizing the supply of materials and delivery to the site; provided 15 different house plans with their costs included; did an audit of the materials the households already had (including second-hand materials which could be re-used); and provided someone to monitor the construction process on site (PHPT, 2000 cited in Napier, 2003). These kinds of partnerships can be negotiated on behalf of households, as can be links with technical institutions in the project areas, etc. The possibilities to forge support scenarios are infinite if effort is made to find them. The shortfall lies in lack of both knowledge and effort by the authorities concerned (Napier, 2003).

### **5.8.2 Areas of Housing Support – the BESG Consolidation Project Experience**

In examining what support can do for housing consolidation, the findings of a study by BESG between 1996 and 1998 of two Durban projects that it supported are instructive. Although formal tenure and basic services had been provided between 1992 and 1994, most housing was still informal at the point of BESG's intervention in 1996 (BESG, 1999). Within the two year study period following BESG's intervention, both areas were transformed from less than 50% formal rooms at the start of the consolidation process, to about 80% formal rooms. The success with housing support in these two projects can be attributed to a number of critical aspects:

1. BESG accreditation of four small builders and building materials suppliers allowed for competitive materials prices and standards. Small contractors were also organized into building teams, which 90% of the households then hired.
2. Housing advice offices were established in both settlements and housing advisors employed to advise beneficiaries on how best to spend their subsidies; provide them with materials price lists and a variety of housing plans; assist them to complete contract documents between themselves and the builder and fill out materials order forms. Advisors also, together with the builders, certified on-site delivery of materials and the quality thereof, and established what was a fair charge for one or two rooms by builders, and advised beneficiaries accordingly. In addition, they certified completion of structures and ensured construction faults were rectified before materials suppliers and builders could be paid.
3. A number of community members were trained in building and block-making, resulting in a network of locally accessible builders and block-makers. BESG ensured that quality of blocks was maintained by carrying out random checks. In addition, Kagiso, a training Trust, undertook workshops during the project, aimed at rectifying common construction problems (BESG, 1998).

4. Particularly noteworthy was the fact that the local authority did not take leave of the project after making subsidies available (as many local authorities have tended to do), but sought funds to sustain housing support activities from IDT, while BESG devised a package of support that took advantage of what already existed within or near the communities (BESG, 1999, Napier, 2003). It emerged quite clearly that funding for support activities is a critical success factor as well.
5. The housing advice office remained open even after most households had used up their subsidy funds, and the services of the housing advisors were retained in the post-subsidy consolidation phase (BESG, 1998), although lack of funding finally ended this support.

A different project in which BESG supported housing activities of mutual self help, yields a different set of lessons. In this project, a group of households was first trained in construction skills, and BESG then supervised their mutual construction activities. To ensure uniformity of product and sustained building momentum, the houses were only allocated to the participants at the end of the project, upon completion of all the houses. In addition to reduction in the costs of construction and skills benefits, a reasonable standard of construction was also attained as the mutual builders were able to access assistance in the more complicated construction tasks. Most importantly, the consolidation process itself was triggered by BESG's programme of supporting mutual self-help efforts, without which it may never have started (BESG, 1998).

BESG concludes that certain types of support are more appropriate in certain scenarios than others. For example, assisted mutual self help works better for households willing to be involved in the construction process, and who cannot afford to spend much on labour. Small contractor delivery on the other hand may work better where there is a sufficiently large number of builders and building materials suppliers in the area (BESG, 1998). BESG's experience outlined above, unfortunately only utilized consolidation subsidy funds in the housing improvement process. No support was given towards improving the beneficiaries' access to other sources of finance. Overall, it seems, in very few instances in South Africa has support at project level been directed at improving access to finance.

### **5.8.3 The Peoples Housing Process (PHP) as a Form of Support**

The PHP policy inception revolved around developing an understanding of the support that communities would need for the efficient production of their own housing. The PHP's advantages over developer-driven delivery in particular, relate to beneficiary involvement from an early stage in the settlement development process, putting them in a position to control a number of key decisions including planning and location, house design, use of subsidy funds, how to access building materials and how their homes should be built. The government and the PHPT, which is the main agency responsible for the PHP, in turn support such initiatives with assistance to access suitably located serviceable or serviced land; subsidies; appropriate forms of credit to augment the subsidy; opportunities for skills acquisition; and technical and financial assistance. Apart from this general support service, when groups come together and apply for support from the Department of Housing, it may lead to the establishment of a 'housing support initiative', which may or may not be

physically manifested in the form of a building centre of some kind (PHPT, 1998 cited in Napier, 2003).

Other forms of PHP support come directly from the Department of Housing and include:

1. A *facilitation grant* to a qualifying PHP group, designed to help a community, with or without NGO or local authority assistance, to prepare a project application and form a *support organization*, a legal entity that partners with the community-based group and acts on its behalf in its engagement with other stakeholders.
2. With the assistance of the support organization, the development of a business plan by the community group. The plan outlines how the houses are to be built, the support needed, who should provide that support, the cost of such support and the control measures to be established. This way, all these aspects are thought through and their feasibility assessed beforehand.
3. The housing subsidy, and in addition, an *establishment grant* of R570 per household, intended to establish and cover the running cost of a housing support centre (HSC). The HSC in turn supports the physical activities of the construction process (Department of Housing, 1998).

Other support resources have been availed by a range of organizations with an interest in the PHP. For example, the Development Action Group (DAG), an NGO, offers a course on the management of HSCs (DAG, 1999 cited in Napier, 2003), while the Community and Urban Services Support Project (CUSSP) has published a manual on how to facilitate a PHP (CUSSP, undated). The CSIR has published guidelines for the establishment and day to day running of a building centre (Napier, 2003).

### **5.8.3.1 Support Lessons Emerging from the Peoples Housing Process**

The first useful PHP lesson is that in the absence of community level skills, some project activities, for example production of construction materials, or even the mutual and/or self-build process are not cost effective, and that households might be better supported to access those inputs cheaply elsewhere (Thurman, 1999). If skills development activities are to be undertaken, it is also important that a skills audit be conducted so that capacity already in existence within a community and its environs is not duplicated.

It would also seem that a number of supports that have worked in the PHP have done so because whole settlements or neighbourhoods have been mobilized – to save together, engage in mutual self-build activities, partake of skills and other housing inputs together, etc. This poses important questions regarding whether support in such areas is possible on an individual household basis, where household decisions to undertake housing improvements are taken independently of other households in the neighbourhood. Is the basic tenet of self help housing, that individual households would decide to undertake housing consolidation as and when their means allowed, a realistic one for households that need different types of support to achieve consolidation? It is neither cost

effective nor feasible time-wise to support individual households at different times, over prolonged periods of time that are necessarily characteristic of a housing consolidation process. BESG (2000) indicates for example, based on its survey of Durban, that the operating costs of HSCs and the unpredictable flow of individual consolidators needing support makes it difficult to sustain a HSC in a post-subsidy consolidation phase. Drakakis-Smith (1981) supports this view by indicating that internationally, on-site support including on-site production of materials and production facilities, support centres, training and technical support cannot realistically be expected to last the length of time it would take for substantial consolidation to occur. It could then be that consolidation activities of a group of households at a neighbourhood or settlement level need to be coordinated and dovetailed, putting paid to the notion of absolute liberty of households in making decisions about when to carry out housing improvements. However, given the overall benefits of receiving support, it could be that being 'pushed' into collective activities of consolidation is not such a high price to pay, especially where such support will work out better at expediting housing improvement.

#### **5.8.4 The Standards Quandary**

Most households undertaking housing improvements in South Africa determine their own standards based on available resources. Thus, another important area of support is standards. Huchzermeyer (2001) and Napier (2003) observe that in current housing practice in South Africa, many local authorities still impose housing standards that are inappropriate for self help and unaffordable with the resources of the poor.

Most housing improvement efforts fall below the exacting standards of local authorities in South Africa. Even in areas where legislation such as the Less Formal Township Establishment Act of 1991 and the Development Facilitation Act of 1995 allow for the application of regulations and by laws predicated on the incremental tenure delivery option, departments of local government still object to lower standards being applied. Napier (2003) asserts that such attitudes are counterproductive to people's self-help housing efforts. He argues that incremental housing is progressive in nature, and that support in this area entails the use of housing standards that are progressive as well.

#### **5.8.5 Collaborative and Other Support**

A final useful support lesson is that the involvement in projects of departments other than housing is a key success factor of post-subsidy housing support. In the Eastern Cape for example, the Department of Labour has made funding available for skills training for unemployed people engaging in the PHP (Napier, 2003). It is unfortunately generally true that when it comes to skills training, the Department of Labour's National Skills Strategy has not been tapped into as an overarching support to exploit the skills/employment creation potential of housing (Thurman, 1999). Napier argues that if the government does indeed recognize the social capital-building advantages of the housing process (as the policy claims it does), "then there should be a stronger motivation for a wider range of government departments to participate, using the establishment and consolidation of settlements as a common ground for investment" (Napier, 2003). There should therefore be greater

effort to identify and establish stronger links between related programmes, especially those that seek to eliminate poverty and provide skills in housing and other fields as well. Deriving directly out of this lesson is another important one. Experiences from eThekweni as well as Gauteng and the Eastern Cape provinces show that success with support efforts of all types has been in large part attributable to the local authorities' and provincial departments' explicit decision to support communities in the housing process. Thurman (1999) contrasts this with the absence of political will to commit the time and additional resources needed to make the incremental housing policy feasible in the Western Cape province. According to Thurman's study, communities, households, CBOs and NGOs here all agree that lack of support to households in the housing process by the local authorities and provincial department of housing is a major reason why housing consolidation has been difficult. A show of political will for support therefore needs to be exhibited within and between local authorities and departments, because this is the means by which to 'rope in' all the other resources available to support households. In a word, the onus is on the government to demonstrate through its various organs and departments what it means by support to households and communities, in their pursuit of adequate housing.

## **5.9 SUMMARY**

This chapter serves to elaborate on the support feature of current policy which is the central theme of this study. In taking a detailed look at the way the nine elements of support have been articulated and implemented in the current housing policy context, the chapter demonstrates that it is the quality of support provided in the nine areas that is important, rather than the mere attempt to provide support in a project. Thus, while none of the nine key support areas have been without some form of intervention or effort at implementation level, it is in the quality of such intervention or effort that failure has been manifest.

Further, by exposing the contradictions between the housing support requirements of policy and the outcome of the attempts to meet these requirements 'on the ground', the chapter places policy implementers at centre-stage of housing support, and calls for their capacitation and innovation to fulfill their housing support function. From the review of the various support elements also emerges additional critical support elements that are currently absent from housing delivery in South Africa. In the final chapter, these are included in the support package developed by the study. Lastly, the chapter highlights lessons that have been learnt through different agencies' experimentation with housing support, that are useful in informing future support-related policy and practice.

## **CHAPTER 6: PRECEDENTS IN THE PRACTICE OF HOUSING SUPPORT**

### **6.1 SUPPORT FOR HOUSING CONSOLIDATION – THE INTERNATIONAL EXPERIENCE**

The practice of support refers to the creation of an institutional, economic and physical environment which favours, supports and protects the housing production initiatives of households. The previous chapter reviews the policy elements considered to be key in the practice of support in South Africa, and therefore preconditional to housing improvement. It examines the policy requirements of these key elements, the way they have been implemented, the impact of such implementation on the housing consolidation process and the housing support gaps in this regard.

This chapter draws on both the South African and international experience with support to derive some general principles that show how support could be approached in differing contexts, with a view to developing a holistic criteria for packaging housing support. In particular, it shows both 'good practice' and 'poor practice' precedents, and the implications of these for housing consolidation in various contexts. It forms the basis upon which to examine empirically, the practice of support in the South African case studies chosen. In a bid to tie this chapter to the overall study, some areas of overlap with other chapters, and particularly the previous one are inevitable, and this phenomenon is acknowledged, even while effort is made to keep it to a minimum.

In the support approach policy context adequate housing is a futuristic state, to be achieved at a pace determined by the wherewithal of the beneficiaries of housing and the enablement or support provided to them in various forms. Yet, the concern raised by Napier (1998), Smit D (1998), Mackay (1999), BEG (2000), Huchzermeyer (2001) and Gilbert (2003) among others that the housing consolidation expectation is not easily achieved in South Africa, shows pace to be an important indicator of consolidation success. Napier (1998) adds that formal extensions are the closest approximation of incremental housing projects' original consolidation intentions. At the same time, the strength of the incremental process is the self-determined pace by which households can decide how much to spend on housing, and when, with total independence (Turner, 1969, Turner and Fitcher, 1972, Turner, 1976). A contradiction thus arises in the fact that an accelerated consolidation pace, while desirable for housing adequacy, removes the 'freedom to build' notion of incremental housing. Thus, in determining how successful the practice of support has been, it is important to interrogate the notion of pace in housing consolidation. In addition, it is also important to ask whether for example, informal extensions meet the objective of adequate housing, and whether there are instances of unwillingness rather than inability to consolidate, which might point to inappropriateness of approach rather than a problem with the support provided per se.

To cultivate the conditions needed for housing consolidation, many forms of support have been attempted in South Africa and elsewhere. These have yielded a number of lessons and principles,

indicative of the various ways that the preconditions of housing consolidation might be set up. The next section looks at these under specific themes.

## **6.2 LESSONS AND PRINCIPLES OF HOUSING SUPPORT**

### **6.2.1 Principles Regarding Security of Tenure**

Internationally, secure tenure is an important incentive for voluntary investment in home improvement (Turner, 1969, Finlay, 1977). Its use to kick-start housing improvements has been confirmed in many contexts like Ghana, Senegal, Philippines, Mexico, Peru, Nigeria, Kenya, Indonesia, India, Colombia and elsewhere (Laquian, 1983, UNCHS(Habitat), 1991a). In the municipality-instituted system of assisting black people with loans to build their own houses on serviced sites in Bloemfontein, South Africa, a key limiting factor of the scheme was the leaseholds granted, which gave insufficient security to households, and could not be used to secure lending from financial institutions (Morris, 1981).

Under the post apartheid subsidy programme, the provision of secure tenure and little else has turned out to be a gross oversimplification of what is needed to ensure housing improvement, yielding the principle that simple tenure security is an insufficient condition for channeling peoples resources into housing. This result is likened to one in Colombo, where four years after low income households were given security of tenure, the residents remained too poor to afford improvements without outside financial and other support (Aldrich and Sandhui, 1995). In Kenya, Mexico and Colombo, poverty of households with secure tenure led to displacement of original lower income households, who did not have the resources to consolidate their housing, by higher income groups (Angel, 1983, Chana, 1984, Aldrich and Sandhui, 1995). Sanyal (1996) warns that there is even a real danger of losing security of tenure rather than achieving the envisaged higher levels of consolidation, as homeownership increases the vulnerability of the homeowners. A BESG study also indicates that only 26% of those surveyed in two low income settlements associated security of tenure with freedom to carry out housing improvements. The rest noticed its repressive side more (BESG, 2000). The lack of sustainability of security of tenure for the poor in Britain is explained by “the current economic context of labour market restructuring that has necessarily involved a reduction in the number of secure, full time jobs, income polarization, higher rates of labour turnover and routinely higher levels of unemployment.” The similarity of this situation to the South African one is recognized. Of 504 366 jobs lost between 1995 and 1999, most were of low skilled workers who may never again find formal employment (Reserve Bank cited in the Sunday Times, 7<sup>th</sup> May, 2000). Thus, housing improvement is linked to the support given to enhance household capabilities, and where capabilities are low or non-existent, housing consolidation does not occur, secure tenure notwithstanding.

### **6.2.2 Housing Affordability**

The physical transformation from a basic shelter to a more elaborate and substantial dwelling is critically dependent on household income, type and frequency of employment of the household

members. Thus, beyond the house itself, housing intervention ought to have impact on housing affordability as a critical support for housing improvement. It is therefore worth noting that over time, incremental housing programmes internationally have tended to have low cost recovery records, largely because enablement to afford housing has never been a key area of policy focus and support (Hardoy and Satterthwaite, 1985). Stokes (1962) and Payne (1977) make a distinction between the very poor and economically stagnant, and the dynamic and upwardly mobile poor, and stress how important it is to recognize that the potential to consolidate is based on the latter.

The fact that most core/starter housing takes up to twenty years to complete is evidence of the income constraints of its beneficiaries (Drakakis-Smith, 1981). Yet, it is possible for the poor to achieve rapid consolidation. The Zabbaleen community living in Cairo, was primarily engaged in the collection and recycling of rubbish. It however managed to replace shacks with three and four-storey brick houses over a five-year period (Bonverie, 1991 cited in Mitchell and Bevan, 1992). As indicated elsewhere, housing consolidation affordability is dependent on an investment surplus, and the above cited community was clearly able to produce it despite their apparent lowly status. Affordability of housing by the poor is to a large extent diminished by misconceptions around issues of location of low income housing, employment creation and income generation, and access to and affordability of credit. A number of examples internationally point to the way these have been addressed, with varying degrees of success in different contexts.

### **6.2.3 Location**

The issue of location of housing in relation to other human activities has been discussed at length elsewhere. Without exception, the consequences of peripheral location of incremental housing schemes internationally is reduced thresholds for viable employment, income generation and investment in housing improvement. The guiding principle in setting location up as a precondition of housing consolidation must therefore lie in the determination of whether the location chosen can secure potential for a livelihood, without undue hardship to beneficiaries.

Payne's studies of settlements in Indian cities revealed that only those residents who were less locationally dependent were able to accept housing areas which resulted in higher transport costs. For all the poor households however, the ability to use housing to contribute to the consolidation process rested critically on location, because location impacted on access to services, transport, markets and raw materials (Payne, 1977, Spence et al, 1993). In a large scale scheme, as in the case of the National Housing Bank project in Brazil, major problems arose with regard to location. Despite the Bank's house-building programmes providing half a million new jobs a year, the high cost of transport made it impossible for many residents to keep up with their mortgage repayments. In one scheme, a teacher is reported to have been spending her entire salary on bus fares (Wilsher and Righter, 1975 cited in Payne, 1977). Locational problems were experienced in new low income housing areas of Ankara, Turkey, Lusaka, Zambia and Mexico (Ward, 1982), and were a source of much hidden costs/expenses in eight countries studied by UNCHS(Habitat)(1987), through increased journey to work and diminished availability of part-time jobs for wives and children. As a

result of this pressure, some beneficiaries sold out or sublet to higher income groups eager to alleviate their own housing problems. In a 1983 core-house project in Khayelitsha, South Africa, the major problem affecting the pace of consolidation was its location, 35km from the city centre (Napier, 1998).

It would appear that the poorest households may be more concerned with location than with other attributes of housing. Analysing this in Lima, Peru, Turner (1976) argues that the supportive shack in the right location and at the right price can function better as housing than the oppressive house which, however well built, may fail if located too remotely from employment. In another study in the city of Guayaquil, where some houses were located up to forty minutes walk to the households' source of clean water, millions of residents found the employment opportunities offered by such a location to be superior to any other available option, distance to accessing water notwithstanding (Spence et al, 1993).

It could very well be that the negative impact of the peripheral locations of low income housing developments in South Africa has been grossly underestimated by housing authorities. There is a definite need for housing locations that relate to work locations in an enabling manner. Towards this end, Todes et al (2003) argue for the dispersal of commercial, industrial and other employment generating activities within cities, to alleviate the concentration of activity in limited central areas, which factor itself exacerbates the location problem. Wilshire and Righter (1975) on their part offer a leftist view that contradicts the neoliberal-rooted support approach policy, by suggesting that the market mechanism be removed from the sphere of land use and exchange, as it is not possible to effect better housing location without control over land.

#### **6.2.4 Housing Finance**

Success with housing finance as a form of housing consolidation support requires procedures which take into account the nature of housing demand, levels of income, sources of funds and the conditions attached to access. The problem in the realm of housing finance has more to do with the absence of innovation around such characteristics than with the lack of housing finance per se (Boleat, 1987).

Internationally, evidence abounds that with innovation, the poor's housing finance needs can indeed be met. These innovations have revolved around addressing the barriers to access to financial services by the poor, including high transaction costs for both lenders and borrowers, insurmountable collateral requirements and low levels of literacy and numeracy among the poor that constrain their access to formal sector loans. Many of the successful programmes of housing finance have found a way to overcome these barriers, and to furthermore, mobilize the savings of lower income groups. They have used communal savings, alone or tied to credit programmes (Van Huyck, 1986). The success with these programmes has been found in their harnessing of already existing networks rather than in introduction of new ones.

#### 6.2.4.1 Credit for Housing Improvement

A wide gap that exists between those who require credit and the sources of such funds. Successful scenarios of access to credit by the poor are those which have bridged this gap.

The Grameen Bank of Bangladesh in particular is a much cited success story. Its success revolves around countering the widely held perception that poor people use financial services exclusively for short term consumption, do not save and are a credit risk (IDRC/World Bank, 1981, Norton, 1990 cited in Spence, 1993). It has provided non-collateral credit to the poor, using peer group pressure to ensure repayment, with lending to subsequent group members dependent on the repayment performance of those first lent. Linking credit with income generation, the Bank initially provides credit for economic upliftment ventures, aimed at reversing the “age-old vicious circle of low income-low investment-low income into an expanding system of low income-credit-investment-more income-more investment-more income” (Theiler, 1989). A number of supports are provided, including lessons on bank rules, borrowers’ obligations, basic loan application procedures, and on the importance of saving regularly, even while repaying loans. These make better borrowers of the poor, while improving their economic status. The Freedom to Build Programme in Manila, Philippines also found consumer education support critical to lending to the poor (Land, 1977 cited in Lazenby, 1977).

In 1983, after much success with lending for income generating activities, the Grameen Bank began to extend housing loans, guaranteed by village-level savings groups, to people with a reliable record in the general loan scheme. A basic loan of US\$330 covered the cost of reinforced concrete columns, corrugated iron sheets and a latrine kit manufactured by the Bank. Further loans were extended once the initial ones were fully paid, and many second and third round borrowers used their loans to extend their houses to accommodate home-based enterprises. In the first five years of operation, the housing loan scheme financed the construction of 59 000 low cost houses in 13 000 villages with a cost recovery rate, including interest, of close to 100% (Norton, 1990 cited in Spence, 1993). The Bank’s support of clients went beyond lending, to include the development of some of the physical housing components, which expedited the consolidation process.

In Sri Lanka, the One Million Houses Programme successfully implemented a similar approach to the Grameen Bank at a national level, of small loans granted, guaranteed and managed by village level institutions (Spence, 1993). Both programmes yield a number of lessons in supporting low income groups with credit. Firstly, that robust and reliable community level institutions are more desirable by poor households. Secondly, the poor need institutions able to give them genuinely small, short-term loans. Keyes argues, based on findings in Manila, Philippines, that credit support is not just a matter of making loans available to the poor, but also one of determining the type of credit realistically feasible for them. He concludes that policies that depend on long term finance are liable to fail (Keyes, 1977). What then, are the appropriate forms of credit for the poor? Micro-finance would seem to be the appropriate form, due to its ability to adopt lending terms and conditions that do not discriminate against those working in the informal sector and living in informal settlements,

and to circumvent concerns of capital restrictions and affordability of borrowers (UNCHS(Habitat), 2001). Support in the microcredit arena should be through regulation of the microlending environment, and increase in scale.

The third lesson is on the importance of linking credit with income generation. Using credit to extend houses to accommodate income-generation activities is one such option, and in Bangladesh it enabled women to generate income from home. In Periyar Nagar, Madras City, it was found that the main spending priority among first time borrowers was not shelter, but rather paying back old debts, food or income generating activities. To make housing a priority, the households economic circumstances needed to change, access to credit notwithstanding. Indeed, it was only in the third and fourth rounds of borrowing that some housing improvements were made, while five or more rounds permitted substantial housing improvements. These results are instructive. Firstly, they make the option of building materials loans attractive, to the extent that such 'credit' would go towards housing improvement. They do however portray improvement in economic conditions as a precondition for the level of housing improvement activity envisaged under the incremental policy.

Another approach to making credit available to the poor involves subsidization of funds for community-based housing initiatives through innovative government schemes, and these have worked well in Asia. According to UNCHS(Habitat) (2001), such programmes typically offer subsidized loans to community groups, accompanied by technical and institutional support from NGOs. In the Philippines for example, the Community Mortgage Programme offers loans at below market cost to community groups. In Thailand, the Urban Community Development Office provides collective loan finance for a range of activities including land purchase and housing construction. In Mexico FONHAPO has functioned similarly (UNCHS(Habitat), 2001). In South Africa, the Group Credit Scheme, launched by the Group Credit Company in 1990, was set up specifically to avail small short term loans to groups of low income borrowers to improve their formal and informal housing. While the programme decreased the risk and administration costs incurred, the interest rates charged were unfortunately high (UNCHS (Habitat), 2001, Napier, 2003). Such programmes have however been limited in scale due to bureaucracy, high cost, limited funds and lack of technical assistance, and these are areas where additional support should be focused.

Chile has had housing finance programmes that have been considered by many to be among the most successful in the world. Like South Africa, it has combined savings-based capital subsidies and subsidized credit to produce large numbers of new formal sector housing for the lowest income groups. The Ministry of Housing and Urban Development (MINVU) provides subsidized credit loans for beneficiaries up to a certain monthly income, with the State Bank lending to households in the higher echelons of the low income group. In the former, the credit subsidy also absorbs the extra cost of servicing small loans, which would be very high if loans were made by private lenders (Gilbert, 2004). A high level of default however accompanies such support, which yields the following useful lessons:

1. When the capital subsidy is seen as a free grant, the beneficiaries do not accept that the remaining financing (the loan from MINVU's or the State Bank) needs to be repaid. This attitude is reinforced by the two institutions' poor reputation for loan recovery, resulting a relatively high rate of delinquency (Gilbert, 2004). The lesson here is the need to enforce foreclosure in order to inculcate a culture of payment. The experience in South Africa has been that once a culture of non-payment takes root, its difficult to eradicate (Khan and Thring, 2003). There is also need to keep the subsidy provider and the credit giver separate, because when the same institution does both, the recipients do not necessarily make the distinction between the grant and the loan.
2. Default is also related to other aspects of the overall programme. The savings component of it, for example, is fairly small, so a culture of regular payment is not necessarily developed. This is one area in which groups could be supported, as were the group savers in the Grameen Bank experience.

With regard to whether state-initiated housing finance institutions should provide subsidized credit, the debate is ongoing, with the more visible institutions in the fray arguing that only market-linked credit can enable the markets to work and ensure sustainable credit availability (World Bank, 1994, Bond, 2000, Jones and Datta, 2000). It could however be argued that if housing is indeed an economic good, it can be considered that investment in below-market loans indirectly yields returns through the economic processes that housing triggers. UNCHS(Habitat) does however sound the caution that even where interest rate subsidies have been used, the scale has been small because such schemes have to fit in within existing rules and regulations, and furthermore that "the programmes often do not provide lasting support to those they seek to reach" (UNCHS(Habitat), 2001). In Indonesia, the issue of unsustainability of subsidized credit has been overcome through government sponsorship of a lender, the BRI, which makes small loans to rural households and covers its full operating costs by charging an appropriate premium over rates for big loans in cities (Holt and Ribe, 1991), in a modern-day 'Robin Hood' scenario.

Other innovations in the area of credit support constitute what Holt and Ribe (1991) call quasi-formal alternatives, and fall into four broad categories. The first category is innovative commercial banks with specialized financial programmes (such as the Indonesian example above), that combine commercial and social banking objectives. The second is one of NGO or government financial intermediaries, which "retail" the credit from commercial banks to small borrowers. They also provide training and referrals as well as help with loan applications and guarantees to lenders, to reduce transaction costs to both borrowers and lenders. One such NGO is the Women's World Banking. The third category constitutes institutions (usually NGOs), set up to provide financial services to the poor outside the formal financial sector. Such have worked the Dominican Republic, India, Equador, Zimbabwe and Cameroun. The last category, examples of which are the Grameen Bank and the large scale Badan Kredit Kecamatan (BKK) in Indonesia, fall into the category of poverty-oriented development banks, which intermediate in non-traditional ways, and focus on the development of poor households. Their housing intervention thus becomes a natural progression from initial programmes of income improvement (Holt and Ribe, 1991).

In South Africa, even before the institution of the post-apartheid housing policy, there were innovations in the banking sector, and in collaboration with the banking sector, with some useful lessons. The Standard Bank for example, began a scheme in 1993 to extend the ATM E-Plan network, and according to Paulson and McAndrews (1998) was reported at that point to have had over 1.4 million accounts with the target group earning less than R3000. Even though this market segment has had problems accessing credit from traditional institutions in the post-apartheid period, there is substantial potential based on the uptake of this scheme, which can be tailored to innovative packages.. Another example locally is the Urban Foundation's Home Loan Guarantee Company (HLGC), established in 1990 to facilitate traditional institution lending of homeloans of between R12 500 - R35 000 through its loan guarantee programme (UF, 1990 cited in De Loor, 1992). This enabled these institutions to more than R41 million worth of loans (De Loor, 1992). NURCHA (as already noted) is of course providing a loan guarantee service to low income households. There however remains a huge unexploited potential in the area of loan guarantee schemes, despite the activities of NURCHA and HLGC, and homeloan guarantee remains an important credit support whose scale angle needs to be addressed.

Smit D argues that NGOs in South Africa can collaborate with financial institutions and pioneer innovative financing mechanisms in housing. In the "Seven Buildings" project in Johannesburg, for example, a number of NGOs, financial institutions and a local authority collaborated to unlock private sector capital for the poor, in a 'redlined' area. In this scheme, a local authority grant was used to set up a loan guarantee system for financial institutions and individual loan repayments subsidized in the initial years of the loan repayment period. For every government rand spent, four private sector rands were attracted to the scheme (Smit D, 1991). This is a useful indication of what is possible if both financial and intellectual resources are brought to bear on the question of making credit accessibility by low income households.

Where low income households are reluctant to overexpose themselves financially through any kind of borrowing however, the housing consolidation process is slowed down considerably. BESG (2000) noticed in two Durban projects, that long lead times and extended periods of construction were the result of housing consolidation without access to loans. Moreover, consolidation under these circumstances proved inefficient. For example, the quality of partially constructed rooms and stored building materials deteriorated as households worked towards saving money to finish off the room, while households had to endure overcrowding for longer. Support in this area entails linking potential borrowers to credit avenues that address their overexposure concerns. Local authorities and NGOs can perform this role through their various information and homeownership education programmes.

#### **6.2.4.2 Savings**

Despite the importance of savings for housing improvement, the savings of the poorest households are too small to, on their own, cause an appreciable level of such improvement to occur. Thus, the

more successful savings schemes are those that have combined savings with credit or subsidies, or have linked informal savings with formal sector finance.

The ability of a housing project to mobilize domestic savings depends on many factors, in particular beneficiary perception of the extent to which the project meets their needs, their ability to save regularly as well as their relative comfort in placing their savings in a formal institution. Often, the interest rates that accrue to such savings are mostly too low, making informal mechanisms more attractive, despite their general lack of security (UNCHS(Habitat), 1987, 1991b). The institutions that have had success with attracting such savings have addressed such reservations. The Sri Lankan National Savings Bank for example succeeded in attracting eight million savers, by providing them with incentives in the form of high interest rates and some tax exemption on the returns. This savings success was however not linked to a lending programme (UNCHS(Habitat), 1987).

The greatest success in the savings realm has been achieved by locally based community banks, savings associations, credit unions and similar institutions. These combine a number of things that the poor find attractive: local accountability, efficiency and ease of access, and ability to match small savings with loans (UNCHS(Habitat)(1991b). The Grameen Bank, discussed in the preceding section, is a leading example of such success. In Jamaica, Kenya and Zambia, this role has been played by community-based credit unions, housing cooperatives or local building societies that have first mobilized household savings (UNCHS(Habitat), 1987). Other smaller scale examples include Rotating Savings and Credit Associations (ROSCAs). Found worldwide under many names, these provide savings-based credit. In an effort to extend the reach of ROSCAs in Ghana, the Africa 2000 Initiative and the Canadian International Development Agency (CIDA) proactively disseminated information about ROSCAs to villagers unfamiliar with this type of savings model (Holt and Ribe, 1991). In Mexico, the Centro de la Vivienda y Estudios Urban (CENVI) helps poor households to form savings cooperatives and then negotiates their access to land and credit for self-build. The local authority in the Lusaka WB project in Zambia maintained a presence and advised and stimulated the investment of popular group savings (Chana, 1984). Where the government is unable or reluctant to undertake such roles, external organizations can step in.

An important savings lesson is that housing can innovatively harness savings using specialized saving-for-housing schemes. The German *Bausparkassen* (house savings) system, for example, is centred around a contractual savings scheme as the basis for credit. The interest rate on both the savings and loan are agreed upon beforehand and the institutions strictly monitored to assure the reliability of their promises (Spence et al, 1993, UNCHS(Habitat), 1987, 2001). Other examples include the community-organized artisan system, which is a savings scheme specifically for shelter improvement purposes; and the Downpayment Saving System, designed to help low income households save for the deposit required on entry into public housing projects, both of Indonesia. In these schemes, housing serves as the motivating factor for the mobilization of. This housing attribute needs to be exploited to encourage households to save for housing improvement. Moreover, households need to be supported to save by being provided with information about local level

institutions, informal and formal savings activities, as well as through actual mobilization of households into individual or group savings. Such support can be provided through NGOs, either directly or through mediation between local communities and housing authorities and departments (Spence et al, 1993).

### **6.3 HOUSEHOLD INCOME EARNING OPPORTUNITIES**

Affordability of housing, savings and loan repayment are central issues for sustained housing improvement, and improved income-earning opportunities of households are important for their achievement (UNCHS(Habitat), 1986, Tipple, 2000). Dias (1977) likens prioritizing housing improvement with putting the cart before the horse, expecting the poor to improve their dwellings on an empty stomach. He argues that throughout the developing world, the aided self-help experience has shown that those who can afford housing were those with regular income.

According to Laquian (1983) four forms of intervention have been employed internationally to create employment and generate incomes in incremental project areas: employment in the project itself; attracting industries and manufacturing enterprises to the project; providing credit and technical assistance to small scale enterprises; and skills training. In addition, generation of income from housing has been seen as an important means by which the affordability constraints of beneficiaries can be addressed, and has occurred in the following areas:

#### **6.3.1 Income from Home-based Enterprises and Rental**

The use to which the home can be put for income generation is important for poor urban households. Surveys from Colombo, Sri Lanka and Lusaka, Zambia, Kalutara, Sri Lanka and Lima, Peru revealed that a quarter of low income households had home-based enterprises. The income of households with such enterprises was more than 10% above those without (Strassman, 1987 cited in Spence et al, 1993). Farbman (1981) observes that in San Salvador, Indonesia, Brazil and the low income settlements of most African cities, 85% of the households are engaged in tiny businesses which often provide 50% or more of the household's income. In the WB Dandora project in Nairobi, Kenya, about one in three dwellings are used for income generation (Laquian, 1983). For many of the households in these surveys, the home-based enterprises provided both the incentive and the income needed to make improvements to the house (Strassman, 1986, 1987 cited in Spence et al, 1993). According to UNCHS(Habitat)(1987), this form of income generation has been reduced excessively in many state-initiated projects, by controls and regulations which constrain residents from using their accommodation for purposes other than living, purportedly aimed at keeping the resultant housing areas environmentally desirable. A study in Kumasi, Ghana, examining this very issue, found that the advantages of home-based enterprises to residents far outweighed the adverse environmental impact of such activities (Afrane, 1987 cited in UNCHS(Habitat), 1989a ).

In South Africa, a BESG (2000) housing consolidation study reveals that the number of commercially-based activities taking place in the home and the number of tenants is surprisingly low in projects around Durban, with restriction of use and the size of house being the main impediments.

UNCHS(Habitat) (1989a) cites studies that have found the lack of adequate and suitable space to be as much an inhibiting factor as lack of credit in the development of income generating opportunities. Studies in a number of urban centres in Kenya and Manila, specified larger plots/sites as a critical support. In this regard, the Vietnamese government, through its 'Family Economy Decree', not only "legalizes the use of domestic space for economic activities but provides for additional support to such enterprises in the form of soft loans and tax relief. This public support has had a considerable impact. The number of small scale enterprises in housing areas increased enormously and money generated by home-based economic activities was frequently used to improve housing" (UNCHS(Habitat), 1989a).

UNCHS(Habitat) (1987, 1989a) further emphasizes rental income in low income housing as a means of financing the housing improvement process itself. Furthermore, income from rent is often more significant than income from home-based activities (McCallum and Benjamin, 1985; Strassman, 1988 cited in Spence et al, 1993). A study of Bangladesh, Philippines, Egypt and Zambia, among other places, showed that house extensions were frequently carried out, not to provide more living space for the household, but to enhance family income by taking in a boarder, sometimes using a loan to do so. The Dandora WB project in Kenya was designed with subletting and rental income goals in mind (Chana, 1984, UNCHS(Habitat), 1986, Spence et al, 1993).

In South Africa, the size of the starter house has not lent itself well to the possibility of home-based enterprises and rental income in newly developed projects. Given the significance of such source of income internationally, it is important that it be supported in South Africa by firstly, proactively encouraging it, and in the project design phase, reconfiguring both the site and the house to allow for such a possibility.

### **6.3.2 Income From the Housing Process and Income From Integrated Settlement Planning**

According to UNCHS(Habitat)(1986), integrating employment generating activities with the housing process can take three forms: functional, design oriented and organizational integration, discussed below.

- a. **Functional integration:** Functional integration of employment generating activities relies on direct employment opportunities in the housing and infrastructure construction phase to provide jobs for the target population in housing projects. Here, support needed would include construction skills and support in the actual organization of production units for building materials and components. The main advantage in this set-up is that the project itself guarantees a market for materials produced, at least for the initial phase, but the long term objective would be to establish small enterprises which can operate after the starter house phase of the project is completed (UNCHS(Habitat), 1986).

The production of building materials is an essential support in many self help projects internationally, and has been facilitated through various methods. In Nairobi, for example, the use of fibre-concrete roofing technology in a large housing development, with the appropriate technology, tools and training provided by an international NGO, generated jobs for a low income women's

cooperative, providing them with both skills and incomes to engage in the upgrading of their own dwellings (Spence et al, 1993). In India, the Housing Assistance for Antyodaya Families programme generated employment for the target group by setting up production units for building materials, providing training in construction skills and proactively encouraging direct participation of beneficiaries in construction and materials production. Rolfe et al (1987) cited in Hamdi (1995) argue that the government or NGOs involved in this way should firstly seek ways to link skills and building materials production to specific incremental housing projects or regions, so that resultant income is mainly enjoyed by the beneficiaries who themselves need to consolidate their dwellings. Secondly they should choose labour intensive production technologies, enabling the creation of more rather than fewer jobs (Moavenzadeh, 1987, Spence et al, 1993). Rolfe et al (1987) however caution that in both these respects, it is useful to examine existing businesses with a view to identifying what is hindering people from getting started and what skills might be underutilized. Spence et al (1993) add that working capital or credit lines to small scale producers should be provided, to facilitate a stronger bargaining position in acquiring raw material inputs, and better prices through bulk purchase. Working capital may also enable producers to offer credit to their customers, itself a form of consolidation support.

A caution of a different kind is however sounded by Grimes (1976), that the contribution of self help housing projects to employment creation and thus to income, can only be marginal in the long run. He recommends therefore, that a variety of other income generating activities/opportunities not necessarily related to housing construction be supported inside and within easy reach of the project. The other forms of integration of employment generating activities with housing address this concern.

- b. ***Design-oriented integration***: Already raised elsewhere, integrating the space requirements of small scale enterprises in the design of housing projects is the second form of integrating employment-generating activities with the housing process UNCHS(Habitat)(1986). Unfortunately, this is not always implemented with enthusiasm by the authorities. UNCHS(Habitat) (1989a) points out the contradictory context often created whereby some departments of government support mixed-use development while others continue to discourage it. It further notes with concern that in Third World countries, mixed development usually happens by default as planning authorities are either unable to control spontaneous growth, or enforce restrictions on mixed use. Thus, while supported from a policy point of view, the inclusion of income generating components in housing projects has seldom gone further than the provision of sites within housing areas for development of small scale businesses, for example markets, industrial sheds and 'owner shops' (UNCHS(Habitat), 1989a, 2001). In a Colombo scheme, some sites used for workshops turned out simple equipment and furniture that households could use. This expanded the kind of economic activities available to households, employed especially unemployed women and youth in the area and produced substantial income to some households and (Dias, 1977).

According to a project evaluation report, only two of four WB projects in West Africa gave priority to the employment aspects of the projects (van Dijk and Glissenaar, 1987 cited in UNCHS(Habitat), 1989a). In one, effort was made to implement small scale enterprise promotion through technical assistance, the provision of space and the use of labour intensive construction. Its heavy reliance on the public sector however proved to be unsustainable in the long term. In the other, the private sector was co-opted into the creation of employment opportunities, with the local authority providing the policy environment and the physical infrastructure. This public/private approach appears to have been the most successful one, because the private sector had experience in this sort of thing, and each of the partners performed the role they were suited to perform (van Dijk and Glissenaar, 1987 cited in UNCHS(Habitat), 1989a).

- c. **Organisational integration** is the third form of integrating employment generating activities with the housing process. According to UNCHS(Habitat)(1989a), organizational integration uses the housing project and its close contact with the target population as an entry point for employment oriented programmes, such as small-loan and management-training activities. Thus, the small scale business support programme is not intended to promote the housing project per se, but use is made of the community dynamics of the housing project to identify target beneficiaries that could benefit from loans and training programmes. In Lusaka, Human Settlements of Zambia (HUZA), an NGO, identifies target beneficiaries in squatter settlements and provides skills training, marketing and product development to help small scale businesses to expand and to create new ones. Most new businesses provide goods and services that other residents in the area require. Such small scale local production has served the dual purpose of providing income to some while reducing the cost of acquiring essential items for others. HUZA's role has been one of providing sustained and targeted support to small scale entrepreneurs (UNCHS(Habitat), 1989a).

### 6.3.3 Income Through Access

As indicated variously, affordability constraints limit the prices that can be paid for land, consigning incremental housing projects to sites distant from employment locations, and possibly even public transport networks. While the locational advantages of upgrading over greenfields developments are recognized, land such as the one on which many informal settlements are located is prohibitive to acquire at market cost in some cities. In Bangkok and Manila, land sharing has been used as a very successful support mechanism to enable very poor households to remain in central locations near their work at rents they can afford, with secure tenure, and to improve their living conditions. This has been done by encouraging land owners to allocate part of their sites for permanent use by informal settlers, in return for planning permission to develop the remainder of the site to its full commercial potential. In WB projects, as well as in Zimbabwe, Bogota and Sri Lanka, land has been subsidized in order to develop housing in locations that allow affordable access, although the number of units that can be supplied at this cost is restricted. In Sri Lanka, this approach has only been possible for projects developed on government-owned land and would be difficult to sustain once government land is exhausted and land has to be acquired from private owners at market rates (Keare and Parris, 1982, Jayaratne, 1990 cited in UNCHS(Habitat), 1991b).

The various experiences with support in employment creation and income generation discussed above allow some conclusions to be drawn about the areas in which support is needed, and how such support should be improved. Firstly, despite policy articulations to support poor households to achieve their housing goals, most housing agencies tend to make unrealistic assumptions about the ability of households to pay for housing, and fail to recognize that income generation for survival is the top priority of low income households. According to UNCHS(Habitat)(1986), this has led to situations whereby beneficiaries sell or let their accommodation, and move to areas where this priority is served, or stay and fail to fulfill their payment obligations. What is needed is programmes, in and around the housing area, of what Keare and Pulley (1989) describe as “poverty intervention to produce consistent real gains in total household income.” There is nothing simple or straightforward about addressing poverty and low incomes. Even in projects that have had income generation components, and have used credit support to promote small business, there is need to follow these with other forms of support including extension and training programmes for entrepreneurs, a costly approach whose cost in most cases cannot be recovered from the beneficiaries, and has to be funded through separate budgets.

Secondly, employment generating activities need to be integrated with housing projects and full use made of the employment potential of housing from the construction process, as well as production of goods needed within the housing project itself, service delivery, etc. It is therefore necessary for housing agencies to seek cooperation with agencies concerned with small scale enterprise development in the government and non-governmental sector, in order to set up integrated housing and economic development programmes in low income settlements (UNCHS(Habitat), 1986, 1994).

Thirdly, it is necessary to examine the effects of urban development policy, physical planning approaches, availability of land, the layout of housing areas and the design of housing units on the development of employment and income generating opportunities. Local economic development as a form of support, packaging housing projects within the context of integrated development plans and improving house and layout designs in projects is therefore critically important. Lastly, it is important to recognize that such integrated approaches have high costs resulting from intensive extension work which is required to make them work (UNCHS(Habitat), 1986). Each project is different and needs special attention, and budgets for project packaging must be provided to allow each projects’ special requirements to be addressed.

#### **6.4 SUPPORTING CHEAPER BUILDING MATERIALS, CONSTRUCTION TECHNIQUES AND LABOUR**

Support to consolidating households in the area of building materials and construction techniques has two main objectives: to avail building materials more cheaply, and to promote skills development and income generation within and around projects. While production of alternative building materials can meet these objectives, limitations in their use relate to problems of product quality, lack of promotional efforts, constraints to informal sector enterprise development in this area. In

urban centres, limitations relate to requirements of building codes and regulations for standardized modern building materials, and lack of acceptability of alternative products by would-be users (UNCHS(Habitat), 1986, Shelter-Afrique, 1991). Attempts to address these have been twofold. Firstly, research efforts have sought to improve such materials, with an emphasis on small scale, low-investment production technologies which make these materials suitable for informal sector, local level production. Secondly, some countries have concurrently started to institute changes to their building by laws and regulations to accommodate the use of such materials (UNCHS(Habitat), 1986, 1989b). Action in these two areas has been supportive of housing consolidation affordability. Despite these strides, appropriate building regulations remain merely the stated objective of many national housing policies including South Africa, with few ideas progressing beyond the laboratory or prototype demonstration stage.

There are a number of ways to address these limitations. Through support programmes providing capital and training inputs for the development of the industry (for example the SMME promotion initiatives in South Africa), local authorities, alone or through technical and housing agencies, could control and improve the quality of the products, promote acceptability and market the products within projects, develop standards for, and pave the way for the adaptation of building codes to enable such materials to be used in low income housing projects (UNCHS(Habitat), 1986, Shelter-Afrique, 1991).

To increase competition in the building materials sector and avail building materials closer to households, support needs to be lent to small scale entrepreneurs in obtaining licenses for raw materials quickly and cheaply, affordable credit, advice and technical support to improve production technology and quality of materials, and marketing support. In India, the government did this through building centres attached to projects to provide ongoing support in these areas (Sundaram, 1990 cited in UNCHS(Habitat), 1991b). In addition, the Building Materials Technology Promotion Council (BMTPC) was purpose-made to develop and improve low cost construction techniques and components, and disseminate information as well as train people in skills in respect of new materials, by locating skilled artisans in the building centres. A government agency in turn provided loans to small scale producers. This set-up constituted official support for the development and dissemination of new ways of building at low cost and making housing consolidation more affordable (UNCHS(Habitat), 1991b, Spence et al, 1993).

As far as income generation is concerned, appropriate artisan training in building materials and construction trades could be targeted at the housing beneficiaries. Three site and service projects in El Salvador showed that the greatest contribution to employment and income came from labour hired by participating families during the self-help phase, followed by labour hired by the contractors in the construction phase (World Bank, 1980 cited in UNCHS(Habitat), 1989c). The huge One Million Houses Programme in Sri Lanka resulted in considerable increase in the employment of local semi-skilled labour to assist households in housing construction. Skilled artisans in many cases took on more helpers, who in turn gained skills through experience. This programme in particular

demonstrated the capacity of the small-scale construction sector to expand in relation to demand (Chandrasena, 1987 cited in UNCHS(Habitat), 1989c). In situations of sustained housing improvement, people with such skills can have a steady source of income. At the same time, a key role for government within the enabling context is to support this sector to generate as much housing as possible UNCHS(Habitat)(1989c).

Little empirical evidence exists to determine the total impact of small scale enterprises producing building materials on the income situation of the households and groups so involved. UNCHS(Habitat)(1989c) notes the paucity of information on the numerous efforts of individuals to make a living by responding to the needs of local markets, and this study can confirm this lack of information. An example can however be found of the Dandora WB project in Kenya, in which the demand from households extending their core houses encouraged the development of local quarries to supply them with dressed stone, a commonly used walling material in Kenya, obtained from mining. The numerous income generating opportunities created related to mining and transportation of the stone to construction sites, as well as supply of food to the quarry workers by local women. In another Kenyan example, the demand for stabilized blocks and tiles produced by women's groups led to granting of loans to the groups, to increase their production. Increased returns enabled them to raise capital to construct shops for retailing purposes, and purchase new block-making machines and ox-carts to transport the materials. Profits enabled housing improvement by group members (UNCHS(Habitat), 1991b).

Some caution however needs to be exercised when production of building materials is used to facilitate income generation and housing consolidation. From the block production venture above, it became clear that credit support is insufficient where the people targeted do not have other critical skills. Indeed, none of them had independently come up with the idea of starting a business. Thus, technical assistance, training and supervision was needed, and only later did the Foundation tasked with these roles arrange for the venture to be taken over by the group (UNCHS(Habitat), 1986).

Other forms of support have been lent in the area of building materials. In India, credit is often supplied in form of materials to ensure that loan finance is used for its intended purposes (UNCHS(Habitat), 1991a). In Bangkok, Thailand, NGOs have successfully used community savings to bulk-buy building materials, which are then made available to savers, instead of providing them with cash loans. This approach achieves both cost reduction and targeted expenditure of savings. Elsewhere in India, in a slum-upgrading programme in Hyderabad, the government provided initial subsidies in the form of building materials and cash in order to galvanize subsequent contributions from the community. This helped to overcome initial affordability barriers, while providing incentives for households to carry on housing improvement (UNCHS(Habitat), 1994). In the Philippines and Zambia, local authorities have stockpiled low cost building materials in housing projects, to facilitate cheap supply. The Manila Freedom to Build project store carried a variety of building materials, which through innovation were priced considerably below market prices. Innovations included, for example, the cheap purchase and transportation of bamboo and lumber

from rural areas; purchase of paint in the rainy season; a second hand truck for the project to save on hauling costs; etc. Through such and similar innovations, a regular flow of materials was maintained (UNCHS(habitat), 1986). A good many of the actions taken in this project are merely common sense actions by a project agency committed to supporting housing improvement.

Support is also required in the form of innovative machinery and equipment for producing the materials. If these aspects are addressed, UNCHS(Habitat)(1989a) argues, the only remaining constraint to the widespread use of locally produced materials in housing improvement is the lack of appropriate standards and specifications, and lack of acceptance by bureaucrats, of the informality necessarily attendant to areas where the poor live, which includes the building materials they use for their housing. This area can be addressed through firstly, reduction of stringent by law standards, and secondly, by bringing together government bodies responsible for setting standards with NGOs and others with relevant experience, to map a way forward with regard to supporting and regulating the use of such materials and technologies in housing construction. In Kenya for example, this process has reached an advanced stage, and use made of such materials in construction of public buildings such as schools and clinics to overcome consumer and bureaucratic resistance, with the government endeavouring to 'practise what it preaches.' South Africa is lagging behind in this particular sphere, and would do well to learn from the progress that has been made by countries including India, Tanzania, Nigeria, Zambia and Kenya (UNCHS(Habitat), 1989a) in reducing the cost of consolidation and improving incomes, by making the extensive use of locally produced building materials and technologies acceptable and possible in housing projects.

## **6.5 TECHNICAL ASSISTANCE AND TRAINING**

Housing delivery presents myriad areas for technical support, to facilitate self help efforts. These include information, community development, building techniques, housing design, building materials production and the formation of local institutions. Technical assistance or support refers to all action directed at enabling and empowering beneficiaries by evolving user friendly housing delivery systems and developing the right level of skills among local artisans and communities, which could result in financial savings and an overall better environmental quality. This can be accomplished through a number of actions, including: skills upgrade and training of artisans in innovative construction technologies and materials; use of trained artisans to guide beneficiary households in the housing consolidation process; and providing housing information, advice and counseling to beneficiary households (Finlayson, 1977, Kusi, 2000).

Technical assistance has taken different formats in incremental housing projects. In a large upgrading project in Lusaka, Zambia, it was directed at preventing common construction errors; providing information to the participants to enable them to match their resources with their requirements; offering choices of housing plans or helping those who wanted a different plan from those provided; training participants in the use of cheaper building materials and in building skills; and advising on standards. Even though the project embraced lower building standards, assistance

was provided in application of minimum standards to room sizes, ceiling heights, window sizes, etc, to ensure a usable and satisfactory product.

In addition to face to face interaction between technical staff and consolidating households, use was also made of plays “with simple messages such as the vain man who claims he can build a large house, but who never finishes it, compared with the humble man who builds a small house and moves in two months later”, such messages constituting useful consumer education in the incremental housing process. Information on where to obtain assistance and relevant services was presented using audio-visual techniques such as tapes, films and slides. There was also a permanently staffed advice centre. A building materials store, where goods could be bought for cash or on credit was open seven days a week, and tools, including block-making machines, were made available on loan. All goods were delivered free of charge to the participants’ sites (Martin 1977 cited in Lazenby, 1977). Such sustained technical assistance is of course only realistic where there is ongoing rather than intermittent construction. It is however also possible that sustained construction activity was in fact a result of sustained support. In any event, this example indicates useful ways of technically supporting housing improvement at project level.

While certain common themes/actions emerge out of technical support in housing projects, this is the one area where it is possible to vary action to suit context, as well as allow it to reflect the envisaged policy and project goals. In the FUNDASAL projects in El Salvador for example, housing was seen as a part of a larger system of initiatives aimed at economic and social development. Because of this more holistic objective, important components were added to the project brief, including employment opportunities, income generation within projects, training, expert help, working capital, training in building and management skills, etc (Bamberger and Deneke, 1984). In the Freedom to Build project in Manila, households were loaned expensive tools that they used only rarely and were therefore unlikely to buy. The project also set up a manufacturing process in the project centre, where households, once trained could make their own blocks and window louvers. The project centre also provided access to carts, refurbished second hand materials, and produced simple and inexpensive furniture items (Spence et al, 1993).

In many instances, technical support has also been extended to individual house designs, to ensure a closer fit between residents’ needs and the house that is built. This also results in a greater diversity of house types, making the settlement physically more interesting (Chana, 1984, Spence et al, 1993). Households can also plan their expansion to accommodate the space and locational needs of home-based businesses, for example, to determine the best orientation for an entrance, storage, public access, etc. Assistance in laying out and improving the settlement form can yield forms that are appropriate to future expansion of housing, foot and vehicular traffic flow. This is especially pertinent in upgrading, and in site and service schemes in which no initial house is provided. Moreover, careful location of the house on the site enables easy extension by leaving enough usable space to the front, back or side for an additional room or activity. The roof could for example also be pitched to give more than minimum headroom at the front and back, so that additions cause limited

disturbance to the roof structure. Such simple acts, some at no extra cost, but which households may not know about without technical assistance, invite improvised incremental transformations to the house (Hamdi, 1995).

Technical support provided in the area of skills in building materials production can make a vital difference to the efficiency of small scale producers, as well as to the quality of their products, which themselves impact the quality of the housing in which they are used. Such technical assistance has been provided by local and international NGOs, but there is a definite role for governments in expanding this type of assistance.

Where self-build is expected to play a major role in the consolidation of dwellings as in PHP projects in South Africa, the skills to engage in it should constitute an integral part of support to the housing improvement process. There is often a misconception that the poor possess the basic skills that can be used in housing construction. This mistaken assumption was made of a community in Lusaka, Zambia, 90% of whom did not feel they had the skills needed to build a house of an acceptable standard (Laquian, 1983). In two South African projects in Khayelitsha, Cape Town and Inanda New Town, Durban, the people who had made no house extensions had fewer building skills compared to those who had extended both formally and informally (Napier, 1998).

Training in construction-related skills have been a recurrent feature of many technical assistance programmes in housing projects internationally. In this regard, Stewart (2003) comments that training based within the project is the most effective way to ensure relevance, as firstly, people are trained with materials and in techniques they are likely to employ immediately, and furthermore, they are trained to build a house, rather than to be a brick-layer, plumber or carpenter. They are therefore immediately multi-skilled, and gain the confidence to build their own house as well as sell their skills in the immediate area. In both Cuba and Jamaica, workers brigades comprising a group of project allottees, would be trained in various skills, after which they would render technical assistance to other allottees in the self-build process. The brigade members would be allocated houses in the project they worked in, so that their skills would be available for future maintenance and repair (Laquian, 1983). In India and Colombia, skilled artisans have been placed in project-based building centres and funded by government to provide basic skills in house-building and in new, low cost building techniques. In both Tanzania and India, skills training has also been instrumented through government-funded demonstration projects. In a 1970 rebuilding (after earthquake) programme in Peru, the United Nations provided a number of supports. Those in the area of skills training constituted training of instructors, the best of whom were subsequently placed in a site workshop in the project, and required to collaborate with and assist participating households (Land, 1977). In the Freedom to Build project in Manila, building skills were initially provided through the volunteer services of professional architects, who would teach project beneficiaries, by lecture and by large painted diagrams, basic construction techniques, especially on how to build a home in stages (Spence et al, 1993).

In a Somalian training programme primarily introduced to control the quality of construction, one construction adviser, doubling as a building control officer, was provided for every 50 building workers who were also beneficiary households. The advisers, who were government employees and skilled in building trades, provided on-the-job training. The important lesson of this particular programme is that the initiative and funding for it came from the government, as part of an integrated programme in which those initially supplied with sites and services could consolidate their dwellings, and meet the expected /required standards while doing so. In other schemes in Somalia however, with larger, faster growing communities, training and technical assistance was given directly to local builders and building materials suppliers, and seen as a long term investment in higher quality construction during housing consolidation (Mitchell and Beevan, 1992).

Current South African policy envisaged a project implementation context in which developers and contractors engaged in projects would train potential entrepreneurs, emerging contractors as well as local labour within the project. Such developers and contractors have however shown reluctance to do so, because of the time it takes and the implication on already limited profits from the subsidy housing programme. Such reluctance has also occurred because there are no legal or policy structures through which to compel such role. The fact that most project implementation has been driven by private developers has also curtailed the extent to which the Department of Housing's Capacity Building Programme has pursued the beneficiary skills training goal (Thring, 2003). Thus, despite a wide use of labour-based construction, very few people have gained sufficient skills to engage meaningfully with consolidation of their own dwellings, or to keep them employed in a sustainable manner (Mkhize, 2001).

International experience in the area of technical support and training suggests that governmental and non-governmental agencies can do much to stimulate and support housing improvement, by promoting better use of skills already available in projects, while providing new ones. Innovation and funding are however required to achieve this.

## **6.6 PHYSICAL ENVIRONMENT OF HOUSING PROJECTS**

The housing consolidation context encompasses the individual dwelling unit, the broader physical environment in which it is placed i.e. the natural and man-made environment in which housing is situated, the nature of the terrain (slope, drainage and soil characteristics among others), the juxtaposition of many houses, and of the services and facilities and structures which support and complement the individual house and make up the residential environment. All these aspects may facilitate or preclude housing improvement (Finlayson, 1977). Burnett and Prinsloo (1978) argue that the settlement /project itself, despite being a low income one, needs to show characteristics which indicate social health and economic vitality and demonstrate opportunities for a good quality of life. People need to find meaning in a settlement if they are to contribute to it. At the same time, if the policy application fails to support people's efforts to exploit their potential to carry the housing process forward, the situation invites lethargy with regard to housing consolidation, and claims that a better life can only be found or made elsewhere. A major challenge to consolidation is the failure to

provide the types of housing and neighbourhoods that beneficiaries wanted to live in in the first place (Hamdi, 1995, Nkwiti, 2003).

In 1999 in South Africa, there was a shift in policy emphasis from quantity to quality of housing delivered, following much publicized disgruntlement with poor quality dwellings and housing areas created in the first term of post-apartheid housing delivery (Tomlison, 1999, Rust, 2003). The Department of Housing's 1996 Annual Report (Department of Housing, 1997) acknowledges the inferiority of such environments, and in linking its pursuit of quantitative delivery with the resultant poor quality laments thus: "we approach mass delivery with a very real threat: that in our chase of the quantity, we fall short on the quality. It will be no solace at all that we created our new ghettos democratically." Despite new legislation and policy adjustments to overcome some of these shortfalls, the discordance between high expectations and the quality of the product continues (Gilbert, 2004). And while such criticisms may reflect unrealistic expectations, it does not detract from the fact that discontentment with the housing environments created does not create a conducive atmosphere for housing improvement.

A number of aspects have proved important in making the housing environment more attractive to beneficiaries and supportive of consolidation goals. Firstly, within an incremental context, Hamdi (1995) advises that lot sizes should satisfy the extension criteria, and that their size and arrangement should be opportunistic and referential in aspects such as location in the neighbourhood, orientation, and frontage, to allow subletting, or easy access to the backs in case of future additions, etc. He also proposes diversity of lot sizes to draw relatively higher income beneficiaries into projects, which might serve to stimulate consolidation by assisting others to see the potential of their starter or informal housing to grow and improve. The sites obviously unsuited to housing because they are too small or awkward, could be sold for income generation activities to beneficiaries who, if they are of a higher income group, could serve to bring employment opportunities to the project area.

Another important element of the physical environment is access to infrastructural facilities and services. There is ample evidence to suggest that beneficiaries of low income housing place a high priority on health, education and other social services (Kessides, 1993, UN Centre for Housing, Building and Planning, 1994). In a South African study, most households considered services and infrastructure improvements to be prerequisites for housing improvement (BESG, 2000). With respect to location, transport and communication infrastructure are important to reduce the transaction costs of looking for employment. Research comparing two poor neighbourhoods in Mexico City found that residents of an inner city slum were better situated to maintain income in the context of an economic crisis than residents on the outskirts of the city (Eckstein, 1990 cited in Kessides, 1993). It is important to see this outcome in the context of housing improvement and understand how location of housing can be a determinant of income, of which housing improvement is a function.

The aesthetic qualities of a housing area are also an important contributor to a positive outlook. The UN Centre for Housing, Building and Planning (1994) and Mohamed (2000) concur that it is possible to make a housing environment attractive by weaving the natural environment into the housing neighbourhood in the form of large and small parks, play fields, foot paths, gardens and small patches of greenery, which keep the air clean, provide opportunities for healthy outdoor recreation and serve a capitalization or value improvement objective. This is especially important in South Africa's newly created housing areas, where people who live furthest from recreational areas are those least able to afford the transport to reach them (Dewar and Uytendogaardt, 1995). Studies conducted in various urban areas in South Africa including Germiston, Cape Town, Bloemhof, Christina, Indwe, Grahamstown and Durban indicated that as a general rule, people in incremental schemes, no matter what technology was employed, aspired to housing and neighbourhoods that conformed in appearance to conventional housing areas. If there was a tremendous shortage of housing, a poorer product would find initial acceptability, simply as shelter. In the long term however, it was likely that there would be dissatisfaction and people would seek alternative housing. In the interim, housing consolidation was unlikely to occur (Urban Foundation, 1983).

The motivation for households to consolidate their dwellings depends on the perceived desirability of the housing and the housing environment produced. Cultivating the physical conditions that ensure consolidation success therefore constitutes support for housing improvement.

## **6.7 OTHER FORMS OF SUPPORT**

### **6.7.1 Information**

The RDP house size and quality has been unfavourably compared with the apartheid township housing. This clearly points to the insufficiency of information that housing beneficiaries have, regarding the projects they take occupation of. In the WB projects in both Nairobi and Lusaka, community development workers were trained to provide crucial and relevant information to the residents on a range of issues, including the need to embark on housing consolidation (Chana, 1984).

Other relevant information for beneficiaries might relate to issues such as how to get an electricity connection, available financing options, the rights and obligations of homeownership and maintenance, where to access building materials and equipment, etc. The less than encouraging record of housing consolidation in South Africa indicates a clear role for local authorities to play, or to mobilize others to play, by providing both the impetus and the information needed to allow this to happen (BESG, 2000). There are a number of ways in which useful information can be communicated to beneficiaries. CUSSP (1996) for example, proposes periodic workshops in the project area, housing support centres or even a community newsletter funded and put together by the Provincial Department of Housing or its designate, communicating relevant issues and tips on housing improvement. BESG (1999) proposes an information pack, prepared in the vernacular language, containing key information about housing improvement.

### 6.7.2 Community Organization and Mobilization

It emerges from various international scenarios, that communities need to be assisted to unlock existing resources – savings, building skills and even ideas, and that sometimes all it takes is the proactive facilitation of such activities. In India, the Society for Promotions of Area Research Centres (SPARC) in Mumbai succeeded in mobilizing the savings of pavement dwellers towards the future purchase of land and building materials. The success of a savings scheme in Indonesia specifically formed for shelter improvement purposes has been attributed to its community organization and mobilization character (UNCHS(Habitat), 1994). In both the Lusaka and Nairobi WB projects, the community development division of the WB assisted the communities to form collective mutual self help building groups to improve both their housing and community facilities (Chana, 1984). In the rebuilding programme (after an earthquake) in Peru cited earlier, the UN as project agency organized households into building/work groups, to engage in the rebuilding and completion of dwellings (Land, 1977). In South Africa, the success of the SAHPF is attributable to its community organization capacity (Napier, 2003). It could be that the already existing cultural communal building is not being exploited enough to encourage community mobilization around activities of housing improvement. Whether community organization and mobilization is triggered by an internal impulse from within the community, or by community organizers, governmental agencies or NGOs, it is a vital support to keep an enthusiasm about housing improvement going.

### 6.7.3 Proactive Facilitation of Housing Consolidation

Local authorities have an imperative to ensure that housing extension takes place as soon as possible, otherwise the policy goal of achieving adequate housing is not met, despite subsidy assistance. They also have an imperative to ensure that consolidating households get the best value possible out of the money and energy they expend, while ensuring that their own investment in any project is used to gear expenditure on housing improvement by households, using other sector finance (BESG, 2000).

There is therefore merit in proactively encouraging and triggering activities of housing consolidation in projects and neighbourhoods, rather than leaving it to an internal impulse, which may take too long to occur due to a number of constraints that households may first have to overcome. A study of an Israeli neighbourhood indicates that local authority targeted programmes, directed at housing improvement in clusters had spill-over effects. Residents who may not initially have been encouraged by the local authority's motivational support, were however encouraged by the improvements to their neighbours' houses, to invest in their own housing improvement. A project manager, who acted as a motivator and catalyst, encouraging households and facilitating their interactions with the local authority, proved to be a positive support. In addition, the study showed that sometimes, all households needed was a demonstration that people of equivalent income status could achieve housing consolidation, to encourage them to embark on theirs (Cartron, 1992). Such personnel could be trained in the right approach to take for maximum effect, and could rotate around projects, encouraging households to invest in housing improvement, and drawing their attention to examples of places where people, though poor, have succeeded in doing so. They could also provide

other relevant information, especially regarding where other forms of support could be accessed. In South Africa, SAHPF has successfully employed the mutual learning tool in its projects.

In conclusion, it would seem there are an infinite number of ways in which households could be supported to begin and sustain housing improvement activities. Thus, while Turner (1989) argues that the most important supports are those that increase access to affordable and well located land, secure tenure, basic services, appropriate technologies, affordable standards and credit, it emerges from preceding chapters that there are a number of other actions that could ensure the housing improvement constraints of especially the poorest households begin to be overcome. Housing consolidation occurs where the physical (meaning place) well being and the economic well being of households are themselves improved. It also occurs, according to BESG (2000) “where neighbourhood consolidation is simultaneously taking place, i.e. where the access to amenities and resources, to infrastructure and services, to environmental quality, to safety and security, and full involvement in systems of governance are also occurring.”

In South Africa, not all post-apartheid low income housing is improving, and there is a need to understand why. The next two chapters seek the empirical evidence necessary to draw some conclusions on this issue. In these chapters, expert, official and beneficiary views and experience in housing consolidation is documented and used as a basis for determining the features of a support package that is likely to improve the housing consolidation record in South Africa.

## **CHAPTER 7: THE STUDY AREAS**

### **7.1 BACKGROUND TO THE STUDY AREAS: INTRODUCTION**

As indicated variously, this study examines the extent to which the South African support-based housing policy supports poor households to graduate from a housing start into adequate housing. This study examines the forms of support provided, the outcome of such support with regard to housing consolidation, and the support gaps existent in current housing delivery modes. This chapter begins with the study area histories and backgrounds, and such history is only reviewed to the extent that it helps one to understand the aims and aspirations of both the project agencies and beneficiaries of these projects. By reviewing the project development histories, it is possible to see how some of the historical occurrences have affected the people's ability to consolidate their housing and to engage meaningfully with the incremental housing process, the events that have located them in these geographical contexts and the housing opportunities created by such location. The case study histories are assembled from written accounts of the three projects, project documentation, as well as interviews and FGDs with key people in the projects, including project agency representatives, community leaders and residents, from whom relevant information was sought during the surveys, and interpreted within the context of housing support and likely housing improvement outcomes.

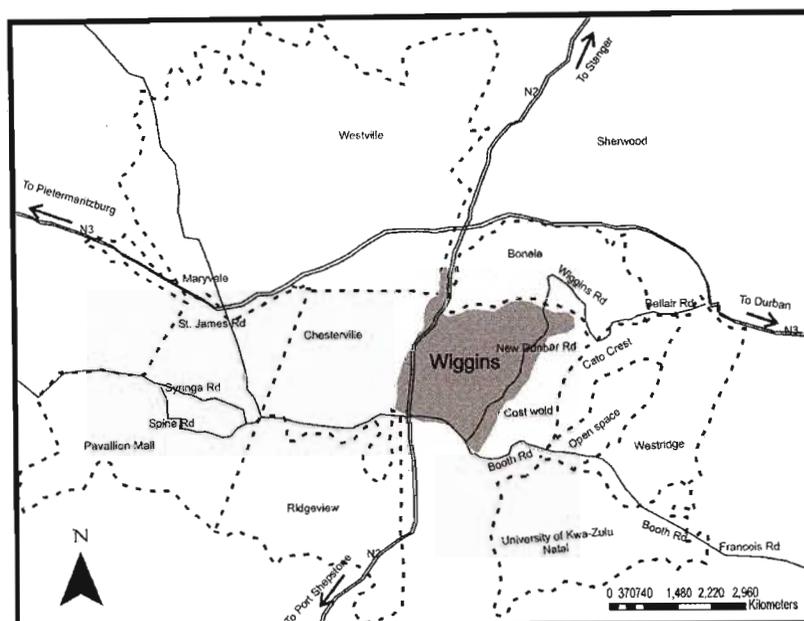
### **7.2 CATO MANOR AND WIGGINS FAST TRACK**

The history of the Wiggins Fast Track project (subsequently referred to as Wiggins) in the area of Wiggins, is embedded and therefore inseparable from the history of the Greater Cato Manor area in which Wiggins is located. The Greater Cato Manor area covers 2000 hectares, and is bordered in the north by the N3 freeway which leads inland towards Gauteng province, and bisected by the national N2 freeway, which leads to the Cape in the South, and Mozambique in the north. It is only 7kms west of Durban's CBD and 10kms from several of eThekweni Municipality area's major employment centres, making Cato Manor one of the most accessible areas of the eThekweni Municipality (CMDA, 2002). Map 3 shows the location on Wiggins within Cato Manor and surrounding areas.

Cato Manor's history is important because firstly, as a place, it is representative of wider struggles against apartheid, and of African and Indian people to become part of South African cities (Odendaal, 1999). In terms of the financial and support interventions that have taken place in the area, it provides an appropriate setting to examine the extent to which public and other sectors' commitment to the development of a place impacts its inhabitants. For this study, the specific impact of such support on housing consolidation is examined. Cato Manor's name derives from George Cato, the first mayor of Durban, who was given 5500 acres of prize farmland near Umkhumbane River in 1854, to replace land taken from him for military purposes. Cato then proceeded to sell off large parcels of land to whites, and smaller ones to ex-indentured Indians. Significant of the whites to whom Cato sold a large parcel of land was the Wiggins family, from which the Wiggins settlement derives its name. By the early 1930s, most of Cato Manor was owned by Indians, who bought land to live, and for speculation or investment purposes. These landowners rented out land

for market gardening and Cato Manor soon became a significant source of fresh produce for the Durban market (Edwards, 1989, Hindson and Pupuma, 1996, Odendaal, 1999, CMDA, 2002).

### Map 3: Location of Wiggins



Source: School of Environmental Sciences, University of KwaZulu-Natal

The 1930s saw a number of changes, firstly, the incorporation of the area into Durban Municipality in 1932. Indian landowners began to let to African, Indian and coloured tenants, many of whom in turn let to subtenants. These activities yielded a mixed economy of market gardening, shack letting and shop owning in the area (Butler-Adam and Venter, 1984 cited in Hindson and Pupuma, 1996). In addition, a number of Africans purchased land under freehold tenure on neighbouring farms, in an area later called Chesterville. In a later development, prior to the Second World War, the City of Durban purchased land for the erection of housing for Africans in what became the Chesterville township, as a response to calls for the provision of such accommodation for Africans, who at the time were living in barracks. This development was seen as an alternative to shack settlement in Cato Manor. Over 1000 cottages were built, all during the war years, with no expansion thereafter (Edwards, 1989).

The war-time demand for industrial products created employment opportunities for Africans, while the post war period was one of industrial growth. This boom, accompanied by a relaxation of influx control in South African cities over the war years, caused an influx of Africans into Durban. In Cato Manor, many were accommodated by Indians in their lucrative shack farms. From about 2500 in 1936, the African population of Cato Manor thus grew to about 58 000 in 1950, roughly half of the African population in Durban at the time (Davies, 1991 cited in Hindson and Pupuma, 1996). Cato Manor was particularly attractive to African city dwellers because of its accessibility and relatively cheap housing within walking distance of the city's employment opportunities.

Underlying the above developments was however a sense of disillusionment of Africans with the Indians, who controlled land and trading facilities in the area. The 'Grey Street riots' of 1949, characteristic of a pogrom against the Indian community, are reflective of such disillusionment, and signified the end of Indian domination of Cato Manor (Edwards, 1989). The "liberation" of the area was followed by a new wave of control by African shack lords and traders, and increased opposition to municipal authority, so that what started out as a challenge to Indian dominance turned increasingly into a challenge to white authority (Edwards, 1989, 1994). At the same time, white residents of Durban perceived the large concentration of poor black people in Cato Manor and the African/Asian conflict as a threat to their health and safety (Hindson and Pupuma, 1996).

In a measure aimed at restoring municipal order and providing the shack dwellers with services, the Cato Manor Emergency Camp was opened in 1952, constituting laid out sites with shack structures, each containing four rooms and a kitchen, and housing 4 – 5 families. By 1958, the camp alone contained about 90 000 people, and Cato Manor as a whole some 120 000. In the interim in the 1950s, the Durban City Council's plans to stabilize the emergency camp into a permanent housing scheme in Cato Manor were rejected by the national government. Moreover, the dominant view within the City Council was that the Africans and Indians in Cato Manor should be removed to racially segregated areas (Edwards, 1994, Maarsdop and Humphries, 1975 cited in Hindson and Pupuma, 1996, Nuttal, 1989 cited in Hindson and Pupuma, 1996). The Group Areas Act was thus applied to Indians in Durban from 1958, and the Native Urban Areas Act to Africans, facilitating the removal, completed by 1965, of Indians and Africans in Cato Manor to Indian and African townships respectively. In the areas previously under Indian ownership, the City of Durban laid out residential infrastructure for the development of white housing. The history of conflict, removals and thwarted claims by Indians and Africans however made Cato Manor unattractive to prospective white settlers, and Cato Manor remained largely unoccupied and derelict for the next 20 years, until the housing redevelopment schemes of the mid-1980s (Butler-Adam and Venter, 1984 cited in Hindson and Pupuma, 1996, Odendal, 1999).

### **7.2.1 The Redevelopment of Cato Manor**

Despite mass removals, a few households remained in Cato Manor. In the late 1980s, Cato Manor re-emerged as a contested urban space, through land claims by those who had been removed, those who had remained, and those who, having experienced apartheid injustice elsewhere, felt they had a moral claim to the area. Vacant land also attracted refugees of township political violence, and those seeking accommodation closer to employment centres, resulting in waves of widespread land invasions, in particular in the Wiggins and Cato Crest areas of Cato Manor from the late 1980s to early 1990s (Hindson and Pupuma, 1996, CMDA, 2002). From 1200 people living in Cato Manor's informal settlements in early 1992, the population grew between 5-6 times within 18 months (Cross et al, 1992 cited in Clark, 1996). These developments led to interest by a group of organizations to address Cato Manor's future. One such organization was the Cato Manor Residents Association (CMRA), formed in 1979 to oppose further removals, resist racially based developments and try to reclaim land in Cato Manor (CMDA, 2002). Roping in support for its activities from other role-

players and interest groups including the civics and the Durban City Council among others, CMRA set up a development process which would result in a holistic development that would include low income housing (CCLS, 1992 cited in Odendaal, 1999).

The changes in the political climate in South Africa in the early 1990s allowed for a negotiation process regarding the future of Cato Manor, giving birth in 1992, to the stakeholder-based Greater Cato Manor Development Forum (GCMDF), to guide and advise on the development of the 2000 hectare Greater Cato Manor area. The Forum's policy framework, adopted in July 1992, was based on the notion of spatial and social integration. Cato Manor was seen as a metropolitan opportunity with the potential to address the service and housing backlogs in the city (Odendaal, 1999).

Whilst the institutional mechanisms for future development were being put in place, land invasions continued unabated in Cato Manor. GCMDF's role of guiding and advising on development proved insufficient to ensure the holistic development of Cato Manor. The GCMDF thus adopted a more proactive role, and pressed ahead with a three-pronged programme to: acquire land and secure development rights; set up an implementation vehicle to manage the project; and obtain funding for development (Robinson, 1994 cited in Odendaal, 1999). In 1993, the legal form, structure and membership of such implementation vehicle was determined, and the Cato Manor Development Association (CMDA) established as a Section 21 (not for profit) company to take development forward in Cato Manor (Odendaal, 1999, CMDA, 2002). Its mission was "to ensure Cato Manor is rapidly developed into a holistic, quality urban environment, in a manner that leads to the generation and redistribution of economic opportunities, builds a local capacity and improves the standard of living of the poor" (CMDA, 2002). This would occur through the provision of affordable housing with secure tenure, social facilities and shopping sites, jobs and economic opportunities; development of infrastructure in the area; improvement of access between homes and workplaces; and establishment of safe and secure living and working environments. The development would seek to integrate Cato Manor into the eThekweni Municipality spatially, politically, economically and socially (CMDA, 2002). Indeed what set the Cato Manor project apart from other developments of the time was its development notions of integration and urban renewal.

CMDA faced a number of problems following its inception, the first of which was a policy vacuum, or lack of clarity on the future direction of urban development policies, given the political changes of the day. Additionally, in the absence of policy, the issue of land claims by people who had been ejected from the area under apartheid laws was perceived as a threat to the development. Fortunately, this problem provided an opportunity for CMDA to contribute to the content of land restitution legislation, with sections of the resultant Restitution of Land Rights Act of 1994 allowing for land claims in major projects like Cato Manor to be dealt with separately so as not to delay implementation (Odendaal, 1999). Thirdly, land invasion was a huge challenge. Fourthly, CMDA had yet to build up the confidence needed to handle a project of such magnitude and complexity (Robinson, 1994 cited in Odendaal, 1999), a problem overcome slowly as CMDA put basics for future development into place, and restructured after the democratic elections, to allow for a Board

that was more representative of both local and metropolitan interests, while also taking policy decisions. The CMDA role remained that of facilitator responsible for detailed planning, design and implementation of envisaged developments (Odendaal, 1999, Interview, CMDA Project Manager, October 2005).

In 1995, the Cato Manor Development Project (CMDP) was accorded the status of a Special Presidential Lead Project in the new government's Reconstruction and Development Programme (RDP). This designation marked the start of availability of generous funding for the project, with commitments from the RDP Fund (R130 million), the European Union (EU) (R150 million), the Provincial Department of Housing and eThekweni municipality. Earlier phases of the project were also supported by USAID, the Swedish International Development Agency (SIDA), the IDT and DBSA. This capacity and financial support was made possible by a local public sector commitment of R513 million, making Cato Manor one of the most heavily invested-in projects in South Africa to date (CMDA, 2002). For this study, it is especially important to determine the extent to which such investment improved the condition of households in various respects (in Wiggins in particular), and impacted the beneficiary households' ability to engage in a self-help housing process that would ultimately allow them to enjoy adequate housing.

In 2003, CMDA handed over the CMDP to the eThekweni Municipality, to ensure that the lessons learnt from its implementation could be maintained and replicated elsewhere in the eThekweni Municipality Area and beyond.

### **7.2.2 Housing in Cato Manor – Wiggins Fast Track**

As already indicated, the integrated development approach to the CMDP was aimed at contributing to post-apartheid urban renewal, and to creating a sustainable area. In terms of housing, Cato Manor would facilitate the orderly settlement of poor households close to the heart of the metropolitan area, providing them with the opportunities that the city had to offer, and in the context of housing policy, allowing them to attain adequate housing, using the support provided by both the state and non-state sectors.

A number of factors informed the form of housing that could take place in Cato Manor. Firstly, the Greater Cato Manor area already had residents, who had escaped the removals of the early 1960s. At the same time, state funded township housing programmes installed to support the removal policy were drawing to a close. Moreover, the population of Cato Manor increased due to new residents, temporary sojourners and descendants of former residents (Hindson and Pupuma, 1996, Odendaal, 1999). By the end of 1995, there were at least 28 000 people housed informally in Cato Manor (CMDA, 2002). Wiggins in particular had a small nucleus of a community whose origins dated back to the removals of the 1960s, and who lived in old houses that had escaped demolition. Their distance from the white residential areas and their clandestine status hid them from official or media attention until the late 1980s, when numbers in the area began to swell due to the new influx of settlers described above (Hindson and Pupuma, 1996, Interview, CMDA Project Manager, October

2005). By the end of 1994, CMDA had succeeded in planning the Cato Manor area for future development, dividing it into precincts and preparing concept plans for each precinct. One such precinct was Wiggins, which would contain a multiple of high density mixed uses (Odendaal, 1999). At the heart of the development of Cato Manor generally, and Wiggins in particular, was the need to address the pressing housing needs experienced by the people living there, as well as the need to prevent future invasions. The Wiggins Fast Track project was thus initiated to attempt to curb the rate of such invasions. It was dubbed "Fast Track" because at the time of its planning and implementation, the project site was under land invasion, and it was necessary to get the project going as fast as possible to avoid informal settlement of the site. Other characteristics that informed the form of housing intervention in Wiggins and Cato Manor at large were a population of which more than 65% were younger than 26, with only 12% in possession of a high school education, and unemployment experienced by a third of the economically active population. The housing delivery form chosen would need to be supportive of such circumstances (CMDA, 2002).

Because of the availability of a greenfields site, a greenfield incremental housing project was determined for Wiggins, consisting of 1 040 sites and starter house. Some of the sites were however in effect an upgrade within an existing community, with starter housing being developed around it and households being relocated into such, so that their informal housing could be demolished. The Wiggins project was implemented under a joint venture agreement between the local authority (then Durban Metro) and CMDA, with the latter acting as agent for the municipality, provincial and national government. The project was processed via the Less Formal Township Establishment Act, which allowed for a relaxation of the building and planning standards that applied within this development. In addition, the PHDB which funded the housing subsidies for the development did not apply any set of standards with regard to the top structures (CMDA, 1995, 2002). The local authority was involved in the allocation of sites and subsidies to beneficiaries. The initial approach to site allocation was on a group basis, with this process managed by the local authority. It was hoped that allocation in groups would encourage a social cohesiveness that would later be utilized during the consolidation stage, although this did not ultimately materialize, mainly because it was not easy to forge cohesiveness among groups of people coming from many diverse places and backgrounds (Interview, Project Manager, CMDA and FGD, Wiggins, October 2005).

The need for housing consolidation in Wiggins was apparent from the very beginning. With the site and services using R8 300 of the subsidy, the average size of unit possible using the residual amount was 21sqm (this project predates the mandatory 30sqm starter unit norm, put in place in 1997). It was imperative that households commence with house improvement and extension as this space proved to be extremely tight for most households (Interview, Project Manager, CMDA and FGD, Wiggins, October 2005).

Applications for housing in Wiggins were invited through the press and screened by the local authority. This mode of publicizing the project allowed a great number of people to hear about the project, apply and go through the screening process, who had no stake or interest in the project as

such, except that it provided them an opportunity to acquire a free house. Interview and FGDs did indicate for example, that some people who happened to have been visiting Cato Manor at the time, or had literally got off a bus or taxi from further afield did apply and get accepted. While it was not possible to establish the proportion of beneficiaries who got into the project this way, this explanation was proffered as an indication why some households have had no particular interest in consolidating their place in Wiggins, but rather were merely seizing an opportunity that presented itself quite easily, to benefit from the state. The Cato Manor councilor further indicated that some of these people are no longer living in Wiggins, and have either sold their houses informally, or are renting them out to tenants who are unlikely to invest in the improvement or extension of such housing (Interview and FGD, Wiggins, 2005).

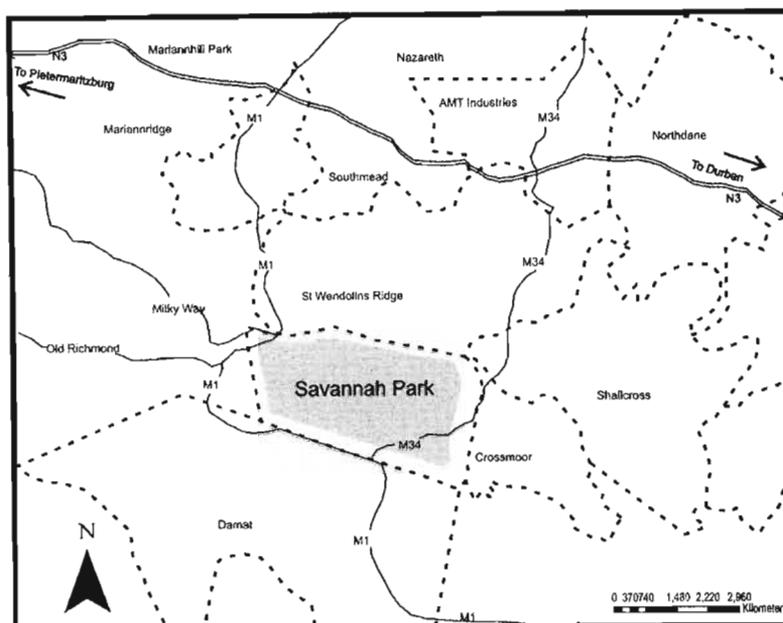
By 2000, all the top structures were complete. In line with the policy, it was expected that starter homes would provide the new homeowners with the opportunity for incremental housing improvement and individual design, affordability of housing improvement and access to housing finance. Due to the high levels of unemployment and lack of skills, further support needed in Wiggins as in any other incremental housing project, was the harnessing of opportunities for employment creation and income generation, including opportunities for emerging contractor development. Thus, in examining the extent to which beneficiaries in Wiggins succeeded in the housing consolidation goals of policy, the extent to which the support objectives indicated above were achieved is an important basis for such examination. The empirical findings in which these issues are examined are analysed in the next chapter. It is however important to be aware from the outset of such analysis, that the CMDP (of which Wiggins is a part) is generally considered a successful project. The Mayor of eThekweni municipality in the CMDA Annual Report of 2002 describes the project as “a great success story – not only for Durban, but also in the history of the redevelopment of South Africa” (CMDA, 2002). Other accolades include CMDP’s choice as a Best Practice project by UNCHS(Habitat) in 2002. In 2005, eThekweni municipality received one of the International Society of City and Regional Planners (ISoCaRP) five inaugural Awards for Excellence, on the basis of a paper presented by Prof. Peter Robinson entitled ‘The Creative Approach to Integrated Local Economic Development in Cato Manor’ (UKZNdaba, 2005). The Mayor however does add that much still remains to be done, and that “urgent and targeted interventions” are still needed to address the needs of the poor, alluding to the ongoing problem of poverty, despite the above successes. The findings of this study do not take away from the above achievements. They do however highlight the shortfalls in the housing consolidation process, especially as they are experienced by the poorest subsidy beneficiaries. The study endeavours to propose some of the urgent and targeted interventions called for by the Mayor, in the specific context of housing policy, and of incremental housing.

### **7.3 SAVANNAH PARK**

Savannah Park (shown in Map 4) is located approximately 30kms from Durban, and 15kms to the south-west of central Pinetown, south of the N3 freeway. It fell under the jurisdiction of the then Inner West City Council Entity, in the western area of eThekweni municipality and is part of the

Ward 17 communities that fall under this local authority. It is one of the less densely populated black settlements in the municipality (Clark, 1996).

**Map 4: Location of Savannah Park**



Source: School of Environmental Sciences, University of KwaZulu-Natal

There is little in way of history of Savannah Park (subsequently referred to as Savannah), due to paucity of both documented accounts, and people who have knowledge of this history living in the area currently, and who could provide it orally. Compared to the other case studies therefore, Savannah's historical background is somewhat limited.

Like Cato Manor, Savannah's history is one of struggle for urban space, secure tenure and against apartheid policies. Savannah is one of a cluster of settlements which owe their origin to the establishment of the Marianhill Catholic Monastery in the 19<sup>th</sup> Century, in the area of St Wendolins in Southern Pinetown. To commence with their missionary work, the Marianhill fathers bought two farms on which to locate their converts. The informal settlements close to St Wendolins (of which Savannah was one) were originally areas where black people could own land, and this factor played a big role in later developments. These areas, unlike the state-owned formal townships, were usually established under the auspices of some intermediary institution (in this case the Mission), which retained autonomy over its own affairs, organized the community internally and promoted education and entry into the modern economy (Clark, 1996).

Following the promulgation of the Land Act of 1936 which in effect denied black people land ownership rights, the mission's efforts in the area were terminated and although the mission continued to provide sites, people could no longer be issued with title deeds. In the 1960s and parallel to the developments taking place elsewhere in Durban (including Cato Manor), the South African government declared the settlement of Savannah an Indian Group Area, and followed this

with forced relocation of some black people settled in these areas to the African townships. The informal communities resisted this relocation decision, and although some households did move out, many stayed on defiantly, with the authorities turning a blind eye to this. In 1987, a decision was taken to allow the residents of the area to be incorporated into the KwaZulu homeland. The residents of the Marianhill area challenged this decision in court and in 1988, it was finally decided that the area would remain under black settlement, and in the metropolis (Clark, 1996).

The civic movement in Southern Pinetown generally, and in Marianhill in particular emerged out of the resistance to the forced removal attempts, among other issues, for example the need to control immigration and develop a procedure of regulating access to available sites (Mokoaleli, 2006). The first community organization in the area, the Save St. Wendolin Residents Association/Isolomuzu Committee of Fifteen, attracted the attention of BESH which had been founded in 1982, to among other things assist in struggles over built environment issues. In 1983, BESH began to support the communities of St. Wendolin against forced removal and towards formal housing development. By the late 1980s and early 1990s, marked political changes in South Africa led to a shift from land struggles towards implementation of projects (Clark, 1996, BESH, 1998). Out of this civic mobilization, the area of Savannah obtained the IDT capital subsidy of R7 500 per household in 1991, for a 1 114 site and services project, with the local authority as developer. The scheme provided a ventilated toilet but no housing unit, with the beneficiaries expected to construct their own houses. In 1998, BESH assisted the area's Development Committee to apply for consolidation subsidies on behalf of the IDT subsidy beneficiaries. To prepare them towards a consolidation process, BESH provided the community with organizational support, such as training of the members of the development committee in the setting up of a Development Trust, which became the developer of the project when the consolidation subsidies were finally approved. BESH also trained some of the committee members as housing advisors, to provide community members with housing assistance to, for example, identify boundary pegs and order building materials (BESH, 2002, FGD, Savannah, November 2005).

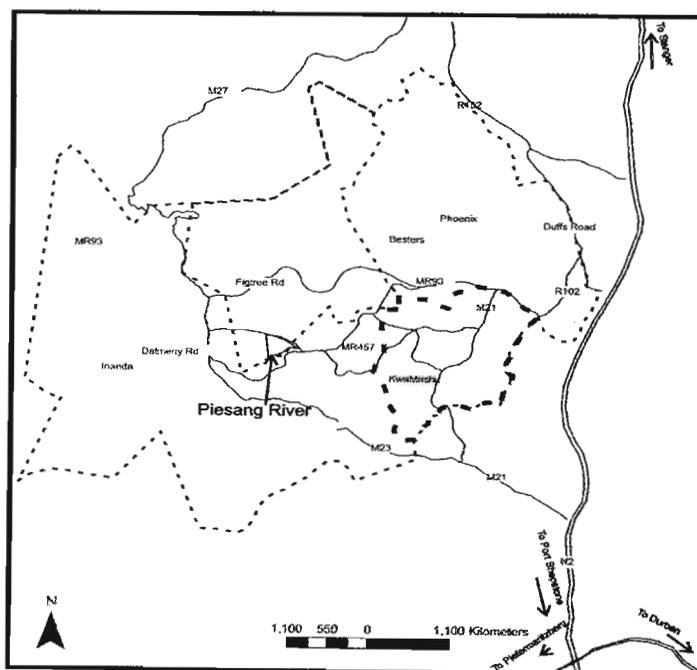
Because many people in Savannah had not built formal houses on their sites following receipt of IDT subsidies, the Development Trust-cum-developer determined with community consultation, to use the R9 775 top-up subsidy to construct a 30sqm starter house, which owners would then extend/improve incrementally. The beneficiaries who preferred to build or manage the building of their house themselves, or to improve an existing house, were allowed those options. To the extent that the consolidation subsidy was in fact used to improve often vacant sites to which owners had returned when they learnt of the availability of the subsidy, or to replace informal structures, it was indeed used for consolidation purposes. However, given that the subsidy mainly achieved an incomplete house, further support beyond the consolidation subsidy was expected and certainly required by the beneficiaries to facilitate the transformation of such basic housing into adequate and complete dwellings (FGD, Savannah, November 2005).

Interestingly enough, some sites in Savannah had remained empty following the IDT subsidy scheme. With the owners not present to claim the top up subsidy, such sites could still be seen, spotting the ventilated toilet which was the hallmark of the IDT sites and services schemes. Mokoaleli's study of Savannah indicates that up to 20% of beneficiaries forfeited their subsidies and left the settlement for a range of reasons, mainly in search of employment opportunities elsewhere (Mokoaleli, 2006). It was of course the owners who had remained in the settlements and received consolidation subsidies that this study was directed at, in a bid to establish how they had been supported to achieve housing consolidation in the post-subsidy phase of the project. The housing support-related findings are analyzed in the next chapter.

#### 7.4 PIESANG RIVER

The Piesang River study area (shown in Map 4 and subsequently referred to as Piesang) doubles up as both an informal settlement upgrade and a PHP case study. It is an informal settlement upgrade because its origins are of informal settlement and squatting, followed by formalization and regularization which took place long after a vast squatter settlement had been in place for many years as subsequent discussion shows. It is a PHP project because the people-driven processes that have been employed to access housing by the residents of the settlement, (which include lobbying by the South African Homeless People's Federation (SAHPF) and the People's Dialogue), were in fact the basis upon which much of the national PHP policy was developed, and the reason why the government pledged to support what it called the 'People's Housing Process' or PHP (Bolnik and Mitlin, 1999, FGD Piesang, November 2005). In examining the history of Piesang, it is therefore important to examine what it is about the people-driven activities of the SAHPF that the Department of Housing found attractive and viable enough to support in the form of PHP.

**Map 5: Location of Piesang River**



Source: School of Environmental Sciences, University of KwaZulu-Natal

The PHP exists in various forms throughout the country, and typically describes a housing process in which individuals, households or groups take the initiative to organize the planning, design and building of their own houses. PHP as a policy of the Department of Housing derived from the Department's recognition of people-driven processes, which was enacted as policy to allow the Department of Housing to support such initiatives via a formal process of delivery that would make use of the housing subsidy scheme.

Piesang is located in the area of Inanda/Kwa Mashu, 25kms to the north west of Durban's city centre. It constitutes over 1 650 households in a 41 hectare area. Its formation dates back to the late 1960s, when an Indian farmer, assumed to be the landowner, sold the Block B portion of the present-day settlement to an individual, who in turn subdivided the land and settled on it with five other households. These households later got rid of the 'landowner' who turned out to have in fact been a leaseholder. The person who originally wrested the land from the farmer 'sold' some sites and allocated others free to people who gradually moved into the settlement. He also successfully negotiated with the police in those early days to allow the people to stay, when demolition of the settlement was threatened. Leadership initiatives specifically aimed at bringing development and improvements into the area however, did not take place until the mid 1980s (Huchzermeyer, 1999, Sibiyi, 2002, FGD – Piesang, November 2005, SAHPF, undated).

Growth of the settlement in the 1970s decade was ignored by the government. In the 1980s, a new form of residential development of rows of wattle and daub rooms called "train houses", owned by absentee landlords, contributed to a growth in densities. Further overcrowding was also caused by people moving in after displacement by political violence in the 1980s and early 1990s, as well as rural migrants in search of employment opportunities (Huchzermeyer, 1999, Sibiyi, 2002, FGD – Piesang, November 2005).

In 1985, some leadership emerged in the form of a warlord, who is credited with ending of tenancy in Piesang, by forcing the 'owners' of the train houses to sell these structures to their incumbents. He also arranged a clean-up campaign, and attempted a haphazard structuring of the settlement into blocks, before he was himself forcefully ejected from the area. The period following his departure was characterized by a high level of disorganization, illegal businesses and self-interest, which led to a return, for example, of the train houses. In the absence of basic services, water was 'stolen' from the neighbouring Inanda New Town A township, and brought into the area through a few illegally connected communal taps, while a number of pit latrines were the means of sanitation. The residents themselves named the main business street in Piesang 'ezingulubeni' which means pig sty, attesting to the prevailing living conditions. Crime escalated, and people increasingly began to articulate a preference for individual, fenced-in sites that would prevent the penetration of criminals (Huchzermeyer, 1999, FGD – Piesang, November 2005, SAHPF, undated).

#### 7.4.1 Infrastructure and Services Support

The emergence of civic structures, closely affiliated to political structures, was an important community structure development. Although they prioritized political organization over development at the time, civic organizations however succeeded with the ordering of the settlement into Blocks A to G, with systematic numbering of dwellings. They also made the first attempt in the early 1990s, to secure development funding for Piesang. With the support of BESG, R18.5 million was secured from the Durban City Council, and accepted with the understanding of two important factors that had later implications for the way the housing process unfolded in the area:

1. In the absence of additional land on which to de-densify the very crowded settlement, residents would have to accept relatively small sites.
2. The funding would be invested in regularizing tenure and delivering infrastructure and services to the settlement, including toilet structures, but no houses (even though the community did make it clear that they wanted houses, not toilets).

While BESG and the civic representatives were unhappy with the limitations that the fund allowed for, both agreed to work within them. The civic appointed BESG as the project manager, and in working together agreed to a number of key things, including:

1. the setting up of a Trust as a legal entity under which the land would be held until the end of the project, when it would be transferred to individuals under freehold tenure;
2. the level of services for the settlement;
3. infrastructure and service options that met the approval of the Durban City Council;
4. plot sizes (although land limitations made these exceedingly small) (Huchzermeyer, 1999, Interview and FGD – Piesang, November 2005). That a number of project basics were later contested by the SAHPF when it became involved in the project does not detract from the support lent in the above areas.

#### 7.4.2 The Peoples Housing Process in Piesang

As implementation of the project commenced, another development occurred that changed the trajectory of the project and brought in another angle of support. A then civic leader (and now National President of the SAHPF) argues that he recognized an overwhelmingly ‘housing as houses’ focus of the BESG approach to the development as being too superficial and narrow to address real-life issues facing the residents of Piesang. He gave the example that very little attention was given to the fragile livelihoods that would be affected by dismantling of, for example, trading stalls to make way for roads or other infrastructure, or the impact of relocation on a home-based enterprise that had come to rely on social and economic networks. Thus while acknowledging that the Durban City Council grant was supportive of the infrastructure and service basics needed to kick-start an incremental housing process in the area, he argued strongly that BESG’s approach lacked an understanding of how the poor live, and earn their incomes and therefore that the project had the potential to interfere with these, if not carefully thought through (Huchzermeyer, 1999, Interview and FGD – Piesang, November 2005).

Coinciding with this viewpoint and contributing to a different development perspective was the civic leader's participation in a meeting in 1991, that would change the trajectory of housing-related developments in Piesang. The meeting focused on homelessness and landlessness and the need to address these in a holistic way, with an emphasis on the poor themselves taking control of their situation. It drew participants from a number of neighbouring countries as well as Europe and Asia. The civic leader was then invited to tour South Africa to spread the messages of taking control by the poor of their situation, self-reliance, and the need to pool savings and experience together, and to control their development destiny. Returning to Piesang, he spread this message and actualized it by starting a savings movement, and Piesang became the first settlement in South Africa under this conscientised movement, to set up savings groups (People's Dialogue, 1991, Huchzermeyer, 1999, FGD – Piesang, November 2005).

At the same time between 1991 and 1994, housing savings schemes were established in a growing number of informal settlements in South Africa. By June 1993, there were 58 housing savings schemes under this new movement and in 1994, just prior to the first democratic election, these schemes joined together into a national organization, the South African Homeless Peoples Federation (SAHPF), with Piesang as one of the strongest members. By 1996, 256 savings schemes existed under the auspices of the SAHPF. The schemes retain autonomy of identity and decision-making, but are mobilized around common characteristics, including their members' shack and hostel origins, and therefore their need for assistance to attain security of tenure and affordable housing. All organizations are involved in savings and credit managed at the grassroots level by the members themselves. SAHPF is itself given administrative and technical support by an NGO called the People's Dialogue on Land and Shelter, with which SAHPF formed an alliance in 1994 (People's Dialogue, 1993 cited in Huchzermeyer, 1999, Baumann and Bolnik, 2001, Interview and FGD – Piesang, November 2005).

Because of Piesang's visibility within SAHPF, the settlement was chosen as the venue for the first community-driven programme of SAHPF, namely a shelter training programme. This programme drew from the lessons learnt in similar programmes in India, in which four SAHPF members had participated, and their Indian counterparts had visited Piesang to assist. The training aimed at mobilizing households to unite and save, as well as strengthening the notion of community-driven development, and had a number of important components of support that would help community members understand housing development activity better. These components included:

1. mapping the settlement, by counting and measuring of shacks, to assist people to plan, design, cost and implement their own community development programme.
2. a door-to-door household survey aimed at gathering the basic socio-economic data of the residents. This was coordinated with the physical survey.
3. Discussions about how the savings schemes would function, how to attract new members, and how savings could be linked to credit.

4. A house-modeling exercise, in which members, using cardboard, were shown how to collectively design and model the houses they desired, and then consider issues of affordability and amend the designs accordingly.

This model later included a building and construction training component, put to use once housing loans were obtained (Huchzermeyer, 1999, Patel et al, 1999, Sharma, 2001, Interview and FGD – Piesang, 2005).

Although unsupported by government until this time, SAHPF itself served as a support base for the Piesang savings scheme members affiliated to it in several ways. Firstly, it helped to mobilize and pool the poor's savings, a goal with which current policy has had far less success. Secondly, through the house-modeling exercise, the members could match savings with the house they desired. Lastly, the shelter training programme above provided a more desirable alternative to the government model of development of the time, of infrastructure development without housing, which the community in Piesang was opposed to. It is these people-driven initiatives of the SAHPF that the government ultimately decided to support as a recognizable peoples housing process.

#### **7.4.3 A Clash of Housing Development Approaches**

The SAHPF's very visible presence in Piesang and its approach to development which was primarily people driven proved to be incompatible with BESG's, who as the appointed project manager had adopted what at the time has been a consensual strategy of infrastructural and services development before housing. At the same time, the relationship between the original civic structure and the Trust that held the land on behalf of the community started to fracture, with loyalties divided between BESG and the SAHPF. Following vitriolic interactions between the two, BESG withdrew from the project in 1995, after completing 80% of the engineering works that was needed to fulfill its contractual obligations (Huchzermeyer, 1999, Interview and FGD – Piesang, November 2005, Interview, BESG Project Manager, Piesang, 2005).

Following BESG's exit, the Durban City Council took over in 1996. On the political front, local government elections also took place in 1996, with a ward councilor elected for Piesang and nearby areas. A Ward Development Forum was also set up, in which all development stakeholders (including the SAHPF) were represented. To avoid conflict, the Forum collectively decided that of the outstanding aspects of the project, the technical tasks like infrastructure development and pegging would be undertaken by the professionals, while tasks with political connotations like site allocation and conflict resolution would be done by the development committee. The project proceeded thus, with households for whom site allocation was unproblematic becoming the first beneficiaries of savings-based credit from the SAHPF, and using mutual/collective building activities to build their houses. It is noteworthy that Piesang (alongside a number of other SAHPF-affiliated projects) is widely known for its four-roomed houses, noted for their bigger size relative to those delivered via developer-driven projects. Indeed, this is the aspect of the housing consolidation experience that is widely cited. The forms of support that have allowed for this achievement are examined in a subsequent section.

As would be expected, many problems remained with the project however, including the need to move reluctant people whose sites were affected by infrastructure development, and the format by which Piesang households would access housing subsidies to which they were entitled, but which did not fall tightly into a specific subsidy category.

#### **7.4.4 A History of Housing Support in Piesang**

Housing support in Piesang constituted government support, lent in recognition of the peoples housing process in the area, donor support, support from the SAHPF movement and its support NGO the People's Dialogue, all intertwined in a complex relationship. As indicated above, the first support from the government for the development and upgrading of Piesang constituted a R18.5 million grant development funding, constituting a pre-1994 subsidy to Piesang residents, for regularizing tenure and servicing of sites in the settlement. What should have followed in the post-1994 period was the granting of consolidation subsidies, available to recipients of pre-1994 subsidies. The luminous nature of the activities of the SAHPF/People's Dialogue alliance, and its ability to lobby the main housing institutions of the day however allowed for an agreement that had a likelihood of benefiting the residents more if implemented, as indicated below.

##### **7.4.4.1 A Complex Support Relationship**

As already indicated, the growth in numbers of housing savings schemes in informal settlements in South Africa between 1991 and 1994 led to the formation of the SAHPF. Using donor funding of R4 million, the SAHPF established a revolving fund from which savers could borrow small loans for housing consolidation, as well as a form of bridging finance, the latter of which is tackled later. Despite its growth, the SAHPF and the People's Dialogue had had no contact with government, and ways had not been sought to link into the benefits that savers could reap from new housing policy. In June 1994, a day of dialogue was arranged with the alliance partners and housing actors, including the then Minister of Housing, as well as international experts from a number of countries. The Minister, impressed by what the alliance was hoping to achieve, injected equity into the revolving fund of R10 million from the government. This financial component, known as the uTshani Fund, and administered by the uTshani Trust, became the third member of the alliance and functioned to provide loan capital for housing developments of the SAHPF (Bolnik and Mitlin, 1999, Interview and FGD – Piesang, November 2005)

The Fund makes finance directly available to housing savings schemes, with the group members receiving non-collateral loans. The loans are secured through 'peer pressure' both within the savings schemes and the broader SAHPF. Lending to other savings schemes depends on the performance of existing loans, and because the uTshani Fund is a 'revolving' fund, loan repayment is the source of future loans. While being a member of a savings group guarantees the member access to credit, the amount saved by the group is the basis upon which affordability is assessed, and the total amount that can be lent to the group over a 15-year period determined, at a simple interest of 1% per month. However, members can only receive a maximum loan of R10 000 each, to ensure horizontal equity. If necessary, the housing savings group is helped to adjust its housing designs in the housing

modeling exercise indicated in a preceding section, to build within this amount. One month's grace period is given before repayment of the loan commences. The members then make monthly repayments to their housing savings scheme treasurers, who collect loan repayments together with savings, the latter of which continue despite accessing credit (Baumann and Bolnik, 2001).

The decision to lend to a group or not rests with the governing body of the uTshani Fund, comprising SAHPF members from active national regions. The reasons for non-lending would include disorganization and/or squabbles within the group, or a poor saving record. Once a loan is granted, the uTshani Fund would advance such monies to the group leadership which would pass it to the members in the form of building materials (never cash). Piesang as one of the 'pioneers' of the SAHPF housing savings schemes was the first settlement to receive such credit support from the uTshani Fund in 1995.

There is however another important angle of the uTshani Fund relationships that needs to be understood before one is able to fully assess the extent of its housing finance support success nationally and in Piesang. Following the R10 million grant for the uTshani Fund, the National Housing Board agreed with the Fund for the latter to act as a conduit for housing subsidies to SAHPF members, to expedite their access to housing subsidies. The uTshani Fund would thus provide bridging loans, so that SAHPF members could start building their own houses in the absence of immediate subsidy support. This bridging character is particularly important in understanding this function of the Fund. The Fund was never intended to become a housing microfinance institution per se, and has only ended up playing this role by default. Rather, it was intended to be a facilitator in the subsidy environment, and was to be sustained as members who obtained their housing subsidy used it to repay their uTshani loan, thus making funds available for other bridging loans. Unfortunately, most members who took loans in anticipation of subsidies never ended up receiving them. It was with this understanding that in the particular case of Piesang, an agreement was reached between the SAHPF and the KwaZulu Natal Provincial Housing and Development Board (PHDB) for the latter to make subsidies available to qualifying SAHPF members in Piesang. In a show of goodwill and in recognition of the efforts of SAHPF in Piesang, the PHDB agreed to give the full subsidy (of R15 000 at the time) although technically, Piesang residents really only qualified for consolidation subsidies of R8500 (FGD – Piesang, November, 2005).

In the implementation of the bridging finance plan in other areas, the reality was that there were often long delays before some PHDBs paid the subsidies to the uTshani Fund, and consequently, this arrangement has turned out to be one of long term lending rather than a bridging one. The President of the SAHPF emphasized in the FGD that in addition to the PHDBs' lethargy in the various provinces, the other reason why this form of support was only ever going to have limited reach, was that this agreement was not brokered with all PHDBs around the country. He gave the example that in Gauteng province for example, the PHDB there insisted that SAHPF households should access their subsidies through the PHP programme and not via the SAHPF/uTshani programme. Subsequent

sections discuss this relationship between the uTshani Fund and the housing subsidy programme and the support findings in this regard. Suffice it to indicate in this historical account that this initial relationship, while it has subsequently been pursued and has been declared to have failed in its original intentions (Baumann and Bolnik, 2001), worked in Piesang to allow for access to subsidies. Thus, Utshani loans have mainly functioned as funds with which to augment subsidy, rather than the only funds available to households for housing consolidation, and in large part explain the typical formal four-roomed house achieved by most households in Piesang.

The housing consolidation achievements of the residents are generally considered successful in Piesang (Hindson and McCarthy, 1994, Homelessness and Housing, 1996, Bolnik and Mitlin, 1998, UNCHS(Habitat), 2002, Napier, 2003), a status that was confirmed by this study. Its choice as a case study has to do with this aspect as much as it has to do with the need to examine a PHP project. It is however reiterated that not all PHP projects in South Africa have a SAHPF and uTshani link, and that this link is recognized as a support system in its own right. The layering of housing finance support that occurred here is atypical of subsidized projects generally and PHP projects in particular, and somewhat advantaged Piesang over 'normal' subsidized projects. In discussing Piesang, it is recognized that some of the consolidation success is rooted in this support system more than it is rooted in the PHP nature of the project per se, and this distinction is raised where relevant in the presentation of findings, in the next chapter.

The above historical background maps out the lengthy struggle by the residents of the three study areas to gain a foothold in the city and to locate in these particular areas. It is therefore logical to assume that once such foothold was obtained and tenure secured, these households would embark on vigorous housing consolidation activities. The next chapter examines how these households have been supported to achieve the housing consolidation goals of policy, and the extent to which such support has succeeded in facilitating the achievement of housing adequacy by beneficiary households.

## **CHAPTER 8: HOUSEHOLD EXPENDITURE AND HOUSING AFFORDABILITY IN THE STUDY AREAS**

### **8.1 INTRODUCTION**

The overall theme of support and housing consolidation in the study areas is dealt with in Chapters 8, 9 and 10. These chapters constitute the presentation and analysis of data collected in the three case study areas in eThekweni municipality, weaved into the understanding and insights of housing practitioners and experts of housing policy on how support for incremental housing should work, how it has worked in practice, and the implications of these on the way that the housing consolidation process has unfolded in the three areas. Such examination of the data is aligned with the objectives outlined at the beginning of the study. This study began with the argument that households unable to improve their housing condition beyond what the state subsidy delivers continue to experience housing inadequacy. Of particular importance in this research therefore, is the way in which beneficiary households engage with housing improvement activities after receiving the subsidy. The study's stratification of beneficiaries into those who have achieved discernible improvement and those who have not in two of the case studies, permits the capturing of the possible reasons for these different responses to the housing consolidation expectation. The third case study examines how support has been formatted around a people's housing process that informs current PHP policy in South Africa. While based on three case studies, the findings of the study have much relevance for how housing support can be packaged to facilitate housing consolidation in incremental housing schemes in South Africa.

Beyond that, the study examines the extent to which an enabling environment has been created by the post-apartheid housing policy, that permits the achievement of the policy's fundamental aim, which is to create conditions in which the poor beneficiaries of state-assisted housing can be drawn into the mainstream economic development as the basis upon which to achieve housing consolidation. Specifically, the case studies are used to determine if the house has functioned as the enabler it is intended to be, by giving the inhabitants an affordable entry into the formal housing sector, and then providing them with a good or asset that they can utilize to access further opportunities critical to housing improvement, while maintaining the flexibility of self-help housing to respond to the changing circumstances of the households. The case studies are also used to assess the extent to which there have been attempts to link or package the various aspects and forms of support in practice, and where gaps exist in this regard. The case studies are also examined for what would constitute the preconditions of housing consolidation to the extent that they enable the inhabitants of incremental housing to launch into housing consolidation action, using such prerequisites as the base for such activities. In examining the policy of support at work in differing housing delivery contexts in the three case studies of Wiggins, Savannah and Piesang, the study also permits an assessment of the implications of project type on the housing consolidation outcome.

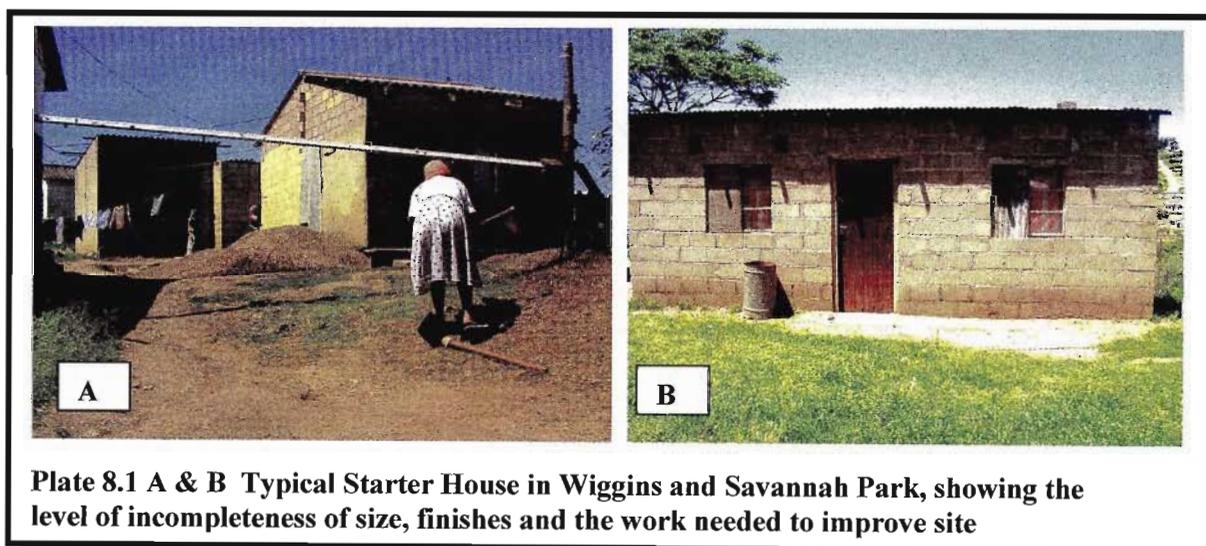
The enormous amount of data generated by the empirical enquiry is the reason it became necessary to handle the study's findings in three chapters rather than one. Thus, while overall, the conceptual framework was used as a structuring device to report on the findings of the fieldwork, it became necessary to firstly come up with two overarching support themes, constituting two separate if related chapters in which the data collected on the various housing support aspects was presented and analysed. Efforts are however made to cross-reference any emerging relationships. Chapter 8 mainly explores the support theme of enhancing housing affordability of subsidy beneficiaries by providing socioeconomic-related support. Chapter 9 presents and analyses findings related mainly to project-level support. Chapter 10 discusses the findings on incremental housing delivery and housing consolidation from the perspective of the policy/practice disjuncture, clearly evident in the analyses presented in Chapters 8 and 9. As can be noted from the study's interview schedules, household questionnaires and focus group discussion (FGD) guidelines (Appendices 1 – 3), the format of empirical enquiry used is one of pursuing the support elements thematically, to facilitate thematic analysis of data. Thus, the reportage of findings follows themes derived from the conceptual framework, which were identified as important supports for both the incremental housing process and housing consolidation. The data presentation and analysis chapters utilize findings deriving from all the research tasks undertaken – interviews, household surveys, FGDs and physical survey of the study areas – in an interactive and composite discussion, in the exploration of each of the support themes identified.

For each theme or area, a summary of the policy expectations as understood from the key informants and experts, is presented, as well as the reasoning behind their understanding of the extent of success or failure in each support area. This is then followed by an analysis of the households' experience at project level in each of the three study areas, with regard to the same support theme. Each section in the analysis chapters therefore integrates the themed information deriving from interviews with policy experts and housing practitioners, household surveys, FGDs and physical data. This approach is considered more appropriate than reporting on each research undertaking individually, because it allows for the findings and ideas deriving from the various research tasks and information sources to be integrated and analyzed under a single heading addressing each support element. This yields a composite discussion of all facets of each support element under a single comprehensive section, and removes the potential for duplication likely in reporting on each research task. It also allows any contradictions and inconsistencies in the information on any one element, emanating from the different research tasks, to be highlighted.

Also notable in the analysis chapters is the presentation of many of the study's recommendations where appropriate. The decision to place them in this chapter is deliberate, because it facilitates their use in the framework for packaging housing support developed in the last chapter. The duplication that would necessarily emanate from presenting them first, and then using them in the support packages developed in the same chapter is thereby avoided.

## 8.2 POST-SUBSIDY SUPPORT

The South African housing policy's foundation in the supporter paradigm, allocates roles to both beneficiaries, or those who are to be supported, and the state, whose role is to both support housing start beneficiaries, as well as create an enabling environment in which other sectors can lend the support needed, if such support is better suited to such sectors. In determining if such goals of post-subsidy support have been met, it is important to determine what outcomes were envisaged by policy. Both the HWP (Department of Housing, 1994) and BNG policy (Department of Housing, 2004) see the goal of housing policy as that of creating livable housing settlements while assisting as many poor households as possible to achieve adequate housing over time. It is the balancing of these two roles that determines, according to housing policy, that only starter housing, like the one shown in Plate 8.1, can be availed to targeted households. In PHP projects, beneficiaries of subsidies build from scratch.



Source: Author 2006

In looking at how post-subsidy housing support has fared, there was general consensus among the housing practitioners, academics, housing officials as well as the housing beneficiaries with whom the researcher interacted, that it has left much to be desired. From the blunt responses of the officials interviewed to what has gone wrong with housing consolidation support, it was clear that housing support was not considered an integral part of housing delivery, as the following articulations by a senior housing official in the eThekweni municipality would indicate:

*“While we still have so many shacks, I’d say it is difficult to justify putting resources towards somebody who has already got a house.”*

A housing researcher and one of the housing policy experts interviewed in turn made the following observations:

*“You see, we are still sitting with a Department of Housing that delivers a starter house or a subsidy and then leaves.”*

As a point of departure in analyzing the findings of this study, it needs to be noted that the current policy's seven key strategies encapsulated in the HWP (Department of Housing, 1994) and reiterated in the Housing Code (Department of Housing, 2000) are very clear on the housing subsidy being the first such strategy around which housing delivery in South Africa is built. The other six strategies were however equally important to the extent that they were designed to support the housing efforts of households to improve their subsidized asset. These were aimed at:

- stabilizing the housing environment;
- mobilizing credit;
- supporting a peoples housing process;
- rationalizing institutional capacities;
- facilitating the speedy release and servicing of land; and
- coordinating state investment in development.

It constitutes a fundamental failure then for these not to even be viewed by the Departments of Housing and their actors, and local authorities, as activities that need as much of their devotion as the expending of subsidies. Most housing experts interviewed saw the failure in post-subsidy housing support as largely located in the established method of assessing housing delivery performance by the number of housing starts afforded beneficiaries, and the millions of rands invested in the housing product delivered with the subsidy, encapsulated in the following statement made by one of the policy experts interviewed:

*"I can't imagine why post-subsidy support has not been included as an integral part of projects, apart from this obsession with numbers."*

Responding to the direct question of why supporting the process of achieving housing consolidation had not taken off more than a decade after the institution of post-apartheid housing policy, the same eThekweni Municipality housing official, cited earlier, responded thus, entrenching the view of how housing performance in South Africa has been understood by housing practitioners up to now:

*"Bluntly put, our job is to put 30sqm boxes with services to replace 12sqm shacks with no services. All the "nice" to have on top of that to try and promote or support consolidation, support quality living environments, create employment, promote development, citizenship, ownership, etc; ..... Sure, we could do those if we had the money. But at the end of the day we are measured on how many houses we have built, and how much money we have spent; have we spent our budget?"*

In the FGD held with housing officials in the KwaZulu Natal Provincial Department of Housing, it was frankly acknowledged that the Department had never endeavoured to go back to its earliest projects and find out what people had done with their houses, clearly demonstrating the lack of interest in that phase of the housing developments after delivery. While according to the Municipal housing official quoted above, the Municipal housing unit had commissioned a municipal-wide research to find out how people were consolidating their dwellings, the unit had done nothing with the resultant findings.

In the absence of a common understanding and vision by housing actors of the need for post-subsidy housing support and what it entails, most projects that have had some form of housing support have done so, not because it is a generally accepted delivery approach. Often, it has been as a result of some specific members of the project team interpreting the policy in a way as to include certain support initiatives and activities. Thus, similar projects but with different actors, may include totally different forms of support, or none at all. The involvement of certain NGOs has also led to the incorporation of certain support measures, often funded from sources outside the Department of Housing or municipalities, both of which would have packaged projects without providing a budget for such 'extras'. Such support activities as have tended to be included in projects by NGOs would be in areas in which they have a particular competency, so that different NGOs would focus on different support activities, and rarely on a comprehensive set of support activities required for any single project. As this analysis unfolds, some of these assertions are demonstrated. At this stage, suffice it to state the finding that because the role of housing authorities is understood to mean budget expenditure through expending of subsidies, the other six strategies of housing policy have not been put in place, and households have received no post-subsidy support.

As has been demonstrated in the preceding chapters, there is general consensus conceptually, in housing practice and in the South African housing policy, on the areas of support deemed necessary for households in incremental housing schemes. These are: access to land and security of tenure; subsidy support; mobilization of housing finance; job creation and income generation, and especially the use of the housing process itself to launch this. These are analysed under the banner of supporting housing affordability. The other support areas including provision of infrastructure and services; access to building materials and a range of technical and logistical housing support aspects including information and housing advice, skills transfer and technical support are analysed as project-level support forms. Rationalization of institutional capacity in the housing sector is considered an overarching requirement for all other forms of housing support to work. The findings in respect of these housing support themes, deriving from the three case studies as well as interaction with individuals and focus groups, are presented in this and the next chapter.

### **8.3 UNDERSTANDING THE SUBSIDY BENEFICIARIES**

The extent to which households that have received subsidies achieve housing improvements in South Africa depends primarily on their personal and financial circumstances, as well as the support provided within the post subsidy phase of the project. It does however emerge in later sections that there are aspects of the way projects are planned and set up that can support households' consolidation efforts. This section firstly presents some pertinent beneficiary information, beneficiary understanding of housing support, their perceptions regarding the way housing support had unfolded in their respective settlements, and how this had affected their housing improvement efforts. In understanding these issues, one gets a clear picture of the type of housing beneficiaries found in these areas, as well as the required housing support intervention, based on who needed the support, because clearly, the support responses need to be suited to or matched with the support requirements observed.

### 8.3.1 Household Income, Household Structure and Housing Affordability

That over 80% of the subsidy beneficiaries in South Africa earn less than R1500 per month demonstrates the extent of poverty of the recipients (Smit W, 2003). In this respect, the case studies were no different from the general picture, as shown in Table 8.1 below, except in Savannah, where higher levels of income were recorded, largely explained by the project's location in the industrial area of Southern Pinetown, with its potential for more employment opportunities relative to other low income housing areas of the city. It must however be noted that with almost 70% of households falling into the lowest income category, and a further 14% earning between R1501 and 2500, Savannah is not an affluent area.

The income profiles and the sources of income in Wiggins were particularly surprising, because given the settlement's location close to the city centre, and to the other facilities pointed out in the background chapter, and its accessibility, the expectation was of higher incomes and greater work opportunities. The high level of poverty in Wiggins in particular showed location to be insufficient on its own, and began to point to other settlement aspects, needed to facilitate poverty reduction, that were absent in Wiggins. These are addressed in detail in a subsequent discussion.

**Table 8.1 Beneficiary Household Monthly Income by Settlement**

Settlement	% of Beneficiaries Earning Monthly Income ( R )				
	0-1500	1501-2500	2501-3500	> 3500	Total
<b>Wiggins</b> n = 104	83.7	12.5	1.9	1.9	100
<b>Savannah</b> n = 64	67.2	14.1	17.2	1.6	100
<b>Piesang</b> n = 50	86	6	2	6	100

Source: Field Survey 2006

More startling than the largely very low incomes in the three areas was the number of people who earned no income at all, or claimed not to. Onto this is added another group that was also unemployed but drew pensions, disability, child support and other state grants. In all three settlements, a number of these state grant beneficiaries indicated that they augmented this with part-time, mainly lowly paid work in gardening, domestic work, cleaning, child-care, and other income generating activities that were survivalist in nature. All of them without exception remained in the lowest income category of R 0 – 1500 per month, despite such activities. And because such work was largely unstable, they considered the grants to be their main source of livelihood.

Table 8.2 captures the employment status of households in the three areas, underscoring the extent to which lack of income and low incomes critically impinged on many households' ability to carry out housing improvements to the level expected by policy, or that they themselves would have desired.

**Table 8.2 Beneficiary Employment Status and Source of Income by Settlement**

Type of employment or source of income	% of Households' Source of Income by Settlement		
	Wiggins n = 104	Savannah n = 64	Piesang n = 50
Unemployed with no income	26.9	14.1	28
State grant – Pension, Disability, Child Support, other	20.2	34.4	34
Formal Employment	20.2	17.2	10
Casual Job	7.7	12.5	8
Self Employed	12.5	10.9	12
Domestic worker, gardener, cleaner, etc	12.5	10.9	8
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Field Survey, 2006

From the above income profile, it can be inferred that income impacted households' ability to improve their dwellings, especially when viewed in light of other income-related issues. Firstly, a majority of households surveyed, constituting 67% in Wiggins, 56% in Savannah and 78% in Piesang had four or more dependants, with a significant proportion having seven or more, especially in Piesang, as demonstrated in Table 8.3.

**Table 8.3 Number of Dependants in Household by Settlement**

Settlement	Dependants in Household by Settlement (%)			Total
	1 - 3	4 - 6	7 or more	
<b>Wiggins</b> n=104	32.7	51	16.3	100%
<b>Savannah</b> n=64	43.7	39.1	17.2	100%
<b>Piesang</b> n=50	22	38	40	100%

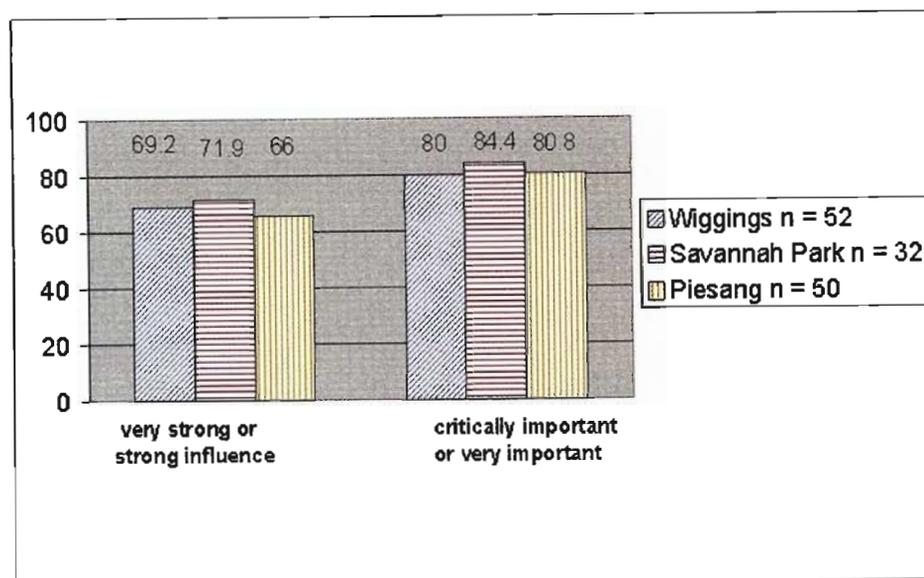
Source: Field Survey 2006

Given the very low incomes in all three settlements, it follows necessarily that the disposable incomes of the larger households, like those in Piesang, would have been very low, and that housing improvement for them was simply not affordable. Yet, Piesang was considered a consolidation success, by writers (Bolnick and Mitlin, 1998, UNCHS(Habitat), 2002, Napier, 2003 among others), and by the households themselves, based on their responses in the survey and FGD. This outcome supports Turner's negation of the culture of poverty theory, and his argument that the poor, given the right kind of support can overcome the barriers to housing improvement (Turner, 1972, 1976). The forms of housing support availed to households in Piesang are examined under subsequent support themes.

When asked to gauge the level of importance of a number of aspects that influenced households who had carried out discernible housing consolidation to do so, affordability of housing improvements was cited as a very strong or strong influence by 69% of households in Wiggins, 72 % in Savannah and 66% in Piesang. Having an income was considered a critically important or very important

influence by majority of households in all three settlements, as shown in Figure 8.1 below. Thus while other factors influenced the households' decision to improve or extend their houses, whether the household had an income or not was clearly the main determinant of whether households did so.

**Figure 8.1 Influence and Importance of Having Income for Households with Discernible Housing Improvements**



Source: Field Survey, 2006

While it is difficult to understand why some households would not have considered having an income as critically important or very important for housing consolidation, it must be remembered that all the households that had responded in this way had achieved some discernible housing consolidation. It could be deduced, based on the household responses to other influencing factors, that it is not that income was unimportant per se, but that other personal circumstances or household aspirations gave these households the incentive to carry out housing improvements, and these households considered these factors to be of utmost importance to them. These other factors may or may not have been related to income, and included for example, access to a loan, access to building materials, or cheap building materials, being a member of a savings group, having building skills within the household or in a savings group, or even urgent need for extra space for living or income generating purposes.

Having an income was equally important for households with negligible or no discernible housing consolidation, and in direct response to why they had not already commenced with housing improvements or extensions, 29% and 41% cited having no income as the main reason why in the two settlements of Wiggings and Savannah respectively, where the households were stratified into those who had carried out discernible improvements and those who had not. Another 56% and 44% respectively cited lack of funds left over after normal household expenditure, implying that they did not regard housing improvement as a normal household expenditure. Given the inordinate level of reliance on state grants by households in both these settlements, it can be deduced that many of the

households represented in the latter constituted the technically unemployed people, and that the 'income' they cited was in fact the grants. Added onto this group were those whose sources of income were survivalist forms of income generation, and in certain instances, people with poorly paid formal jobs. Lack of income and income deficiency is therefore one of the most important reasons for lack of housing consolidation, and for the widely acknowledged slow pace of housing improvement and extension.

While it goes without saying that people need income to achieve housing consolidation, it is the policy interventions in this regard that are important for this study, and such interventions are considered a critical support for households engaged in the self-help incremental housing process. It is in this area that what policy intended to achieve, and what it can realistically achieve in a project context are at variance. The HWP mapped out a policy direction, reiterated in the Housing Code and most recently in the BNG policy, in which the housing process itself, and the housing resulting from such process, would constitute the foundation for continuously improving environments, in which stable and productive communities would grow and prosper.

Essentially then, the theme of creating sustainable human settlements, now the crux of the BNG policy, the latest policy plan of the Department of Housing, was in fact a primary policy intention of post-apartheid policy from the outset. Thus, in assessing the extent to which housing policy has addressed the income woes of most subsidy beneficiaries, the question is asked of the extent to which the above policy intentions have been met, and how the housing process itself has facilitated income generation opportunities, and impacted household incomes and housing affordability of would-be consolidators positively. In addition, the other support areas that have a bearing on housing affordability, and which the policy argues for support to be provided to housing beneficiaries are assessed, and questions asked of the extent to which such policy goals have been met. These questions are addressed under the following support themes, and the answers attempted from an overarching policy as well as case study perspective: location of low income housing developments; income generation and employment creation and access to housing finance.

#### **8.4 LOCATION OF LOW INCOME HOUSING DEVELOPMENTS**

According to the HWP, ensuring access to well located land for low income housing would facilitate the poor's access to economic opportunities affordably, as well as their access to high standard infrastructure extant in the city (Department of Housing, 1994). In the interview with Bond, the policy contradiction attendant the issue of location emerged. He argued that firstly, the class privilege problem prevalent in South Africa has, to a significant extent, affected where housing for the poor is located, and in certain instances this has been perpetuated by the policy itself. He gave the example of mainstream banks' representation in Provincial Housing and Development Boards (PHDBs), which assessed packaged projects and approved subsidy funding for them if they met certain funding criteria. Bank representation in the PHDBs was aimed at ensuring that banks knew of newly developed townships where they could then direct consolidation loans through credit-linked subsidy arrangements. Unfortunately, Bond argued, what the banks did mainly, was veto any

decently located low cost housing scheme presented for approval, especially if it impacted their interest in nearby 'white' areas by lowering value of such housing. Thus the purpose of their being in the PHDB in the first place was not fulfilled, because they have barely lent in these projects (as is seen in a subsequent discussion of access to credit), while the unexpected outcome of their presence in the PHDB was to maintain residential segregation, and prevent potentially integrated housing developments from taking place. The policy contradiction of this scenario lies in the fact that PHDBs, in which banks had a substantial voice, was a policy instrument, which inadvertently served to disable another important area of housing support, namely well located housing developments.

Of course banks are not the only reason why low income housing has been poorly located. The land market and the limited amount of the subsidy funds that can be committed to cover the cost of the site has had more to do with the peripheral locations of such developments in recent years, especially given that PHDBs now only retain an advisory role and no longer approve projects for development. In any event, what poorly located projects have done is alienated low income households from the city. One of the policy expert interviewees for the study, who is also a former project manager for BESG in some of its low income housing projects put it thus:

*"You've got a small piece of land; you are not going to get evicted. But you are in a peripheral location, because in South Africa, subsidized housing is peripheral. So you've basically got a little bit of roof over your head, but you're still not feeling integrated into the city. Geographically and economically you are still marginalized, and you may feel even more marginalized than you were when you lived in an informal settlement in a 'more inner' location."*

Looked at against the prevalent low incomes already discussed, the failure to locate low income households more optimally constitutes a critical failure of a support policy that recognizes location as a critical housing support.

In the three case studies, an assessment of location and its facilitation of access to economic opportunities yielded interesting scenarios. As has been shown in the areas' histories, none of the three projects constituted a relocation from another area. It can be argued then, that the households in these three areas had actually chosen the locations themselves, having had a history of living in or around the projects before they were formalized. This does not however mean satisfaction with the locations. It must be remembered that often in housing developments that result from informal settlements, the residents may have chosen locations from which they are unlikely to be evicted. This may have been the case in Wiggins and Savannah, where a history of previous dispossession presented a political minefield for any plans to relocate residents who had slowly 'returned' or never left. Piesang's location on peripheral land and in a flood plain made unattractive for other forms of development.

#### **8.4.1 Location – Wiggins**

In Wiggins, the household survey showed that there was general satisfaction with the location and accessibility of the project, and with proximity to transport routes, schools, health facilities and police station, as well as library and community centre. These were provided as part of the

infrastructural investment programme of Presidential Lead Projects such as Cato Manor Project, and also in the context of the notion of an urban nodal development. Participants in the FGD conveyed general satisfaction with the option to walk to the CBD and to the above facilities when they could not afford taxi fares, while 91% of all households surveyed of both strata (those with and without discernible housing consolidation) indicated satisfaction with the location of the project.

It was from the household responses to the specific question of how their economic position had changed by locating in Wiggins that the perceived locational advantages of Wiggins became less obvious. Overall, 20% of residents stated that their economic position had deteriorated, while 37% said that it had remained the same as it was before they moved there. Thus a majority of Wiggins residents had not been impacted by location in an economically beneficial way. Of those who indicated that their economic position had improved by locating in the Wiggins project, constituting 43%, almost half (47%) had carried out negligible or no housing consolidation, showing that such economic improvement as was reported was not significant enough to permit much spending on housing improvement. This is an important finding, especially looked at alongside the findings that 87% of this group did indicate firstly that their house was not sufficient in its current size, and that they did desire to extend and improve it, and as indicated earlier, that for 29% and 56% of Wiggins residents, lack of income or lack of money after normal household expenditure respectively, was their main reason for not improving their house. (The remainder of this group, constituted a minority 8% whose housing needs were met by the starter house in its current form and 6% who were tenants of subsidy beneficiaries, and who were therefore unwilling to invest in improvements or extensions to houses that they did not own.)

Thus, while on the surface, a project located 7km from the CBD and in close proximity to a large shopping mall, hospital, large office complex and university among other facilities, and to three middle income areas viz. Glenmore, Manor Gardens and Westville, appeared to satisfy supportive location criteria, a closer scrutiny indicated this not to be necessarily true. That some people's economic situation has improved by locating there is an important finding and cannot be disregarded. It is however the more than 50% residents whose economic situation has not been favoured by locating in Wiggins that suggests a more complex relationship between location and access to economic opportunity, and to argue that well located land necessarily yields economic opportunity for the poor is an oversimplification of how low income housing development functions.

#### **8.4.2 Location – Savannah**

Compared to the other two case studies of Wiggins and Piesang, Savannah recorded higher levels of income, with more people in the R1501 – 2500 and R2501 – 3500 categories, almost 20% fewer people in the lowest income category, and a substantially smaller population of the unemployed. It was also noted that a higher proportion of people were able to get casual jobs in Savannah than in the other two settlements. This was attributed by its project manager and other FGD participants, to the location of the project in close proximity to the industrial area of Southern Pinetown. This general picture notwithstanding, location of the project was a problem for a significant number of Savannah

residents, firstly because not everyone living the area worked in Southern Pinetown, but also because the residents did need to travel to the CBD on a regular basis. The reasons for such journeys included jobs, self-employment venues in the city centre, shopping and need for the services offered by the Department of Home Affairs, among other government departments.

Because of the cost of travel, 36% of the unemployed in Savannah argued that they had given up on the idea of going into town to look for work, while a further 30% said they could only do so from time to time, when they could raise the bus fare. Ms Ndlovu, a participant in the FGD captured the residents' frustration with the cost of transport to the city centre and its effect on the households' disposable income:

*“My beadwork is very good, and I get customers on West Street. But say I sell for R30 that day, and half of it goes to the taxi, what is left cannot feed us, and my husband is unemployed. If I want to bring back R15, sometimes I'll not even eat, or I'll buy dry bread and share with another street seller. Is that life?”*

Clearly such residents who were still battling with basic survival were unlikely to be putting any money aside for housing improvement.

From the survey, it emerged that 66% of the residents were dissatisfied with the location of the project, with 52% of these citing the cost of transport as the main reason for such dissatisfaction. 17% gave the settlement's lack of integration and alienation from middle income areas where the residents could possibly obtain jobs as their main reason for dissatisfaction with the project's location. The remaining 31% gave their main reason as the location of the project in an area that lacked basic facilities such as schools, health centre, community hall, library and police station. However, it emerged in the FGD that this was considered a huge problem by the community, and residents generally considered the distances to facilities, in particular schools, shopping and postal facilities as well as the nearest police station, to be unacceptably far.

It is worth noting that 50% of those who had carried out negligible or no discernible housing improvement in this area indicated that in retrospect (having lived in the area for a number of years), they did not think it was a good decision to have moved there, citing one or more of the above location-related aspects as their reason/s for this position. For some of these, it would appear that their lack of consolidation may have been influenced by their holding out for alternative location options.

As in Wiggins, some residents (23%) indicated an improvement in their economic position from locating in Savannah. The economic position of majority of households had however remained the same or deteriorated, in 59% and 17% of the households respectively, clarifying the disadvantageous location of Savannah for low income housing. Of the households who claimed that their economic position had changed for the better, 80% had not achieved discernible housing consolidation, indicating that such economic improvement had not been significant enough to support investment in housing. This is especially telling, given that 84% of those who had not consolidated to any

remarkable level or at all considered their house inadequate in its current state, and expressed a desire to improve it.

Interestingly, it is not only those who had difficulty improving and extending their houses that were unhappy with the location of the project. Of the households that had achieved discernible housing consolidation, 41% indicated that in retrospect, they thought it a bad idea to have moved to Savannah in the first place, with 54% of these citing location-related reasons for this position. At the same time, only 9% felt their economic condition had been improved by locating in Savannah. Thus, the cost of travel as well as limited economic opportunities that accompanied settlement in Savannah made it an unsupportive location for low income housing, and in part explains the general lack of improvement in the economic condition of majority of households located there.

#### **8.4.3 Location – Piesang**

The FGD participants overwhelmingly agreed that Piesang was in the first instance unfit for human habitation as it was prone to flooding. It is also very far from the city centre. A relocation option was however never really seriously considered. According to a BESG project manager initially involved in the project, as well as one very vocal FGD participant who is also the President of the SAHPF, Piesang residents' reputation for the fast life, crime and political activism throughout the 1980s made it a poor candidate for any positive consideration by the municipality. It must also be remembered that in Piesang, the first attempts to formalize the area predate post-apartheid housing policy, and therefore that location of low income, mainly black housing developments, while generally acknowledged as being unsupportive of their survival strategies, was not addressed in any serious way at that point in time. If it is further considered that Piesang is in the area of Inanda/Kwa Mashu, two of the townships that black people were relocated to following removal from white group areas, it can be taken as a given that not much thought or effort had really gone into creating those as locationally supportive areas for the poor to be housed. Thus, even though many of the residents settled there to escape political violence in the rural areas and because they were unlikely to be removed, it was by no means a good location.

FGD participants indicated that a return journey to and from Piesang to the city centre costs R22, which was considered to be very expensive and generally unaffordable by most of the residents of Piesang. In addition, the household survey revealed that as many as 50% households had realized no improvement to their economic position from locating in the area and could identify no economic benefits deriving from living in the area. 16% experienced a deterioration in their economic position, attributed to the cost of travel to the city to shop, work, look for work, engage in informal income generating activities or seek services that could only be found there. Of the 34% whose economic position had improved from locating in Piesang, 35% indicated such improvement as deriving from temporary work in painting, building, repairs and cleaning. While this is a positive aspect of a housing area, improvement in the economic condition of households is meant to be longer term, especially in a settlement that has been formalized since the early 1990s. Evidently, formalization

was not enough to overcome the locational disadvantages of Piesang to any remarkable degree, and the type of economic activities generated in the area were short term and lowly paid.

Piesang's location close to the two formal townships of Inanda and Kwa Mashu has meant the availability of schools, health facilities, police station and other infrastructure. A taxi fare is however usually involved especially, to access schools, because the distance would entail a long walk, which FGD participants argued was unsafe for children. Thus while no specific infrastructural facilities were provided as part of Piesang's upgrading per se, 56% of the residents indicated satisfaction with locating close to such facilities, even though such proximity is not really a result of good planning for the area specifically.

In summing up, many residents' response to the location of both Savannah and Piesang suggests that it has undermined their ability to earn and retain income. In Wiggins, the proximity to the city centre and better accessibility has however not necessarily addressed poverty or created a better or easier housing consolidation experience for households. The argument raised by the study in this regard is that location support translates into successful housing consolidation through a number of other interrelated processes of support through which the location advantage can be harnessed. This is illustrated by the Wiggins case study, in which housing consolidation affordability remains a challenge for many households, despite its locational advantages.

## **8.5 INCOME AND EMPLOYMENT FROM HOUSING**

In the conceptualization of current housing policy in South Africa, it was envisaged that the housing process would be a major means by which employment creation and income generation would occur in low income housing developments. This would begin in the subsidy phase of the project, where local labour would be used in the installation of infrastructure and services, and the building of starter houses in greenfield developments. In PHP and consolidation projects, it would occur when the skills taught to members of the community would firstly be used to build their own houses, and later to gain employment, or to start their own businesses. It was further envisaged that employment and income generation in the post-subsidy phase would emanate from housing consolidation activities, as households extended their houses for habitation, and to create space for home-based work or rental, while incrementally striving for housing adequacy. These activities and others necessarily attendant to the development of neighbourhoods, for example constructions of schools and other facilities, would create a role for small and intermediate entrepreneurs drawn from the housing developments themselves to play, in construction, building materials production and supply. In addition people with new skills could sell their labour and products wherever there was demand for them. Lastly, the house itself would function as a wealth creating asset, through its use as collateral for borrowing. As far as housing strategies go, this one appears very logical on the surface. It is in both its interpretation and implementation that its glaring flaws became apparent, and where most criticism was directed by both housing experts and households.

The first criticism was directed at the policy thinking that informs this strategy, which assumes that local economic development can be led or triggered by housing. While this may be true in certain instances, three of the policy experts interviewed argued that in South Africa, industry, commerce and other activities upon which livelihoods are dependent need to occur first, and that only then would people find the logic of building homes and consolidating neighbourhoods around such activity. One of these experts expressed this notion in the following way:

*“I think leading with housing is a big mistake as a policy approach. You need to get the big things in there first, to support the people. That’s in fact how cities and human settlements started, because there’s an activity that attracts people to a locality, for example, Johannesburg and gold mining, and Kimberly and diamonds, etc. Its not a question of people putting up housing in the wilderness and then wondering, ‘what next?’ So development of a settlement that is economically viable has to happen around a bigger activity than just housing. People will worry first about what they’ll do for livelihood, before they worry about a permanent shelter.”*

There was consensus between the experts interviewed that the approach to delivering low income housing in South Africa, of leading by housing in isolated peripheral locations with little else of what is needed to kick-start local economic development, is fundamentally flawed. They acknowledged that while this may not be the case for Cato Manor, very few other housing projects could boast serious thought having gone into developments where the livelihood strategies of the beneficiary households can be supported sustainably. One of the Provincial Department of Housing officials who participated in the FGD argued that even where you lead by industry or commerce, the sustainability of housing settlements in the area will depend on the longevity of the economic activities on which the households depend. He cited the example of a KwaZulu Natal Provincial Department of Housing project in Mooi River, which has been largely abandoned because the textile plant upon which most households in the project depended for employment closed down. Thus, while there was logic in locating the project there in the first instance, the lack of longevity of the plant meant that households could neither earn incomes, nor even have an interest in consolidating their housing in such circumstances or such locations. The official, like the expert cited before him, concludes that for the poor, livelihood is more of a priority than housing. While it is acknowledged that not all housing projects can be planned as part of, or adjacent to potential employment areas such as industries, warehousing and distribution activities, etc., strategies facilitative of such notion could ensure that some are.

### **8.5.1 The House as an Asset for Income Generation**

The second criticism with regard to housing and income generation was directed at the policy interpretation of housing as an asset. The argument in this regard is that the house itself has not been used by households as an income generator, because current policy has laid little or no emphasis on housing as an economic asset. Rust, who was a member of the NHF, the policy negotiating body that developed the HWP, and who has been involved closely in its review and in the formulation of its successor, the BNG policy, put it thus:

*"In 1994 when we were developing the policy, the primary focus was housing as a social asset. I think South Africa was hugely justified in focusing on this, on housing as a legitimizing gift from the government, to a population that had been historically dispossessed. So housing was symbolic of citizenship, and it was about creating family-driven safety nets that would ensure that a household could not be evicted, because they owned a house."*

The result of this emphasis from a policy point of view was that housing consolidation, despite its being a feature of housing policy, was not really understood or treated as a critical aspect of how the housing provided would develop. As Rust puts it:

*"Consolidation was interpreted as something you did if you could, but if you did not, it did not take away from the fact that you had been housed."*

Thus, one notices a lack of emphasis of housing consolidation in both the deliberations of the NHF and the HWP, and this has trickled down to the housing implementation level. Indeed, according to Rust, research findings on housing consolidation in the two South African townships of Inanda in Durban and Khayelitsha in Cape Town, indicating the need for post-subsidy support, were presented to the NHF in 1994. The researcher, Napier, urged the incorporation of support for housing consolidation as an integral component of the resultant policy. These recommendations however went no further than a mere presentation to the NHF, because post-apartheid housing policy was at that point understood to be more about an equitable standard of housing than about housing performance, the latter of which would require an engagement with what became of the initial house, once it was delivered to the beneficiary. In fact, what is called a consolidation subsidy in current policy is not an emphasis of the consolidation phase of any project, but was really designed to bring the IDT subsidy stock to a standard equitable to the 'new' post-apartheid subsidy regime. From an implementation point of view, Rust argued, the use of the house for home-based work, rental and to mobilize credit for further development, was not presented as an important form of housing consolidation, information or encouragement needed by beneficiary households.

It emerged from the household surveys in the three case studies, that while most people understood that it was their responsibility to improve and extend their house, the use of the house itself as an economic asset with which to generate income to do so, were not presented or emphasized in the programmes of consumer/home ownership education carried out in the three areas. Asked if the use of the house for income generation had been part of the information or advice provided by either the municipality, community leaders or NGOs involved in the three projects, the overwhelming response was that it had not, as captured in Table 8.4 below. It followed then, that of the households that had achieved some discernible level of housing consolidation, only a negligible proportion in the three areas attributed it to income generated through the house itself. Table 8.4 also shows the proportion of households that used their dwellings for income generation purposes, which is correspondingly low when looked at alongside the households that did not have this knowledge, or who had not been encouraged to think along these lines.

When the issue was raised of whether households not already using their house for income generation purposes would be willing to do so in future if the idea was encouraged, a majority of households in all three settlements, constituting 61%, 58% and 52% in Wiggins, Savannah and Piesang respectively, were amenable to the idea. In Piesang however, where most households were satisfied with their level of consolidation, an exception was recognized, whereby use of dwelling for income generation was viewed more as a livelihood strategy than a way to raise funds for housing improvement and extension. The willingness to use the dwelling for income generation notwithstanding, a number of obstacles and issues were raised in this regard, which pointed to other areas of support that would need to be provided in addition to encouraging households to use their house as an economic asset. These include access to information, credit and skills support among others, and are addressed in subsequent sections.

**Table 8.4 Household Responses to Use of Dwelling for Income Generation**

Settlement	Encouraged to use dwelling for Income Generation? ( % )		Using dwelling for Income Generation ( % )		% with discernible consolidation who attribute it to income generation through house
	Yes	No	Yes	No	
<b>Wiggins</b> n = 104	26	74	11.5	88.5	25 (n = 52)
<b>Savannah</b> n = 64	20.3	79.7	10.9	89.1	28.6 (n = 32)
<b>Piesang</b> n = 50	18	82	12	88	16.7

Source: Field Survey, 2006.

A number of explanations need to follow the above table, that clarify the thinking behind some of the household responses. For example, of the proportion of households in Wiggins who indicated no desire to use their dwellings for income generation in the future, slightly over half (52%) gave their reason as lack of space in the house and on the site, while a significant proportion (29%) preferred to use their house as a family residence only, indicating that the thinking of housing as a social asset still held sway with many households. In Savannah, the corresponding figures of households who lacked space in which to carry out income generating activities in the house or site, and those who preferred to use their house for residence only, were 38 % and 35% respectively. Presented with these findings in the interview, Rust concurred that housing is viewed as a social rather than an economic asset by many households, and shared the findings of her study of the South African Township Residential Secondary Market<sup>1</sup>. In this study, it emerged that most households in the 'old' apartheid-day townships would not consider selling their house, because they considered it to be a social asset where family gathered and resided, and therefore not something to make money or derive a profit out of. Rust considered the above findings in Wiggins and Savannah a confirmation of

<sup>1</sup> Study carried out between 2003 – 2004, assessing the township residential market in the four metropolitan areas of Johannesburg, Ekurhuleni, eThekweni and Cape Town, South Africa (details of this study obtainable on <http://www.finmarktrust.org.za>)

this view. Other reasons for the lack of use of dwelling for income generation also emerged from the household survey, for example lack of capital to start a business or extend the house for income generation purposes, lack of ideas about what kinds of ventures to get into.

In Piesang, the proportion of households who attributed their housing consolidation to income generated from use of their dwelling as an economic asset was only 17%. This was mainly because most households in this settlement, being members of the SAHPF, had an alternative means of raising finance for housing improvement, namely the savings-based Utshani Fund loans. The details of how this worked are provided in the section on access to housing finance, but suffice it to say at this point, that generation of income from the house for housing improvement purposes was not as critical in Piesang as in the other two study areas, where housing credit was not easily accessible. Notably, the proportion of the households in Wiggins and Savannah who attributed their discernible consolidation to income generated from the house was slightly higher than Piesang. It is however argued that given the low income levels recorded in the two areas, one would have expected the use of dwelling for income generation to be much higher, and it is suggested that it would have been if the notion of housing as an economic asset had been better entrenched.

Subsequent findings however demonstrate that the encouragement of the use of dwelling for income generation, as a survival strategy in low income areas, is merely one of a number of supports that need to be provided in concert, to make it a viable income generation avenue. The next section addresses these attendant forms of support.

## **8.5.2 Supporting the Use of the House for Income Generation**

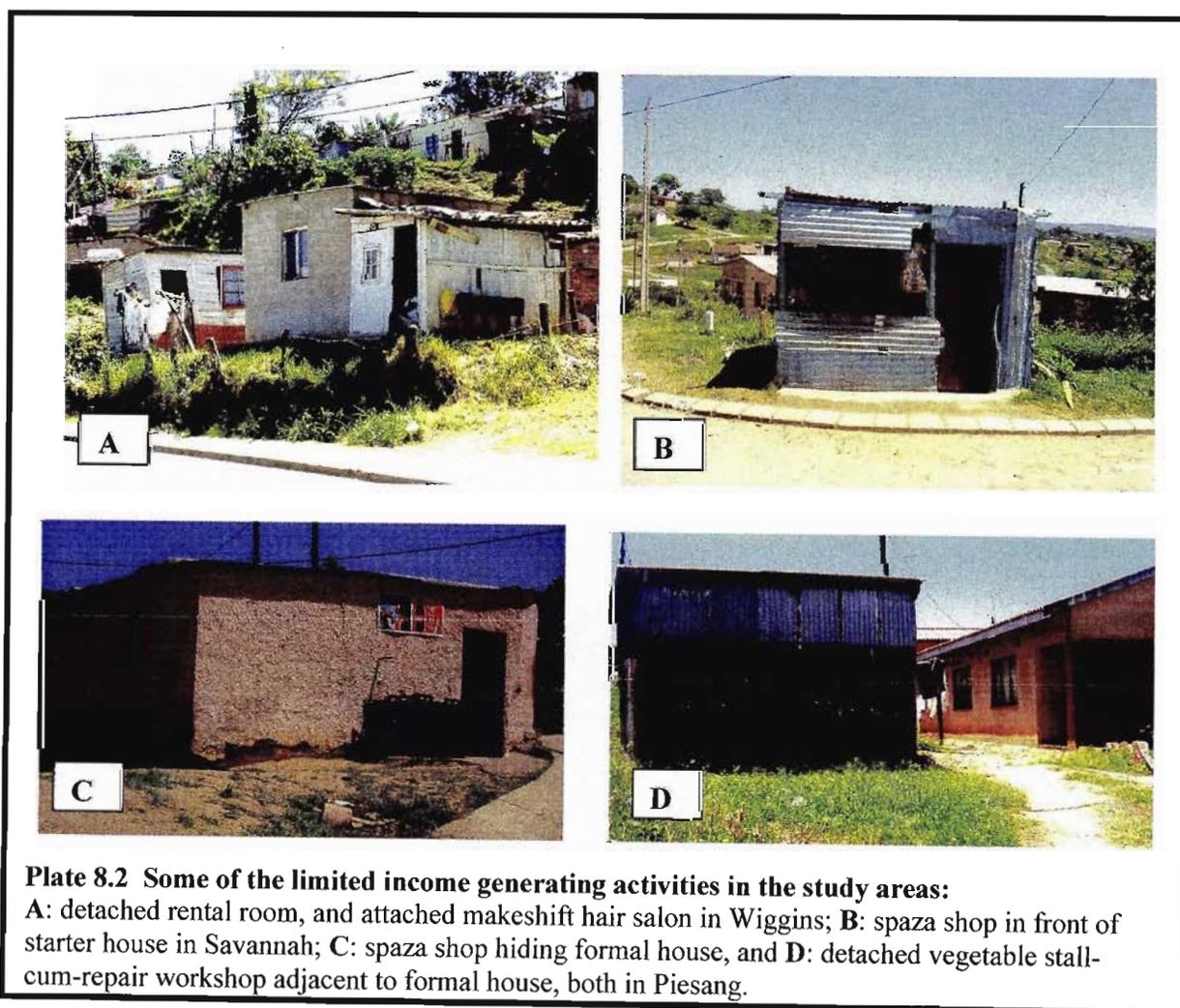
The use of the house for income generation purposes falls into two broad categories: the use of the house (or site) as the base for an income generating activity; or rental of part of the home or site for use by another as residence, or as an income generation base.

### **8.5.2.1 Home-based income generating activities**

A number of problems were raised by both key interviewees as well as the households themselves as standing in the way of use of the house for income generation. They agreed on the first problem in this regard as being the size of the basic house in both starter house and consolidation projects, which is rarely sufficient for the household's residential purposes. One cannot turn such limited space into an income generating space without undue hardship to the household. Thus from the outset, the size of the house is unsupportive of the notion of home-based work. Of course there is no house in PHP projects in the first instance, and once built is in any case small, because of the limited subsidy. Even where the household may add a room or two with a view to using part of that space for income generation, the combination of residential and business purposes is a tight fit, and not an option that was attractive to many households, however poor. Indeed, this was cited as the reason for lack of use of dwelling for income generation by a significant number of households in the survey. Thus, a policy keen on the use of the house as an economic asset must facilitate this through larger sites, which can serve the dual purpose of residence and business. Another important support that

emerges is technical support in the form of house plans that provide for the most optimal use of the limited space provided by the house and site in low income areas, including the option to extend vertically where feasible.

The interview with Napier highlighted as a problem also, the lack of variety in the home-based income generating activities of most low income households in South Africa, listing them as *spaza* shops, hair salons, vegetable stalls, crèches and *shebeens*, with very little variation to the theme. The findings of this study confirm this: while use of the dwelling as an economic asset was in the first instance very limited, it constituted mainly of *spaza* shops, vegetable stalls and hair salons in all three areas, and in addition, food catering and sewing businesses in Wiggins. The result of this was stiff competition, undercutting of prices and very low profit margins. In Wiggins, of the households carrying out home-based income generating activities, 73% reported only negligible improvement in household income, attributable to such activity. The corresponding findings for Savannah and Piesang were 79% and 64% respectively. Plate 8.2 shows some of the income generating activities that households had put their houses and sites to, in the three study areas.



Source: Author, 2006

The experts interviewed collectively called for a number of supports in respect of home-based income generation: ideas for possible home-based ventures, skills training and retraining, should this be found necessary. Such skills training should include skills in running and management of a small business. Support to market resultant services or products outside the confines of the settlement could also be provided. And because the budget or skills needed for such support may not be found within municipalities or in the Provincial Housing Departments, a useful support role by these institutions would be the establishment of linkages and mentoring programmes between settlements and relevant service providers including NGOs, the private sector and relevant government departments, particularly Labour, Trade and Industry, Economic Development and Tourism among others. Two of the experts interviewed in addition suggested the need for a business survey of settlements to identify the problems that small businesses face, so that the ideas and skills offered as intervention are matched with need.

Attempts at supporting home-based income generation activities were found to be completely absent in both Savannah and Piesang. In Wiggins however, a few households had benefited from a skills training programme in the areas of construction, food catering, gardening and tourism. These were run in the Cato Manor area by the then Durban Metro housing unit and CMDA, who contracted a training service provider, Khuphuka, to train the identified beneficiaries. The training programmes incorporated business and financial management skills. Those trained had gone on to run catering, construction and sewing businesses from home. Such training support however appeared to be random, and it was difficult to establish the criteria used to select the beneficiaries. The focus group participants alleged serious irregularities in the selection of beneficiaries, and argued that one needed an affiliation with one or more members of the area's development committee to benefit. This claim was vehemently denied by the development committee representative in the FGD, as well as the Councillor. Additionally, the number of people trained relative to the population of the area constituted the proverbial 'drop in the ocean'. An equally important flaw however, was the lack of follow-up and mentorship, which essentially meant that neither the municipality nor CMDA had kept up with these individuals to find out if they had succeeded or floundered, and if further support was required. The reason given for this by interviewees in both institutions was lack of resources, although one discerned from the flippant response by the municipal housing official interviewed in particular, a lack of long-term commitment that such support necessarily entails. Some anecdotal evidence emerged from the Wiggins FGD that some businesses had folded or "gone broke".

Another critical obstacle to income generation from the house is lack of capital, to both create the space where needed, or to start a business, or both. For poor households like those found in all three study area, this problem presents as both lack of income and lack of access to credit, and the two are inextricably linked, because only people with income can in fact access credit. Napier was quick to point out in the interview that without the other forms of support enunciated above, especially those providing financial and management skills and marketing support, households are more than likely to lose capital invested in businesses that fail. In Piesang, the Utshani savings-based lending programme was an accessible source of capital. Only a negligible number of households however

used such capital to start home-based enterprises. The President of the SAHPF attributed this to the emphasis on savings-based lending for house extensions, so that households overwhelmingly considered this as the first goal to achieve once they had accessed their loan. Income generation has tended to take a secondary position. Indeed it emerged from the Piesang FGD that none of the group savers awaiting their turn for a loan planned to use it to start up an income generation activity, even though majority had no jobs.

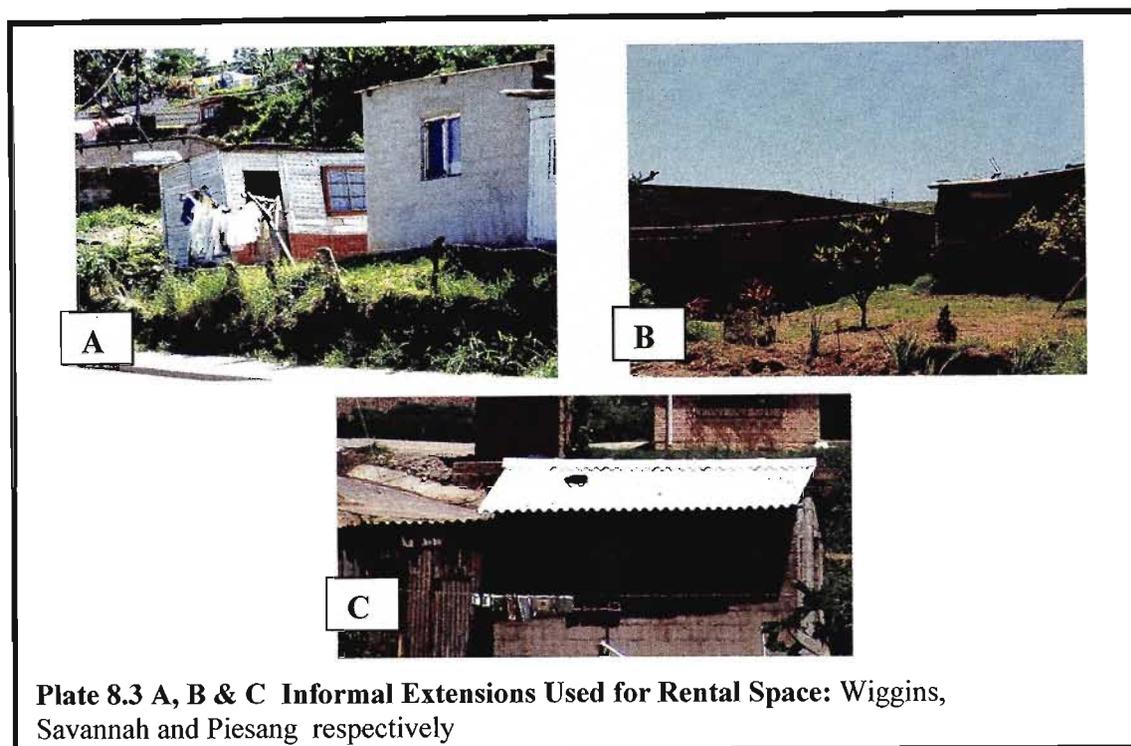
As indicated in the literature review, a broad-based support with regard to accessing the kind of small loans that low income people need to start up small businesses does exist, through the Departments of Trade and Industry and Labour, and the environment of microlending is now regulated to reduce any tendencies towards exploitation of clientele. This facility is however poorly marketed by the relevant departments, and neither the municipality nor the Provincial Department of Housing considered this to be their core business. In the words of the municipal housing official interviewed "*we do not market one product over others.*" The housing departments are simply not linked to the departments or institutions that provide microcredit support, and therefore do not provide such critical information to their beneficiaries. Of the households surveyed, 84% and 72% in Wiggins and Savannah respectively had no knowledge of who to approach for a microloan, with a sizeable proportion of the remainder citing 'amashonisa', the unregulated moneylenders who charge exorbitant and compounded rates of interest in the city centre of Durban, and use unscrupulous means including violence and threat of violence to recover their monies. In Piesang, 90% indicated they could get a microloan from the Utshani Fund through their membership in the SAHPF, although as indicated, this was rarely used as start up capital for the establishment of home-based enterprises, a missed opportunity for many households in need of income generating opportunities.

Given this rampant lack of knowledge of credit avenues, information regarding where low income people can access microloans should be provided by relevant departments through a host of available mediums. The National and Provincial Departments of Housing and municipalities should also provide such information as part of their consumer education programmes and carefully present it so as to remove the promotion aspect that they indicated averseness to. They could also seek to facilitate opportunities for relevant departments to provide such information. It is important that housing delivery organs begin to look at and get involved in elements that may fall outside their direct ambit, but which are worth pursuing because they have implications for housing performance. Access to credit is one such aspect, and sources of it should be an integral part of the information provided to the beneficiaries. This, coupled with the emphasis of the house as an economic asset has the potential to open up the as yet untapped potential of use of the dwelling for income generation.

#### **8.5.2.2 Rental of extra space**

Rental of part of the dwelling for income generation can be found among all income groups in South African cities. The phenomenon of the backyard shack in 'old' townships in particular, was a manifestation of the need for affordable housing by the poor, that should be harnessed in new housing developments as a means of income generation. With regard to the rental of part of the

starter house, the limitations are obvious, and have to do with the size of the house and site, and the limited privacy it offers most households, even without adding into the equation the presence of a stranger in the household (refer to Table 8.3 for household sizes in the study areas). Accordingly, very few households, constituting 13%, 11% and 8% in Wiggins, Savannah and Piesang respectively, let out part of their dwelling or other extra space, despite the obvious poverty and need for income in the three settlements, evidenced by the income profile of the settlements, represented in Table 8.1. Plate 8.3 shows some informal additions in the study areas, where the extra space was let to a tenant.



Source: Author, 2006

In both Wiggins and Savannah, the households that had rented out extra space had overwhelmingly constructed a detached shack, using informal materials, due to lack of funds to erect formal accommodation for rental purposes. In a negligible number of cases, the shack was attached to the formal house. The detachment of the informal extensions was explained in the FGD in both areas as indicative of households' future plans to remove the shack without damaging the formal house. The Wiggins councillor in addition explained it as the households' strive to maintain their privacy by maintaining a physical distance between the structures. In Piesang, the SAHPF movement discouraged the house-proud owners of the four-roomed formal structures from 'defacing' them with back or front yard shacks. Thus, very few shacks, even for informal income generation activities could be found in Piesang. It must be remembered however, that not all informal additions were an income generation venture. Some were used by household members for habitation and to provide privacy.

Households who did not let out part of their house or site, who constituted an overwhelming majority in all three settlements, gave their main reason as lack of extra space, although a number indicated

not wanting a stranger in their house or on their site, mainly for privacy, but in a few cases for security reasons, as shown in Table 8.5. Piesang's substantially high proportion of larger households (refer to Table 8.3) registered a correspondingly large proportion of households with no extra space to let out.

**Table 8.5 Reasons for Not Letting Out Part of Dwelling or Site by Settlement**

Settlement	% of households not letting out part of dwelling or site (a) (derived from Table 8.5)	% of (a) with no extra space to let	% of (a) not keen to have strangers for privacy reasons	% of (a) not keen to have stranger for security reasons	% of (a) giving other reasons
<b>Wiggins</b> n = 104	88.5	58.4	34	5.6	2
<b>Savannah</b> n = 64	89.1	63.1	24.4	9.3	3.2
<b>Piesang</b> n = 50	88	80.9	14.9	4.2	-

Source : Field Survey, 2006

Differing views were advanced regarding the phenomenon of rental of extra space in general, and backyard shacks in particular, that suggested that its presence in new housing developments is contentious. The councillors of both Wiggins and Savannah, in their respective FGDs, expressed anger at the idea that anyone would abuse the formal house that the government had given them by adding an informal structure onto it, and while they understood the need for this as either an accommodation or livelihood strategy, they frowned upon the result of such efforts from a standards point of view. It is thus suggested that the disinclination to add on space for rental may have taken its cue from local leadership, and from the eternal dichotomy of building standards and low income housing. The Wiggins councillor conveyed her frustration with informal extensions thus:

*"They won't build with brick and mortar. No, they'll collect a few cardboards and tins and put up a shack there. I have threatened to come back and demolish these structures myself after a month, two months, but of course I can't do that. So another shack comes up, and it doesn't go down. I go to them and say: you have two months to remove this. And you become very unpopular, and they begin to resent you for interfering. We've given them examples of places like Claremont where people are renting out housing that they've developed even to double storey in certain instances, but no, they want a shack."*

Of course it is not a simple case of people choosing a shack over a formal extension. The informal extension, if used for income generation, could raise the monies needed to erect a formal structure, whereas insistence on a formal structure which is far more expensive to erect, may stifle this incremental improvement of housing standards, a factor which the councillor as well as the municipal authorities seemed to overlook. On his part, the Savannah councillor gave the issue a political twist, by arguing that:

*"You cannot take what the ANC government has given you after so many years of not having a house, and diminish its value by adding a shack. We all know that people need income, but that's not the way to get it."*

In Piesang, the general absence of backyard shacks was expressed as a matter of civic pride in the efforts of the SAHPF members to provide themselves with formal houses, and an aversion to spoiling such achievements with a shack.

Dissatisfaction was also expressed by municipal and provincial housing officials with the standards of the extensions rented out, and the fact that often the backyard shacks are not linked to the services on the site, particularly water, sanitation and electricity. This created conditions for the tenants akin to those found in a squatter settlement, in formal housing areas. This tendency, observed in both Wiggins and Savannah, was expressed thus by the Wiggins Councillor :

*“Again they will not even provide toilets and water, because these are of course only installed in the starter house. They will lock it up, and they won’t spend money to extend that to the tenant. So the tenants will use plastic bags (for human waste), and throw it on the road or over the neighbour’s yard. Its very messy.”*

And according to the municipal housing official interviewed:

*“You know building plans need to be approved, to ensure that they meet the City’s by law requirements. But walk around Cato Manor or your other study areas, and tell me how many of those extensions look like they have been made with the benefit of a plan, or approved by our building inspectors. Its nonsense what’s going on in these places.”*

The Wiggins councillor echoed these sentiments by arguing that while letting out your backyard space to another person might be a good way to generate income, *“they are doing it the wrong way.”*

The policy experts interviewed, while acknowledging fully the constraints of using the dwelling for rental, pointed to the ‘right way’ to deal with especially the backyard shack. Makhathini, for example, argued that if such accommodation is being used for rental, it needs to be understood from a policy point of view as rental housing, and there are ways that rental housing can be supported. The first step towards this is to, at a policy level, recognize people who are letting out part of their dwelling or backyard shack as small landlords, who are in fact working towards the same goal as government of providing low income people with accommodation, sometimes with more accurate targeting than government, because many such tenants do not want to own housing. If this point of departure is accepted, then the second step should be initiatives aimed at formalizing such housing by setting standards for it, with specific guidelines provided regarding how the tenants would access water and other basic services. Given that most people providing backyard shacks are doing so because of income constraints rather than an actual preference for informal extensions, a policy needs to be devised so that small landlords willing to abide by the standards set, are provided with subsidy support devised for these kind of situations, so that they can put up accommodation of acceptable standards. It is important however that such acceptable standards be mindful of the need to support rather than hamper the development of such housing, by being affordable standards. At the same time, the availability of such subsidy could be the incentive that low income housing beneficiaries need to extend their housing for rental purposes. It is however important to bear in mind that demand for backyard shack rentals or any other forms of rental in low income housing developments is likely to only thrive in better located developments, where even the tenants can

enjoy the advantages of supportive housing locations. It can therefore not be overemphasized that the supportive elements facilitative of housing consolidation are tightly linked.

### **8.5.3 Employment Creation from Housing**

The delivery of housing and infrastructure calls upon the activities of building materials, transport and other sectors, while post delivery activities, including house extension and improvement activities may create further demand in the construction sector, as well as industries supplying furniture, furnishings, appliances, etc., and service trades that may establish in housing areas. All these are important sources of housing-related employment. From a policy point of view, it was envisaged that a symbiotic link between housing and employment would ensue in South Africa, whereby, as economic activities emanating from housing enabled housing improvements, such improvements would in turn improve employment prospects of people in the new housing areas.

All respondents in this study were in agreement that success in efforts to link housing to employment opportunities has been elusive. The failure in this regard has been identified in the following key areas: skills training; linkages between skills and employment opportunities; the notion of local labour; and contractor operations. The findings in this regard are presented from a case study perspective, to demonstrate the failures that occurred at project level. Within such discussion, the policy-related failures that led to the project-level failures are also highlighted.

#### **8.5.3.1 Skills training – Wiggins and Savannah**

In the area of skills training, the main failures revolve around two issues: the level /type of skills people are trained for, and the purpose of such training. Current housing policy requirements are that all building contracts make use of local labour. The CMDA project manager interviewed revealed that in Cato Manor, the CMDA was able to effect this requirement by pushing developers of low income housing schemes to employ local people in the construction phase of the project. To participate, people would first go through some form or other of building skills training. In Wiggins, such training was provided via CMDA-appointed service providers, but funded by the then Durban Metro housing unit, now the municipal housing unit. It was revealed in the Savannah FGD that BESG, the NGO involved in the management of the project, conducted such training. In both cases people with prior experience or skills were prioritized, although due to irregularities in the selection process, alleged in both FGDs, a number of people without such prior skills also benefited. In addition, contractors were required to carry out on-the-job training of such local labour, to expand the often basic initial skills provided. In both areas, training was provided in the areas of bricklaying, plastering, woodwork, metal work, plumbing and electrical work, and what was termed life skills, including business management, running a budget, etc. In Wiggins, the training constituted two days of classroom and on-the-job training, followed by 20 days working with the contractor, and the courses were certified and accredited. The BESG programme worked as a train-the-trainer programme, with BESG training four housing advisors through its Housing Training Programme, then requiring them to train a cadre of small builders whom households could recruit for building and house extension work. Such training in both areas resulted in people who were

employed to do building work during the subsidy expenditure phase of the projects, in addition to which it was envisaged that they would get longer term jobs during the housing improvement phase in both projects.

The first criticism of these programmes by two of the housing experts interviewed was directed at the level of training, which even while certified and accredited, was basic and constituted entry level skills, evident of two-day training courses and limited on-the-job training. The resultant jobs were lowly paid, and as was gathered from both Wiggins and Savannah FGDs, many people who got employment felt exploited. Dissatisfaction with the level of skills generally provided in low income housing developments emerged from the discussions with the municipal housing official as well as the BESG project manager in charge of Savannah. The latter, citing a study conducted by BESG in a number of projects in which they had trained people in building skills, indicated that rarely did the people so trained actually build or extend their own houses, because they lacked confidence in their own skills in the absence of contractor-guidance, and rarely had all the skills required to build a house on their own. Of the households that had achieved discernible housing consolidation in Wiggins and Savannah, an insignificant 8% and 16% respectively had used the skills they had acquired in the projects to do so.

Further, from the FGDs in both areas, it was clear that because of the low level of skills provided, most people so skilled had difficulty getting building-related work in or outside the project once the subsidy expenditure phase was completed. The household surveys in both areas confirmed this. In both Wiggins and Savannah, those who had carried out little or no discernible housing improvement, but who had been trained in building skills overwhelmingly attributed their lack of use of such skills towards their own housing improvement, to lack of construction jobs, and therefore lack of income with which to improve or extend their houses. Hunt, one of the housing experts interviewed and project manager of a number of BESG projects, summarised the scenario thus:

*“It’s just that with the level of skills normally given to suffice for low cost, cheap building, the people trained in this way have difficulty accessing jobs at a higher level of skills. They are simply not qualified enough, or experienced enough, or knowledgeable enough of the ‘ropes’ to compete for jobs at this level.”*

In addition, the training programmes in both projects were primarily aimed at short-term employment in the subsidy expenditure phase (while in the PHP project of Piesang, skills training was aimed at enabling households to build their own houses themselves). Thus the programmes in Wiggins and Savannah did very little to link trainees with future work, or to extend their training, and did not in fact treat this as part of their mandate, as was expressed by both the municipal housing officials and the BESG project manager for Savannah in particular. Therefore, where support might have been lent by CMDA or the municipality to, for example, ensure that builders from Wiggins and Cato Manor were put forward for employment in the neighbouring private sector office park development of Westway, or elsewhere in the city, this did not occur. Indeed it would appear, based on one of the municipal housing officials’ following articulations, that the assumption of the

municipality is that there is plenty of work ‘out there’ for people trained in this way, and therefore that such further support is not necessary:

*“Whether people have been able to get a job using the skills they got or not, we don’t know. We do know though, that the construction and motor industries are growing, so there is a huge demand for skills. There’s plenty of work out there it seems, so I don’t think one has an oversupply of skills. When I try to get someone to do some building repair in my house, they are just not interested.”*

Furthermore, the notion of use of local labour within projects has inadvertently served to exclude people from future work in other projects in which they do not meet the criteria of being local. Two former BESG project managers, one as an expert interviewee and the other as a member as of the Savannah FGD, indicated this to have been a recurring problem of BESG projects, whereby people they had trained and who had gained experience in short-term work in their own settlements were kept out of neighbouring projects, in which the local people maximised their opportunities for building work by keeping ‘outsiders’ away. Thus the requirement of employment of local labour proved to be somewhat counterproductive to the longer term objective of access to work outside the project in the post-subsidy phase. Napier’s interview responses indicated this to also be a finding of his studies of Inanda in eThekweni municipality, and Khayelitsha in Cape Town, as well as a number of projects in Pretoria.

Ultimately, because of these as well as other failures already observed in other aspects of support, the housing consolidation pace has been too slow to yield ongoing building jobs, and the link envisioned between training, housing implementation and employment in housing construction, has at best been tenuous, as Table 8.6 shows.

**Table 8.6 Skills Training in Building and Access to Employment<sup>2</sup>**

Settlement	% of Households beneficiaries that acquired building skills through project (a)	% of (a) that used such skills to gain employment within project post-subsidy	% of (a) that have used skills acquired through project to gain employment outside the project post-subsidy
Wiggins (n = 104)	14.4	60	46.6
Savannah (n = 64)	17.2	54.5	27.3

Source: Field Survey, 2006

To the extent that skills training is undertaken to provide avenues for short and longer term employment for beneficiaries and induce self-build as well as building for others in the housing improvement phase, only the short term employment goal of construction jobs in the subsidy expenditure phase was met. Even then, given the number of people who got jobs relative to the number of people in need of jobs in the two settlements, the meeting of this objective is questionable.

<sup>2</sup> It is very important that the proportion of people in both projects who got employment locally and outside the project post-subsidy be understood as percentages of a small group of people in the first instance (represented in the first column, Table 8.7), so that while these proportions may look significant on the surface, in real terms they are indicative of very limited employment created.

### 8.5.3.2 Skills Training – Piesang

In PHP policy, projects are required to be packaged to include a skills training component, with such training taking place in a project HSC, put in place to support the building activities of beneficiary households. As already indicated in the literature review, the policy in fact provides for the establishment of this with funding support over and above the housing subsidy. Once such skills are provided by a service provider identified by the municipality or Department of Housing (depending on where the project is located), technical support would be maintained in the HSC for the duration of the project, with assistance given to address any technical problems that households might encounter in the building process. It must however be borne in mind that Piesang predates the formal PHP policy which devised the above skills support format. Thus, the skills training that occurred in Piesang was a SAHPF-devised model, with three main components, as explained by the SAHPF President in the FGD. The first component was building skills training, where a service provider was brought in to the SAHPF-funded HSC, to teach the mainly women heads of households skills in bricklaying/masonry, carpentry, laying of foundations, etc. Because the method of building used was mutual building by a group of savers, care was taken to ensure that most of the building skills needed to put a house together were provided within the group. For the complicated and specialized skills, for example electrical and roofing work, the services of a local builder with these skills would be solicited to assist the group, and the builder monitored by the group and the SAHPF building monitors via the HSC. At the beginning of the first round of building, an 'outside' service provider was used to teach the building skills indicated above, but because building skills have grown in the area, local contractors are now used, in a programme referred to by a SAHPF branch official who participated in the FGD, as their community based training system.

The second component was horizontal learning, in which an ongoing exchange of skills programme took place, whereby people from different SAHPF projects in the same region, or even different provinces would travel and learn from the experience and skills of others. In the FGD it was disclosed that groups have traveled to Mpumalanga and the Eastern and Western Cape provinces to study what other SAHPF groups have achieved, and to try and adapt the more useful and innovative lessons for their own situations. The SAHPF facilitated and funded such exchanges. Thirdly, groups were taught budgeting skills, so that they could manage their group loan, purchase materials and pay specialist builders while maintaining a savings function, without losing money. It was emphasized in the FGD that while the community members and their leadership recognized some of these areas they were trained in as the forte of professionals, in the SAHPF model, professional support from the municipality or NGO was brought in only after the community members had some skills and a clear sense of the development trajectory that they envisaged for their settlement. This was done to ensure that they *"are not at the mercy of professionals who often try to sell us ideas that don't sit well with us"*, as argued by the President of the SAHPF.

Despite this model's enablement of self-build, mutual-build housing consolidation activities, the resultant skills were primarily used for house building, rather than as an avenue for access to building jobs. Consequently, only 18% of the respondents indicated having used their skills to gain

employment within the area, all of it short term. A meagre 4% used their skills to gain employment outside the project, and once again, it was short term. In PHP projects, the primary purpose of skills training is self and mutual build. The SAHPF therefore created and pursued no forms of support to link the skills abundant in Piesang and other PHP projects delivered under its auspices to employment opportunities. Given its creativity so far, the SAHPF, if it put its weight behind this goal might be able to channel some of its members' skills towards employment opportunities. In the FGD, the President of SAHPF for example suggested the usefulness of approaching relevant Sector Education and Training Authorities (SETAs) to provide people already trained in some measurable skills with the necessary certification, or to provide them with whatever additional training would be required to achieve certification. Given the absence of long term employment opportunities already noted, such certification would be a useful resource for skilled people seeking employment outside the settlement, especially in the formal sector. It is contended however, that too many similar skills in a settlement where most people build their own homes is not the best context for construction-related employment creation.

### **8.5.3.3 Small contractor operations**

An emergence of a cadre of small contractors was another important goal of policy aimed at creating self-employment opportunities for people advancing the basic skills provided in the skills training programmes of subsidy housing projects. These would provide a pool of people whom households would make use of to improve and extend their dwellings. In addition they would provide employment for local builders as they put building teams together, and organized how building materials would be obtained and delivered to the sites.

It has been mentioned that growth of small contractor operations were neither an aim nor a phenomenon of the skills development process in Piesang. In Wiggins, and Savannah, of the households that had achieved discernible consolidation, a remarkable 75% and 69% respectively indicated having used local contractors from within the two projects for building/extending of their houses. On the surface, this would appear to be a large number and therefore contradictory to the foregoing findings that very small numbers of people with building skills used these to get work within the project. When clarity of this was sought in the FGDs, it emerged that it was really a small number of small contractors in both projects, that were recruited by households over and over, with information about them passed around by word of mouth mostly, but also through recommendations via the HSC operatives. Therefore, on closer scrutiny, the local contractors that the households used in actual fact referred to five contractors operating in the Cato Manor area, and six in Savannah. While small, this can however still be considered an achievement, because these were surviving businesses that had overcome the main hurdles facing small contractor operations, discussed subsequently.

On the issue of growth of small contractor operations in low income housing developments, Maxwell, one of the key informants, on the basis of her experience in CMDA highlights two critical problems. Firstly, to set up a contracting base, vigorous ongoing activity around housing

improvement is needed, which would in turn create a demand for such services. Conversely, a slow pace of consolidation means reduced demand for such services. It is argued then, that the lack of growth of small contractor operations is a market response to a lack of demand for their services. In Wiggins and the Cato Manor area, the small contractors who were able to succeed were, according to Maxwell, those that were operating at a very small scale, picking up house extension or improvement work:

*“one unit at a time, and not seeking to make huge profits. They (referring to the small contractors) said to me that sometimes they would make no more profit than R100 – 200 per entire house extension.”*

Thus, the small contractor operations that have grown enjoy only marginal profits.

The second critical problem with regard to small contractor operations is one of lack of business management skills. Both BESG and CMDA interview respondents admitted that not enough support was given to the emerging small contractors in this regard, and a number who may have succeeded went under because they simply did not know how to run a business. Maxwell, on this issue argued thus:

*“You may be a very good contractor and bring together the best team of builders, but if you don’t know anything about managing a business, you will fail. It could be that contracting is more about running a profitable business than it is even about building. We may have failed in emphasizing the latter over the former.”*

In any event, it emerged from the FGDs that through the HSCs in both Wiggins and Savannah, small contractors were recommended to households seeking to build or extend their houses, and this way were able to pick up extra work. Thus, while households were supported to seek out a contractor whose work had been found acceptable by other households, the contractors were employed on a reasonably ongoing basis, albeit making marginal profits. Overall however, the housing experts argued that the number of people who gained employment via this route was too negligible to consider it a successful employment creation route in post-apartheid housing projects. The implications for housing consolidation support were the limited employment creation opportunities for housing beneficiaries, which translated into lack of income, which is the most fundamental prerequisite of housing consolidation.

The BNG policy articulates the Department of Housing’s continued emphasis on the use of the housing delivery process to alleviate income poverty and enhance housing affordability by providing direct and indirect jobs within the construction sector. The ‘new’ element of this otherwise ‘old’ feature of current policy, is the proposed use of the Extended Public Works Programme (EPWP) to maximize job creation. This would be achieved through use of housing beneficiaries in the installation of infrastructure and the management and maintenance of the housing stock, whereas previously, jobs mainly emanated from housing construction only. In addition, the EPWP would promote labour intensive construction methods over capital intensive ones, with targets of labour intensity set upfront and projects assessed for adherence to such targets (Department of Housing, 2004). The extent to which new jobs will be created through this is debatable, given that delivery of

low cost housing has in fact been labour intensive thus far. It could in fact be argued that it is idealistic to expect huge success in this area, especially as housing delivery comprises of small fragmented project areas. This model can only really work 'at scale', and delivery of housing is not occurring this way yet. Finally, further labour absorption and job creation throughout the housing supply chain will also be facilitated through the establishment of on-site building materials production activity (Department of Housing, 2004), an objective first set out in the HWP (Department of Housing, 1994), and as yet registering dismal performance in practice. The failures in this regard are assessed in Chapter 9, as a component of project-level housing support.

## **8.6 HOUSING FINANCE SUPPORT**

### **8.6.1 Setting the Context**

The achievement of housing consolidation by subsidy beneficiaries in South Africa was premised on three key assumptions, firstly that their improved employment and income status would enable them to access additional financial resources for housing. Such improvement of income would emanate from vigorous housing implementation activities as well as, over time, implementation of macroeconomic growth strategies that would have positive impact on the incomes of the poorest households in South Africa. As demonstrated in the preceding section, the housing process itself has been slow to deliver on the envisaged outcomes, and much of this failure has been attributed to the failure to set up projects that are supportive of these objectives. Resultantly, in none of the three settlements examined, has this positive relationship been realized. Subsidy beneficiaries have found themselves housed in unsupportive locations (with the exception of Wiggins); with inadequate skills to access the job market; with insufficient avenues to access skills and credit to start their own businesses or to improve their housing; and with limited opportunities to use skills acquired in projects to access work in and outside their own settlements. As far as macroeconomic growth and skills are concerned, the policy experts interviewed argued that a number of relevant strategies, including GEAR, and more recently JIPSA as well as the EPWP had not trickled any resulting economic growth down to the lowest income group in South Africa. Bond in particular argued that this outcome was predictable, because the macroeconomic strategies are rooted in neoliberal policy, in which the market acts as the driver of growth. He questioned how the poor can benefit from policies which require them to satisfy their needs for goods and services, including housing in the market. Indeed, as indicated earlier and recaptured in Table 8.7 on the next page, the economic position of majority of households in the three settlements had either remained the same or deteriorated since they moved into their respective settlements, confirming the experts' view that any macroeconomic growth that has occurred in the post-apartheid era had not been enjoyed by the poor.

The second assumption regarding how low income households in incremental schemes would attain housing, revolved around transformed financial systems, whether commercial or semi-commercial, that would avail credit in the subsidy housing market. The third assumption was that the age-old South African township culture of group-saving, would be encouraged and harnessed into a basis for savings-based lending. That none of these envisaged developments have occurred to a level

sufficient to yield the desired results has meant a resounding failure for the relationship between housing finance policy and housing consolidation affordability in post-apartheid South Africa.

**Table 8.7 Economic Position of Households Since Moving into Subsidized House by Settlement**

Settlement	Economic Position (%)			
	Improved	Remained the same	Deteriorated	Total
<b>Wiggins</b> n = 104	43.3	36.5	20.2	100
<b>Savannah</b> n = 64	23.4	59.4	17.2	100
<b>Piesang</b> n = 50	34	50	16	100

Source: Field Survey 2006

### 8.6.2 Access to Credit

Less than 4% of Wiggins residents, 19% of Savannah and 8% of Piesang residents would qualify for a conventional mortgage. This extrapolation is based on the income profile of the three settlements contained in Table 8.1, as well as the statistics set out by Porteous and Naicker (2003)<sup>3</sup>. It need however be borne in mind that many subsidy beneficiaries do not seek to buy a complete house, but rather, to add onto a starter house in greenfields developments; replace a shack or improve or add onto an existing house in a consolidation project; or build a house in PHP projects. Clearly, a conventional mortgage, given by a bank to purchase a house of a known value, where the house itself acts as collateral, does not apply here. The policy assumption that new homeowners would use the title deed to their 'house' to secure a loan for housing improvement, therefore showed a lack of understanding of how banks work. Makhathini put it thus:

*"I can think of no bank, no matter what it says, that is interested in lending using RDP housing as collateral. Firstly, banks' experience with lending in the townships in the 1980s left a bitter taste in the mouth. So whether we like it or not, "redlining" is a reality and lending in these places an experience that banks are not keen to repeat. Secondly, the houses are of dubious value: they are badly built, poorly extended if at all. Why does a bank want such a house on its roll of properties? What if there's default? Who's gonna want to buy it? They'll end up sitting with all these piddling little properties that no one wants, even assuming they can get into the townships to sell them, which they were of course not able to do in the past. It's too much trouble. It's just not worth it!"*

While wholly agreeing with Makhathini's statement about bank aversion to this market, Rust argued in her interview, that subsidy housing in its current form is mismatched with bank-lending, and needs to be rethought. She observed that owners of subsidy houses can never access bank credit because the policy itself entrenches them in those developments, and in a particular income group, both of

<sup>3</sup> Porteous and Naicker (2003) argue that in South Africa, a monthly household income of at least R3100 is required to obtain a mortgage for the least expensive house, assumed to cost R60 000. At a certain point, (around 1998), during a spate of successive interest rate hikes in South Africa in which the prime rate rose 7% within three months, and a typical monthly instalment increased by 42%, making the minimum income for lending as high as R4300 per month.

which are unattractive to bank lending. She suggested a new approach to creating housing settlements, in which neighbourhoods with mixed income groups created a basis for settlements that have the potential to improve in both income and housing, and thereby to attract bank lending. Rust also raised the issue of the absence of a secondary mortgage market in the townships as one with important implications for accessing housing finance. Referring once again to her study on this theme, she questioned how banks are likely to be convinced to lend in a market in which people are unwilling to purchase foreclosed properties, because of the cultural meaning of housing as a social rather than a financial asset. In addition, she cited the pre-emptive clause that prevents subsidy beneficiaries from selling their houses within a set time period, previously eight years and now five, as unsupportive of the development of a secondary mortgage market, which market would itself be facilitative of bank lending, all other things held constant. Rust went on to argue that policy should be supportive of people's choice to, for example, move to another area of the city, or another city, if the current area or location does not work for them for whatever reason. This is the way the secondary mortgage market works for middle and high income people, and there is no policy justification to prevent this from occurring for the poor. A policy designed to facilitate such workings of the market in this segment would begin to open up opportunities for bank lending.

It can further be deduced that about 84%, 64% and 86% of residents in Wiggins, Savannah and Piesang respectively are unlikely to access even non-traditional loan products on the basis of their income<sup>4</sup>. The household survey confirmed this deduction in both Wiggins and Savannah, where only a small proportion of households who had achieved discernible housing consolidation had used credit to finance such improvements post-subsidy. Further, only a negligible proportion of households that had not achieved discernible consolidation, but which had in fact spent some monies on mainly internal improvements, had used credit. A completely different picture in respect of access to credit emerged in Piesang, attributable to the savings-based lending programme of the SAHPF active in the area. This is discussed under savings-based lending.

Table 8.8 on the next page captures the proportion of households that used credit to finance the physical improvements to, or extension of their houses, the proportion of such households that used their house as the basis for such borrowing, and the percentage of households who, despite having been in a position to afford some borrowing, had been turned down when they attempted to use their house as collateral for such borrowing.

A number of elements captured in the table need to be highlighted to lend clarity to the access to finance issue in the three settlements. Firstly, it need be noted that only about 20% of households in Wiggins and Savannah were able to access credit for housing improvement purposes. This represents a major failure for a policy that was premised on access to credit as a critical avenue for financing housing consolidation. In the analysis of this issue however, the source of such credit is as important

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<sup>4</sup> This is based on the argument by Porteous and Naicker (2003) that very few non-traditional loan products are available to people earning less than R1500 per month (which is the majority of households in the three settlements), and almost none cater for those in informal employment. Also refer to Tables 8.1 and 8.2 for income profile and sources of income in the three settlements.

as access to credit. It is therefore notable that an overwhelming 80% and 86% of the households who had used credit for housing consolidation in Wiggins and Savannah respectively, had accessed it through an employer loan, or a personal loan from the bank, and all of these had formal employment. In reality though, this was a very small number of people. The remainder had borrowed from family and friends, or from 'amashonisa', whose lending criteria was more accommodating of the types of income sources in the two settlements. In the FGDs in both settlements, it was clear that people were aware of the exorbitance of 'amashonisa' loans, but considered it the only option not just for housing loans, but for their credit needs generally.

**Table 8.8 Use of Credit for Physical Improvements and/or Extension to House**

Settlement	% of households that used credit for housing improvements (a)		% of (a) that used their house as collateral for borrowing		% of (a) that attempted to use the house as collateral and were turned down	
	Discernible Consolidation	Negligible to no consolidation	Discernible Consolidation	Negligible to no consolidation	Discernible Consolidation	Negligible to no consolidation
<b>Wiggins</b> n = 52	19.2	9.6	0	0	20	0
<b>Savannah</b> n = 32	21.9	6.3	14.3	0	28.6	0
<b>Piesang</b> n = 50	88	-	0	-	0	-

Source: Field Survey, 2006

As shown in the above table, only 14% of an already meagre proportion of households with access to credit had used their house as collateral in Savannah. No households had used their house as collateral for bank borrowing in Wiggins, even though 20% of the households which ultimately got their credit from other sources, had attempted to do so unsuccessfully. From this emerges a clear picture that the option of using the subsidy house as collateral had not been exercised by many households, even assuming the banks had been willing to lend to this group. When this issue was explored through the FGDs, four main reasons emerged, viz. lack of income to repay a loan, fear of credit, a discomfort with or mistrust of financial institutions, and lack of knowledge of this option. The first three were expressed thus by participants in the FGDs in both areas:

Participant 1, Wiggins:

*"This money from the bank is for borrowing. They are not giving it to me for free. I only have a pension, and my husband is disabled. My children are not employed. How will I pay the loan?"*

Participant 2, Wiggins:

*"Banks are not for people like us. They are for people with money. And actually let's face it, they are for white people. So I go to these white people and say, "give me R10 000, I want to finish my house." He will look at me and ask, "who is this crazy person who doesn't even have a job?" But white people, they'll go and they will get the money, no problem."*

Participant 3, Savannah:

*"I know if you want a loan from the bank, they want this paper, that paper, they want to know your salary, and whether you have pension. They want to know what you ate for lunch. I know because my brother-in-law got a loan, which he is sweating to pay because he is a driver. His salary is not big. You need a decent salary before they can look at you."*

Asked if they or people they knew had actually approached banks and got these predicted reactions, it turned out that none had. They however argued that the way banks would treat poor black people was fairly predictable. Thus, while there was truth in their argument that without sufficient income they could not access credit, more startling was the deep-rooted perception of bias on the part of banks, from the potential borrowers' point of view. Rust, on the basis of wide research in the area of housing finance in South Africa, confirmed these findings during her interview, summarizing the major housing finance problem in South Africa currently as being:

*"rooted in both access to finance and fear of finance. That finance has not been accessible, despite a number of mechanisms to facilitate such access, is one problem. But secondly, people need to be sure how the financial system works, and what risks are placed on them. It is not unreasonable that a low income person is going to be worried about credit."*

In their respective interviews, both Rust and Maxwell gave a Cato Manor example of a microloan programme that was established, through a Home Loan Guarantee Company (HLGC) administered fund. The European Union (EU) established the fund, with HLGC as custodians, and on a brief to facilitate the extension of loans of between R1500 – 7000 to subsidy beneficiaries in Cato Manor. Using the fund to cover/indemnify potential defaults, HLGC was able to induce small and medium scale institutions in eThekweni to lend to this market. But as innovative as this programme was, both informants indicated that there was very little uptake of the opportunity for borrowing by the target group. Maxwell pointed out that 75% of the people who had initially applied for the loans pulled out of the scheme after HLGC provided a consumer education programme in which the implications for such credit was explained. She ascribes this pull-out to lack of affordability and the fact that people could, following the consumer education, now clearly evaluate their ability to pay. Rust, based on unpublished research findings on this credit programme, argued further that fear of credit was also a significant part of it. People simply did not have prior experience with finance to understand the housing finance technicalities introduced in the consumer education programme, and were afraid to venture into it. Thus, while the microloans on offer were affordable to many households, fear of finance contributed to the low uptake.

Rust however pointed out that it is not only the technicalities of finance that create fear of finance by the poor. As indicated earlier in this section, the South African credit environment was risky in terms of interest rates in 1997 -1998, and even though they eventually did come down for a period, it takes everyone, but especially low income people a while to trust the lending environments safety again, because of their more precarious income status. Given that in the course of this study the interest rates have again been increased five times, with the governor of the Reserve Bank warning people to expect further hikes (SABC News, 20<sup>th</sup> September, 2007), the lending environment is not that safe. In her interview, Rust gave an example of her study of how Servcon clients, who had been 'rightsized' into RDP housing because they could no longer afford their bonds, were financing their

housing consolidation<sup>5</sup>. Her findings were that few had sought credit from housing finance institutions. Having been clients of banks in the purchase of their original homes, most were aware of the turbulent lending environment of 1997 -1998 that had cost them their original homes in the first place, and were unwilling to repeat that experience by borrowing for housing improvement. Napier on his part added that fear of finance could also mean that people do not make any special effort to find out where they can get loans.

### 8.6.2.1 The Banking Sector and Housing Loans

A brief recapitulation of the policy context within which banks and subsidy beneficiaries are envisaged to interact is considered necessary, to set the scene for the analysis of such interaction. As indicated in the literature review, an important recent development in the credit realm in South Africa revolves once again around attempts to induce banks to lend to the low income housing market, following the establishment in 2004 of the Financial Sector Charter (FSC). To facilitate such lending, the government and the banking sector, in May 2005 signed what was described, arguably, as a 'groundbreaking' Memorandum of Understanding (MOU), that would follow up on the commitments of both the FSC as well as the BNG policy, to facilitate downmarket lending on a sustainable basis, and "to transform the way in which the sector engages with historically disadvantaged segments of the housing market" (Department of Housing, 2004). In addition, the partnership would support borrower education initiatives, aimed at yielding better-informed borrowers, lender education, aimed at eliminating the refusal to grant home loans on the basis of geographical area "redlining", a form of non-commercial discrimination<sup>6</sup>, and ensure delivery of a minimum of R42 billion in affordable housing finance for households earning between R1500 and 7500, by 31<sup>st</sup> December, 2008 (Department of Housing, 2005).

The interrogation of the policy set-up aimed at facilitating downmarket lending drew much criticism from a number of study respondents, with regard to the extent to which it differs from previous efforts to get the banks to lend lower downmarket, as well as with regard to how it would work in practice. Its most obvious criticism was that it sidelines completely the R0 – 1500 income category, which constitutes majority of households in the target market in South Africa. In terms of its difference with previous efforts, Makhathini argued that to the extent that the MOU was about encouraging downmarket lending by banks, "*it is the same agreement with different participants*", or as one of the provincial housing officials put it, "*the same thing dressed up in different clothes*". Both respondents therefore questioned its chances of succeeding where previous similar agreements had failed. Rust on her part explained a new 'carrot' angle in the agreement, in which the financial institutions that met certain lending milestones in this market would be rewarded with government contracts. She however surmised that, the 'carrot' would more than likely prove insufficient to

<sup>5</sup> Details of this study obtainable on [www.hfrp.or.za](http://www.hfrp.or.za)

<sup>6</sup> One looking at this MOU recognizes its distinct similarities to the agreements that went before it, between the banking sector and Department of Housing, namely the Record of Understanding (ROU) of 1994 and the New Deal of 1998, dealt with in the literature review.

induce the required change of attitude, because the target market remains unattractive and unprofitable, and there is also sufficient business from the middle and high income market.

In terms of how the MOU would work in practice, Makhathini pointed out as its fundamental flaw, the fact that it remains an in-principle agreement at a political level to make things happen, but without specific instruments to cause them to happen, and unspecific enough as to be unbinding. Indeed, the MOU, when entered, stated futuristically that its two parties would set up negotiating teams, who would establish the Terms of Reference that would give effect to it. At the time of writing this section, such instruments had not been developed. The municipal housing official interviewed for example reported, that researchers for the banks had called the Municipal housing unit of the eThekweni municipality frequently, trying to find out where new housing developments were being built, so that they could lend there, clearly demonstrating an absence of strategy with which to identify potential clientele. It is also noted that by focusing on new housing, the banks seemed to be omitting the crucial target group of would-be consolidators in already completed projects.

In addition to absence of clear targeting strategies, it appears that the understanding of the roles of the two partners viz. the Department of Housing and the banking sector are in some respects divergent and even irreconcilable. Such differences of view have manifested themselves in discussions that have taken place subsequent to the signing of the MOU, and the volleying back and forth between the banking sector and the Department of Housing, culminating in harsh words for the sector by the Minister of Housing in March 2006 (Access Housing, 2006). Supersad, at the time of the interview the General Manager of BASA, argued that while the banking sector's responsibility was to develop affordable products and thereby take the commercial risk attendant to downmarket lending, certain conditions would need to be put in place by the government. These revolve around the removal of, or indemnification against non-commercial risk, through a restoration of the rule of law and public order. He described this as *"a critical condition by the commercial financial institutions to allow them to invest."*

He went on to say:

*"Not being able to get vacant possession of mortgaged properties where mortgagees are in default is a serious inhibitor to investment, and we have seen the consequences, whereby areas have been redlined for this reason. There has been an improvement over the last ten years and we seem to be moving out of the culture of ungovernability from the ground up. But until total faith is restored in the rule of law, banks will always be reluctant to lend. And the sad reality is that we still have pockets of areas where the rule of law and public order still struggle to assert themselves. You just need to see what is happening in Khutsong<sup>7</sup> to understand banks' fears. What if a bank had lent in a township in Khutsong? A careless*

<sup>7</sup> At the time of the interview with Mr Supersad, Khutsong had been in the media for weeks, due to rioting and civil unrest resulting from attempts to transfer the local authority of the area from Gauteng province to the North West province, a move that the residents were opposed to. Attempts by the government to restore order had been thwarted repeatedly by residents, and government authorities, including the Departments of Safety and Security and Defense had experienced difficulty penetrating blockades to enter the area, with the Ministers unable to address the residents due to heckling and threatened violence.

*statement saying “let’s not pay our bonds because we are not happy with the new developments” would affect the institutions concerned very negatively. And it’s not just that banks cannot recover their houses: it’s also what such an environment does to the value of the properties in that area. There is therefore the issue that in spite of the financial sector targets for housing finance, we may be constrained by other factors, and it is government’s responsibility to remove these constraints, or to be prepared to take the consequences and cushion the banks against such risk in these areas.”*

Discussions between the two parties subsequent to the MOU would seem to indicate that the two parties did not clarify these respective roles at the time of signing the agreement. Now that the roles have been clarified, and the financial implications of undertaking the non-commercial risk and setting up the mechanisms for the proposed lending<sup>8</sup> indicated, Supersad noted that the Department of Housing seems to be attempting to pull out of its initial in-principle commitment to take on the non-commercial risk. It would seem that the banks have decided that without the government’s commitment to manage the non-commercial risk, the ‘carrot’ of government contracts is simply not worth it. Makhathini also raises a concern of a different kind, that in the general absence of the rule of law, there is always danger that people who understand that government will take responsibility for non-payment by low income borrowers might very well choose not to pay their loans, or to create an ungovernable situation which forces the government to step in to ‘cover’ the banks against losses experienced this way, setting a precedent that cannot be sustained.

Given these developments, the informants questioned whether the targeted R42 billion would have been lent out by December 2008. More importantly, they questioned whether such lending, if it did occur, would not be concentrated on households at the very top end of the target market, assumed to understand bank-lending better than the lowest income group, and who can also better afford credit. While the success of this latest agreement between the government and banks remains to be seen, the policy experts concluded that downmarket lending was unlikely to occur to a significant level, especially in the starter housing market segment. The evidence already presented, of an absence of bank lending in the study areas, supports this view.

#### **8.6.2.2 Non-Bank Sources of Housing Loans**

This section analyses the performance of the two main government initiatives put in place in this regard, generally, as well as in the study areas. The first of these was the NHFC, instituted as a special purpose wholesale lending vehicle that would expand the non-traditional lending sector, by mobilizing funds to retail lenders, which would in turn lend at the lowest end of the market, and mainly to subsidy beneficiaries. These would be the main alternative to banks as a source of direct credit. The second initiative was NURCHA, whose role was one of providing guarantee funds to

<sup>8</sup> In August 2005, in a presentation by BASA to the Portfolio Committee for Housing in Parliament, BASA indicated that it would cost the Department of Housing R3.8 billion by 2008 to cover what BASA termed the Loss Insurance Fund, as well as an additional R2.5 billion, to create and manage a centralized conduit to facilitate access by participating banks to low cost capital market funding and fixed rate risk mitigation. In other words, the cost to the government to get the banks to participate in lending in the R1500 – 7000 per month income market to the tune of R42 billion by the end of 2008 would amount to R6.3 billion by 2008 (Access Housing, 2006).

mobilize both bridging and end-user finance. In terms of their performance, a number of the experts interviewed observed firstly, that NURCHA has focused mainly on its bridging finance role, at the expense of its end-user finance one. The provincial and municipal housing officials interviewed confirmed a miniscule role by NURCHA in both the Province and the municipality of eThekweni, in the realm of end-user credit. There was no evidence of facilitation of any end-user lending activities by NURCHA in the three settlements studied.

NHFC on its part, considers its lending activities to have been successful<sup>9</sup>. Despite this apparent success, NHFC was criticized by the policy experts interviewed on a number of fronts. Firstly, they argued that due to its failure to carry out its additional support mandate of building adequate and sustainable capacity within the institutions that it funds, many such emerging retail lending institutions have collapsed or failed to grow. Secondly, for an institution that was instituted to facilitate lending at the lowest end of the market, NHFC's risk-averse stance from its inception, was contradictory to the very objectives of its establishment. And by transferring the risk to the retail lenders, the latter in the absence of the support indicated above, have not fared as well as they might have. Furthermore, their lending criteria is so stringent that the cost of their finance was often as high as banks', and lending concentrated on the upper end of the subsidy housing market, mostly in social housing projects, which has left the lowest income households, mostly in incremental housing projects without credit. In fact most of the housing and lending activity indicated at the beginning of this paragraph is in social housing, provided for higher income subsidy beneficiaries. Thirdly, despite the arguably impressive disbursements by NHFC, it need be noted that NHFC currently has billions of rands of unused and growing funds, a major point of criticism by most of the experts interviewed. Indeed, the National Minister of Housing described this situation as embarrassing in the face of critical need for credit by low income households (Hamlyn, 2006). Conclusively, NHFC has not fulfilled its mandate of availing end user finance at scale to subsidy beneficiaries.

The BNG policy, taking into account criticisms similar to the ones above, suggests the rationalization of the institutions currently involved in housing finance to allow for efficiency and accountability, citing the overlapping nature of activities of, in particular, NHFC and NURCHA as problematic in terms of determining where housing finance policy is failing. The NHFC, which has no desire to be merged with NURCHA, has responded by proposing to go into direct lending to individuals, thereby putting the blame for its underspending on the absence of enough retail lenders through which to channel its monies. How this will be achieved, and indeed whether this is the route that will be taken in the future had as yet not been clarified at the time of writing this thesis. It would appear though, that the NHFC may attempt to transform itself into a bank, which while it might allow for wider scale lending, may not necessarily address the problems associated with bank lending, of risk aversion and lack of downmarket lending.

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<sup>9</sup> Details of NHFC's disbursements, lending activities and number of loans originated between 1996 – 2006 obtainable from [http://www/nhfc.co.za/files/2007\\_Annual\\_Report](http://www/nhfc.co.za/files/2007_Annual_Report)

From the survey, another important problem that was identified was lack of information regarding avenues for non-bank and downmarket lending. Asked if they were aware of any institutions that lent to low income people, 83% and 77% of households in Wiggins and Savannah respectively did not know of any, while 86% of Piesang residents cited the SAHPF. In response to whether the households were aware of institutions put in place specifically by the government from which they could get small loans for housing improvement, the overwhelming response was that they did not, as evidenced by negative responses from 80% and 77% of Wiggins and Savannah households respectively. 78% of Piesang residents cited the Utshani Fund, which although a source of small loans is not strictly a financial institution. When this issue was pursued in the FGDs, Ithala Bank<sup>10</sup> came up as the only such institution that households knew about in both Wiggins and Savannah, although only 0.96% of households in Wiggins and none in Savannah had accessed credit from Ithala. This was an important finding from the point of view that information support in this regard would have closed this critical gap in both Wiggins and Savannah. Thus, a critical omission of the homeownership education drive by the municipality in the two projects, and by CMDA and BESG in the two projects respectively constituted the absence of any information on alternative sources of credit, especially government-initiated ones, as well as of attempts to overcome the negative perceptions of subsidy beneficiaries about finance institutions. The municipal housing official in particular said in his interview, that the municipality's avoidance of this particular form of information support had to do with trying to avoid promoting certain credit products and institutions over others. Of course if the information was carefully framed, this potential problem could be easily avoided, even though the researcher sees nothing wrong with housing actors promoting products that are cheaper, easier to access or that require less stringent criteria to be met, etc., over those that are not. The other approach could be for municipalities or NGOs involved in projects to provide for a forum through which the institutions themselves could be provided with an opportunity to present/market their products, with clear guidelines in terms of critical information to make available to households, for example, where they are located, basic lending requirements in terms of documentation, qualifying criteria, loan sizes, repayment terms, etc. The official indicated that the municipality had provided such fora for building materials and components manufacturers and dealers to display their bricks, tiles, bath tubs, sinks, etc., and had rented sports fields or such like venues close to the projects for such activities. And while he argued that the turn-up was not always good, better publicity strategies could address this. There is no reason why the same method should not work in the credit realm.

The municipalities, far from being onlookers of the finance-beneficiary interaction, should be active facilitators of it. Rust for example, suggested the use of GIS by municipalities to highlight where the different housing settlements have occurred or are occurring, and make this information available to both banks and non-bank institutions, with the aim of creating a more entrepreneurial flair among

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<sup>10</sup> Ithala Bank is a KwaZulu Natal Province based non-traditional lending institution with origins as a parastatal regional development corporation of the Kwazulu homeland, renamed Ithala in 1994, which has a history of below-market and microloan lending. It is in fact not one of the 'new' housing institutions put in place by post-apartheid housing policy.

such lenders by providing them with the information they need to target communities. In fact, GIS could pave the way for banks to target potential borrowers directly, instead of their current fumbling described earlier. Once an opportunity has been facilitated for such institutions to target communities, there is need for such institutions to, in addition, begin practicing the notion of ‘*finance-plus*’, in a bid extend their role well beyond just lending. Some examples of possible ‘*finance-plus*’ services include information support around how to maintain and enhance the value of the house. Institutions could also return to a settlement after a first cycle of lending and offer further credit; and/or propose ways in which such further credit could be used to for example, erect rental accommodation or some form of income-generation space. Banks could also commission research and provide accurate information regarding how the market is functioning in a particular neighbourhood, which information residents would use to determine if it makes sense to take out further credit or not, and the best activity to direct such credit towards, etc. Such additional support needs to become regular entrepreneurial behaviour on the part of lenders, especially those extending credit in low income housing areas.

### 8.6.2.3 Household Expenditure on Housing

In examining the issue of access to housing finance in South Africa, an important element of the issue peculiar to the South African market that was highlighted by the housing experts interviewed was the low levels of housing expenditure by households. Rust described it as “*lower than anywhere else in the world*”, based on her comparative research internationally<sup>11 12</sup>. In her interview, Rust attributed the low levels of consolidation in South Africa in part to this aspect, arguing further that in many developing countries, households earning far less than the poorest category of households in South Africa (i.e. up to R1500 per month), spend much more on housing, relative to this group in South Africa. Such households have had little interaction with credit as they feel they cannot afford loans for housing improvement. The critical problem here is, in Rust’s words:

*“that it has taken a long time for people to reorient their housing expenditure to accommodate a housing expense. In fact, to reorient such households towards being able to afford a loan, or to save for housing improvement is very difficult.”*

An important form of support in this regard becomes such reorientation, through consumer education drives, and advice around household budgets, commitment to saving with a housing goal in mind, etc., as has been actualized by the SAHPF around the country and in Piesang specifically (dealt with in subsequent section). Such reorientation should be aimed at pushing the access frontier, by getting the lowest income households to see that with commitment, they can in fact access certain forms of credit. It need be indicated though, that such support would need to be coupled with availability of avenues for small affordable loans that low income households can access frequently. A number of examples internationally have been shown in the literature review, where the access frontier has been pushed and credit made available to very poor households. This area needs to be pursued with

<sup>11</sup> This finding is corroborated by Mayo in the World Bank Mission Report to South Africa of 1994 (Department of Housing, 1994).

<sup>12</sup> The NHFC also found in one of its borrower surveys that majority of its borrowers were only spending 5% or less of their household income on housing (Access Housing, 2006).

greater vigour by the government, whose efforts have so far concentrated on attempting to lure the traditional lenders to avail credit. Unfortunately, such lenders have clearly chosen to stay away from the R0 – 1500 income bracket, and this is the very group whose access frontiers need to be pushed. Harnessing what the non-traditional finance sector has to offer therefore constitutes a critical step towards pushing such access frontiers, and includes such actions as the development of non-collateral loan products, group loans as well as savings-based lending. As the NHFC rethinks its approach to lending, and if indeed it does ultimately engage in retail lending, these are areas that it would do well to consider developing.

### 8.6.3 Savings

#### 8.6.3.1 Saving and Savings-Based Lending – Wiggins

Among the avenues envisaged within current policy by which low income households would leverage resources to supplement the government subsidy were savings, and on the basis of these, savings-based lending. Indeed, in the absence of avenues for accessing credit by low income households, many of the households in the three settlements studied indicated a reliance on individual household savings, often drawing on meager incomes and grants to achieve such saving for housing improvement. Many of these indicated multiple expenditure of small amounts that it had taken long to save, on account of low incomes. This had negative implications for the pace and extent of consolidation. Thus, even though savings have ended up playing an important role, they have done so because of the failure of the policy geared at making credit accessible.

Of the households that had achieved discernible housing improvements in Wiggins, only 6% had financed such improvements with group savings, while 75% had done so using individual household savings. Of this latter group, 81% had spent three or more cycles of savings to reach their present consolidation status, attesting to the fact that household savings were not easy to pool together. There was no evidence of savings-based lending from the household survey of Wiggins in particular, although the FGD indicated increasing activities of SAHPF in the Cato Manor area. It was however stressed that because the SAHPF has its roots in advocacy around homelessness and landlessness, it had shown more of an interest in initiating its activities in the informal settlement of Cato Crest, than in Wiggins and other similar areas of Cato Manor where people already owned their sites and houses. In making an important link between savings and credit, Maxwell further argued that households that are unable to save are unlikely to qualify for credit, or to even manage their credit, should they qualify for it. As she puts it:

*“Because most people targeted in incremental housing projects can essentially not raise credit finance, savings have become the way many households have financed housing improvement, but by default. Of course the household that cannot save is then unable to carry out any housing improvements. But this would be the kind of household that would not be able to access credit anyway.”*

In other instances, households made a conscious decision to use savings, however meagre, for housing improvement, even where credit was accessible. Going back to the Cato Manor example

cited earlier where HLGC provided guarantees for households to access small loans, most of the households in Wiggins that declined the loans opted to save and thereby improve their houses slowly, and certainly much slower than they would have with a loan.

It emerged from both the interview with Maxwell, and the Wiggins FGD that a useful intervention/support in the area was the role played by a homeownership educator, Ms Judy Mulqueeny. Delivered under CUSSP, the homeownership education programme was aimed at educating new homeowners on their rights and responsibilities. But being a very dynamic individual, and based on her observations of the household dynamics in Wiggins, the homeownership educator expanded her brief to include supporting the formation of, and in the initial stages running of a number of savings clubs. This way, people who opted not to take up the microloans indicated above, or were not in a position to furnish loans, could join savings clubs. While clubs were initially promoted largely for house extension, people eventually started to use their savings to cover school, health costs and other types of expenditure that households prioritized. As a result, according to Mulqueeny, who participated in the Wiggins FGD, savings clubs specifically for housing purposes were neither a big nor successful phenomenon

#### **8.6.3.2 Savings and Savings-based Lending - Savannah**

To the extent that 66% of the households that had achieved discernible consolidation in Savannah had done so using their individual household savings, savings had played an important role in housing improvement. As in Wiggins, the individual savings of poor households meant a slow pace of housing improvement, and explained the sometimes informal house extensions that were undertaken by some households. Of the above cited 66% of households, over 75% had spent three or more cycles of savings to achieve their present improvements. The remainder had used 1 – 2 cycles of savings.

Group savings on the other hand had played a negligible role in housing improvement, with only 13% of households having raised their finance for housing improvement this way, and all belonging to the same saving club. There was no evidence of savings-based lending from the household survey of the area. It emerged from the FGD that housing improvement in Savannah was treated as a very individual activity that households did not rally around. Hence, even the way households raised the funds to deal with this individual activity was not pursued collectively. With regard to the small group of savers indicated above, the Chairlady, who participated in the FGD indicated that they had not sought to link their savings to a formal credit source and borrow on the basis of their group savings, and cited fear of credit as their main reason, although following further probing, it was clear they would not have known who to approach for such. The group had thus functioned as a revolving credit group, where group members received the group's savings in turns. BESG's representative in the FGD admitted that their sidelining of the function of community mobilization around a host of housing-related activities including maintenance of the neighbourhood, crime prevention and saving among others, was a critical failure on their part, and might very well explain why people had not

mobilized around saving towards housing improvement, and why housing consolidation had not taken off as well as expected.

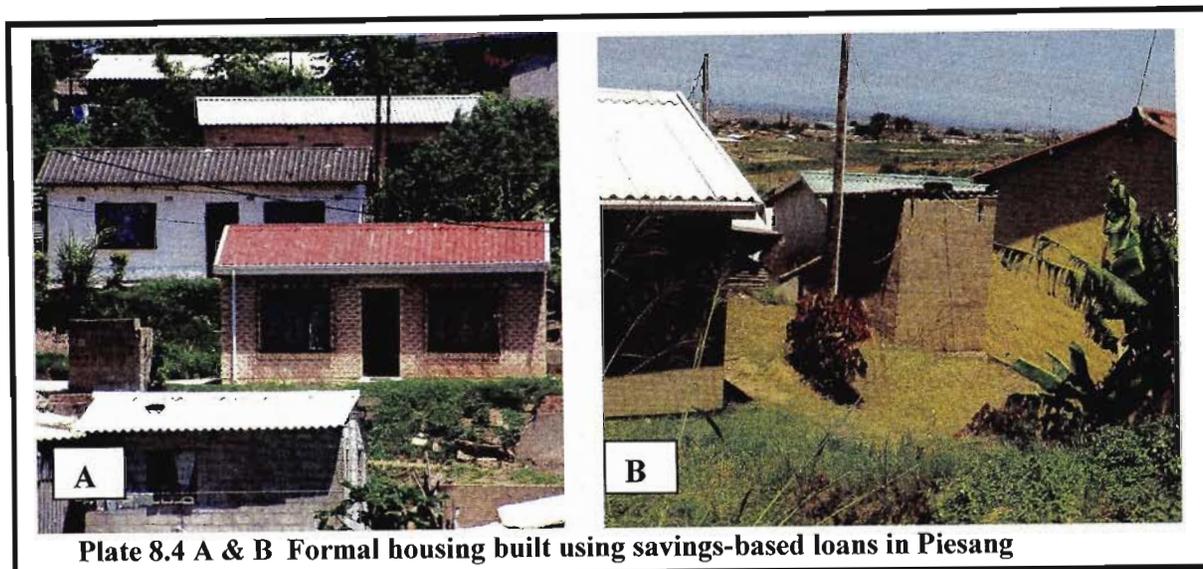
### 8.6.3.3 Saving and Savings-Based Lending - Piesang

Savings and savings-based lending are important features of how households in Piesang have achieved housing consolidation. Indeed, group savings is the basis for loan products that have been availed there. As indicated in the historical background of Piesang (and reiterated here to ease the discussion into the analysis of findings around savings and savings-based lending), a forum on the issue of landlessness and homelessness in 1991, with an emphasis on the poor themselves taking control of their affairs marked the launching of an approach to dealing with the problems of housing by the poor themselves. This approach included the message of self-reliance, and in particular the need to pool savings together. This message was taken back to Piesang by the civic leader from the area, who had been a prominent participant in the forum and numerous subsequent meetings, in which this development approach was reinforced. This approach was instrumental in the initiation of a housing savings movement in Piesang, which was the first settlement in South Africa to set up housing savings groups under this conscientized movement. Concurrently, the period between 1991 and 1994 saw the establishment of housing savings schemes in a number of informal settlements in South Africa and in 1994, these schemes joined together to form a national organization, the SAHPF, aimed at formalizing the network of community-based organizations.

Because of SAHPF's visibility as a national movement, it was able to attract a R4-million donor grant, which was used to establish a revolving fund from which savers from around the country could borrow small housing consolidation loans. Piesang, being the first settlement to set up a housing saving scheme, was also the first to receive savings-based credit in 1995. As indicated in detail in the historical background, the revolving fund was later topped up by R10 million grant from the government, a financial component known as the Utshani Fund, administered by the Utshani Trust. Through this Fund, subsidies could be applied for directly by the SAHPF on behalf of its members, but while approval was awaited, members could borrow from the revolving fund on the basis of their savings, an amount that could later be repaid with the subsidy sum, once granted<sup>13</sup>.

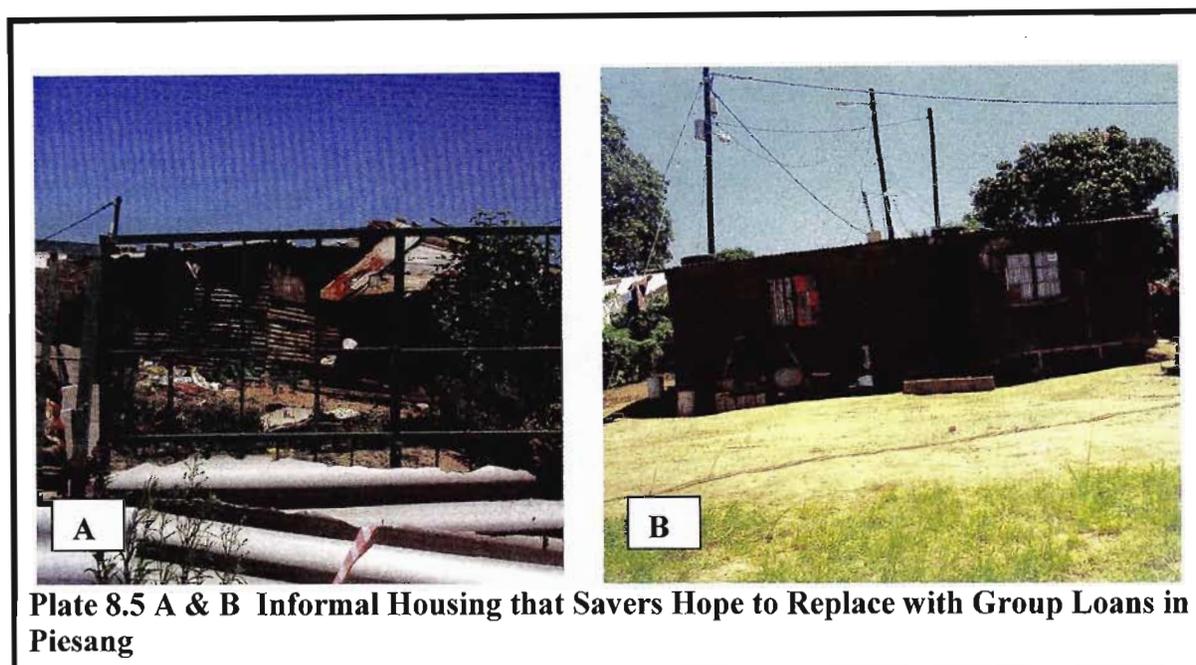
The savings movement was credited by both the households and the SAHPF leadership as the basis for success with housing consolidation in Piesang, mainly because disciplined saving guaranteed the savers access to credit. Of the households surveyed, 78% had already benefited from a group loan and built a four-roomed house to replace their original shack, while 20% had had their loans approved and stood in line to receive credit. The remainder were new savers, but expressed confidence that they would ultimately access credit like the others before them, and receive other forms of support offered to SAHPF members. Plate 8.4 shows a cross-section of four-roomed houses achieved with savings-based loans, while Plate 8.5 indicates the type of temporary housing that savers would be looking to replace.

<sup>13</sup> This history, narrated by the SAHPF President in the Piesang FGD, is well documented by *inter alia* People's Dialogue (1993) cited in Huchzermeyer (1999), and Bolnik and Mitlin (1999).



**Plate 8.4 A & B Formal housing built using savings-based loans in Piesang**

Source: Author, 2006



**Plate 8.5 A & B Informal Housing that Savers Hope to Replace with Group Loans in Piesang**

Source: Author, 2006

Beyond housing improvement, the savings scheme was also credited with supporting households to overcome shocks that might impact their saving or loan repayment ability, for example illness in the household or loss of income. The FGD yielded a myriad examples of households who had borrowed and repaid small loans for purposes other than housing, but which ensured that they did not direct their housing savings or loan repayment 'quota' to other uses. The savings scheme also engendered a sense of community and of dealing with housing issues collectively, which was itself a critical support, because there was an avenue for exchange of ideas and people could get assistance in solving their problems from the collective. This is in fact a strength of the PHP delivery approach

that PHP policy sought to harness. According to the National President of the SAHPF and resident of Piesang and participant in the FGD:

*“Savings were the turning point. With savings, we are able to access a loan, and you know that many people from settlements such as ours don’t get loans. But It’s more than that. It’s the mobilization and encouragement that happens during savings group meetings. It creates and maintains an interest in the affairs of other group members, and the development of the settlement. Members meet not just to save, but also to talk about poverty and what can be done about it, and other aspects of daily life that impact ability to save.”*

Another important facet of savings-based lending that the households recognized as important was the ability to augment government subsidy with a loan, to create adequate housing, expressed thus by a FGD participant:

*“What has been our greatest lesson is that savings can add value to the government assistance that each family gets. The two-roomed houses you see over there... (pointing to RDP houses in an adjacent project); those people could be enjoying four roomed houses like us if they had joined the Federation and started saving.”*

Despite the role that savings-based lending had played in Piesang, the President of the SAHPF highlighted important problems which had started to affect the quality of support that SAHPF lent to its members towards housing consolidation. While not serious in Piesang, they were significantly so in SAHPF savings and loans schemes in other settlements. Firstly, he pointed out, loan repayment is difficult for many households, and increasingly, there was default, which impacted future lending. In Piesang itself, 58% of the households repaying a loan claimed they were battling to repay, even though they may not have defaulted at that point. Secondly, and as indicated elsewhere, the Utshani Fund in particular was set up to provide bridging loans, in anticipation of subsidy. Once subsidy funds were attained, they would be used to repay the loan, after which the household concerned could obtain further credit, or not if they did not choose to. Many members of the SAHPF who took out loans however never received subsidy, due to a failure in the subsidy approval process of the provincial departments of housing. They are therefore locked in credit that they had hoped would not be long term, but which has turned out to be so. Some of these borrowers have defaulted in their repayments, resulting in a declining Utshani Fund. According to the SAHPF President, the Fund is not yet at the point of a financial crisis, but there are signs of a cash flow problem, with its greatest debtor being the National Department of Housing in the form of outstanding subsidy funds.

For the Department of Housing/Utshani/SAHPF support framework to work, a strategy to avail subsidies timeously via the Fund is called for. This is the only way that the sustainability of the Fund can be guaranteed, which will in turn facilitate sustainable savings-based lending.<sup>14</sup>

Despite the overall national picture, the support for savings-based lending that SAHPF has devised has played an important role in facilitating housing improvements in Piesang, where subsidies were availed timeously via a special arrangement between the local (KwaZulu Natal) PHDB and the National Department of Housing for Piesang. Thus in Piesang, the loans augmented, rather than

<sup>14</sup> Bolnik (2001) argues that this would ensure that the SAHPF moves away from using Utshani Fund bridging loans as “proxy subsidies”, and only lends to savers who desire for longer term loans and can pay for them.

replaced subsidies. Such success points to the importance of mobilization around housing-oriented savings, and linking such savings with credit as an important support for households in incremental housing schemes. It also highlights the role that NGOs could play in this regard, as demonstrated by the activities of SAHPF, and its success in drawing in the cooperation and funding support of donors and the National Department of Housing.

Two important findings emerge from the savings experience in the case studies. Firstly, based on both the Wiggins and Piesang experience, it is clear that it is not mobilization of savings groups alone that leads to housing improvement. Rather, it is a combination of mobilization and the reiteration of a housing focus for the savings, so that savings do not get deflected to other uses. Mobilization of savings must also be accompanied by the earlier proposed reorientation of households towards greater household expenditure on housing. Secondly, the role that individuals can play was striking in both Wiggins and Piesang<sup>15</sup>. What this means for housing support, especially when viewed in the context of unavailability of personnel to man HSCs, is that a strong case can be made for the identification of 'champions' within communities, to drive the community mobilization process. The Provincial Department of Housing or the municipality could make use of such individuals in a horizontal learning process that allows them to share their positive experience with households in new and stagnating projects, to kick-start the mobilization needed for individual and community action around consolidation. They could also provide training to selected individuals within projects, who could then take over the community mobilization function.

Overall, on the issue of housing finance, two of the experts interviewed argued that to the extent that housing improvements have taken place in the absence of general access to credit in low income settlements around eThekweni, they have been undertaken by and large with individual savings. Thus, the policy vision that people would augment subsidy with personal savings has been fulfilled. It is clear though, that support around savings mobilization could go further, but has not been actively pursued by housing actors or NGOs, and except in Piesang, there is little evidence of links between savings and lending for housing improvement purposes. This area needs more focused support, starting with information around the need for, and the benefits of group saving; avenues through which to access credit using the savings thus mobilized; to actual assistance in the formation of savings groups where possible. If the monies mobilized this way are to be directed towards housing improvement, some lessons from Piesang would be worth exploring, whereby once a loan is granted, such monies would be held by the group leadership on behalf of the borrowers, and only released to pay for building materials and labour on their behalf. This ensures that money is never availed to group members directly, who might use it for purposes other than housing. It is possible to vary the way this is orchestrated, but important to maintain a focus on housing expenditure and affordability as the aim of housing savings and savings-based lending schemes.

The next chapter continues with the analysis of the empirical findings of the study, with a focus on the support needed at project and household level, to enhance housing consolidation. It need

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<sup>15</sup> Mulqueeny in Wiggins, and in Piesang, the civic leader who ultimately became the President of SAHPF.

however be emphasized that even though Chapters 8 and 9 separate what is essentially a package of highly inter-related housing support aspects as demonstrated in the conceptual framework, this is done in a bid to lend legibility to the chapters, rather than to portray the support aspects so analysed as mutually exclusive. It is therefore reiterated that the forms of support presented in both chapters need to occur in tandem, and their analysis needs to be understood as such. Their relationship is further demonstrated in the final chapter, when the composite findings from both chapters are used to develop a framework for packaging housing support.

## CHAPTER 9: PROJECT LEVEL HOUSING SUPPORT

### 9.1 INTRODUCTION

Of the many forms of support needed by households in consolidating situations, a number relate directly to tangible, sometimes physical forms of intervention at project level, aimed at facilitating the transformation of the starter house, or in the case of PHP, the transformation of a vacant site into an adequate house. A number of the hurdles that beneficiary households need to overcome during such transformation have been highlighted in the literature review. Many relate to socioeconomic supports, aimed at making housing improvement affordable, the empirical findings of which have been dealt with in detail in Chapter 8. This chapter analyses the findings deriving from the three case study areas and from the various informants, from the perspective of the physical aspects of housing improvement, and the way in which incremental housing projects should be set up to enhance these aspects and create an enabling consolidation environment for the households concerned. In the presentation and analysis of such findings, the following sub-themes are explored: provision of infrastructure and services; building materials support; technical and information support and support aimed at engendering a commitment to the settlement by subsidy beneficiaries.

### 9.2 INFRASTRUCTURE AND COMMUNITY FACILITIES

The role of services, infrastructure and community facilities in a housing settlement is twofold. Firstly, from a functional standpoint, basic services, infrastructure and community facilities are elements of everyday life, and access to these impact directly on the quality of life of those accessing them. Secondly, for low income households, services and infrastructure can be the means by which such households devise or access their means of livelihood. For example, having water and electricity makes certain home-based income generating activities possible; transportation networks allow for free and expedited movement of residents and access to inputs for production or services; and forms of economic infrastructure as part of a housing development allow for economic activity to develop, that would otherwise not be possible. Thus, access to these is a prerequisite as well as an incentive for housing consolidation for households in incremental housing schemes.

In his interview, Bond's commentary on the state of social and economic infrastructure in new housing projects captured what has been variously said of them, that:

*"The awful quality of infrastructural services that have been provided in new housing developments is a major area of criticism and indeed failure. Of course there are worse situations than awful quality, where services and infrastructure are altogether absent, and there are more of these than the former."*

While lack of infrastructural facilities was a problem in Savannah, household surveys showed better access to infrastructure and services in both Wiggins and Piesang, with the latter benefiting from such by being located adjacent to existing townships that already had such facilities. Participants in the Piesang FGD however stated that no new infrastructure had been planned specifically for the area. They explained that economic infrastructure in the form of trading stands, possibly attached to

a taxi rank, and commercial plots, would have been useful support, and that such had been requested for, but ignored by the City Council at the initial stages of the upgrading process. Thus, the R18.5 million upgrading council grant served to bring only water, sanitation and electricity into the settlement, and create and surface roads around the settlement. In actual fact, the level of sanitation, witnessed in the physical survey, constituted latrine structures while a water point was provided for a grouping of households, who could then finance individual connection into their houses when they could afford to do so.

The outcome of this set-up was twofold, according to the FGD participants. Firstly, the cost of bringing water into individual houses has been borne by the households, and if it was not for the community dynamic in Piesang that dealt with this as a collective rather than individual household effort, many households, would still be without individual water connection. While there is nothing wrong with households achieving this for themselves in the context of self help housing, the argument is that a higher level of municipal support in this regard would have meant less burden on the largely very poor households of Piesang. The subsidy however covers the installation of water in RDP projects thereby eliminating the additional cost of individual connection.

Secondly, in Piesang, for households who have managed to install flush toilets as part of their housing improvement effort, there is no water borne sewerage system to connect to. These efforts have therefore been undertaken in anticipation of a time in the future when this might become possible, and in the meantime “*are for decoration*” as expressed by one frustrated FGD participant. One expert interviewee argued that given the general lethargy with which municipalities in South Africa correct omissions in existing settlements, Piesang residents were unlikely to be provided with waterborne sewerage in the foreseeable future, and viewed the municipality as a disabler rather than enabler of housing improvement in this regard. Indeed, the participants criticized the municipality’s reluctance to commit itself to installing a sewerage system, despite the area’s development committee’s lobbying of the municipality on this issue several times. Thus, despite the generally lauded housing improvement efforts in Piesang, some basic services and infrastructure remain crude, and unsatisfactory to households in the area, as expressed in the following comment by one of the FGD participants:

*“We still wake up to go outside to help ourselves at night, and the children use a bucket. When it comes to the toilets, we still live like squatters. Metro does not want to help us, even though we have helped ourselves some of the way. The people who have heard about Piesang and have come to see what we have achieved are always shocked that we are still using pit latrines, shame.”*

With regard to municipal support in making basic services accessible to poor households as a basis for incremental housing, Bond pointed out an important angle of access in the interview, whereby provision of services can constitute a burden rather than a support. He claims that a sizeable proportion of the approximately ten million people who have been provided with water in the post-apartheid period, are housing subsidy beneficiaries in incremental housing projects. He further makes the following serious claim, that :

*“Some studies show that only around half are still connected to such water at the level of RDP schemes, and I would say that that’s even generous. Electricity, same story! At least two million people are losing their electricity every year according to municipal figures.”*

He makes the point that for one to access municipal services only to lose them is meaningless support, and that it is unlikely that people affected in this way are extending their houses, or saving for housing improvement. Bond questioned the neoliberal cost recovery policy and argued that its application to the lowest income groups is not supportive of the goals of housing consolidation. He concluded that for the foreseeable future, free basic services needed to be considered as the way forward, until such a time as broad macroeconomic changes impact the income levels of the poorest South Africans positively enough for them to afford basic services without sacrificing other household priorities or needs, including housing improvement. He particularly lamented what he considers to be a randomly arrived-at amount of free water and electricity that municipalities make available to subsidy beneficiaries monthly, arguing that if it was in any way sufficient, disconnection would not be as rampant as it currently is.

The household surveys confirmed Bond’s view of the effect of cost recovery policy for water and electricity on the households’ economic situation. In all three settlements and as demonstrated in Table 9.1 below, a significant proportion of households whose economic position had declined since taking up ownership of their respective houses, attributed such decline to the high cost of water and electricity. Clearly, for low income households, affordability of basic services took away from the household budget monies that they could direct towards other areas, including housing improvement. It emerged from the FGDs in all three areas that for many households, it was often a choice between paying for services and housing improvement, where higher income households could afford both.

**Table 9.1 Decline of Household Economic Position due to Payment for Services**

Settlement	% experiencing deterioration in economic position (a)	% of (a) who attribute such deterioration to payment for water and electricity
Wiggins n = 104	20.2	53.0
Savannah n= 64	17.2	47.2
Piesang n = 50	16.0	68.1

Source: Field Survey 2006

The amount of disconnection indicated by Bond, occurring in subsidy housing, suggests that the free amounts of both water and electricity, determined by municipalities, is neither informed by, nor reflective of what poor households’ water and electricity needs really are, while the impact of paying for services on household economies suggests the need for a different type of intervention than free limited units of both services. Support in this regard calls firstly for more accurate research on poor households’ water and electricity needs, as well as a higher level of ongoing subsidy in the consumption of these important services. This intervention would improve households’ disposable

incomes, and allow them to spend on or save for housing improvement, while continuing access to these services would be an important incentive for housing improvement.

### 9.2.1 Investment Grade – Infrastructure and Household Investment in Housing

Municipal investment in infrastructure and community facilities is a definite precondition of housing improvement. Rust, one of the experts interviewed, expressed this notion thus:

*“housing investment is a sort of a dead-end street if your municipality isn’t also doing anything to improve the settlement.”*

She made reference to a *Sowetan*<sup>16</sup> article in February 2006, in which it was suggested that the recent phenomenal increases in property values in Soweto<sup>17</sup> and increased home improvements by Soweto households, were attributable to the Mayor’s prioritization of, and investment in the economic infrastructure and paving of roads in Soweto, in his last term of office ending in March 2006. Rust argued that such investment contributes to an enhanced housing environment, making it what she termed *investment grade* i.e. of a grade that people see economic as well as social sense in investing in. She went on to paint the following scenario:

*“If you have this house, on a dirt road, or in an area where rubbish does not get collected, or where there’s a dump right around the corner, or where by laws are not enforced, or where you have crime, or where people can’t get to work because there’s no transport, or where there are no jobs, then people aren’t going to want to live there, or spend money to improve a house there. Consolidation has to be linked to what is happening in the area, and the level of infrastructural facilities and services determines if the settlement makes investment grade.”*

Wiggins, as part of the Greater Cato Manor Development makes *investment grade* from an infrastructural facilities and services point of view, relative to the other two case study areas, and other post-subsidy housing developments, as well as in its own right. As already shown, majority of households surveyed were satisfied with their ability to access such facilities, if not necessarily with the quality of services and their affordability. In addition to the bulk services, social and recreational facilities and shopping sites located within a major transport grid in the area, the spatial planning of the Cato Manor area included two activity corridors (Bellair and Booth Roads), at whose confluence a mixed-use central node was planned. The road infrastructure developed resulted in more traffic moving through the area. These were considered to be the fundamentals for development by CMDA (2002), and according to the CMDA project manager interviewed, constituted prerequisites to housing development in the area. That housing consolidation has not unfolded at the pace and quality envisioned at the planning stage of the project therefore has less to do with the infrastructural support provided in the area per se, and more to do with the extent to which such support has facilitated an economic upturn of the area, as a result of infrastructure investment.

Makhathini, another of the housing experts interviewed, summed up this last point by arguing that the continuing high levels of poverty experienced in Wiggins in particular, despite the inordinate

<sup>16</sup> A South African daily newspaper. Rust could recall neither date nor title of the article.

<sup>17</sup> A township in Johannesburg, and one of the largest in South Africa

level of infrastructural investment in the development relative to other post-apartheid housing developments, brings to the fore an important debate of investment in place (referring to the investment in physical infrastructure) versus investment in people to partake of the opportunities that the physical investment presents. In Wiggins, the investment in place is far superior to majority of other housing developments in South Africa. According to Makhathini, it is the lack of commensurate investment in people that has prevented a positive economic transformation of the area. Such investment in people refers to forms of support that could facilitate participation in economic activity and income generation, including investment in skills training, facilitation of credit, linkages to the financial sector, and linkages to employment opportunities, and direct efforts to integrate Cato Manor residents with the broader city. Such investment could be linked to the housing process itself, Makhathini argued, but where it fell outside the realm of housing, the role of the housing actors would be to draw in the relevant supporters to facilitate the seizing of the opportunities provided by the investment in place, through establishment of linkages. Napier, another expert interviewed, in contributing to this discourse, argued that a holistic support approach entailed both investment in place, and investment in people. Unfortunately, with the exception of a few other places like Wiggins where investment in place was of an acceptable, even high level, most new housing developments had neither of the two forms of complementary investment forms at sufficient levels to impact poverty meaningfully, with the result that households remained poor, reluctant, or unable to invest in housing improvement. Certainly, Savannah and Piesang exhibited an absence of both the investment in place needed to make them *investment grade* settlements, and the investment in people needed to cause economic transformation of their residents.

Themes of what constitutes a support package begin to emerge from the foregoing discussion, of merging investment in place with investment in people. Support in the latter, is aimed at, among other things, creating opportunities for employment and income generation, to a level that allows housing improvement to become a household priority. This has been attempted with varying degrees of success in the three case study areas.

### 9.3 BUILDING MATERIALS SUPPORT

As is already implicit in foregoing analysis, the ease or difficulty with which consolidating households can access building materials is linked to household incomes, which are in turn linked to access to opportunities for employment creation and income generation. Thus whether a household is looking to purchase building materials directly, or to produce them itself, or to take a loan for the purchase of materials, or for setting up a building materials production unit, income is a fundamental precondition. Beyond income however, are other elements of how households access building materials that are equally important. These have to do with the ease of access and therefore where the materials are obtained from by households; the cost of such materials, which is linked to how competitive the building materials market is, and the alternatives available to households; and the quality of materials which has implications for the quality and longevity of the dwellings produced. The support lent to poor households in this regard determines the extent to which they achieve housing consolidation from a building materials point of view.

The extent to which the housing process has yielded opportunities for income generation and employment creation has been dealt with exhaustively in the foregoing section. Suffice it to say therefore that income poverty has contributed substantially to lack of access to, and affordability of building materials, especially in Wiggins and Savannah, where low incomes have not been eased by credit programmes like the one in Piesang. For those with income and looking to access building materials for housing improvement, a different set of issues apply. The first of these is that access to building materials, even in the context of low income housing, usually refers to access to conventional building materials, and all other things being constant, most low income households aspire to improve or extend their houses with these. Because of this, the range of alternative building materials available to low income households looking to improve their housing has not grown much, despite policy aims to grow this sector. The reasons for this are addressed in subsequent discussions.

Different approaches to making building materials accessible to would-be consolidators have been tried in different projects, and this has usually depended on whether there is an NGO involvement in the project and what that role is, or the role that the HSC determines to perform, which may or may not include the facilitation of access to building materials by households. This points to the absence of a specific strategy and requirement for such support to be provided at project level, in both municipal and provincial level projects. Officials of both the municipality and the Provincial Department of Housing indicated with a vague reference to setting up of builders yards, that facilitation of access to building materials was not really actively pursued as an approach in all projects. In the three case studies however, some innovations around making materials accessible emerged, although the extent to which they achieved the facilitation of access goal drew mixed responses from the households.

### 9.3.1 Accessing Building Materials

#### 9.3.1.1 Wiggins

In Wiggins, the presence of CMDA allowed support in this regard to take place. Firstly, CMDA identified a number of suppliers with a satisfactory standard of materials, and who could satisfy the amounts needed, and accredited them to the project as the approved suppliers. This was argued by Maxwell to be the best arrangement for the following reason, in her own words, and despite the disadvantages she indicates:

*“It is logistically very expensive to have bulk materials supplied and delivered to a builder’s yard, and then have quantities needed by individuals determined, parceled up and distributed. It would have added another administrative layer, and a security layer for the CMDA, that could not really be drawn from the available budget. Of course this route presents a catch 22 situation because you can’t buy in bulk, and therefore you lose out on a bulk discount. But if you go the bulk route and get your discounts, then you’ve got a whole materials yard, and you’ve got to parcel, distribute and secure it.”*

CMDA’s support of accrediting suppliers, although it was meant to serve both contractors and households, was mainly made use of by local contractors. It was however an important support because it meant that the materials procurement function was not taken away from them, reducing

them to mere labour contractors who could not make a small profit from procuring materials on behalf of the households for which they were building or carrying out extensions. Further, through a relationship with the suppliers, the contractors could grow and build up a reputation and even build credit lines of their own which they could fall back on once CMDA withdrew from the project, and in the ongoing phase of consolidation. Such setting up of credit lines was particularly helpful to overcome the main obstacle encountered by this level of contractors, of lack of credit. Where necessary, the contractors were also supported in handling orders by CMDA, especially at the beginning, before they gained experience in this regard.

While such arrangements constituted very useful support for both the contractors and the households they served, it must be remembered from the discussion on employment creation in Wiggins that small contractors were merely a handful of people and not an extensive phenomenon. This thus questions the extent to which such support was utilized, and how many households it ultimately assisted to access building materials. It can however be a very useful model of support where the growth of small contractor operations really takes off in the consolidation phase, in projects in which there is vigorous/extensive housing consolidation. In addition, housing delivery at scale can also facilitate such growth.

For households that chose to buy their building materials themselves rather than go through a contractor, some options were set up by CMDA through the HSC, where they were assisted to determine how much of each material they would require, and then helped to place the order and have the materials delivered to the site in a batch. Such support was aimed to make it possible to get a range of materials from one supplier rather than have to go around to different specialized suppliers for different materials, saving on time, cost of transportation and inconvenience. Unfortunately, the uptake on this support was not big because of lack of income and credit, once again an indication of the critical link between the various elements of support.

As mentioned in the historical background, Cato Manor was a well settled area before the forced removals of non-whites. As a result of the removals, many substantially consolidated brick and mortar houses were abandoned, and over the years deteriorated with disuse. The brick-by-brick vandalization of the houses that nobody has claimed so far has constituted a source of what the Wiggins councillor called “recycled or reusable materials”. Two people had businesses selling bricks and tiles obtained that way and a number of people, including the councillor indicated having used such materials. Other ‘recycled’ materials included timber components from the old houses, and from trees cleared for the construction of the project site. But while these sources had played a role in how households accessed building materials, they constituted neither a properly orchestrated form of building materials support, nor a substantial or sustainable source.

### **9.3.1.2 Savannah**

In Savannah, BEG also accredited four building materials suppliers from which households could ‘purchase’ building materials (the ‘purchase’ format is subsequently explained). The motivation for

this number of suppliers was that while any number of suppliers could be used, four would be the maximum that it would be possible to administer efficiently. At the same time, because there was more than one or two, competitive prices could be maintained. Because Savannah was a consolidation project, this arrangement was primarily made with the aim of facilitating access to building materials during the consolidation subsidy expenditure phase, and not necessarily with the long term view of supporting post-subsidy consolidation activities. BESG further ensured that households used their consolidation funds to purchase building materials and not for other purposes, by issuing households with order coupons to the value of the materials needed, which households then used to draw materials from suppliers. The coupons were attached to specific beneficiaries by use of a beneficiary photograph and order number, so that they could not be sold on or abused in any way. In addition, some housing advisors, trained by BESG to perform a number of support tasks, were in this respect tasked with providing materials prices lists to beneficiaries, so that they could work out what to purchase based on this information. BESG also negotiated with the suppliers on behalf of the households so that if a household ordered materials in excess of its requirements, the supplier would take it back provided it was not damaged, and credit the household for another material they might not have ordered enough of, or simply cancel that part of the order that was no longer relevant. The suppliers were only paid, by the local authority, from the consolidation subsidy funds obtained on behalf of the beneficiaries from the PHDB, once BESG had verified that the materials had been delivered. Further, BESG kept track of building materials prices by comparing the prices of the different suppliers from time to time to ensure that price differences were kept reasonable. To ensure the quality of materials, BESG undertook random checks on samples of blocks and tiles on a regular basis, while housing advisors and builders assisted beneficiaries in checking quality and that the quantities delivered were those that had been ordered. BESG's supportive role in respect of building materials therefore constituted devising this facilitative set-up, over and above its primary role of supervision of the projects' implementation, although the latter was made smoother by such set-up.

Most of the building materials support features however fell away once the consolidation funds were exhausted and BESG exited the project, and households looking to extend their houses were left to their own devices. Because of the links that had been established between the community and the materials' suppliers, the suppliers continued to supply most of the consolidating households with the materials they needed. However, it was clarified in the FGD that support was no longer provided in verifying orders, as well as quality and quantities of material, because lack of a budget to fund the activities of the housing advisors trained by BESG froze their activities in the project. Overwhelmingly then, people felt completely unsupported in the post-subsidy consolidation phase, even though it did emerge from the FGD that some experience had been gained from the subsidy expenditure phase in costing, ordering, verifying quantities and quality, etc that proved very useful to consolidating households post-subsidy. It also emerged from the FGD that for a small fee from a household, the housing advisors, who were no longer employed in the project, could play the roles they had played in the subsidy expenditure phase, including securing materials price lists and verifying orders, quantities and quality of materials delivered. Thus, what started out as support for

the subsidy expenditure phase had the unplanned and unintended benefits of providing intermittent work for the housing advisors, as well as useful support to a degree, for households in the post-subsidy phase.

It need be pointed out however, that the resulting jobs were very few, because the housing advisors were no more than six in the entire project. Furthermore, the experience of building materials support that lingered into the post-subsidy phase was only enjoyed by households that had the means to improve/extend their houses, and was no use to households who did not have money to purchase materials or recruit builders. In particular, a major problem that emerged from the FGD was the absence of building material credit lines from the builders who were described as (understandably) uncooperative, because they did not allow households to take materials on credit, once the initial subsidy funds had fizzled out. As said of the suppliers, by one of the participants:

*“They were only useful when they could benefit from the government money. They had no use for us when they could not make a profit from us. We became poor people who could not be trusted, and they were aggressive and rude when we went and requested to take little materials and be paying slowly.”*

In responding to this criticism, which was also raised in Wiggins albeit less scathingly, the Wiggins councillor had a useful proposal. She suggested that households could ‘save’ monies with approved building materials suppliers over time, with the suppliers issuing them with coupons for the sums saved, until such a time as enough coupons were amassed to purchase materials that the household could do something tangible with. The advantages of this ‘savings’ format would be that households would not be forced to buy small amounts of material, that could deteriorate or be stolen while they waited to put together enough to commence building. In addition, because they would be saving with a building materials supplier, the money so saved would be used for building materials and there would not be a question of it being used for anything else. To ameliorate steep price escalations, negotiated prices could be agreed on upfront, and accreditation of a small number of suppliers to a cluster of projects could ensure a reasonable level of profit for the supplier to keep them interested in this kind of venture. It is however recognized that this kind materials support would need to be formalized and overseen by a development committee, or other community structure or NGO, to ensure that neither the supplier nor households abuse their role and that they each honour their side of the arrangement. Ultimately though, even incremental purchase of materials is dependent on a disposable income that allows something to be set aside regularly, and many households in low income settlements are still not in a position to do this.

### **9.3.1.3 Piesang**

In Piesang, the SAHPF devised a method of accessing building materials that was supportive of its members, and which has been replicated in other PHP projects around the Province. As was indicated in the historical background of Piesang, a noteworthy feature of the settlement is group saving. A number of facilitators of the savings scheme are elected to constitute what is called a building materials steering committee. It is this committee and not individual households that

establish relationships with building materials suppliers, because as one of the steering committee members proclaimed:

*“If you approach the supplier yourself as an individual, you are asking for trouble. He will push you here and there, and you will be cheated. There is strength in numbers.”*

Once a groups of savers have accessed their Utshani Fund credit, the committee would approach and negotiate with a number of suppliers and take their findings back to the savings groups involved. If there are no issues of contention over for example prices, the conditions laid by the supplier/s, etc, the committee would, with the assistance of some of the SAHPF members with technical/building know-how determine how much of each material is needed for each individual household, and tally the orders, which the steering committee would then place with the identified suppliers. The President of the SAHPF indicated in the Piesang FGD, that the committees, without exception, would choose suppliers who would undertake to transport the materials, so that they would not have to look for transporters. Once supplied, the materials would be stored in the HSC yard, where the committee, together with the technical people would verify the quantities delivered, and quality, and then apportion the materials as per household orders, as well as organize to have them delivered to the sites, usually by a community member with whom they would negotiate a reasonable transportation cost. Components that are likely to deteriorate if stored improperly would be ordered as close to the time they were required as possible. Where households have difficulty storing their materials on the site due to size or awkwardness of site, or lack of security, the materials are retained at the HSC yard and released as and when needed, with the job of securing the yard given to a community member.

The FGD participants in Piesang indicated a number of advantages of this set-up: a bulk purchase discount was enjoyed, which was often rerouted to pay for transportation and security; the individual households have been shielded from potential exploitation; and any problems with quality of the materials were likely to be listened to by the supplier if raised by the committee. As one of the participants proudly said:

*“The lintel I got was cracked. The steering committee assisted me with this problem and I got another one. The supplier replaced it. Do you think this man would have listened if I went alone?”*

Finally, because of the system of purchase, there are no delays in accessing materials. As another steering committee member commented:

*“We only have a delay if the supplier does not have the material we want. Then we can decide as the committee if we can wait, or if the delay will be too long, then we can order from another supplier if he gives us the same price we were getting from the other one.”*

An element of support in respect of building materials that was observed in Piesang and in the PHP set-up, that was clearly absent in starter and consolidation projects is that, because PHP is a community driven process, there is not a dependence on an ‘outside’ agency that comes, spends the subsidy and leaves. In PHP projects, households secure their subsidy and through the HSC, devise ways to procure building materials that work for them, which they can continue to rely on even after

the subsidy funds have been expended, because they were community devised and community driven in the first instance. In Piesang in particular, because over 90% of the households are SAHPF members, they have been able to learn, through the exchange programmes indicated elsewhere, from the experience of other SAHPF members in projects in other regions countrywide, how to devise systems that work, in a number of areas, including accessing building materials. For example, it was through the exchange programme that the Piesang project beneficiaries decided not to engage in the production of their own bricks. As the President of the SAHPF put it:

*“We learnt from other SAHPF members that setting up a local brick production unit is always more expensive than buying them from a supplier, and the quality cannot always be guaranteed. Even with petrol prices, it’s still cheaper to truck materials in in bulk. So we saved ourselves a lot of problems by heeding this advice and not producing our own materials.”*

Interestingly, it emerged from discussions with Hunt that BESG also made this finding in its PHP projects. Blocks were therefore always sourced from medium scale suppliers 10 – 15km away, rather than produced on site. And while this was contradictory to the support for skills training and employment creation, Hunt argued that the skills so transferred are in any case so specific as to render the people so trained unemployed and their skills wasted once vigorous building activity fizzled out.

In any event, because the method devised to access building materials worked in Piesang, 85% of the households surveyed indicated satisfaction with the support received to access building materials. When the reasons given by the remaining 15% were scrutinized, it turned out that their dissatisfaction had more to do with the type of materials chosen, which they were no longer happy with, or delays caused by the supplier, rather than with a lack of support per se.

### **9.3.2 Cost, Standard and Quality of Building Materials**

In the post-subsidy housing consolidation phase, the cost of building materials was identified by both FGD participants and household respondents as an important hurdle of housing improvement. In all three settlements, the cost of materials was considered prohibitive by a majority of households, even among those that had achieved discernible consolidation, which is understandable because they were in the main low income households, with an overwhelming majority having monthly incomes of R1500 and less. Beyond that, cost was also an issue in Wiggins and Savannah because for most of the households that had achieved discernible housing consolidation, building materials had been purchased individually whether by the household or by its appointed contractor, in small quantities to satisfy a room or two-room extension. Because of this, the discount for bulk buying did not accrue. Where purchase had been done by a small local contractor on behalf of the household as in the case of 75% and 68.5% of households in Wiggins and Savannah respectively, these costs were passed on to the households. Indeed, in both settlements, there was a perception, which emerged from the FGDs, that the small contractors often misrepresented the cost of materials to the households to improve their profit margin, while of course the often lauded element of self-help housing, of negotiation and bargaining for price cuts, was removed from the equation. This discontent, as already

observed, was absent in Piesang because of the transparency of the format devised for the purchase of materials on behalf of households.

Another important element of cost of building materials has to do with people's as well as the official understanding and perception of what constitutes quality housing, which is often equivalent to a "middle class look" as Makhathini termed it, of a house built of brick and mortar. Napier put this down to what he called social as well as professional barriers to innovation around alternative building materials, or different-looking housing. Thus, Napier argued, in the minds of both the households and the housing actors, a consolidated dwelling is a permanent structure of brick and mortar. Because of this, the policy objective of supporting local building materials and technologies has been misinterpreted, and actual innovations around new products that could bring the cost of a house down literally absent from housing activity. Indeed the interpretation of the notion of local building materials is one of bricks or tiles being produced on site, and no real developments have taken place in terms of alternative walling, roofing materials or binders. Rust concurred with Napier, and put it thus:

*"Innovations around new, cheaper building materials have simply not been adequately pursued. Of course it has a lot to do with the legitimizing factor around the social asset, which is a 1994 NHF debate that has as yet not been resolved, that poor people only want brick houses; they don't want anything else."*

In the interview, Rust clarified the unresolved NHF debate as one whereby the proponents of the provider paradigm in the NHF put forth an argument for the provision of a 4-roomed formal house, understood to be the measure of quality housing for the poor, and the norm set by the apartheid government for township housing. Thus, ideas put forward around reaching qualitative housing via a different route, in this case by using innovative, mainly cheaper materials, was viewed as an attempt at perpetuation of oppression of the poor, mainly black, people who would use them.

Napier argued that there is no shortage of good ideas around innovative building materials, some of them from outside South Africa. He explained that the Agreement Board of South Africa in the CSIR, for example, certifies building systems and materials that pass their rigorous tests, and these systems and materials can then be used without any need for an engineer's certificate each time they are utilized, as long as the building is done according to the plans that the Board first approved. Any variations to this would however need fresh certification. The NHBRC on its part has got an innovation hub that provides a forum through competitions and conferences, for people with innovative materials and technologies to showcase them. This is merely the first step however, in the support needed around use of innovative building materials. What is clearly needed is a comprehensive strategy by the National Department of Housing, that filters down to provinces and municipalities that, in addition to showcasing new ideas, attempts to remove the social barriers and suspicion around new materials, as well as professional elitism. New materials also need standards developed and approved by the SABS to guarantee their quality and promote acceptability. At the same time, the approval processes need to be made less expensive and arduous, if indeed the aim is to get low income households to use such materials as quickly as possible. Napier however cautions

that not all materials and building systems presented/promoted as cheaper than conventional building materials and systems are really so. A useful support in this regard would be the institution of a 'watch-dog', in CSIR or NHBRC for example, or other relevant body, to verify these claims, so that poor people are not taken advantage of in their quest for lower cost materials.

From a municipality point of view, the standards and building by laws currently in place, aimed at ensuring quality housing of acceptable standards, are also counterproductive to any progress in the use of innovative products, because building plans submitted, proposing to use 'unconventional' building materials are not approved. A lot of households carrying out improvement activities in incremental housing do not seek building plan approval. In this regard, Napier speculated that the unsupportive standards and by laws brought to bear on any such plans, and the disapproval of plans proposing to use materials that the municipality does not support, could very well be one of the main reasons why. It is very clear that by laws need to embrace a certain level of informality of both building materials and standards that allows for certain improvement efforts using alternative materials and building methods yielding a different, if not necessarily lower quality of housing, to become acceptable.

An emerging common observation in the areas of skills training, employment creation, alternative building materials and standards is that subsidy housing projects have remained too small and unintegrated to achieve the envisaged growth in these areas, and that strategies to address this critical issue would also be supportive of the housing consolidation goal.

#### **9.4 THE ROLE OF HOUSING SUPPORT CENTRES (HSCs)**

In the analysis of the role of HSCs, the expectations of housing policy in this respect are firstly presented, to provide a context against which to undertake such analysis. The policy expectations are understood from the point of view of the HWP, as well as the policy experts and informants interviewed in the study. The HSCs in the study areas are then assessed against the understanding developed, of what HSCs should achieve, particularly in facilitating housing consolidation.

According to the HWP, the housing support function is primarily aimed at ensuring among other things, the ongoing construction and upgrading of the public environment and services, as well as housing in low income projects (Department of Housing, 1994). Broadly then, this refers to all actions aimed at ensuring a constantly improving housing environment and housing units. Among the many support elements that come together to facilitate the occurrence of this are HSCs, attached to local communities to support their quest to satisfy their housing needs and achieve housing adequacy, in a number of ways:

- Advice and support to communities in the planning and funding of new housing developments and their continuous upgrading;
- Technical, legal, financial as well as consumer protection advice, including quantification, costing and procurement of building materials and other requirements; and
- Advisory support during the implementation/construction process.

Additionally, while local authorities would drive the establishment of HSCs, they would as far as possible, seek the involvement, participation and contribution of the private and non-governmental sector, to play a support role in any number of the above activities (Department of Housing, 1994).

Implicit in the notion of HSCs is the need for continuity of support in the outlined areas, presumably for as long as the households need such support. Thus the first criticism leveled against HSCs by a range of the informants interviewed had to do with how realistic an expectation of this continuous role can be, in the context of intermittent housing improvement activity. It was argued by both municipal and provincial level officials, as well as the housing policy experts interviewed, that HSCs might last the duration of the housing improvement phase of a project in a couple of scenarios, both of which do not apply in the South African context. The first scenario would be in instances of a pre-determined consolidation period, where beneficiaries are required to transform their core houses into complete dwellings within a specific time period. As argued by the officials, this approach runs counter to the self-determined pace of consolidation advocated for within the incremental housing policy. In South Africa therefore, subsidy beneficiaries are put under no pressure to achieve consolidation by a certain time. Of course the pace of consolidation would improve spontaneously if other elements of support indicated in this study were also in place, but the reality is that this has not been the case in most projects.

The second scenario under which HSCs might achieve longevity, would be in situations of rapidly improving economic circumstances, resulting in improved incomes of households in consolidating situations. This, as indicated variously in the study, has not occurred for a number of reasons related to lack or failure of support. Because of these two factors, the length of time HSCs would need to maintain a presence in most projects is much longer than there are finances or capacity to sustain them. Hunt made an assessment, based on her experience with BESG projects, that it does not seem worthwhile to have a HSC for a small project. She argued that if financing of HSCs is the main problem, then it does not make economic sense to mount a HSC for a project of for example, two hundred houses, when it costs more or less the same to run one for a project five times this size. She proposed a strategy to centralize the operations of HSCs in regions or precincts in which there are a number of projects happening at the same time. This might justify their presence over an extended period of time, because consolidation activities in a number of projects will always be more in volume and less intermittent than in one. She gave an example where this set-up had worked. In Pietermaritzburg, another city in the Province of KwaZulu Natal, BESG set up a HSC to support a total of 4000 – 5000 households in five different projects adjacent to each other. The magnitude of the projects justified the employment of full time administrative and technical staff to man the HSC for as long as the communities required their services, or at any rate for a period longer than would have been possible for only one of these projects.

However, as was indicated by the municipal housing officials, only in very few instances are housing projects in eThekweni close to each other or planned in precincts. In most cases, they are in disperse locations, and better planning of projects would need to occur for this idea to become applicable in

practice. Moreover, if HSCs only make sense in large scale projects in contiguous areas, those can only occur in the periphery. This has negative implications for projects in small infill pockets attempting to obtain close-in locations, from a HSC point of view, which raises a contradiction between some of the preconditions of consolidation.

The second area of criticism of HSCs had to do with the interpretation of their role in practice. There is nothing in the outline of the roles of a HSC, to indicate that they should only occur in projects where households build their own housing 'from scratch' as in PHP projects. The activities and forms of support outlined are suited to all kinds of projects in which households are required to play a role in the production of all or part of their dwelling, not just in PHP projects. Indeed the concept of HSCs predated the PHP policy, which was only formalized in 1998. Thus, HSCs have relevance to other delivery scenarios in South Africa, including:

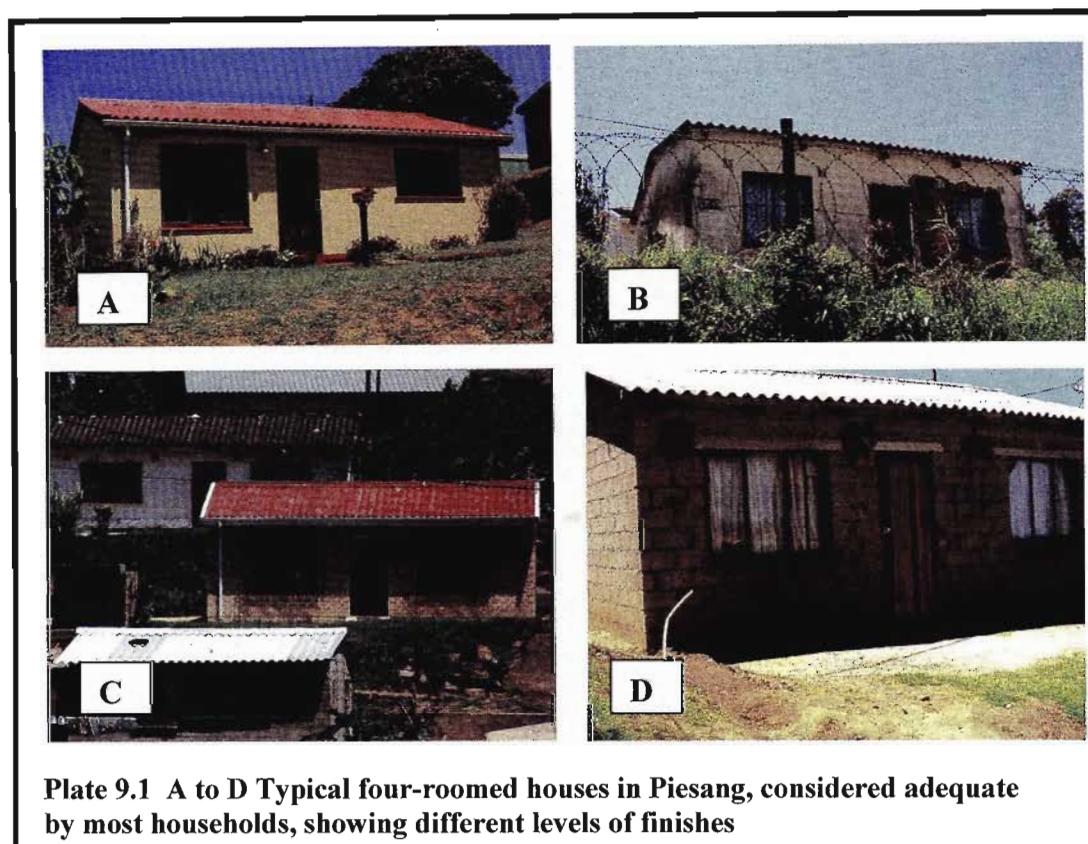
- Starter house projects, where the improvement, extension and completion of the dwelling is the responsibility of the beneficiary household;
- Consolidation projects, where people need support to expend the consolidation subsidy, and beyond that to incrementally achieve complete dwellings;
- Upgrading projects, where households need the forms of support outlined above to convert inadequate housing into adequate housing.

In practice however, HSCs have tended to be provided only in PHP projects, and where provided in new projects, only for the duration of the subsidy expenditure phase, for two reasons. Firstly, in all of starter house, consolidation and upgrading projects in South Africa, the project agency exits leaving behind a starter dwelling, which is of course an incomplete house in most cases, if policy were interpreted correctly. But, as observed elsewhere, the housing consolidation phase of projects has rarely featured as an integral element of how adequate housing is understood, and therefore in the same vein, maintaining/retaining HSCs for this purpose is considered 'over and above the call of duty'. As Makhathini explained it:

*"So you would have this 'mobile' support centre in an ongoing project, and if the project is completed, meaning subsidy funds have been spent, you moved the staff to a new HSC in a new project. The whole notion of HSCs was badly conceptualized from the very beginning, because it was linked to new housing projects, when actually a HSC is supposed to be linked to any area to support housing consolidation and sustainability."*

This approach to housing delivery has of course been compounded by the problem of financially embattled municipalities, so that as both Makhathini and the provincial housing officials explained, only 'rich' municipalities have the funds to finance HSCs, because monies for this purpose do not come from the subsidy funds. This leads to the second reason why only PHP projects have HSCs, namely that there is a policy provision for the funding of these, absent from the other delivery modes. In PHP projects, an amount of R570 per household is made available over and above the income-linked subsidy, to cover the establishment and running of the HSC, letting the municipalities concerned 'off the hook' in respect of having to fund the HSC from their often meager or closely guarded resources.

Thus, all PHP projects would necessarily have a HSC for the duration of the subsidy expenditure phase. As has been indicated elsewhere, people in PHP projects build their own housing, and because of the removal of the element of developer profit, households have generally tended to achieve bigger dwellings than developer-produced housing. Indeed the bigger size of houses constructed in Piesang for example, such as the ones seen in Plate 9.1 removed the need for extension activity, because most households considered the sizes achieved the first time around adequate for their needs.



Source: Author, 2006

Also, according to both Napier and Makhathini, the financial and technical experience gained through the self-build mode of housing production, and the linkages established with building materials suppliers, local builders, and in certain instances credit sources, make the building consolidation activities easier to understand and handle by housing beneficiaries, than in situations where such experience is absent because of the mode of housing delivery used, so that activities of a HSC in the post-subsidy phase are not as critical in PHP projects as in starter house projects. Thus, while all types of projects need HSCs, starter house projects would seem to need them most in the post-subsidy phase.

For different reasons, all three settlements examined in this study had HSCs, and the roles that these played are subsequently examined. But before this occurs, it important to outline what the policy experts interviewed understood to be the role of a HSC, so that these are examined against the backdrop of what actually occurred in the study areas.

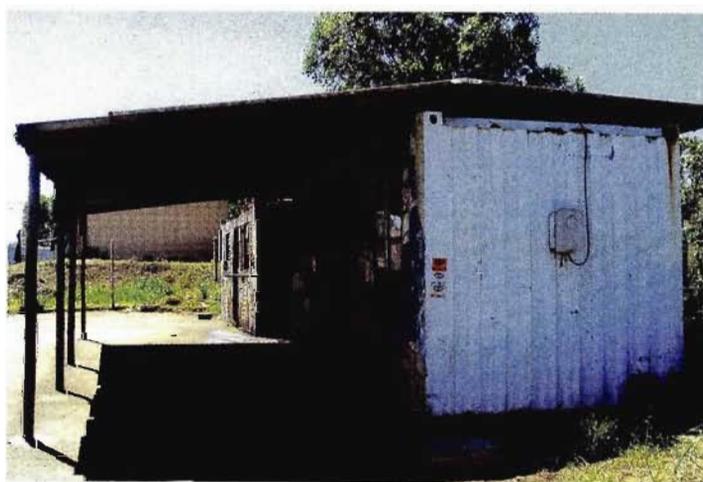
There was consensus among the experts on what role HSCs are expected to play, and interestingly enough, also in their evaluation of HSCs as an “*abysmal failure*” in South Africa, as described by Rust. The ideas emerging from the interviews were that HSCs should be hives of activity in low income housing projects, a kind of ‘one-stop-shop’ where beneficiary households could go to seek information and assistance on housing issues. Thus, there is need to provide a physical space which people can associate with this type of function. Presented with this view, one of the provincial housing officials did however argue that more important than the physical space was the need for beneficiaries to know that such a function existed, and that a range of supports were available to them, even if these were provided in a rotating kind of fashion, with for example technical and administrative people coming on site regularly to fulfill this role, even if they were not necessarily located in the project permanently. Such people would be fulfilling the same function in other projects at different times. The merit in this idea is that housing support personnel would then not need to be locked to specific projects regardless of whether or not there was sufficient consolidation activity going on to justify their presence there. For daily support, a number of residents could be trained as housing advisors to ‘hold fort’ during the periods when the technical and administrative support people are absent, and nor should the roles of the two groups be mutually exclusive.

In the pre-subsidy phase, the HSC would function as the place people went to get information regarding how to apply for subsidies, and the requirements and criteria attached thereto. Once subsidies were approved and starter houses built, it would function as an administrative centre for allocations and for securing unallocated and unoccupied houses against potential invasion or vandalism. Once people had taken occupation of their houses, or in the case of PHP projects were allocated sites and were ready to build, then support for consolidation activities would constitute bringing into contact contractors, builders and community members; workshops on house-building ideas; and advice on how to prepare the site for building or house extensions, and where to locate the house or extensions thereto on the site. In addition, the HSC would be the place where households went to collect prototype housing plans pre-approved by the municipality, or to have plans drawn up if they wanted something different from the prototypes; to get advice on how to for example change the starter house into a better or different house, which for example encompassed space for rental or business; estimation of the cost of building; advice on where to get building materials cheaper and on available relevant training in for example, production of building materials and components; links to sources of ideas on starting one’s own business and opportunities in respect of this in a settlement; information on municipal services, sources of credit and consumer protection, and on how to improve the value of one’s house. The experts argued that the roles that a HSC could perform were infinite and not ‘cast in stone’, and required housing support personnel who were flexible and innovative, and who were more of a support than a hindrance to the efforts of households trying to achieve housing consolidation under difficult circumstances. All the interviewees however acknowledged that how such support worked out in practice depended on more than good ideas and innovation, and that a housing support budget was critical to HSC longevity in projects, as well as to the forms of support activities that could be achieved in HSCs.

#### 9.4.1 Housing Support Centre (HSC) – Wiggins

All three case studies examined had HSCs. The HSC that functioned for Wiggins was established by the municipality for the broader Cato Manor area, on land central to the area, made available by CMDA. Its longevity was in fact facilitated by its serving a number of projects rather than just Wiggins. In any event, the then Durban Metro Housing Unit of the Council funded the leveling of the site and its fencing, and put up the building that functioned as the HSC, as well as put in shipping containers, shown in Plate 9.2, from which a number of activities (discussed in due course) were conducted. In addition to the physical facility, the municipality also provided a Clerk of Works to be located physically in the HSC, to provide housing support, assisted by a number of liaison officers from CMDA.

In the pre-subsidy phase, the HSC mainly served an administrative function, and was the point of contact between the municipality and the community, and where people applied for their subsidy, and came to find out whether their subsidies had been approved, how and when they would get their title deeds, etc. It was also from the HSC that skills training was coordinated, trainees recruited and in some cases trained, using the physical space adjacent to the HSC (now in disuse as Plate 9.3 shows), and the containers, as training venue.



**Plate 9.2 Containers as part of the Wiggins HSC**

Source: Author, 2006



**Plate 9.3 Disused Overgrown Space Adjacent to the Containers and HSC Buildings in Wiggins**

Source: Author, 2006

In the post-subsidy phase which is the phase relevant to this study, the HSC performed a number of important support roles. Firstly, it was here that households looking to commence with housing extension came to verify the boundaries/pegs for their sites to ensure that no encroaching of neighbouring sites took place, and where disputes of this nature were settled, with the clerk of works visiting the sites physically to verify this. The second important function of the HSC was one of establishing contact between contractors, builders and the community members who required their services. Thus, households in need of a contractor or builder could be directed to one via the HSC. Over time the quality of work and work ethic of the various contractors and builders was known enough by the HSC staff to make informed recommendations to households. At the same time, the containers served the purpose of providing space for various materials and building component dealers to showcase what they had to offer. Such dealers would in some cases build show-houses, from which people could learn how the material or component on offer was used. Suppliers of materials also left relevant brochures in the HSC for onward transmission to potential users through community leaders, various committees and the CMDA liaison officers. Further, the municipality housing staff, using the HSC as venue, undertook numerous workshops with community or beneficiary representatives, in which the potential housing extensions that could be built were shown, with house modeling exercises done using cardboard and other materials to demonstrate this. Recruitment of beneficiaries for post-subsidy skills training, and the training itself also took place in the HSC. Indeed, out of such training, two people who emerged with woodwork and metalwork skills went on to produce benches, chairs, tables, clocks, gates and other components that households in the area needed for their new housing, using the containers as venue. Through the HSC, households which chose to purchase building materials individually could be assisted to order them.

As the post subsidy phase of the project unfolded and some households began to add to or improve their housing, more roles emerged for the HSC to play, including drawing of plans and advice on placement of the house on the site. Through the clerk of works in the HSC, people were able to get advice on health and safety standards, and technical support with foundations, so that the extensions that they put up were, according to the CMDA project manager interviewed, *“generally different and better than would have been the case in the absence of the HSC.”*

And while the Metro housing unit provided homeownership education in which beneficiaries were, through a workshop, told about their rights and responsibilities as homeowners even before they were allocated their houses, the HSC remained the ‘port of call’ for more detailed information regarding for example, what to do about defects in both the original house, or an extension in which a local contractor or builder had been involved, how to deal with neighbour encroachment or nuisance, etc.

Despite an ongoing presence of a HSC in Wiggins, the household survey indicated an overwhelming lack of household engagement with its activities, with only about 8% of households who had achieved discernible housing consolidation and 2% of those who had not indicating the HSC as their source of one or other form of consolidation support and/or information. Two important reasons emerged for this. Firstly, as argued by both the Wiggins councillor in the FGD, as well as the CMDA project manager interviewed, a staff of one clerk of works, whose brief was mainly one of monitoring building standards, was ill-equipped to deal with other matters of support, as well as overwhelmed by the volume of work created by both Wiggins and other projects in Cato Manor for which he was responsible. It emerged from the FGD that he for example, did not always go out to see a site before giving advice on physical aspects of the building process. Thus people generally felt slighted by his attitude or lack of time, and simply decided to do away with his ‘assistance’. The second reason, also emerging from the FGD, was that because the pace of consolidation quickly fizzled out in Cato Manor, the clerk of works left the project, and the HSC lost its ‘hive of activity’ status, as its activities also fizzled out. People quickly stopped viewing it as a place where you could get the assistance outlined above. Indeed, in Cato Manor, the HSC became a place, as one of the FGD participants argued, *“where materials suppliers dumped brochures that nobody even bothered to distribute any more”*.

Summing up these criticisms, Hunt argued thus:

*“The extent to which a HSC works to fulfill its mandate, and the extent to which people tap into what it has to offer determines how successful it is as a form of housing support. Look, it’s a nice idea, and it’s probably better that there is a HSC than that there isn’t, but its efficiency and the targeting of the kind of information or support dispensed from these places is much more important than just its being there. In most cases, it is just there, but doing little to justify its presence.”*

Thus it would appear that despite a physical presence of a HSC in Wiggins, housing support from a HSC point of view was a dismal failure to the extent that its outreach activities were judged to be poor, while households engagement with what it had to offer were almost non-existent in the post-

subsidy phase. It should however not be disregarded that the ‘fade out’ of the activities of the HSC, despite its fulfilling the criteria of serving a large area, may be attributable to more fundamental problems in the area, in particular very low incomes, which meant that many households were not engaged in any consolidation activities at all.

#### **9.4.2 Housing Support Centre (HSC) – Savannah**

The HSC established in Savannah functioned firstly as a central place where community members went for housing advice, especially with regard to whether they qualified for consolidation subsidies, and to, if they qualified, apply for subsidy. As subsidy approval was awaited, BESG trained four housing advisors who would perform an outreach and support role to beneficiary households in the consolidation phase. Both BESG and the housing advisors’ presence in the project was funded from the subsidy funds, as the municipality had no budget for housing support, and BESG was unable to raise any funds to cover this cost from other sources. Such funding arrangement, while justified, dipped into the already limited consolidation subsidies, making them able to cover even less than they otherwise would have. This factor raises the important issue of how post-subsidy consolidation activities can be funded, and clearly even where NGOs play a support role, the strategy for funding such activities remains an important support gap. In any event, once the subsidies were approved, links were established between a number of groups, to facilitate the building or improvement of houses in the area.

Based on its experience in similar projects in Luganda and Zilweleni, also in Southern Pinetown, the activities of the housing advisors coordinated through the HSC were determined to include:

1. Together with BESG, establishment of links, and accreditation of four building materials suppliers and a number of contractors and builders to the project, and development of several building plans for beneficiary use during consolidation;
2. Designing, in collaboration with BESG, order forms that the beneficiaries could use to purchase materials;
3. Compilation of materials lists;
4. Completion of contracts between the beneficiaries and builders;
5. Verification of delivery of materials to site, and of the amounts and quality thereof;
6. For the small number of households who chose to build their own houses themselves, training in building, and technical assistance on site during building;
7. Verification of completion of the house.

It was also through the HSC that beneficiaries received assistance in the completion of the materials order forms, and received advice and information regarding whether to construct their house through a small contractor, builder or self-build, depending on individual household circumstances. Once such advice was given, the order form was then stamped by the advisors as a form of verification that they had checked it, after which it was forwarded to the building materials suppliers. The order form was then used by the beneficiaries to facilitate the expenditure of their subsidy funds on building materials or on builders, while the housing advisors ensured that such expenditure remained

within the limits of the subsidy amount. The housing advisors and a project monitor from the municipality monitored the construction of the houses, with the former providing technical support, and the latter ensuring that building standards were maintained in line with municipal requirements. Additional support for this process was provided by the BESG project manager through site visits and meetings with the support team. Any queries were directed to the support team via the HSC. The municipal project monitor was further responsible for the verification of completion of the building as well as expenditure of the subsidy, and upon issuing of a completion certificate, the materials suppliers and builders were paid by the PHDB via a project account run by BESG. The HSC thus served as the physical venue within the project, in which the activities of the various supporters of the consolidation process were coordinated.

According to the Savannah FGD participants, the support system that was established and run via the HSC for the most part worked well and there was a high level of interaction between beneficiary households and the HSC. They did however indicate that because of the intense building activity that took place during the subsidy expenditure phase (because all beneficiary households at that point had money to spend), the housing advisors were completely overstretched with constant demand upon their time, which caused delays in the building process. It must be borne in mind that the activities of the HSC in Savannah outlined above took place during the subsidy expenditure phase, even though in consolidation projects, such activities do in fact constitute a form of consolidation, specifically of IDT projects. It was during the post-subsidy phase of the project however, that glaring support gaps were exposed.

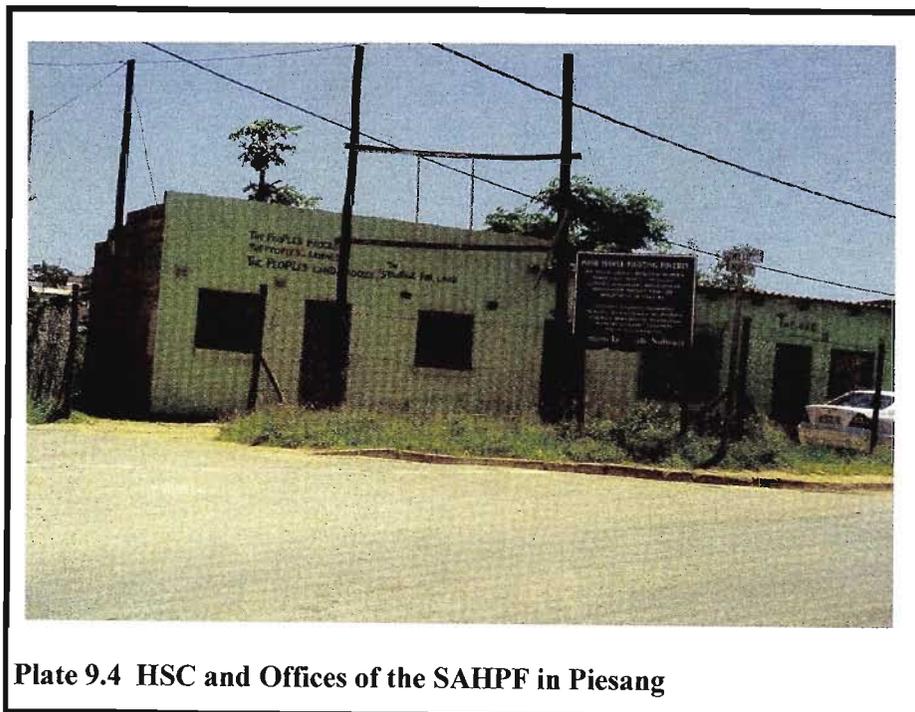
It was gathered from the input of the BESG project manager involved in the project, former housing advisors, as well as subsidy beneficiaries during the FGD, that the absence of a budget for ongoing support activities in the post-subsidy phase froze all activities of the HSC, and the centre closed down. Because the HSC building was the point of contact between the researcher and the community of Savannah, it can be attested that out of the nine visits paid to the area for the purposes of data collection, the HSC was open only once, and for purposes unrelated to housing. For the remainder of the visits, the key to the building had to be collected from the development committee chairman's house to open the venue for research activities related to this study.

Of the four housing advisors trained for the project, three indicated having provided technical support post-subsidy, to households for a small fee on an intermittent basis, but outside the ambit and brief of the HSC. As in Wiggins, there was a poor record of activities of the HSC in the post-subsidy phase, with only 9% of households who had achieved discernible housing consolidation, and none of those who had not, indicating the HSC as a source of support and/or housing information. It was unclear what support or information the few that claimed to have received it had got, given the closure of the HSC at the end of the subsidy expenditure phase, but it seemed likely that the independent support actions of housing advisors were construed by some as being associated with the HSC. Thus, while the HSC succeeded in the subsidy expenditure phase by ensuring that all beneficiaries were supported to spend their subsidy funds, it fared dismally in the post-subsidy

phase. As already indicated elsewhere, it did emerge from the FGD that some of the links established with the building materials suppliers and builders in particular, did continue to be made use of, albeit with much less cooperation from these because they could no longer be guaranteed payment or steady business as they had enjoyed during expenditure of the subsidy funds.

#### 9.4.3 Housing Support Centre (HSC)– Piesang

The HSC in Piesang shown in Plate 9.4 doubles up as the offices of the SAHPF in the settlement, and comprises of a row of four makeshift rooms, in a large fenced-in yard which often functions as an outdoor extension of the rooms. Because of the SAHPF's focus on access to housing by its members, the activities of the HSC were mainly housing-related, but unlike the HSCs in both Wiggins and Savannah, the Piesang HSC was not primarily established to support building activity, even though it does perform this role. Because of SAHPF's engagement with broader development issues in the settlement, the centre is a hive of a range of activities, some specific to house-building, and others related to housing at a broader level. These latter activities include networking among the poor from different areas where the SAHPF is active. Indeed, because Piesang is one of seven regional centres of the SAHPF countrywide, the HSC, aptly named '*ufundusufe*', Zulu for 'you never stop learning', is visited by SAHPF members from far afield, to exchange ideas on housing, problem-solving and other life skills. It was stressed in the Piesang FGD that learning from others through a programme of horizontal exchange of ideas and experiences was an important activity carried out at the HSC.



**Plate 9.4 HSC and Offices of the SAHPF in Piesang**

Source: Author, 2006

As indicated in the historical background of Piesang, group saving is an important instrument of accessing housing credit, and every member of the SAHPF is a member of a savings group. With over 90% of the households in Piesang being members of the SAHPF, group activities around saving

are vigorous, and the HSC is the venue for such activity. Savings groups from the settlement use the HSC to tend to their book-keeping and as the venue for collection of their savings, while groups from further afield deposit their savings with the regional book-keepers who operate from the Piesang HSC.

In addition, as indicated in the discussion on building materials, the HSC also serves as the venue for building material delivery before they are apportioned to individuals, as well as a place for safekeeping of materials in instances where the households are not in a position to make use of them immediately. Builders in the settlement also register with the HSC, so that households seeking builders would be directed to builders approved by a technical committee of the settlement, after a verification process in which they would be given a building task for a day and have their skills assessed by the committee. It is also through the HSC that complaints regarding quality of materials or shoddy workmanship by builders are channeled and addressed by housing advisors, who are people with technical know-how, selected from among the ranks of group savers. Such advisors would for example, support a decision not to pay a shoddy builder, until the job for which there is a complaint is fixed to the satisfaction of the owner, within reason. The HSC retains a record of houses where complaints of workmanship have been lodged, to ensure that they are rectified before payment is made, but also to ensure that a builder whose work draws recurrent complaints is struck off the register.

The HSC also hosts what is called the SAHPF's Community Based Shelter Training Programme, run by a cadre of the SAHPF trainers, and aimed at training certain community members in skills that have relevance to housing consolidation. Such training includes aspects such as mobilizing new savings groups, collection of savings, facilitation of meetings, facilitation of loans and loan repayments, enumeration, collection, compilation and verification of information pertaining to the community; application for subsidies, layout and house designs, costing and modeling of potential house types, etc. A particularly important aspect of training is the training of mostly women heads of households in building skills to facilitate the mutual building of the houses by group savers, once they have received their subsidy and/or credit. Indeed the element of the Piesang project that was particularly attractive to policymakers in the National Department of Housing to the point of using the Piesang Project as the basis for the PHP policy, was the self-build and mutual-build activities of households, that allowed for a substantial improvement on the size of structures constructed with the subsidy amount.

Overall, there was a sense of deep satisfaction deduced from the FGD, with the support households had received to construct their houses. As expressed by one participant:

*"Nothing is too small or too big to ask at the centre. The Federation supports us for everything. You saw our houses are bigger and better than the ones outside there (pointing at an adjacent RDP project visible through the window of the HSC). Its because we got support to save, to get a loan, to build and to learn to do these things for ourselves....."* (upon which the FGD participants broke into song about how you are not alone when you are a member of the SAHPF).

The household survey confirmed the satisfaction with housing support expressed in the FGD, with 94% citing the HSC as their source of housing support and/or information. Confirming the 'hive-of-activity' status of the HSC, members of the SAHPF came in and out of the HSC throughout the three-hour period of the FGD, while a number decided to join the discussion once they learnt that it was about housing support, expressing eagerness to share their positive experiences of how the HSC had supported them.

As far as the longevity of the HSC is concerned, a budget to sustain the activities of the centre comes from the SAHPF, which in turn receives donor funds from a number of sources to sustain its activities, and until recently, from the Peoples Dialogue, an NGO that was established to support the activities of the SAHPF. It was stressed by the SAHPF leadership in Piesang however, that in the spirit of doing it for themselves, households are required to volunteer their services as facilitators of any of the activities outlined above, for which they have competency, and that they have done so willingly. This was seen as a strength of the SAHPF's approach to development, of 'doing it for themselves'. Presented with this finding, Bond, in his interview criticized it vehemently as the age old double exploitation of the poor, who according to him:

*"have no business providing their own housing in the first place. In the PHP policy, self-help ideology was celebrated because it lowered the cost of building housing so dramatically that R7000 – 8000 structures were being built, using the unpaid labour of the poor beneficiaries. Employment under decent wages and working conditions and learning skills is something good, if given to someone who is unemployed and has no income. But to rely upon unpaid labour to build housing when it is the functional responsibility of the state is a bad policy precedent."*

In any event, what the HSC in Piesang succeeded in doing is providing the support that the households in a self-build situation required to achieve this. And while Bond questions the policy point of departure that informs this mode of delivery, he does not argue with the extent to which the notion of a HSC succeeded in the Piesang context.

The main findings emanating from the foregoing analysis of the role of HSCs point to the narrow interpretation of policy in informing such role; a general lack of innovation attendant to their operations; a lack of funding, and therefore an overwhelming absence of HSCs in the post-subsidy phase of projects. It did however also emerge that planning and implementing projects in clusters or precincts could justify the funding of a HSC in such a context. Where a physical HSC is not possible at project level, a range of supports could be provided in projects in rotating fashion, while some residents could be trained to provide simple forms of support. These findings and proposals have been incorporated in the housing support package developed in Chapter 11.

## **9.5 TECHNICAL SUPPORT IN INCREMENTAL HOUSING**

While technical support would generally tend to be understood as being needed by households during the implementation/construction phase of the project, the findings of this study demonstrate

that certain elements of technical support needed in the planning phase of projects, are supportive of the post-subsidy housing improvement activities of households. Thus, two necessary stages of technical support emerged from the findings, viz:

1. At the conceptual or plan formulation stage, in which households are generally not involved, although their input could be sought to inform the resultant scheme;
2. At post-occupation, when households need technical support to transform the house.

### **9.5.1 Technical Support in the Project Planning and Subsidy Expenditure Phase**

The main finding that emerged from discussions with the Wiggins and Savannah project managers was that the production system for incremental housing projects was itself problematic, and presented the first stage of the project in which technical support was needed. In South Africa, such production has tended to be very engineering-driven. It begins with a town plan, on which an engineer would then design roads and other infrastructure, which would then be costed and sometimes even implemented. The project managers argued that often, in the engineering phase, little thought would have been put into the space left over for the houses, or into the slope, or the conditions that building would ultimately take place in, and how these would affect the houses on the site, or how the placement of the houses on the site works. The result of this approach, especially in places with difficult topography as in many projects around eThekweni municipality, would be especially difficult site conditions, awkward sites on which house extension was virtually impossible, and/or poor orientation of the starter houses in greenfield and roll-over projects.

In Cato Manor, for example, some of the first projects implemented, including Wiggins, manifested these problems, whereas in Savannah, similar mistakes were made by IDT in the original layout of the sites and services scheme. In Cato Manor, the CMDA technical team subsequently addressed these in ways that indicated the forms of technical support critical in incremental schemes in the initial stages. They experimented by turning the above approach around, and getting an architect involved in designing possible house types from the beginning. Because of the possibility of renting part of the dwelling presented by Cato Manor's proximity to the city centre, some of the housing typologies so designed took account of this, and had an extra room or a stoop added and costed, providing the would-be beneficiary with a clear house extension path. The architect then worked with the town planner on the layout of the settlement, to make it possible to fit a starter house unit on every site, and extend it by at least two rooms. They would modulate the houses on the road frontage, designing them so that the envisaged extension would be possible without encroaching on elements like retaining walls, the earthworks design or on the neighbours' envisaged extension and compromising their privacy, or encountering other site-to-site design constraints. This form of technical support at the planning stage of the project forestalled problems that projects without it had experienced, where houses were placed at the edge of a slope, or looking right into the neighbour's window, or on sites where no house extension could take place without excavation and huge expenditure on retention walls, or other forms of site stabilization. Unfortunately Wiggins did not benefit from such resolution, because it had already taken place.

Another important finding was a flaw in the project planning stage that had technical implications for the project. Maxwell, who is an architect and was a CMDA project manager explained that generally, the sub-divisional diagrams that town planners produce for incremental projects are in reality skeletal drawings, with no actual detailing of the settlement. CMDA's experience was that the engineering surveyor, who would take over the drawings to provide surveying input, could not interpret the sub-divisional drawings. Markings put in place to indicate for example, the use of a certain area of the project for a playground, or commercial or mixed use, would not be understood by the engineer, because they would not have been drawn in at that point. The engineer might then end up putting in survey points that would prevent the use envisaged by the planner. Because of this lack of clarity, households ended up with multiple technical hurdles to overcome during the housing consolidation phase, including non-functional spaces on and outside the sites. By this time some problems would be impossible to surmount even with technical support in the consolidation phase, which many projects did not have. The flaw was therefore a missing layer in the planning stage, of ideas that needed to be communicated by the planner.

CMDA addressed this in subsequent projects by involving and paying the planner to produce an additional, conceptual overlay drawing, with which to transmit his/her ideas to the engineer. CMDA also got the planner, engineer and an architect to work together and reach consensus on how the envisaged plans would work once implemented. This was aimed at preventing costly technical mistakes that could not be undone.

The other flaw in the project process that had technical implications in the consolidation phase was the absence of quality control of the finished product i.e. the starter house, a problem attendant to greenfield developments and consolidation projects in which the consolidation subsidy was used to deliver a contractor-built starter house. Because of this, households ended up with houses that the Minister of Housing in 1999 described as substandard, lamenting the poor quality of the end-product (Department of Housing, 1999). Many households have been forced to address defects that could have been addressed through technical support during the starter house construction phase of the project. Indeed the BNG policy's intention to address the poor quality of houses built in the first ten years of post-apartheid housing delivery that do not meet the national norms and standards attest to this major failure of policy (Department of Housing, 2004).

As gathered from discussions with the project managers on the project process, engineers have tended to be the principal agents in low income housing projects. The civil/structural engineer would check the quality of the roads and other infrastructure, and often an engineer from the same or other practice would certify the construction of the house at the foundation and roof levels, and at the completion stage (particularly plumbing, electrical connection, etc.), as per the requirements of the housing subsidy system. The engineers would however only look at these two main components from a safety and quality of construction standpoint. They would not check the specifics of the other components of the house, for example, whether the overhang of the roof is as it should be, the windows and doors straight, or whether the floor is level, etc. So, while someone addressed the

safety issues, nobody kept track of many of the quality issues that would ensure a quality finished product, some of which would in time deteriorate into safety issues. The reality of low income housing projects is that there are not sufficient funds to cover such manpower or sufficient capacity to carry out such roles, a point that both the municipal and provincial housing officials reiterated severally. The result is that often, projects that are considered complete would be handed over to beneficiaries for occupation, while manifesting many faults, some of them serious structural ones.

CMDA rectified this by adding an architect onto the project brief, to visit the site fortnightly as an agent of the client, identify construction and quality problems and report them to CMDA, which would ensure their fixing before the contractor was paid. Because the project budget did not cover this extra cost, CMDA, the development agency, covered it. Maxwell reported that the inclusion of an architect to perform the additional functions outlined above worked out at about R200 per house, which is minimal relative to the project budget, and fully justifiable from the point of view that households need not spend their monies to fix problems that could have been addressed in the first place. Both Maxwell and the Savannah project manager lamented the fact that this approach to projects has taken place in very few instances. Maxwell questioned the general omission from low income housing, of the expertise of architects, who are trained to design buildings and monitor the building process. Both she and the Savannah project manager also observed that where project planning and implementation has been technically supported in this way, it has been attributable to the nature of the project team that is assembled, rather than to a standard project approach.

These omitted but critical support elements need to be incorporated into the project process, and funding for them provided as part of the project budget. It should not be difficult to justify the inclusion of an extra R200 – 300 per household towards such support, given the evidence that exists to show that quality control in low income projects has failed.

While it is acknowledged that the above-outlined forms of support do not constitute post-subsidy support or directly involve households, the study found them to be important preconditions of housing consolidation, because they allow for a project to be developed, that does not present the beneficiaries with technical hurdles in the consolidation phase. Furthermore, the cost associated with fixing these is unjustifiable for poor households, and households spending their money this way are unlikely to be extending their houses. Rust's findings of the consolidation experience in three provinces in South Africa<sup>18</sup> ratify the experience with technical support in Wiggins and Savannah, outlined above, and point to common technical support problems in incremental schemes. In the interview, she explained:

*"I had to change my definition of consolidation in that study. I had expected there would be drastic consolidation in the project: whole new rooms added and houses transformed from boxes into something interesting. But what I found was consolidation of a different nature. People were moving their doors and windows from the top of the slope to the bottom of the slope so that rain water would not come into the house. People were plastering to protect themselves from bed-bugs which climbed into crevices and holes of unplastered walls.*

<sup>18</sup> The findings of this study can be found in Rust (2004)

*People were attempting to change the relationship of the toilet to the kitchen, that forced them to use the kitchen sink to wash their hands after they had visited the toilet. They were making changes to make the house livable, before they could even contemplate extensions. I find this to be tragic consolidation, because these kinds of technical issues should have been addressed and the starter houses done right the first time around.”*

Hunt, in confirmation of foregoing discourse, argued that the inherent potential for consolidation of housing in incremental schemes is built in during the planning and design, and implementation of such houses, and that there are schemes that simply do not have consolidation potential because there was failure of technical support at the planning, design and implementation stages. According to her:

*“Issues such as where the windows are placed, where the doors are, orientation of the houses, where the house is placed on the site and such position in relation to platforms and slopes, how the roof is placed and what you are able to do with that house without dismantling the whole roof – these are important aspects of technical assistance that improve the potential for consolidation of any house.”*

In the interview, she cited an example of an incremental housing project outside Pretoria in which a high level of consolidation had occurred. In this project, beneficiaries got a roofed portal frame (frame with doorway) with a 50 – 60sqm raised platform already prepared, with one room which housed the toilet. The difficult technical parts of the project were however done before the houses were handed over to the beneficiaries, making consolidation easier. According to Hunt, these included a high platform from which to spring any number of plans, which provided flexibility to add to the house in many directions. The platform was also waterproofed. While only a small room was provided, it was covered with a big roof, so that households did not need to deal with this difficult structural element during extension. The layout was also creative and the sites flat so that no digging was required. The drainage system was well thought out, and all the municipal services were provided. Conclusively, the consolidation success in this project was attributable to the way the project was set out in the first place, to forestall technical difficulties during consolidation.

Hunt was however quick to point out that while these important technical preconditions of housing consolidation were in place and contributed to the pace and quality of consolidation achieved, the project was also well located, which addressed the economic potential of beneficiary households.

## **9.5.2 Post-Subsidy Technical Support**

### **9.5.2.1 Technical Problems in the Study Areas**

As already indicated, the case studies examined presented with a number of technical problems that could have been addressed by some of the approaches outlined in the preceding section. Maxwell for example explained that the technical problems that manifested themselves once the initial projects had been implemented in Cato Manor, of which Wiggins was one, were in fact the basis for future learning by CMDA, and the basis for some of the solutions devised by CMDA, explained above.

In Wiggins, 31% of households that had achieved negligible or no consolidation indicated the main reason for this to be physical or technical problems associated with the site, while 25% indicated

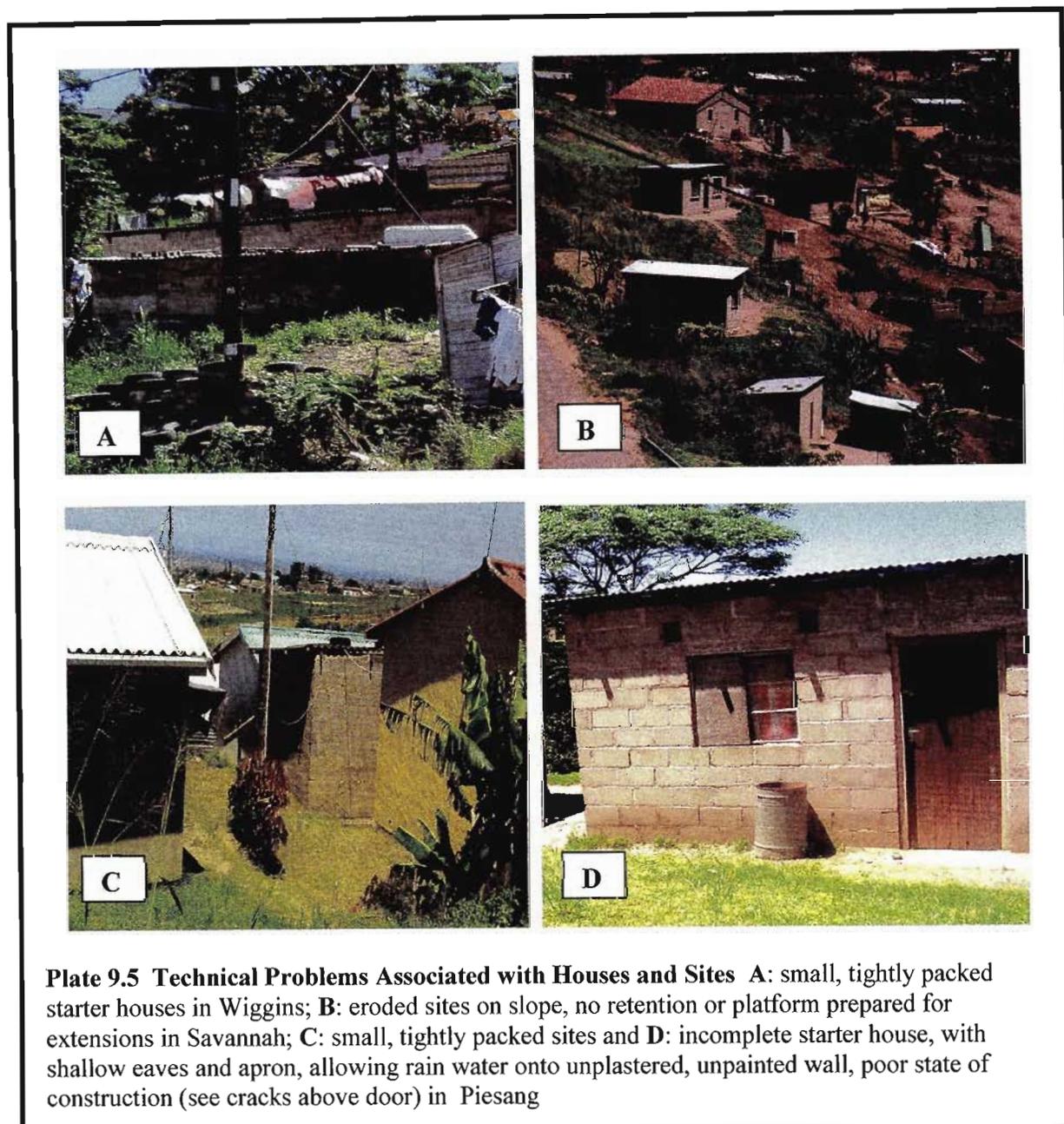
physical and technical problems associated with the house as their main reason. In Savannah the corresponding responses were 22% and 16% respectively. When the actual nature of the problems was pursued in the FGD in the two areas, a range of problems were cited in respect of the sites, including extreme steepness needing costly excavation and retention; extremely small sites that made extension in any direction impossible; placement of starter or core houses in the middle of the site, which made any potential additional room too small for any practical use; rocky sites that made for costly or impossible preparation of a platform for extension; sites that were vulnerable to mudslides, flooding, or were receptacles of soil from eroded slopes in the areas, etc.

With regard to the house, technical problems included those earlier cited by Rust, as well as poor orientation that caused houses to remain dark during the day or to receive no sun in winter; settling foundations causing houses to crack; absence of basics, for example kitchen sinks, or drain pipe from the sink, etc. These problems or a variation of them were also experienced by households that had achieved discernible housing consolidation, with 59% and 50% of such households in Wiggins and Savannah respectively indicating encountering significant physical or technical problems associated with the site and 40% and 51% respectively indicating technical problems associated with the house. Just based on the vocal responses to this issue in both areas during the FGDs<sup>19</sup>, it is clear that even though technical problems of site and house were not necessarily the main reason for lack of consolidation, they were a significant problem for many more households than is reflected by the above statistics.

While the technical problems associated with the sites and houses in Wiggins were attributed to the unanticipated consequences of poor project planning and implementation and therefore to the project agencies, in Savannah it was different. Because Savannah was a consolidation project in which some of the households chose to build or extend an existing house, the technical problems associated with such houses were mainly attributed to the lack of skills on the part of the local builders used by most households. The problems associated with the starter houses were similar to those experienced in Wiggins. In Piesang where the SAHPF had devised a technical support model already outlined in the sections on skills training and building materials, technical problems associated with house construction became easier and easier to avoid as the project progressed, through learning-by-doing. In the first phase of house construction however, problems like poor site layouts, poor house orientation and even badly constructed foundation slabs, walls and other components had been experienced. 16% of households in Piesang thus experienced technical problems resulting from poor construction methods in the post-subsidy phase, while 38% reported technical problems associated with the site similar to those found in both Wiggins and Savannah. Swampy site conditions were unique to Piesang. Plate 9.5 shows but a few examples of some house and site-related technical problems experienced by would-be and actual consolidators in the study areas.

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<sup>19</sup> Some of the more 'colourful' complaints of the myriad technical problems as expressed by Wiggins and Savannah FGD participants are captured in Appendix 4.



**Plate 9.5 Technical Problems Associated with Houses and Sites** A: small, tightly packed starter houses in Wiggins; B: eroded sites on slope, no retention or platform prepared for extensions in Savannah; C: small, tightly packed sites and D: incomplete starter house, with shallow eaves and apron, allowing rain water onto unplastered, unpainted wall, poor state of construction (see cracks above door) in Piesang

Source: Author, 2006

In the post-subsidy phase in Wiggins, the project agencies did provide technical support to consolidating households, in the form of a less formal building inspector arrangement, and cost-free plan approval by the municipality. In the case of the former, the municipality, as indicated elsewhere, placed a clerk of works in the HSC in Wiggins, to monitor the building activities of households. While his brief primarily constituted the monitoring of health and safety standards of the consolidation efforts, people sought his advice before putting up an extension or making any changes to the original house, so that he ended up providing technical assistance with foundations, retaining walls, orientation of house, neighbour encroachments, etc. Maxwell, the CMDA project manager interviewed was however quick to point out that the building inspector provided this assistance because of the nature of the person that he was, rather than a mandate to do so. His support therefore appears to have occurred by default rather than design. His role however demonstrates the need for

flexibility by the inspector in such situations, to allow for innovation around the brief to occur. In Wiggins, this proved to be a useful support for incremental building.

With regard to technical support around health and safety standards, the less formal arrangement, outlined above, worked in the following way. Instead of applying the stringent health and safety standards of the eThekweni municipality, the clerk of works only condemned unsafe extensions/improvements. Because of a lack of municipal standards for this form of housing, he mainly applied his own judgment on a case-by-case basis. CMDA in the meantime contributed to addressing this standards gap by drafting basic housing safety standards for the municipal building inspectorate team. Whether different areas of the city chose to apply these or invoke a higher level of standards would be a local governance decision. In Wiggins, the basic standards were applied for housing improvement, and some improvement efforts which appeared crude but were safe, were approved by the clerk of works. The municipality unfortunately came up with a rates rebate policy for people whose houses were not extended. As a result of this development, people stopped seeking technical advice from the building inspector, because they viewed him as a municipal authority who could provide information about their extensions that would make their properties rateable, an unintended outcome of two separate municipality departments addressing two separate issues in one settlement. The building inspector's services were in any case very useful while they lasted, and there is a real call for building inspectors who are proactive rather than reactive, to provide this form of technical support in incremental schemes.

In respect of approval of building extension plans, the support provided by the municipality was the waiving of the plan approval fee that would normally accrue for a high or middle income person seeking to extend their house. This support was unfortunately not coupled with support in the actual development of such plans, which proved to be counterproductive because households that could not afford to pay a professional to draw them a plan, which was most households in Wiggins, simply proceeded to build without having their plans approved, or to extend without a plan. Some costly mistakes were often made in this way, and a myriad examples were given of experiences in this regard by FGD participants. The proposal for free house plans and pre-approved plans made elsewhere in the study is very useful in this regard. Most municipalities have a technical department with the competency to prepare basic house extension plans. And because these would be simple and involve repeat designs rather than a new plan for each new house, they would be easy to produce and could be availed free to households. Rust gave an example of the Rural Housing Loan Fund, which prepared a catalogue in which it provided 4-5 options for extending an RDP house, and which they gave to all their subsidiary lenders to make available to their clients. All of these plans were pre-approved, and all households choosing to use such plans had to do was take them to their respective municipalities to have them stamped. Municipalities could adopt a similar role with very little extra cost to themselves, which cost would in any case be justifiable, because it would stave off the problems encountered by households who attempt house extension without any form of plan, or one in which the extension has not been thought through and potential technical problems anticipated. The provincial housing officials argued that this form of support constituted giving subsidy

beneficiaries holistic support, as opposed to giving them a housing start, although they admitted that it had seldom been done in their projects, explaining the reasons for such omission thus:

*“There is such a massive backlog which we are trying to address, that we have not had time, or more accurately taken the time, to sit back and think about those other things.”*

### **9.5.3 Other Forms of Technical Support**

Other forms of technical support that could benefit consolidating households exist, but are little known about. The Agreement Board of South Africa, housed within CSIR, already certifies new building systems that it has tested and found acceptable. Banks can grant building loans to households on the basis of such certification, so that such certification facilitates credit support. In addition, builders making use of such systems gets a whole book of pre-approved certificates, which eliminates the need for an engineer’s certificate each time they complete a building, as long as the certificates remain current. This form of technical assistance serves developers, contractors or NGO staff on the one hand, by expediting the often slow plan approval process. Households on the other had are provided with technical alternatives for house building and extensions. The Agreement Board and CSIR however need to make such information available. The next section on information support underscores the importance of such and other forms of information to potential and actual housing consolidators.

Another idea that emerged around technical support was one of linking it to skills training, specifically for building/housing extension. Given the extent of opportunities for housing extension that exist in starter, consolidation, upgrading and PHP projects, there is a need to build an industry of people who specialize in house extensions, and to make sure that those trained for this actually know how to extend houses. The idea as far as skills training and income generation are concerned, would be to develop a contracting strata of people for whose business there would be a market, while providing households with builders who had the technical know-how to provide the best options for each house extension they undertook, and who would, because of their training, anticipate and avoid the common technical pitfalls of extending a house.

For PHP projects, two forms of technical support are considered important. Firstly, as indicated at the beginning of this work, builders involved in PHP projects are not required to be registered with NHBRC, the body that ensures that accredited contractors meet their warranty obligations. This provides fertile ground for shoddy workmanship by inexperienced builders, without a mechanism for redress for households so affected. According to the provincial housing officials interviewed, the KwaZulu Natal Provincial Department of Housing is currently addressing this shortfall by attempting to forge a relationship between builders in PHP projects and NHBRC, as part of the Department’s support to such projects. Under this proposed relationship, NHBRC would be required to certify specific stages of the building process, in particular the cutting of the platform and casting of the floor slab. The object of this relationship would be to ensure that these two components are technically sound, especially if the households are going to build the remainder of

the house themselves, or enlist the services of inexperienced builders. Based on the Department's experience with PHP projects, one of the provincial housing officials argued thus:

*“If you've got a properly designed engineer's foundation and slab cast, to build your house on top of that becomes a lot easier because you've got a solid level platform on which to build. People don't generally understand the importance of the slab; they tend to see what goes on top of it, and then the house cracks right down to its roots, because the foundation was not properly done. Experience has shown us that that's a useful support to provide, and we are trying to make sure that this envisaged relationship is put in place.”*

In addition to this, the roof also emerged as another component that many inexperienced builders and households engaged in their own building would need technical assistance with in PHP projects and the Department could include this as an additional support to provide to the households for whom they organize the casting of the foundation and floor slab. Thus, NHBRC would certify such building at both foundation and roof levels.

The municipal housing official interviewed acknowledged that eThekweni municipality had not attempted to address this problem, even though there was similarity of experience with their PHP projects. He did however see merit in the Provincial Department's envisaged plan and acknowledged that the municipality needed to devise a similar plan. This is in fact an idea that could easily be incorporated into housing policy, because the institutions involved fall under ambit of the National Department of Housing, which makes policy.

Finally, another form of technical support considered important for PHP subsidy beneficiaries is a house modeling exercise that would allow the households to put together two elements: their envisaged house on the one hand, and the funds available to bring such house into fruition, on the other. The President of the SAHPF indicated that in projects involving SAHPF savers, households often had funds additional to their subsidy from their savings-based loan, but that it was nevertheless important to keep the 'dream house' realistic, by providing households with the necessary technical assistance to translate the envisaged house into a buildable one. Such support would include a house plan, and model, costing of the planned house and labour, etc. This support would ensure that funds did not run out while the house was incomplete and at a stage of construction where the household could not take occupation. As already indicated, such support was provided to households in Piesang, through a technical support model described earlier, that the SAHPF devised. It is however not a form of support attendant to all PHP projects, but needs to be. Indeed it should be a form of support for all low income households involved in the extension, or even alteration of a component of the house, to ensure that the envisaged outcome and the available funds are matched. This would be an especially useful skill to impart to the housing extension 'specialists' proposed earlier.

The above outlined forms of technical support serve to demonstrate the myriad ways through which technical support could be lent in incremental projects. While some already exist and merely need to be made known to potential beneficiaries through programmes of information support (tackled subsequently), this section has also outlined some policy and practice, technical support ideas that need to be developed further, and proposed how this could be achieved.

## 9.6 INFORMATION SUPPORT

A key form of housing support for incremental housing beneficiaries is information support, constituting information relevant to housing, and information on other forms of support that are available to households, that they may not be aware of. In post apartheid housing schemes, some efforts have been made to provide some forms of information to beneficiaries. The eThekweni municipality, for example, provided homeownership education in all its projects, and required potential housing beneficiaries to attend a workshop, in which they were told about the product that would be delivered, and their rights and responsibilities around such product. This programme was primarily directed at ensuring that upon occupation, households were fully aware of their financial obligations to the municipality, and especially payment for services. In addition, information regarding what to do about defects in the house, for example who to report them to, the time period within which rectifications of defects could be expected to take place, which defects were the responsibility of the project agencies and which the household's, etc. was also provided. However, a former BESG project manager, based on her experience in BESG projects explained that beyond just providing such information, there was need to be specific about who exactly should take responsibility for certain aspects. In her words:

*“we found that handing over responsibility for reporting, say a pothole, a broken street light or burst water pipe to a development trust or committee and providing them with specific information about who to call in the municipality, worked better than relaying this type of information in a community meeting, where it then became everybody's and yet nobody's responsibility as such.”*

### 9.6.1 Information Support - Wiggins

In Wiggins, CMDA reiterated such information as is cited above. In addition, it considered it worthwhile to provide information to housing beneficiaries about the meaning of incremental housing and the need to find ways to extend their starter houses. While this was useful information, additional information to make it holistic, in respect of for example sources of credit, or the need for household and group saving, was not directly provided. CMDA achieved its information support through use of housing advisors it trained to carry out outreach advisory work in the project, and through CUSSP, which CMDA brought in to extend homeownership education into the post-subsidy phase. Thus, 61% of households in Wiggins cited housing advisors as their source of information, while 20% cited an individual, Judy Mulqueeny of CUSSP, whose brief as indicated elsewhere was homeownership education, but which she extended to include information regarding the need for savings mobilization for housing consolidation.

Surprisingly, some important and seemingly obvious information was not proactively availed to the households. It emerged from the FGD for example, that people generally 'stumbled' upon information regarding the building materials suppliers accredited to the project, rather than got it directly and deliberately. Consequently, only 39% of households in Wiggins indicated having received information about how to access building materials, despite CMDA's setting up of a mechanism to facilitate this through its HSC. This was in large part because, as already indicated in

the discussion on HSCs, there was a very low level of engagement between households and the HSC. When this low level of interaction was raised in the FGD in Wiggins, another facet of lack of information emerged, which was that households were simply not clear about what services were provided by the HSC. This view was confirmed by the household survey, in which 60% of the households were ignorant of the functions of the HSC. This information gap was captured eloquently by one FGD participant:

*“You went there because you knew it was a HSC. If you asked a question about housing, you might learn one or two things you didn’t know and say, oh, you mean I can get this or that service here? Or they might say this is where you can go for what you are asking for. But nobody really bothered to say in a community meeting, or in the workshops we had on homeownership – look, the HSC is there to do one, two three things for you.”*

Only 22 % of Wiggins residents indicated having received information regarding where and how to access credit, and most of them from sources unrelated to the housing authorities or CMDA. Of this 22% a mere 4% made reference to the HLGC credit scheme discussed elsewhere, put together specifically for Cato Manor residents’ benefit. Such lack of information extended also, to the mechanisms put in place by the government to avail credit to subsidy beneficiaries. Although the findings of this study are that few sources of affordable and suitable credit for households in the subsidy market exist, neither the municipality nor CMDA had made an effort to proactively avail information on such sources to residents. While the provincial housing officials viewed this as a critical omission of important information, the municipal housing officials did not, and argued that it was up to the credit institutions to market themselves. There was also a lack of information about who households could approach for skills training or technical assistance because, once again, the HSC’s services which included skills training and facilitation of the same, were not widely known to residents.

### **9.6.2 Information Support - Savannah**

In Savannah, BESG as project manager provided the housing information needed by consolidating households, including how to access consolidation subsidies. BESG also trained and used housing advisors as well as community leaders to explain to households, the need to take responsibility for the improvement and/or extension of their houses. In addition, housing advisors ran two homeownership education workshops in collaboration with municipal housing officials who routinely provided such information in projects. Because of the HSC’s initial role as a ‘port of call’ for housing pertinent information, the residents’ engagement with the centre thrived from the very beginning, paving the way for further interaction in the post-subsidy phase of the project.

In the subsidy expenditure phase, housing advisors made the services of the HSC known to the residents, so that residents called on it for building and technical support. The nature of the project as a consolidation one was such that BESG had to work consistently with the residents to facilitate the expenditure of the subsidy funds, for which they were accountable. It was therefore in BESG’s interest to provide the information needed to ease the process. It was thus only in the post-subsidy phase that failure to avail critical information needed by households occurred in Savannah, and

mainly in respect of sources of credit and the need to mobilize individual and group savings for purposes of housing improvement. As in Wiggins, households in Savannah indicated an overwhelming lack of information about where to access both government initiated as well as other credit products, with 84% of households indicating ignorance of such sources.

### **9.6.3 Information Support - Piesang**

As is probably discernible from other discussions of the Piesang project, the SAHPF as the NGO associated with the project acted as the source of critical housing-pertinent information. Accordingly, while 68% of households confirmed having been provided information regarding the meaning of incremental housing, 82% about how to access building materials, 54% about who to approach for skills training and technical assistance, 92% about the need for household and group savings and 58% about the responsibilities of homeownership, they all cited the SAHPF as the source of such information. Interestingly, only a mere 26% acknowledged having been provided with information regarding government initiated sources of credit, which would suggest that they did not associate the Utshani Fund, SAHPF's main source of group loans, with the government, which was in fact the main source of seed capital for the Fund. This was however of no consequence because despite their ignorance of this link, they had access to Utshani credit products by virtue of being members of SAHPF. As in the other study areas, an overwhelming 86% of Piesang residents claimed a lack of information regarding other sources of credit, although the results of this were less severe in this case, because of the steady source of credit from Utshani and the SAHPF group credit scheme.

Also in the realm of access to credit, it has been explained elsewhere that the provisions of the FSC of 2004 have opened up opportunities for banks to recommit to lending in the subsidy market. Unfortunately no clear mechanisms have been put in place by which this critical information can be availed to potential borrowers, an information gap that needs to be addressed expediently. While it is important for banks to devise methods to reach out to clientele in the envisaged market, it is equally important that people in this market know to approach banks in this regard, and municipalities and NGOs can play an important role in providing basic information about qualifying criteria, where the institutions nearest to projects can be found, how to approach them and how to negotiate financial services, as well as information aimed at eradicating negative perceptions about banks, held by many low income people, and evident in the study areas. Municipalities could also hold open days in projects which they are currently implementing, as well as past projects, in which banks and other lenders could provide relevant information directly to potential borrowers.

### **9.6.4 Other Forms of Information for Low Income Households**

In addition to the more straightforward forms of information indicated in the foregoing section, others were raised in the FGDs and interviews that merit some attention. One of the provincial housing officials as well as a former BESG project manager for example, argued that information support is not only about where to go and what to do in certain instances, but also about what not to do. The official gave an example of a PHP project in which most households had used asbestos

sheets to roof their houses, because word had been passed around the project about their affordability.

The proposal put forward in this regard is that the Provincial Department of Housing and municipalities should prepare and avail a checklist of 'dos and don'ts' that could become part of the information provided to subsidy beneficiaries in the homeownership education programme routinely carried out, or in pamphlets availed through HSCs, community centres or other accessible venues. Bearing in mind that not all households have access to technical assistance in the consolidation phase, and for households involved in building their own houses or using fairly unskilled labour, certain forms of information are particularly useful. For example, information regarding orientation of the house and the resultant energy efficiency; advice on positioning a door or wall so that no demolition is required during extension; information about how some elements might affect the health and safety of the house's inhabitants, for example ventilation, damp, dust, etc, so that such households would avoid these during house extension; a sensitization to issues of healthy environments; information about the need to waterproof the house by painting it so that the walls do not erode over time, and necessitate total rebuilding; harnessing of solar energy; greening; etc.

Another important form of information revolves around what housing as an asset means, its economic and financial value and its potential to increase in value if looked after and improved. Both Napier and Rust argued in their interviews, that in many low income housing developments in South Africa, the concept of a market has not developed, as evidenced in the way many beneficiaries have engaged with the house, mostly as a social asset. Consequently, even where beneficiaries have sold their houses, such houses have rarely fetched their market value. As a social asset, housing has largely been viewed as a place to live, an improvement on previous accommodation and a recognition of the right of ownership previously denied such people. Thus, in response to enquiry about what people liked about their house and site, in all three settlements studied, the overwhelming response revolved around its social value. In Wiggins, only 12% of the residents linked their reasons for liking their house and site to the opportunities offered by homeownership to transform such housing into, or use it as an economic or financial asset. The corresponding figures for Savannah and Piesang are 17% and 10% respectively. These figures are extremely low, considering that from a policy perspective, the opportunity to use housing as an economic and financial asset by previously dispossessed people was meant to be triggered by housing improvement.

At policy level, some changes are evident, of low income housing beginning to be viewed as an economic and financial asset. As reported by both Rust and Napier, the former Housing Acting Director-General Ahmed Vawda, in 2002 began to introduce such terminology into housing discourse, which later found its way into the BNG policy of 2004. Indeed, the National Department of Housing approached the Treasury differently in the 2005/2006 financial year, motivating for a higher budget allocation for housing on the grounds of its economic good status, with the consequence that such allocation has risen.

Housing's status as an economic good now needs to be filtered down from policy level to housing beneficiaries, urging them to use their housing as an economic and financial asset, with information provided about how this can be achieved. Rust suggested that even politicians need to emphasize the economic and financial value of the house as much as they emphasize the social value. On the one level, the creation of an awareness of the economic opportunity within housing is a useful form of information support. On another level, such support needs to be coupled with concrete means to achieve this, for example availing of house plans facilitative of the use of the dwelling for rental or home-based work, by municipalities or NGOs with such competency, or subsidies, proposed earlier, to support would-be landlords in low income projects. Further, some basic information could be provided to would-be landlords that extra rooms or backyard accommodation should be safe and healthy, and that tenants living in these must be allowed access to water and sanitation, etc.

Support for the notion of rental housing supply as a way of using the house as an economic asset, and as a form of housing consolidation, could be developed further. Rust suggested that municipalities could for example, run a register of landlords who have developed rental accommodation abiding by certain set guidelines. People on the housing queue to receive subsidy could in the meantime be informed about availability of such rental accommodation. This could function as an information service only, with the transactions between landlords and tenants governed by landlord and tenant legislation already available in South Africa. There is also no reason why landlord and tenant associations cannot be developed in localities such as Cato Manor or elsewhere, to govern such activity and put in the checks and balances required to ensure scrupulous practices. At the local level, they would also provide all the information would-be landlords and tenants might need.

The use of the housing as a financial asset revolves around its use as collateral to secure credit. The information support around how this could be achieved has already been addressed. Additionally, consolidating households need to be informed that some of the actions that would improve the value of the asset and make it an attractive financial asset to banks need not be huge or costly, for example gardening, greening, fencing the property and painting, etc.

It was learnt during the interview with Hunt, that the former KwaZulu Finance Corporation (KFC) used to provide information support to its clients through structured programmes in which its operatives would talk to clients about house maintenance, the responsibilities of loan repayment, information such as the need to clean ones gutters, waterproofing and damp-proofing of the house, not cutting away at the foundation, putting an apron around the house and other small but sustained actions, to ensure that the asset does not diminish in value. Such a role, played by municipalities and/or NGOs would be of benefit to subsidy recipients. Banks and other lending institutions could also be encouraged to provide such support alongside credit support, in the 'finance-plus' notion proposed in Section 8.6.2.2, especially if they are indeed going to lend in new low income housing developments as envisaged by the MOU and the FSC. They could for example, develop brochures or

posters in which such information could be captured and given directly to clientele in the banks, or distributed through HSCs, or other community venues.

While some of this information may look like information that people should know without being told, it is indeed not so. The Cato Manor councillor explained for example, that when people first moved into Wiggins,

*“they never even bothered to clean their yard. After development, there would be heaps of soil, big rocks, but people lived that way. If they could just find the door to the house, nothing else seemed to matter. We had to actually go around and ask people to tidy up.”*

It is concluded that any information pertaining to homeownership and how to maintain and enhance the value of the asset therefore constitutes important information support.

### **9.7 SUPPORTING COMMITMENT TO A SETTLEMENT**

In examining the way households in receipt of subsidy determined whether or not, or how to engage in housing consolidation, it emerged quite clearly from FGDs and household surveys that commitment to their settlement was an important driver of household decision to invest in housing improvement. The level of commitment to place varied depending on a number of factors, the most important of which included:

- security of tenure;
- the quality of the dwelling and/or site;
- the housing satisfaction brought about by what the urban environment offered households in terms of location, access to jobs, basic infrastructure, community facilities and public spaces;
- sense of community; and
- whether the household had another home elsewhere.

These factors were particularly important in demonstrating that housing is more than just shelter, and that where the urban area failed to give its inhabitants the benefits of urban life, households lacked a commitment to consolidate in that specific place.

The importance of location, infrastructure and services support, and physically and technically supportive houses and sites has been addressed exhaustively elsewhere. This section examines the implications of their absence on commitment to place.

Hunt argued, based on her experience with BESG projects, that putting a project in a very poor area and attempting to make it attractive enough for people to want to stay and commit their resources in its consolidation, has been treated as a simple issue, whereas it is in fact a complex and not straightforward one. The planning of a project is an especially important function, because it sets the scene for the networks and activities that would need to develop in the neighbourhood once people moved in. In this regard, a number of housing experts interviewed pointed to the haphazardness of greenfields developments in particular, on a number of levels. In the words of two of them:

Hunt:

*“These are potentially devastating environments, and people placed in them don't like them, and can't survive in them. They are arbitrary, and there's no reason for people to be there in the first place, except that they are poor and so take whatever you give them, until they are in the place, and they realize that it simply doesn't work for them. What are the odds that they'll sink their hard-earned money there?”*

Maxwell:

*“People will be moved across town from an unstable informal settlement on a flood plain, into a new project, which is a good intervention. But are the kids getting into school in the new place, is there a transport system, and do the transport people realize that there's now a market for transport there? Are they responding, or are people having to travel three or four times to get where they need to go? These are things that are happening to people in new housing developments all the time. What is the house itself like, and the site? Is it extension-friendly?”*

As indicated elsewhere, Wiggins, the greenfield development examined in this study, enjoys a good location, and as part of the Cato Manor Development project enjoys access to the infrastructural and social facilities provided. It has however been mentioned that Cato Manor is one of the few housing areas nationally whose planning had an integrative vision of creating a liveable place.

From foregoing analysis, it is clear that achieving this is no simple planning, funding or delivery feat, and even then, residents do not necessarily thrive without other forms of support.

### **9.7.1 Satisfaction with Settlement**

The quality of the dwelling and the site drew mixed reactions from the households surveyed, but in all three settlements, there was a level of disgruntlement with both that impacted commitment to the settlements. Having originated from informal settlements, most households in all three areas liked their houses, mainly because they represented an improvement on previous housing conditions. It was in examining reasons for disliking their houses and sites that issues of commitment to place emerged. In Wiggins and Savannah, 71% and 63 % of the residents respectively, who had achieved negligible to no consolidation were unhappy with a range of problems related to the physical condition of their house, including poor workmanship, low level of finishes, poor quality building materials, dark, hot or cold houses, dampness on walls and floor, and just a poor product relative to their expectations. Even for households who had achieved discernible housing consolidation, 64% and 60% respectively cited one or more of the same reasons given by the non-consolidators as the cause for dissatisfaction with their houses. Indeed, 32% and 27% of those with discernible consolidation had made costly repairs or changes to the original house to facilitate the improvements and extensions they had achieved in Wiggins and Savannah respectively. The findings in Piesang were different, with a high 76% of residents expressing satisfaction with the quality of the house they had achieved for themselves, and confirming Turner's articulations that people are more tolerant of faults in housing achieved through self help efforts.

The reasons for disliking the site varied widely in Wiggins and Savannah, and included restrictive size for both house extensions and/or urban agriculture, rockiness and steepness of site, vulnerability to flooding and erosion, and awkwardly placed starter houses which made extension in any direction

difficult. 83% and 69% cited one or more of these reasons in Wiggins and Savannah respectively. In Piesang, the overwhelming dissatisfaction was with the size of the sites, cited by 78% of the residents.

The reasons cited for dissatisfaction with the settlement as a whole also varied, with a majority of the residents of Savannah and Piesang, regardless of consolidation status citing distance from the city centre (66% and 76% respectively), and 70% and 82% citing lack employment opportunities respectively. Because of Wiggins's location, only 6% expressed dissatisfaction with distance from the city centre, but 47% of the residents were dissatisfied with lack of job opportunities in the area. Dissatisfaction with lack of facilities was expressed by 63% of Savannah residents and a considerably less 13% and 40% of residents in Wiggins and Piesang respectively, while crime was a source of dissatisfaction for 68%, 52% and 34% of Wiggins, Savannah and Piesang residents respectively.

In addition to the mere dissatisfaction with the above factors, which suggests disinclination to consolidate, 14% and 9% of Wiggins and Savannah residents who had achieved negligible to no consolidation categorically stated a lack of commitment to their respective settlements by arguing that given the opportunity, they would leave their settlement immediately. A further 14% and 25% respectively said that the only reason they had not left was that they were not sure they would get a better 'deal' elsewhere. In Piesang, the community driven housing process engendered a higher level of commitment to the settlement, so that only a miniscule 2% argued that given the chance, they would leave immediately, while a further 4% stated that they would leave if they got a better 'deal' elsewhere. Table 9.2 captures these findings.

Table 9.2 Consolidation Status and Reasons Impacting Commitment to a Settlement<sup>20</sup>

Settlement	Consolidation Status 1 – Discernible consolidation 2 – Negligible to no consolidation	% Citing Reason for Dissatisfaction with Settlement						% who stated lack of commitment to settlement	
		Dislike the house	Dislike the site	Distance from city centre	Lack of employment opportunities	Lack of Facilities	Crime	Indicated they would leave immediately	Indicted they would leave for a better deal elsewhere
Wiggins n = 104	1	63.5	69.2	5.8	70.2	12.5	68.3	-	-
	2	71.2	82.7					13.5	13
Savannah n = 64	1	59.4	56.3	65.6	67.2	62.5	51	-	-
	2	62.5	68.6					9.4	25
Piesang n = 50	1	24	78	76	82	40	34	2	4

Source: Field Survey, 2006

<sup>20</sup> Note: while the proportion of households who disliked their houses and sites was high in both Wiggins and Savannah irrespective of consolidation status, it was significantly higher for households who had achieved negligible to no consolidation, suggesting that condition of house and site did influence the household decision to commit to housing improvement. Thus, while as the table shows, there may be other reasons why this group had not achieved much housing improvement, the difference with those who had achieved discernible housing consolidation in this particular regard cannot be ignored.

Commitment to a settlement can be ensured by the planning of more liveable housing environments and housing that would positively influence beneficiary households to prioritize investment in housing consolidation in the localities where they find themselves placed. The BNG has, at a policy level, began to address the most glaring gaps in the planning of low income housing settlements, by addressing issues of location and access to facilities, in a bid to develop what it calls “sustainable human settlements.” As indicated elsewhere, the tools with which to achieve this are as yet unclear, as housing practitioners grapple with what it means practically, to create sustainable human settlements. As expressed by the municipal housing official interviewed:

*“It sounds good to be saying, we are addressing much of what we have been criticized for. We are now going to implement a policy that will let us create sustainable human settlements. But faced with an actual situation, and asked to put together such a settlement, you realize that the actual elements that go into making a settlement sustainable are neither clear nor easily understood. And as you rightly say, it’s not just about providing settlements with facilities and infrastructure, otherwise Cato Manor would be a model sustainable human settlement, with diminished levels of poverty and a quicker consolidation pace. Of course it’s better than many other projects, but there are still many problems of sustainability to be overcome. It follows that providing facilities, while a good thing, is really just a small part of it. So most people will use the term ‘sustainable human settlements’; it’s very current housing lingo now, but how to achieve it is the problem.”*

There is however no doubt that sustainable human settlements would engender the commitment to a settlement needed to induce investment in housing consolidation. Planning and delivering sustainable housing settlements is therefore a precondition of housing consolidation.

### **9.7.2 Social Facilitation Support**

In addition to planning sustainable projects, a social support practice needs to be worked into the way projects are implemented and therefore how they work. Often in housing projects, a large number of people is being moved around. If 500 people for example, have to be moved across the city to their new housing location, questions need to be asked regarding what the job scope is in the area around the new settlement. If they are moved halfway through the academic year, it becomes important to think how children’s schooling will be affected. According to Maxwell:

*“In many new projects, people are struggling with where to shop, how to access health care or get to the points where they receive their social grants, etc. Say you had a survival network with people who lived in the shacks around you before you were moved, and after the move you find yourselves at opposite ends of the new project.. What happens if you can no longer rely on a neighbour who used to help you with childcare when you went to work or to look for work, and there’s no day care facility? How much time is it taking to settle down in just such circumstances? How long is it taking to develop new social networks? People bogged down with these immediate problems will take time to prioritize housing improvement.”*

Often it is this ‘dumping’ and leaving people without support to settle and fit in a place that results in a lack of commitment to the place. Maxwell gave an example of a project in which she was involved, which entailed moving about 200 households from Marianhill to a Newlands project in a different area of eThekweni municipality. In this project, social support was provided in the form of

fieldworkers to help address the most pressing issues around the move and settling down. Despite such help, Maxwell points out that it still took one of the fieldworkers the best part of nine months to follow up on the households, to make sure their children had been absorbed into neighbouring schools, and that the families were assimilated into neighbouring communities. This form of support had enormous benefits in terms of assisting people to settle in and to deal with, for example, the education authorities, rather than expecting the households to deal with these individually. While housing authorities need to be facilitating such support, the fact that it is not a housing mandate usually means that it is mostly omitted from the resettlement process, even though it has important implications for the way housing consolidation unfolds, and how beneficiaries relate to the settlement through positive experience.

Social facilitation support however has a broader mandate than merely easing people's settlement in an area, important as this function is. It should also establish upfront whether critical facilities exist before people are moved into unliveable areas from a social standpoint, even though an improvement in their housing may be realized from a physical standpoint.

It was gathered from discussions with the housing officials that in addition to, or perhaps because of the absence of social facilitation support practice in the low income housing policy framework in South Africa, there is a capacity and funding gap in this regard. They explained that project managers are almost always overcommitted, because they are in charge of a number of projects at the same time. In the absence therefore of NGO involvement, or of civic pressure to resolve social implications of low income projects such as the ones outlined above, and because of the preoccupation with the physical aspects of housing delivery, follow-up in the form of social facilitation support is unlikely to take place.

Maxwell suggests two possible approaches to address this glaring gap. On the one hand, social facilitation support practice needs to be built into current policy and a budget provided for it, as part of an overall housing support budget. The municipal and provincial levels of the institutional framework would then be compelled to factor social facilitation practice into the way projects are packaged and implemented. There is an especially fertile opportunity for NGOs with the necessary competency to play a social facilitation support role in projects, while concurrently, both municipalities and provincial departments of housing need to develop or recruit such capacity. The other approach would be more reflective of the integrative goals of the BNG policy, which seek to draw in relevant government departments to play a role in providing the facilities or services needed to correct sterile low income housing developments into functional human settlements. Thus, in the planning of any settlement, the Health Department for example, would address how the residents of the planned housing development would access healthcare, while the Education Department would address issues like lack of educational facilities in the assessment of the viability of a planned settlement, the distances that would have to be traveled and the cost incurred by poor people to access such, and how this problem could be resolved. And while many of the experts and

practitioners interviewed did indicate that such integration in practice is easier said than done, they acknowledge that creating liveable settlements is an important precondition and stimulant of housing consolidation activity.

### 9.7.3 Other Aspects of Commitment to a Settlement

Another element of supporting commitment to a settlement that, while not an issue in the three settlements examined by this study was raised as an important one in other projects that have been implemented around eThekweni municipality, was one of providing new housing areas with street names and addresses. Two of the expert interviewees raised this as an important way to engender a sense of place and of homeownership, arguing that absence of this element, when combined with other factors that contribute to commitment to a place, could make people feel alienated and lack a sense of belonging. As put by one:

*“That’s such a critical thing for someone to be able to say – hey, I live at number ... of .....street. It locates a person in a coordinate, a road, and you can receive post, open accounts, people can look for you and find you. That in itself is a form of entry level consolidation support.”*

In attempting to explain this rampant omission in new housing projects, one of the municipal housing official put it thus:

*“Often we were in such a rush to do housing projects that you just had a cadastral description and you didn’t wait and name roads, and put no postal boxes because there wasn’t a postal service provided as yet. We have now acknowledged the need to support people to have a physical address, and there is now a city-wide project to address this omission.”*

When it came to the aspect of having a home elsewhere and the impact this had on commitment to the new settlement, the findings were surprising. Firstly, the often held perception that most black urban households had rural homes was contradicted. In Wiggins, Savannah and Piesang, only 22%, 14% and 18% of households respectively had another home in either a rural area, another area of eThekweni municipality or another town or city. Of the number of these that had attained negligible or no housing consolidation, very few attributed their low levels of housing consolidation to ownership of another home towards which they prioritized consolidation investment, while a majority expressed a desire to improve their subsidized housing before leaving it to their dependants or other family members. It was from FGDs in the three areas that a different dimension of this issue emerged, that pointed to a peculiar cultural interpretation of where one’s home is. There was general consensus across the board that while people feel a sense of security associated with ownership of the ‘house’ allocated to them, the notion of where ‘home’ was often was not the house in the ‘new’ settlement. Thus people made reference to homes in Umtata, Port Shepstone, Maphumulo and elsewhere where they felt a sense of kinship and community, even though they did not necessarily own houses there. The Cato Manor councillor in particular argued that as long as people

*“regard elsewhere as home, and cant wait for Easter or Christmas to pack their bags and go there, we have failed to create a sense of community needed to make people commit to a place and make the changes we need them to make.”*

Of Cato Manor in particular, she said:

*“We underestimated the time it would take for people to forge links to one another and to the place. Consequently, there are many who still do not identify with this place, and as such, everyone is a stranger, to Cato Manor and to each other. It means that community building programmes remain a priority, before people can begin to mobilize to the level required to make improvements to their lives and their housing.”*

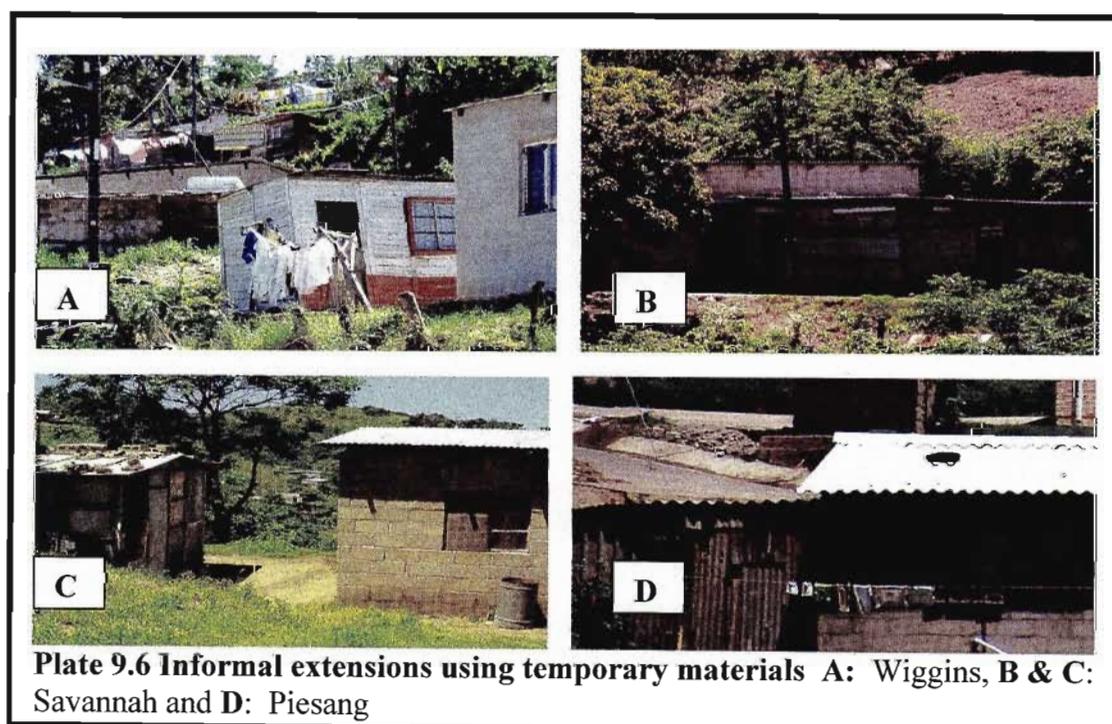
Napier on his part described this interpretation of house and home as being rooted in the notion of urban commitment, and considered urban commitment as a critical precondition of commitment to a settlement on the one hand, and of housing consolidation on the other. He argued for the need to include positive and reinforcing messages in this regard in the consumer education programmes provided to new homeowners. In addition, there is a clear link between this issue and the social facilitation support argued for elsewhere, that would ensure that people, especially in greenfield developments, but also relocated in upgrading scenarios, are assisted to quickly set up those community and social links that tie them to a place so that they are not only disinclined to leave, but in fact desire to invest and consolidate in that place. And while this was an unexpected finding of the study and the extent of its impact on housing consolidation therefore could not be accurately assessed, it is its effect when combined with other elements which may prevent commitment to a place that makes it a worthwhile element to address.

## **9.8 QUALITY AND FORMS OF HOUSING CONSOLIDATION**

There is no doubt that both municipalities and beneficiaries households hold a vision of a ‘middle class’ outcome of the incremental housing process. Households in all three settlements, without exception expressed their ultimate house as a conventional ‘brick and mortar’ one. Both Makhathini and Rust argued in their interviews, that the reasons for this notion of what a consolidated house should look like are both political and institutional. As argued elsewhere by Rust, a formal house represents a legitimizing gift from the government to historically dispossessed households. Extending formal houses with ‘shack materials’ therefore sits very uncomfortably with many politicians, who interpret it as a manifestation of the democratic government’s inability to provide the decent housing it set out to do. Thus, the councillors in the study areas were unsupportive of the use of temporary building materials or shack extensions. Makhathini argued further that what is considered acceptable housing consolidation by both households and from a political point of view, also takes its cue from the culture of four-roomed township houses, as well as the type of housing that white people lived in during apartheid, and mostly still do. Institutionally, the minimum standards for urban housing are high and the prescribed materials conventional, and very little flexibility is built into differentiating households that can afford these from those that cannot.

It was clear from discussions with municipal and provincial housing practitioners, that the quality and form that incremental housing should adopt are unclear to them. The municipal official

explained that in eThekweni for example, when first efforts of housing consolidation of post-apartheid projects began in 1995 – 1996, there was disagreement between two municipal departments over the issue of standards, in the absence of clear guidelines in this regard. While the then Metro housing unit, which delivered subsidized starter housing, supported all forms of housing consolidation in principle, the development control department was more inclined to play its ‘traditional’ role, of requiring plan submission, approval, and building inspection, to ensure that extensions were built according to the submitted plan. The only reason that prevented them from playing this role was a lack of capacity to handle the resultant volume of development control work. Additionally, the city’s by laws are still against the kind of accommodation that allows one to use the dwelling for activities other than residential, because housing consolidation is largely understood to mean individual effort to increase the size of residential accommodation. Even in middle and high income areas, special dispensation needs to be sought to allow the use of a part of the dwelling for, or change user from residential to business. The contradiction between this and the housing policy position that encouraged the use of the dwelling as an economic asset is clearly recognizable. What exists currently then, is firstly, a transitional period in which, due to capacity constraints and a guidelines vacuum, existing by laws cannot be enforced or the poor’s building activities policed. Secondly, it is a political minefield to try and enforce by laws that might end up causing the demolition of poor people’s housing extensions, so it has not been done in practice. Thus, if support for housing consolidation should have yielded formal structures, the guidelines vacuum in this regard had permitted the opposite to occur. Houses like the ones shown in Plate 9.6 were evident in Wiggins and Savannah, and to a limited extent in Piesang.



Source: Author, 2006

In the meantime, some experimentation in the area of quality and forms of housing consolidation has taken place that has proved to be supportive of the households involved, and started to point to a way forward in both policy and practice. In Wiggins for example, a pilot that extended to other areas of Cato Manor involved a less-formal building inspector arrangement, already described in Section 9.5.2.1. Instead of applying the city's stringent building, health and safety standards, the inspector monitored people's extensions and essentially only condemned unsafe structures. An important lesson for quality of consolidation emerged from this pilot. Firstly, because the municipality did not have standards for this type of housing, the inspector was forced to apply his own judgment on a case by case basis. As expressed by Maxwell:

*"He was left out on a limb, because such standards simply don't exist. He had nothing to apply, and was aware that he was mostly blustering, and that if people challenged him, he would have difficulty responding without letting the game away."*

The support clearly needed in this regard was the development of a set of minimum standards that could be broadly applied for such housing. According to Maxwell, CMDA drafted such standards and made them available to the building inspectorate team of the municipality to use in other areas as well. The drafting of these was in recognition of the need to have a basis for determining what was acceptable quality of house extensions. CMDA further suggested that the draft standards serve as the basis upon which different areas could build on, and even invoke higher standards if it proved necessary. These standards however did not take hold among the municipality's building inspectorate team, because they were reluctant to set a precedent which would be tantamount to an acceptance of lower standards than those generally applied by the municipality. The municipality proved too rigid to recognize the opportunity to support qualitative but affordable housing consolidation, created by CMDA's draft standards. Up to now, the municipality has developed no such standards, and clearly it needs to do so. In the meantime, in the absence of such support, many consolidating households have simply chosen to go ahead with their building without submitting building plans for approval, because they are aware that approval may not be granted for 'unconventional' buildings.

There is another important reason however, broached by both Makhathini and Rust, why no such standards have been developed. The HWP itself, while supportive of the notion of lowered standards for low income housing, articulates this goal too loosely to make it actionable, while the BNG policy pays such support scant attention. Without being compelled by policy and housing legislation to make these changes, municipalities have failed to do so.

Supporting a minimum standard of housing consolidation ultimately requires two important changes to the city's by laws. Firstly, building standards need to be amended to facilitate rather than restrict what the poor can build. This, as indicated in the literature review, has worked elsewhere in Africa. Secondly, there is need to shift thinking towards a broader understanding of what housing consolidation means for low income households, to include extensions aimed at using the dwelling as an economic asset. People are more likely to seek building approval if the authorities will not

prohibit them from using their dwellings for income generation purposes. This form of support ties in well with the proposals already made in Section 8.5.2.2, for supporting low income households who provide rental accommodation for others. In terms of enforcement of such supportive changes, certain important roles can be required of municipalities. Already, current policy (Department of Housing, 2000, 2004) permits municipalities to become eligible to directly manage housing subsidy funds through a process called accreditation, if they can demonstrate their capacity to plan, implement and manage the housing process without the overseer role of the Provincial Departments of Housing. Part of the criteria for whether such capacity has been achieved by any municipality should be whether capacity has been developed to manage and support the housing consolidation phase of incremental projects, encompassing development of minimum building standards for low income housing and methods to monitor their application, among other forms of municipal support proposed throughout this study. It is however recognized that clearer and more explicit articulations regarding supportive standards, need to be built into the both housing policy and legislation, for by laws to follow suit.

Lastly, there is a case to be made for embracing a certain level of informality in the incremental building process. In the FGDs in both Wiggins and Savannah, residents gave their main reason for using temporary materials for house extensions as poverty and financial constraints. This was confirmed by the household survey in which 87% and 75% of households in the two areas respectively, who had extended their houses with informal materials argued that it was all they could afford at the time. Yet they had an immediate need for additional space, and in an overwhelming majority of the cases, additional living space. All of them without exception however indicated that they envisioned changing the informal into formal extensions in the future. In Piesang, the four-roomed houses were formal, firstly because the households concerned had been able to access credit, as well as civic pride in their self help accomplishments. It did emerge from the FGD however, that much as they were averse to the use of temporary materials for housing improvement, these could not be ruled out if they wanted to build a tuck shop, an extra room, or other additional space. They acknowledged that a formal structure would require more money than they had, and most of them were still repaying their first loan and had neither the desire nor the ability to commit to another.

The argument for embracing informality revolves around changing the view that development control authorities in particular choose to take of informal housing extensions. There is need for an acceptance of the fact that low income settlements are bound to look “messy” to begin with, as argued by Maxwell, as households make use of whatever they have to provide themselves with adequate housing in the first ‘chapters’ of the consolidation phase. Makhathini looked at it this way:

*“Informal extensions represent the beginning rather than the end point of housing consolidation, and this should be found acceptable politically and institutionally. When you extend informally, you are already planning your accommodation; you are already annexing space, and rearranging how to live within the household. It is the beginning of an understanding of what your needs are. You are drawing a future plan of a house, and that is not a bad thing.”*

That the quality and standards of housing consolidation will be unsatisfactory to begin with is certain, as long as people remain poor, and condemnation of such efforts, or turning a blind eye to them while not condoning them, does not change this reality. Sometimes such informal structures are the basis for future income and better quality consolidation. A participant in the Savannah FGD for example, explained that her first extension was a two roomed detached shack, in which two relatives lived for about two years and paid rent. The income from this venture enabled her to add a formal room on one side of her starter unit, from which she now runs a tuck shop. She only planned to remove the informal structure when the space on which it stood was needed, to build a formal structure that would give her higher rental. It was clear that she had a logical plan, and that her motivations for consolidation were considered and rational, even though the informality of her structure may have been frowned upon by authorities.

While accepting that a certain level of informality is inevitable, households can be supported with guidelines that would help make their structures stronger, safer and healthier, and in the annexing of space referred to above, housing advice that would make the informal structure act as a footprint or plan for a future formal house. Such support would occur concurrently with the other forms of technical support, and other support proposed throughout the study, that would ensure that the end point of consolidation is a permanent adequate house.

The foregoing analysis of findings chapters in respect of support for housing consolidation have demonstrated the various shortcomings of housing consolidation support under specific themes. Using the findings drawn from the various research tasks, the last chapter of analysis (Chapter 10) interrogates the housing policy itself, and the extent to which it provides actionable direction with regard to how such support can be achieved 'on the ground'. At the same time, it highlights the areas in which policy and practice have been in conflict, and the way such conflict has impacted households in consolidating situations.

## CHAPTER 10: THE HOUSING CONSOLIDATION POLICY AND PRACTICE DISJUNCTURE

### 10.1 INTRODUCTION

There is no question that incremental housing has been an important component of South Africa's housing policy since its adoption in 1994, and continues to be so in the BNG policy. Despite the BNG's demand-driven, more differentiated housing approach, that will see incremental as well as complete housing delivered, the bulk of government housing intervention will still yield basic dwellings, which will require beneficiaries to gradually expand them into more adequate homes which satisfy their needs. Chapters 8 and 9 have shown the shortfalls of support in respect of enabling households to afford housing, as well as those pertinent to facilitating vigorous, ongoing housing improvement activities at project level. In this chapter, it is critically important to highlight how the disjuncture between policy and practice, implicit in the findings presented in foregoing chapters has, in effect, prevented the accomplishment of the central policy goal of subsidy beneficiary achievement of housing adequacy. The chapter also provides a consolidated summary of the findings presented in the two main analysis chapters.

Bundlender (2003) asserts that support for housing improvement could only occur where policies formulated to achieve this goal are reasonably implemented. An otherwise reasonable policy that is not reasonably implemented does not yield the desired results. This chapter demonstrates that deficiencies in policy and in the way such policy has been implemented both conspire to make housing support for consolidation unsatisfactory in post-apartheid South Africa.

#### 10.1.1 The Housing Asset and the Institutional Framework for Housing Support

The first main disjuncture between policy and practice in respect of housing consolidation lies in the interpretation of housing and of the nature of the housing asset. As has emerged from both review of literature and the empirical findings, the starter house is clearly acknowledged as inadequate by current policy, and such inadequacy is the basis for the need for continuing support in the consolidation phase. Such understanding has however not carried through to the Provincial and municipal implementation levels, to ensure sustained or in certain projects, any activities of a support nature, once households have taken occupation of their subsidized dwellings. Starter housing in policy, has been treated as complete houses in practice. This was captured eloquently by the Provincial Director of Housing in charge of housing policy, when he said the following in the FGD:

*"I don't think we've facilitated incremental housing. The starter house was supposed to be the start of the housing experience, but has ended up being both the start and the end in majority of the cases. We've provided the basic structure, and in PHP projects, we have not even provided that..... and walked away and said we've met the target, and patted ourselves on the back that our goals have been met, and we've never gone back to monitor whether consolidation has been achieved. Of course, at the back of our minds we know it hasn't."*

Part of the reason why this status quo has thrived has to do with the institutional framework itself in which housing support is located. Essentially, housing support *“is no-one’s mandate, even though we all agree it needs to be done”*, as was argued by Maxwell, in her interview. Looking at the institutional framework for housing delivery in South Africa, the National Department’s mandate is to formulate policy and to provide the funding needed to drive its implementation. The Provincial Departments of Housing implement the policy, and receive the budget, part of which they pass on to local authorities for municipal projects. Their performance is measured against budget expenditure and subsidy spent. Provincial Departments of Housing do not have a consolidation support mechanism as such, and in terms of housing policy, this is not a critical omission, because consolidation support and households thus supported do not constitute a key performance element, or indeed even just a performance element of housing policy. What happens in practice then, is that Provincial Departments have directorates or sub-directorates that deal with training, subsidy administration, project management, but which do not come together in any kind of programme around post-subsidy or consolidation support. And not only do the sub-directorates not cohere, but their planning does not integrate for example, with the activities of the departments responsible for provision of other services such as education, health, etc. At the local government level, housing-related initiatives revolve around the initial house, and again municipalities are measured on number of houses built and the funds spent on subsidies, not on social indicators around how well the community settles down, or how economically buoyant they become, or the extent to which such households are able to transform their initial dwellings into adequate housing. Such indicators, while an implicit part of the policy framework, are not an explicit part of the delivery evaluation framework. According to Maxwell:

*“because of the way housing is understood and interpreted, there isn’t any level of government that picks up consolidation support, or seems to think it’s their job at all.”*

At the civil society level, there are quite limited interventions that could be made in terms of a support function. Although some NGOs have played an important housing consolidation support role, most work using programmes particular to them, and often in areas of specific competencies, so that such programmes are neither far-reaching in scale, nor all-encompassing in the forms of support they are able to provide. In this study, CMDA, BESG and SAHPF all played useful self-defined (as opposed to policy defined) roles, but the communities in which they worked showed support gaps that even these organizations were not able to fulfill. In addition, the NGO sector is currently severely depleted in South Africa, and NGOs are not able to go into all the communities that might require them. Furthermore, where they have relied on private funding and such funding has dried up (as in the case of the Durban branch of BESG), they have not succeeded in raising funds from other sources, in particular the government, with which NGOs in South Africa have a mainly adversarial relationship, because of NGOs’ vocal criticism of government. It is also true that, as stated by Hunt, housing’s status as a social rather than economic good has affected its popularity for grant funding in the NGO sector, expressed thus by one respondent:

*“Housing does not seem to be the ‘flavour of the month’ any more. You will find that health NGOs for example are thriving. And this once again has to do with health having tangible and direct economic implications, whereas in housing these links are not necessarily understood.”*

There is however a case for incorporating the support role of NGOs with a good track record into projects in the consolidation phase, and funding them using the budget that the Provincial Department of Housing and local authorities would in any case have to spend on housing support if they chose to play the role themselves. Indeed there is a case for the development of NGOs that have a specialization in consolidation support, given the number of subsidy beneficiaries in need of such support in past and future projects. Given the capacity constraints indicated variously throughout the study, an NGO role is vital, and it need not be played in an atmosphere of conflict with local authorities.

With regard to the interpretation of the nature of the housing asset, it has been explained elsewhere that the systematic denial of property rights to a majority makes the social housing asset a particularly important one in South Africa. This, in combination with the interpretation of the starter house as a complete house has resulted in a lack of emphasis at implementation level, of housing as an economic and financial asset. Thus, actual support mechanisms directed at harnessing these two latter values are largely absent in practice, even while their importance was recognized at policy level from the outset. The result has been that housing has not been provided in a way as to harness opportunities to access funding for other purposes, for example to start a business, or for wealth creation through the improvement of the house. Information in this regard has also not been provided. Because of the focus on their social value, houses in low income areas are in effect “*dead assets*”<sup>21</sup> according to Rust, which contribute little towards the economic empowerment of their owners. Furthermore, some actions at the implementation level have been counter to the policy intentions of creating economic and financial assets. For example, in most post-apartheid housing developments, the asset value is undermined from the outset, and the sale or resale value of such assets are and remain depressed, because the settlements are in the wrong locations, and are often not nice settlements to be in. Physically, they are unattractive, and are overwhelmingly occupied by very poor households, with little potential for improvement without post-subsidy support.

There was in the last five years, a shift in emphasis at national level to the economic and financial asset value of housing, already indicated. The articulations made in the National Department of Housing in this regard revolved around ways to firstly, make the beneficiaries aware of such value of their asset, and to secondly, educate them about ways to ensure that the value of the subsidy invested in the house was at least retained, or better yet, accentuated, both of which would constitute consolidation actions. Lastly, such articulations revolved around ways to support the realization by households, of the full economic and financial value of their asset. Consolidation action around accentuating the economic asset would involve action directed at the use of the house for economic

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<sup>21</sup> The ideas around the poor’s properties as ‘dead assets’ which results in dysfunctional property markets and depressed property values are advanced by De Soto (2001).

activity, whereas its accentuation as a financial asset would involve the role of the market in the subsidy housing segment, and how households can make their housing worth something if it is traded in the market. The overarching policy would involve the stimulation of a residential property market in the subsidy housing submarket. This ‘new’ emphasis on the economic and financial asset comes out emphatically and with more clarity in the BNG policy than in the preceding policy documents. The BNG is therefore specific about the need to:

1. “promote the realization of housing as an asset and support households in their efforts to use their housing for more than shelter, as a vital component of their livelihood strategy, the development of their business, and their long term financial planning” ; and
2. “promote the establishment of a vibrant secondary market in housing such that households are able to improve their housing circumstances progressively over time, and realize the asset value of their housing” (Department of Housing, 2004).

The government’s strategy in respect of meeting these two critical objectives involves five programmes, viz:

- enhancing access to title;
- removing barriers to the sale of subsidized housing;
- improvement of market information and transactional support;
- enhancement of access to housing finance, and improvement of the financial literacy of beneficiary households; and
- streamlining the entire housing delivery chain (Department of Housing, 2004).

It is important to note that these programmes are not new housing policy requirements, except for the envisaged removal of barriers to housing sale. They are all important components of the HWP, the implementation of which the foregoing analysis chapters highlight failure in many respects. That the BNG repeats them without showing how they will be made to perform better this time around constitutes, in the author’s view, a basis for future failure in the area of housing support. There is also a real danger that if the other four programmes do not perform, the removal of barriers to the sale of subsidized housing will on its own, merely serve to dispossess poor beneficiary households of their one and only chance at decent housing. This once again highlights the problem statement of this study, namely the failure of housing practice to firstly package support, and secondly to determine how it’s many facets fit together, and who should act on them.

In any event, the point is made that on the one hand, the interpretation of what the housing asset means, does help to arrive at policies and strategies that are supportive of its achievement, and on the other, that there are aspects of support that need to be articulated less loosely in the policy. Equally important however is the implementation of the strategies put in place to achieve the set objectives, and it is at the implementation stage, both at provincial and municipal levels, that failure to implement housing support action has further occurred.

### 10.1.2 Capacity and Funding for Consolidation Support

It also emerged from the study, that there are important practical funding and capacity-related reasons, for the lack of support for households in the housing consolidation phase. In the words of one the municipal housing official interviewed:

*“We have a huge backlog, but barely have the capacity to deal with it. So yes, people who are not consolidating may still be living in inadequate housing, but we’ll only worry about those when we’ve dealt with all the people living in shacks and taken them out of there. Just think about that. Is it really likely that we’ll ever come back to people who have already received subsidies?”*

The absence of consolidation support is however attributable to more than just the lack of funding and capacity, even though these are important reasons. Indeed, the funding and capacity deficits at the implementation levels need to be understood as being linked to the official understanding of what the housing asset really entails, discussed in the foregoing section. The fundamental institutional restructuring that took place in 1994 put in place an institutional framework to implement a support-based policy. The resultant institutional framework, with its absence of a specific support function in any of the tiers of the housing delivery chain, is however reflective of the focus and preoccupation with delivery of the subsidy, and none with the post-subsidy phase in which consolidation occurs. Napier argued that a scrutiny of any of the provincial budgets that provincial departments of housing tender to the National Department are telling of this status quo nationally. Such budgets would mainly be in respect of new housing, and would comprise of project funding, based on the number of subsidies required for the projects planned for the specific financial year, and operational costs for the same. Because delivery of housing has in practice ended at the point of subsidy delivery, rarely do provincial budgets have a consolidation support component. Confirming this, the eThekweni municipal housing director indicated that because of this critical omission by the provincial department, municipalities, where they have packaged a project to include some post-subsidy support, have had to source funding from elsewhere, for example their own internal sources, the private sector, or from the Department of Labour when such support involves skills training.

Post subsidy support is therefore largely an unfunded mandate, even where it is deemed to be necessary, which is not often. Of course municipalities have their own budgets and are not entirely reliant on the housing budget for their projects. However, even in eThekweni municipality, which is ‘richer’, and has a higher revenue-generating capacity relative to other municipalities in the Province of KwaZulu Natal, the high rental and service arrears and competing development agendas limit the funds that can be dedicated towards housing generally, and housing consolidation support in particular. Furthermore, as argued by officials, the inability by many subsidy recipients to pay for their municipal services and taxes has meant that such housing projects are viewed as liabilities to municipalities, weakening their case for further municipal investment in the post-subsidy phase.

On the issue of capacity constraints, both the Provincial and municipal housing actors interviewed noted these on three levels. Firstly, there simply were not enough project staff to linger in a project

once subsidy beneficiaries had occupied their housing. They needed to move on to other projects, and often project staff were managing more than one project at a time. In fact, there still exists a large cadre of consultants working the housing delivery terrain, performing tasks such as project management and monitoring, because municipalities and provinces do not have such competencies in-house. Secondly, an understanding and implementation of the dynamic post-apartheid housing policy, often by operatives who had done things differently in a bygone era, poses real capacity constraints. As pointed out elsewhere in the study, nationally funded provincial capacity building programmes initiated in 1998, have largely been directed at provincial and municipal housing officials, as well as NGOs and politicians. Despite these, development of capacity to innovate in housing delivery, and to deliver projects that meet the complex and demanding aims of empowering and transforming both communities and their settlements, has not been achieved. Thirdly, rarely have the capacity building funds referred to above been directed at developing programmes of housing consolidation support, and this competency does not exist at both provincial and municipal levels. Indeed the looseness with which this subject was discussed by housing officials at both levels attested to a lack of understanding of the need for consolidation support, and what this should entail.

### 10.1.3 Implications of the BNG Policy for Consolidation Support

Within the most recent developments in the BNG policy, another critical policy/practice disjuncture emerges, that has implications for support for housing consolidation. The crux of the BNG policy is the creation of sustainable human settlements, where implementation is an integrated exercise. The Integrated Development Planning (IDP) process is supposed to partially address this. This notion is seen to be a departure from the 'delivery of houses' approach of the first decade of post-apartheid housing policy implementation, to one that is more encompassing of integrated and functioning human settlements in which households have access, not just to services and infrastructure, but also means of survival (Department of Housing, 2004). While the policy intentions are once again, in fact not new to post apartheid policy, or indeed to the enabling environment policy framework in which it was located, the BNG policy acknowledges, and the findings of this study confirm the failure to implement the policy in such a way as to achieve them. Thus, the policy experts interviewed indicated the tragedy of the BNG policy that, in the words of one:

*"has recycled the fundamentals of creating sustainable human settlements of the HWP, without developing new instruments with which to meet this goal."*

Another derided it thus:

*"It's not workable. Since the BNG, nothing has changed because it's difficult to implement. It's a high level policy document which points to certain instruments, but they have not been developed; they are simply not there."*

He went to indicate the following implications for practice:

*"Now the housing officials at province and local authorities are saying, where are we? What does sustainable human settlements mean? And because the BNG is a housing policy, the general interpretation at implementation level is that it's about housing projects with a public works programme, infrastructure, schools, clinics, etc. The truth is that it's not that simple."*

Certainly the findings in Wiggins confirmed the above interpretation to be a simplistic view of what a sustainable human settlement entails. The thinking that emerged from discussions with the policy experts regarding the way forward was that the notion of creating sustainable human settlements need not necessarily be linked to new projects, even though all new housing projects should strive for this outcome. If however creation of sustainable human settlements is inclusive of projects completed in the last ten years in which this goal has not been achieved, the implications for housing consolidation are that the housing support gaps identified in such areas could be addressed retrospectively. If this policy position is accepted, it presents an opportunity to revisit past projects with a view to transforming them into sustainable human settlements. Three features are important for the way this is achieved: a clearer understanding at the implementation levels, of what the notion of sustainable settlements really entails, and what specifically needs to be put in place; an institution of well coordinated intergovernmental relations between the Department of Housing and other departments whose delivery outcomes have implications for whether old and new housing areas become sustainable; and finally, funding and development of institutional capacity, particularly at local authority level, to implement such complex policy. Already the ability of the Intergovernmental Relations (IGR) policy and the Intergovernmental Relations Framework Act No. 13 of 2005 (Republic of South Africa, 2005) to achieve such cooperation has been questioned by the experts interviewed, because it assumes goodwill and cooperation between departments. In reality, such cooperation is largely absent in practice, because of differing priorities of departments, but also because it is not the way projects have traditionally been packaged. In addition, such relations as are envisaged in the IGR policy and Act are not binding of the departments involved. Because they rely on mutual goodwill, they are therefore difficult to enforce if such goodwill is absent.

#### **10.1.4 Closing the Policy Gap**

As argued by Rust (2002), many consolidating households have done so independently of the policy provision of housing support, and in some cases, in spite of the policy that guides it. In the study areas, some policy elements have actually served to undermine household efforts and ability to improve their housing incrementally in the areas of location of housing, building standards, access to facilities, services, housing finance, livelihood opportunities, and access to skills, jobs and building materials. In addition, broader macroeconomic issues such as poverty, unemployment, lack of skills, and slow job creation at the unskilled/semi-skilled level which is characteristic of many subsidy recipients, have placed enormous pressure on household incomes. This has impacted the housing improvement process negatively. The policy goals of linking housing delivery with macroeconomic growth have however also been thwarted at the policy implementation levels, by a narrow and often flawed interpretation of what constitutes acceptable housing sector performance.

This study makes the final finding that the absence of a strategic housing support arm within South Africa's enabling/support-based housing policy constitutes the critical missing element of both policy and practice. This gap has resulted in the relegation of post-subsidy housing support to an optional status. It is the reason why innovations around housing consolidation support have not taken

place to the level that they should have. Such a strategic housing support arm needs to become a feature of all the three levels of government responsible for housing delivery. The changes in the institutional arrangements and the broadening of housing performance indicators that need to be effected in the policy framework to address this gap are proposed in the next chapter, where the study's support packaging recommendations are made.

## **10.2 CONSOLIDATED SUMMARY**

The findings of this study highlight a number of important support-related issues. Firstly, while there is no question that subsidies as an important policy feature in South Africa, have played an important role in alleviating some of the worst housing conditions experienced by the poor, they do not confer housing adequacy. Thus, the general picture painted of post-apartheid housing delivery as a star performer is only true from the point of view of the number of housing starts created. While this has been the main housing delivery performance indicator, it should not be, because it detracts from the ultimate goal of housing adequacy for recipient households, and from the devising of a housing consolidation support strategy with which to meet this goal.

### **10.2.1 Consolidation Support**

The inadequacy of the housing delivered through the household-based housing subsidy is the basis for another equally important policy goal, namely housing consolidation support. The analysis chapters capture clearly the lack of and/or uncoordinated, and sometimes inappropriate nature of support mechanisms and institutional structures for facilitating incremental building. This is attributed to the absence of a strategic housing support arm at the national level, to drive the support function at implementation level. The study finds that because of this, housing support, while recognized as a policy goal, has in practice remained firstly an unfunded mandate, and an area of little focus. Thus, at no level of the housing delivery chain was a support strategy identifiable, and none of the housing officials interviewed could even define what a comprehensive housing support package should entail, and how it is factored into a project, or a project planned to incorporate it. There simply is not, at both policy and implementation level, an understanding of the preconditions of housing consolidation around which there is consensus.

The result of this status quo is that whether elements of support feature in a project, and the form such support takes, depends on the project team and its interpretation of what the constituents of a project should be. In other instances, even recognition of the need for some aspect of housing support is not sufficient to cause it to occur, because project budgets simply do not include housing support. Where NGOs have been involved in projects, as in the three projects studied, their forms of support have reflected the NGOs' specific competencies as well as financial capacity. Consequently, housing support has not been packaged on the basis of a set of actions deemed necessary to collectively facilitate incremental building, but as what specific NGOs are good at, or what they themselves consider to be important support in a project. Thus, in Piesang, SAHPF prioritized group savings mobilization, while both BESG and CMDA prioritized subsidy expenditure and some

technical support. CMDA in addition, because of a hefty budget, supported the installation of important community facilities and infrastructure. And while these forms of support made the projects more successful than they would have been without them, equally important support, for example information in respect of access to housing finance and mobilization of savings were distinctly absent in the CMDA and BESG programmes, while professional technical support and support for local economic development were absent from the SAHPF support programme, to give but a few examples. Some of the support attempted also showed a lack of understanding of the target beneficiaries, for example the HLGC loan programme attempted by CMDA in Wiggins.

### **10.2.2 Physical Aspects of Projects**

The study's findings highlight the many physical aspects of projects that have been unsupportive and have acted counter to housing improvement goals of policy. Peripheral locations which are costly to reach and lacking in opportunities for economic activity, technically difficult sites, poorly constructed starter housing and absence of infrastructure, facilities and services critical to human endeavour and livelihood strategies, attest to the limitations of the housing subsidy that prioritizes width over depth, as well as a lack of knowledge and capacity to plan and implement projects that help rather than hinder beneficiary households' housing improvement aspirations. That households should spend money to repair their starter housing, or change details which made the original house non-functional or the site difficult or impossible to build on, is lamentable. Equally lamentable is the fact that despite the NHBRC's explicit role of monitoring the quality of houses delivered to subsidy beneficiaries, a majority of beneficiaries in the greenfield development of Wiggins lamented the deplorable quality of their starter houses, and structural faults which the developer was never compelled to return and fix. The policy goal of housing adequacy is definitely undermined where households use monies they would use for house extension to cover repair costs on account of poorly constructed houses. Thus, while poorly constructed starter housing is unsupportive of housing consolidation goals, a well-constructed starter house is a precondition of housing consolidation. Equally important consolidation preconditions are forms of support provided to surmount various technical problems associated with building. These include technical support to deal with the more complex building components like the platform, foundation and roof, house plans, building materials, and information support in the form of 'dos and don'ts' of the building process.

### **10.2.3 Housing Finance**

The findings highlight access to finance for consolidation as a critical problem for many subsidy recipients, attributable to low incomes, lack of suitable credit products and information about credit avenues for poor borrowers, and lack of co-operation from mainstream financial institutions. In Piesang, the SAHPF has supported the poor with non-collateral loans, and through the Utshani Fund maintained a steady flow of credit in the settlement. Its reach is however limited, and increasingly, it is clear that long term credit challenges the repayment abilities of even the most committed of low income borrowers. In Wiggins and Savannah, very little evidence exists of housing improvement facilitated by credit. Overall, none of the housing finance supports provided for under current policy

have worked for the two settlements. There is unfortunately very little evidence that the FSC will change the way traditional lenders view low income borrowers. Their risk aversion continues to manifest itself in the discussions that have taken place subsequent to the signing in 2005, of the MOU between the Department of Housing and BASA, aimed at recommitting banks to lending in the low and middle income market segments, to the tune of R42 billion by the end of 2008. It is also predictable that most of the lending resulting from the MOU will take place in the latter of the two market segments, and credit support for low income households will remain unresolved.

In the absence of credit, most of the households that have achieved some housing consolidation have relied on individual household savings, sometimes of social grants and meager incomes. With regard to group savings, the community impulse that mobilized and maintained such mobilization in Piesang was distinctly absent in both Wiggins and Savannah, in part because in relative terms, they are newer projects with less distinctive community ties, but also because the mobilization that took place in Piesang under the auspices of SAHPF did not have similar drivers in Wiggins and Savannah. Currently, there is a drive to encourage South Africans of all income groups to save, as the culture of disaving has been recognized as a malady that ails the macroeconomic environment and has a negative impact on inflation (Golding, 2006). It is however important that the plight of the poor as savers be recognized. Only people who have an income surplus can realistically save. Carefully thought out plans that can harness the ability of households to gain and/or access employment and income generation opportunities were considered critical in both existing and envisaged projects.

#### **10.2.4 Household Economies and Housing Expenditure**

The three study areas served to demonstrate that unemployment, poverty and lack of income affects not only the disposable income that households could direct towards housing improvements, but also their ability to start a business, save, afford credit, purchase building materials, pay builders, get building plans prepared and approved and prepare the site for building, among other things. Another important finding in this regard was that neither the broader macroeconomic environment nor the microeconomic dynamics of the projects themselves have facilitated sustained housing expenditure. At the micro level in particular, housing projects have proved to be unable to deliver on the policy goal of long term employment. The findings in all three study areas cast doubt on the ability of projects populated mainly by the poor to generate sustainable small contractor operations, and to create links with the broader urban economy, without targeted support.

The findings also demonstrated the continuing housing inadequacy experienced by housing subsidy beneficiaries who have not achieved housing consolidation. In Wiggins and Savannah, there are many such households, and a significant amount of consolidation is done using temporary 'shack' materials. These according to the authorities, politicians, owners and the policy itself constitute neither acceptable housing consolidation, nor adequate housing. Only a negligible number of households have not spent some money on some form of housing improvement or other, in some cases merely on repairs necessitated by poor workmanship, or a poorly planned original house. Some

households continue to live in the cramped conditions of the starter house in Wiggins, the small house permitted by the consolidation subsidy in Savannah, or in a shack in Piesang.

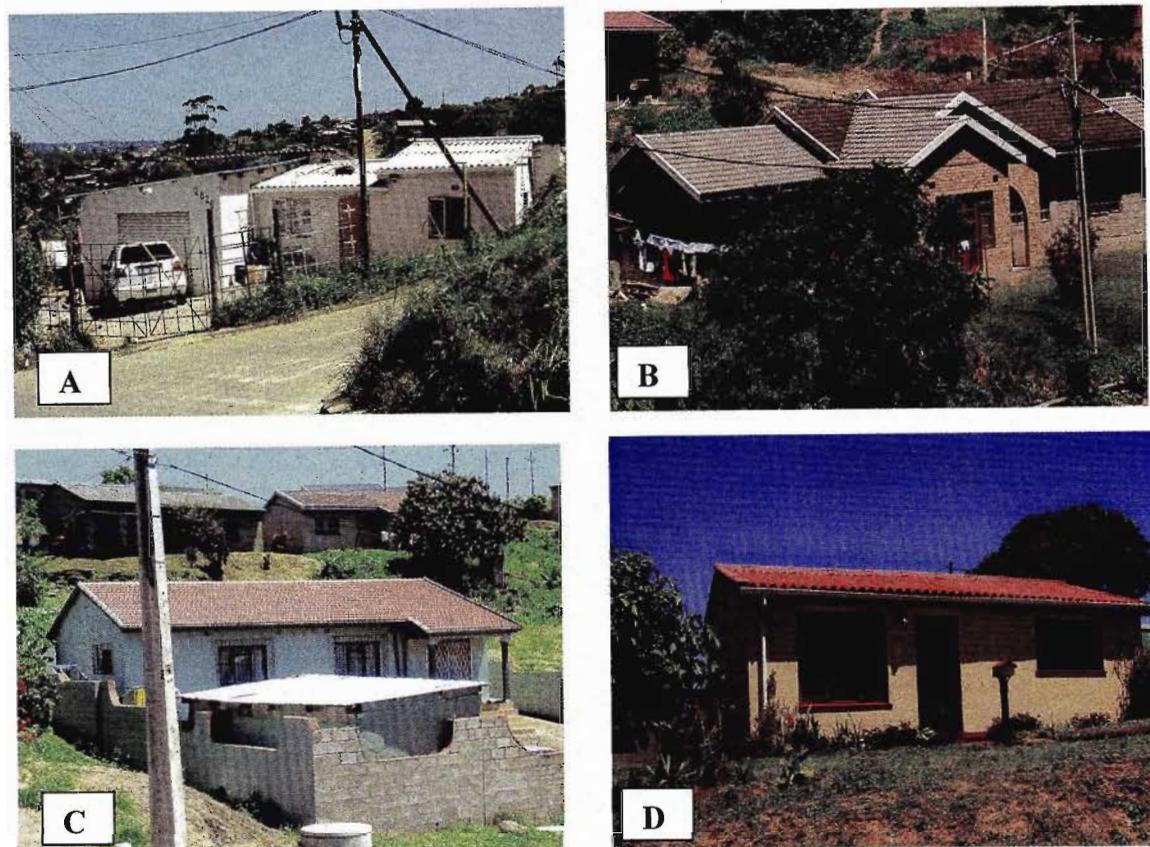
It is however important to stress that some impressive improvements to the house and site have taken place in all three incremental projects studied. In Piesang, most households have built four-roomed formal houses which they themselves compare favourably with the starter houses provided to subsidy beneficiaries in an adjacent project. Those who have not done so are in line to receive group loans with which to do so. The FGDs held in both Wiggins and Savannah as well as a study of Savannah by Mokoaleli (2006) on the other hand suggest that the households that have achieved a high standard of consolidation are not necessarily the original subsidy beneficiaries but are in fact higher income households who got into the projects through a gentrification process of purchasing properties informally sold by the original allottees. Only a negligible number of the households surveyed who had achieved impressive housing consolidation owned up to having bought out original owners. If this phenomenon has in fact occurred more widely than households are willing to admit, the implication is that people with higher household income than that targeted by the subsidy policy have ended up seizing the opportunity to enter the housing market in this way, while their higher incomes have facilitated the housing improvement witnessed. It could be that incremental housing is better suited to such households. The study can however not confirm the veracity of these assertions. Certainly, many households claiming to belong to the targeted income categories have achieved notable, even surprisingly high standard, 'middle class look' housing consolidation, as illustrated in Plate 10.1 on the next page.

FGD responses to this apparently contradictory phenomenon, would seem to suggest that differing attitudes of similarly-abled households might have a substantial impact on what households are able to achieve with housing consolidation. In her interview, Rust ratified this view by arguing that attitudes towards, and motivators of housing improvement are individual. She based this on her own findings<sup>22</sup>, that while there are beneficiaries who got caught up in the hopelessness of their situations due to inability to find work, the deplorable condition of their house or site, or how little the government was doing for them, others had scrimped and saved whatever little they had, collected and bought second hand and waste building materials, and managed to commence with the housing consolidation process. Others were motivated by neighbours and friends who they considered to be 'in the same boat' as themselves, who had nevertheless managed to extend or improve their house.

The lethargy and an expectation of further assistance apparent in Wiggins and Savannah in particular, suggests that important support would constitute the encouragement and invigoration of pride in self-help and personal satisfaction in improving ones house, as has occurred in Piesang. This should be made an important component of homeownership education.

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<sup>22</sup> Based on a study of the housing consolidation experience of Servcon clients (Rust, 2004)



**Plate 10.1 Impressive Improvements to Houses and Sites** A: Wiggins B & C: Savannah and D: Piesang

Source: Author, 2006

### 10.2.5 Perceptions of Support

Lastly, the study finds that in all three projects studied, there was an overwhelming perception of absence of government support for housing consolidation efforts of households. People felt “abandoned”, “dumped”, “unimportant” or “like crap”, as it was variously expressed by FGD participants from the three areas. A closer scrutiny of each project does however demonstrate areas in which some housing consolidation support was availed, in particular home ownership education, access to building materials and some limited skills training. There were others, discussed throughout the analysis of data, where the perception indicated above, and reality, coincided fully. For poor households, the capacity to consolidate is strongly influenced by such households’ access to resources external to the households. Where these are not availed, households are unable to engage in incremental building at all, or at a reasonable pace.

According to Rust (2004), the truism that policy makers relied upon when they settled upon a limited subsidy per household, is that the process of home improvement is something that virtually everyone undertakes, irrespective of income or class, and that it is spontaneous. The findings of this study challenge this truism. They further confirm the argument made from the outset, that certain support

or enablement preconditions need to be put in place and packaged in a particular way, before the poorest households can engage meaningfully with an incremental housing process. The findings demonstrate that such packaging ought to occur in the context of both policy and practice. The study's findings moreover suggest that in the absence of continuing and coordinated support, incremental housing is unsuited to the poorest of subsidy beneficiaries in South Africa, because they would continue to experience housing inadequacy despite government intervention. In the last chapter, these findings are used as the basis upon which to evaluate the implications of current policy and practice for incremental housing, following which a framework for packaging housing consolidation support is developed.

## CHAPTER 11: CONCLUSION AND POLICY IMPLICATIONS

### 11.1 SUMMARY

This thesis set out to examine the support context within which current housing policy in South Africa is operating, and the extent to which it has supported and enabled low income housing subsidy beneficiaries to incrementally achieve the housing adequacy goal of policy. The post-apartheid incremental delivery approach provides housing subsidy beneficiaries with incomplete dwellings, and in People's Housing Process (PHP) projects in particular, no housing at all. The policy assumption that informs this delivery approach is that such beneficiaries will be willing and able to build or expand initially incomplete dwellings into adequate housing over time. Adequate housing according to the policy, is a permanent residential structure, that ensures privacy and protection, and also creates wealth or is a social, economic and financial asset for the beneficiary household. Further, an adequate house is one of dignified size that supports morality of family and society (Department of Housing, 1994, 2000, 2004). Thus consolidation success means an enhancement of the size, standard and value of the house achieved.

The acceptance of the incremental policy approach in South Africa is an acceptance, though uncomfortable in many quarters, of the principle of 'width over depth'. With regard to housing subsidies, this principle translates to access by more low income households to less subsidy, rather than access to sufficient subsidy to cover the cost of complete housing by fewer households. In a context of continuing housing support, households would be assisted by the government to achieve housing depth or the adequate house described above, incrementally. Such continuing support would constitute sets of actions that would enable poor households to engage in a self-help housing process. Furthermore, housing support would take place within a neoliberal macroeconomic environment, in which the market would be the driver of how such housing adequacy was achieved. Thus, access to the inputs of housing with which to translate incomplete into adequate housing, viz. building materials, labour and housing finance among others, would be accessed through the market

Post-apartheid housing policy in South Africa is based on an international housing support framework around which there is apparent consensus. Both the early thinkers of self help housing and the multilateral agencies that have entrenched the support approach, in particular, the World Bank and UN-Habitat concur that the following six supports are crucial for incremental housing to occur: security of tenure; provision of subsidy assistance; provision of infrastructure and services; mobilization of credit and savings at scale; access to affordable building materials; and rationalization of institutional capacity in the housing sector. In addition to these and implicit in them, the South African housing policy considers as important housing support, the following three elements: the release of well located land, to address the problem of unsupportive peripheral housing locations of apartheid planning; job creation and income generation in new housing projects; and institutional, technical and logistical housing support measures at project level. In embracing the support approach to housing, the South African government is expected to play a supportive role, of

putting the above elements in place, to serve as the 'launching pad' for households' self-help, incremental, housing improvement activities. This study's point of departure is that supporting and facilitating the incremental housing efforts of low income households is a precondition for housing consolidation. The above outlined support framework disaggregates such support and facilitation into the nine support elements cited above. These therefore necessarily constitute the preconditions for housing consolidation, whose policy and delivery performance this study examines.

The findings of this research demonstrate empirically, the absence of support, and the incomprehensive and uncoordinated nature that housing support has taken in three housing projects in eThekweni municipality. The literature review shows this weakness to be generally typical of post-apartheid incremental housing projects. In certain instances the support provided is unsuited to its target beneficiaries, or contradictory of other support goals. Based on findings deriving from the case studies, expert knowledge and the housing practice experience of a number of key informants, it is further argued that such failure of housing consolidation support is rooted in some inadequacies of the housing policy itself, as well as in the implementation of such policy. The study finds that in South Africa, despite policy acknowledgement of the need to support low income households to achieve housing adequacy, there is complete absence of strategic direction for such support at policy level. The National Department of Housing fails to give a clear mandate to the provincial and local authority policy implementation levels, to provide housing consolidation support. There is also lack of clarity of what such support would entail, how it would be achieved, and the budget with which to achieve it. It is also a critical finding of this study that in practice, the interpretation of housing performance has mainly been based on budget expenditure on housing subsidies. This has stifled the development of comprehensive housing consolidation performance indicators, by which housing policy goals could be alternatively or additionally assessed.

The thesis identifies the many forms of housing consolidation support required by poor households. In current South African policy context, these would be households in receipt of subsidies, who have either occupied their starter housing in greenfield developments, or are ready to embark on the house-building process in PHP and consolidation projects, or the extension of such housing once subsidy funds are expended. As revealed in the literature review, the early thinkers of the support approach and the institutions that have entrenched its practice merely provide a broad support framework for incremental housing. This study applies this broad framework to its analysis, but goes beyond this to give specific recommendations for how the various supports can be achieved in the context of current policy and practice in South Africa.

The study yields additional findings however, that equally important forms of support are those related to the way the project is conceptualized and set up to be enabling of consolidation. The study finds that the slow pace and poor standard of housing consolidation has in the first instance not been attributed to absence of such support in South African housing discourse, which suggests that the link between the two is unrecognized. In practice, projects have rarely been conceptualized and

planned to ease housing improvement. This omission constitutes a major area of delivery failure. As a result, projects that are poorly conceptualized and planned locationally, socio-economically, technically and topographically have presented their beneficiaries with hurdles that have proved difficult and expensive to surmount. A positive sense of place, of belonging, and of commitment to the settlements, has been undermined by problems in these areas. Although affected differently by different aspects, examples abound from all three projects, of sites too small to allow meaningful house extension, or too steep to extend without spending monies that households are both unwilling and unable to spend on site preparation, or too close to the roads and to each other to allow privacy, absence of schooling, health, shopping and other important facilities, or locations that make commuting costly and time consuming.

The thesis' contribution to knowledge is fourfold:

1. Firstly, housing consolidation studies conducted in South Africa, including Gwagwa (1993a, 1993b), Smit and Mbona (1996), Napier (1998), BESG (1999, 2000), Rust (2004) have narrowly focused on the physical aspects of house extensions, in particular how households prioritize the space added, who does the building, materials used, types and use of rooms added, and typology of extensions. This thesis however engages with the overarching policy debates that have evolved over time and deemed the supporter paradigm an appropriate housing policy approach for low income households. Conceptually, it adopts a comprehensive and integrated approach to the analysis of housing policy in relation to consolidation and housing support. While demonstrating that the supporter paradigm is not a randomly arrived at policy point of departure, the study reveals the challenges posed to the target group by this policy position. In this regard, the study also differs with the proponents of the support approach, who have taken the incremental achievement of housing adequacy within the support context as given, or as an automatic outcome of the support policy.
2. Secondly, by examining both the theoretical constructs and the practice of housing support, the study develops a comprehensive understanding of what the notion and the practice of such support entails, and the form it should take in different incremental housing project types in South Africa, to enable households to achieve housing consolidation. The supports subsequently proposed are reflective of such understanding. In particular, they take cognizance of the way households engage with the housing improvement process beyond the subsidy expenditure phase, the way various forms of support should relate to each other, and the gaps in this regard.
3. Thirdly, recognizing the need for housing support to be coordinated and comprehensive, the study develops a framework for the packaging of such support. The framework developed is reflective of the policy, pre- and post-subsidy project planning and implementation actions that need to come together to develop *investment grade* incremental housing projects, in which low income households are willing and able to invest their energies and monies. Thus, this study achieves what is called for by Gilbert (2003): an in-depth understanding of what problems have plagued housing consolidation in South Africa, that have led to a lower pace and standard of housing improvement than that envisaged in the support policy framework internationally. The

study contributes to the addressing of this problem by developing a framework for a multidimensional housing support package (subsequently presented), which seeks to close the strategic, policy, funding and support gaps extant in South African housing policy and practice.

4. Lastly, the study tests empirically, in a specific country context, the impacts of a shelter policy approach pursued at an international level, and demonstrates the need to adapt such policy to take cognizance of local conditions and beneficiaries. In addition, it contributes a comprehensive literature in the area of support for housing consolidation in South Africa, which nevertheless has wider application in other country contexts where housing policy is based on the supporter paradigm.

## **11.2 PRECONDITIONS OF HOUSING CONSOLIDATION AND IMPLICATIONS FOR HOUSING POLICY**

### **11.2.1 The Meaning of Housing Support**

As demonstrated in this study's conceptual framework, there is international consensus around the supportive actions needed by households in incremental housing projects, to achieve complete or adequate housing. This study considered such actions to be preconditions of housing consolidation. It set out to test whether such preconditions, which are both implicit and explicit in South African post-apartheid housing policy, are suitable and sufficient to enable subsidy beneficiaries to meet their housing consolidation goals incrementally. Where they were found to be neither, the study sought to further formulate/propose the detailed policy and practice changes required to achieve a better record of post-subsidy housing consolidation, the details of which are contained in Section 11.3. Further, the study hypothesized that current housing policy largely recognizes the need for housing consolidation support, but the practice of support is not set up in a way as to yield the desired results at implementation level. It was therefore argued that the current support context was sometimes unsuited to, mainly insufficient and too uncoordinated to drive housing consolidation activities of households, and undermined their ability to improve their housing over time.

The study's hypothesis was confirmed on a number of fronts. As the study clearly demonstrated, the constituents of housing consolidation support are varied, and encompass a number of important aspects of housing policy that are preconditional to housing consolidation. Each of these was important enough in its own right to merit individual focus, and did, both in the policy debates and empirically. However, the main argument put forward at the beginning of the study around the nature of housing consolidation support, is that because it is multifaceted, it is the extent of coordination of its facets or elements that determined the extent to which households could use it to further their housing improvement goals. An important finding of the study was that such support was floundering and uncoordinated in nature at implementation level, and this was attributable to the absence of strategic direction at policy level. Certainly there was little evidence at project implementation level that housing consolidation support was understood to be, or treated as a precondition of housing consolidation. Even where some form of support was provided, there was

little evidence of an understanding that the various elements of support worked in concert, and that they needed to be provided in this way. Consequently, support for housing consolidation was disjointed and intermittent. At project level, there was both absence of, and a perception of absence of consolidation support. Because of these reasons, many households had not achieved all that they could have with their housing improvement, even though they had attempted some improvement to their houses. Others had done little to improve their housing. Both groups continued to endure housing inadequacy, despite policy goals to the contrary. Many efforts of consolidation, especially those that achieved impermanent structures, are considered by the owners themselves, as well as housing authorities and by housing policy as inadequate consolidation.

At the time that household surveys and focus group discussions (FGDs) were held, most subsidy beneficiaries had lived in their respective projects, post subsidy, for at least eight years. This constituted a sufficiently long enough period to determine the extent to which households were succeeding with housing improvement. As important as the length of time that households had been in a place, was the adequacy of their original dwelling, which would logically determine the urgency with which they embarked on housing consolidation. The study revealed that an overwhelming majority of households considered their original house inadequate. Thus, for the three projects studied, there is no question that a process of housing consolidation needed to be undertaken. An examination of both households that had achieved discernible housing consolidation of different types and standards, as well as those who had achieved negligible to no consolidation, was undertaken to determine the nature of the housing consolidation support extended to households, the source of such support, the stage of the project at which such consolidation support was provided, and the impact of the support extended on the ability of the households to engage in self help housing. The main finding in this respect was one of an ad hoc approach to housing consolidation support. This was as a result of an absence of upfront packaging of such support, to enable project implementers to anticipate the forms of support required in different projects scenarios.

The practice of housing support in South Africa was acknowledged by housing practitioners, policy experts and subsidy beneficiaries to be essentially what Smit and Mbona (1996) call a “debased version” of the support approach. Such support constituted the provision of basic services, and secure tenure, and in certain instances a starter house, but not much else. Because the subsidy is packaged to deliver secure tenure, basic services, and in greenfields developments, a starter house, these supports are an automatic component of subsidy support. The width of coverage however compromises the depth of subsidy, and consequently, much as subsidy support has succeeded in securing tenure and basic services for its beneficiaries, it has been very limited in terms of the quality of the land that has been secured for beneficiary households, in both locational and physical characteristics. The study confirms that Wiggins was one of very few settlements in the municipality, whose low income beneficiaries were located close to the Central Business District and among a range of access networks. While some policy changes in the BNG policy attempt to address the ‘shallowness’ of housing subsidies by increasing the amount slightly and requiring that funding

for the acquisition of land for housing no longer form part of the housing subsidy (Department of Housing, 2004), there remain considerable constraints in respect of how such cost of land will be covered, especially by poor municipalities with a low revenue base. At the same time, the BNG policy acknowledges that most municipalities have poorly managed land cadastres, and that it will take time to determine the extent of availability of land generally, and land suitable for low income housing in particular. Where such land lies in private hands, experience has shown the processes of access to be long and drawn out (Charlton, 2001, Department of Housing, 2004). Indeed, it is the reason why such land has been avoided in practice, even though expropriation has existed as a post-apartheid housing policy and legal option since 1994. Thus, as this study drew to a close, the municipality had as yet not packaged a single project under the new proposed funding arrangements, because the way in which the municipality would access and cover the cost of land remained unresolved. In the interim, the municipality has continued to implement projects packaged under the former subsidy regime, in which the absence of locational support, among other forms of support, is abundantly clear.

### **11.2.2 Location of Housing and Infrastructure**

The study also demonstrates that a good location, while a useful support, is on its own unable to support housing consolidation efforts of households. At best, Wiggins' good location allowed its residents to spend less to access facilities and services, and for those who had jobs, to access these. It also facilitated cheaper travel to seek work. The oppressive cost of travel to the city centre by both Savannah and Piesang residents demonstrated the importance of better located housing projects. However, for residents of Wiggins who had no employment, of which there were many (47.1%), location does not seem to have opened up that many opportunities for income generation or to access economic activities, and certainly not to the level expected by housing policy when it cites location as an important housing support. Thus the study concludes that supportive locations ought to occur in the context of the achievement of broader macroeconomic goals, in particular those that allow for job creation to occur at a faster rate than is currently happening.

At project level, a number of interactive actions are needed in this regard. For projects like Cato Manor, already planned to incorporate infrastructural facilities, such facilities' potential to provide skills training and income generation venues for households needs to be exploited further. For example, there is no reason why the library, the multipurpose, or entrepreneurial support centres in Cato Manor should not incorporate information technology or other skills training facilities, using funds solicited from such sources as relevant NGOs, the private sector or the Departments of Tourism, Trade and Industry and Labour among others, to provide various skills to local residents. Also, Cato Manor's 'flagship project' status and its history of forced removals and as a contested urban space could be exploited by positioning the area as a tourist stop-over, which could trigger a number of small-scale operations in arts and crafts, hospitality, etc. that could benefit the residents. The renowned Soweto township in Johannesburg has exploited its historical status similarly, and this is one route available to projects located in areas that have such attributes to offer. Reasonably well

located projects could also be planned to exploit their potential to attract low income tenants as a form of income generation opportunity for households, through such supports as provision of bigger sites, better house designs and subsidy support to 'small' landlords, proposed elsewhere. On a broader level, given the peripheral locations of most low income housing projects, local economic development (LED) expertise needs to become an important feature of the project planning phase, to provide insights and advice on the potential of targeted areas to grow, or indeed discourage location of projects planned in areas that will simply stagnate. Specialists in such LED areas as tourism, construction, entrepreneurship, etc. could be incorporated in the planning of projects to look into the longer term potential of projects to grow in such specific areas.

The literature review reveals that low income housing projects in South Africa have been planned with disregard for how and where the residents would access community and social facilities. Empirical findings confirm this approach to project planning in eThekweni municipality. Despite broad-based access to basic infrastructure and services, economic infrastructure geared at triggering local economic development at project level was distinctly absent in subsidy projects. The study revealed that projects funds are simply not sufficient to cover this important support, mainly because housing delivery practice, despite contrary policy articulations, has focused on the delivery of housing units. As indicated variously, the measure of housing performance lies firmly in the number of housing subsidies expended, and these have been maximized at the expense of other equally important housing performance elements. Once again Wiggins proved to be the exception, although it owed its exceptional status to an atypical funding model, that allowed for availability of funds to a level that would not typically accompany greenfields developments in South Africa. Households' access to facilities in neighbouring areas in Piesang was an unplanned outcome of its location close to existing formal townships and therefore not attributable to proper project planning, while a significant level of dissatisfaction with lack of important facilities and the cost of travel to access such elsewhere was expressed by 66% of Savannah residents.

The serious hurdles confronting consolidating households in Wiggins however demonstrate that while community facilities serve to create housing satisfaction, seizing the opportunities provided by economic infrastructural support is much more complex and needs to itself be backed by other forms of support, in particular access to skills, income, credit and markets. This would allow households to partake of the opportunities that such economic infrastructure creates. This latter set of supports is what this study terms investment in people, making the distinction between it and investment in place, which would entail the provision of physical facilities, without necessarily providing the support that households need to interact with them. This study makes this important distinction, which is unacknowledged in other studies which call for the provision of social and economic infrastructure in low income settlements. In the Cato Manor area, the additional supports that necessarily need to accompany the facilities provided, have unfortunately not been provided or understood to be necessary. The 'diagnosis' at both policy and implementation levels, of what ails many post apartheid low income housing projects and why households are slow to invest in housing

improvement, is that absence of social and economic infrastructure has made them costly places to live, and undesirable to invest in, by the poor. This study concludes that to a significant extent, this argument has merit. But the significant level of poverty and inability to transform the incomplete dwellings in Wiggins where a range of infrastructure, including economic infrastructure has been provided, points to an oversimplification of the particular way in which infrastructural support should link to other forms of support to create an enabling consolidating environment. It is also a simplistic interpretation of the relationship between infrastructure support and housing improvement. This study therefore critiques the simplistic response by the BNG policy, to the absence of infrastructure in housing developments with a simple requirement for their provision in past and future projects.

Housing policy formulation around the relationship between infrastructure support and housing improvement needs to co-opt the expertise of local economic development and sustainability experts, who would ensure that the critical angle of how people use especially economic infrastructure to transform their economic condition, is brought to bear on any resultant policy. Indeed the whole notion of how the poorest households can be assisted to become income generators instead of dependants of government grants, needs to remain a priority goal of housing policy to the extent that the housing process can facilitate its achievement. It also needs to be a priority of macroeconomic policy in South Africa.

### **11.2.3 Housing Finance and Other Forms of Finance**

In the realm of housing finance, the thesis reveals the complex, inextricable relationship between income, savings and credit, as preconditions of housing consolidation, and in the way they link to other preconditions. From a support point of view, this relationship is made more complex by the fact that low income housing developments, mainly have no potential for growth and for local economic development due to poor locations and lack of economic infrastructure and its accompanying support, as indicated above. Such developments undermine household ability to earn sufficient incomes and save for housing, both of which have negative implications for access to credit. Thus, by not packaging housing projects to take cognizance of this relationship, lack of finance for housing has become a self-perpetuating problem, of lack of income generating opportunities-lack of income-lack of savings/credit in such projects. For households who might afford credit, the conclusions drawn with regard to the efforts to bring traditional lending to the low income housing market are bleak, and the findings of the study confirm a near-absence of bank lending in all three projects. Despite the best efforts of the government to lure banks, housing practitioners and policy experts agree, that the same reasons that banks did not lend in the first decade of post apartheid housing policy are the same reasons they are unlikely to lend in the second, namely, risk aversion, low profit margins and a huge market share at the top end of the market. Additionally, the thorny and unresolved issue between the parties involved in the most recent Memorandum of Understanding remains, of how risks are to be allocated between the government and the banks. When the fear of bank credit and of long term indebtedness, expressed by many

residents of both Wiggins and Savannah is factored into the equation, the study reaches the conclusion that the kind of credit support pursued by the government for low income borrowers, in the form of traditional loans, is an unsuitable form of credit support for this market.

The relative success of the Utshani Fund-backed savings and credit programme of the SAHPF in Piesang, suggests that forms of community banking are more appropriate to poor households' circumstances than traditional lenders, and are an important precondition for housing consolidation in the subsidy housing market. This truth needs to be reflected in the role the National Department of Housing chooses to play in supporting and facilitating low income households' access to credit. The findings of the study suggest that efforts of the Department of Housing need to be redirected towards expanding this form of credit countrywide, specifically by providing seed capital for Utshani-like funds. Savings groups or 'stokvels' can then increase these initial funds through savings over a predetermined period of time. Credit could then be availed on the basis of the savings accumulated. NHFC in particular could respond to the criticism leveled against it, of lack of downmarket and scale lending and onerous lending conditions, by initiating such proposed savings-based lending around the country, channeling some of the monies that it has been unable to utilize thus far into community level retail institutions. Such retail lenders could take the savings of groups as well, and lend group loans on the basis of such savings, rather than on the basis of steady formal employment and a minimum amount of income, which the majority of subsidy beneficiaries simply do not have. Such reconfiguring of NHFC's mandate would require a national level policy decision, and institution and capacity building at implementation level, before credit could become forthcoming to individual and group borrowers, and the volume of lending increase. It is important however, that the loans availed in this way be short to medium, rather than long term, as experience with Utshani loans demonstrates that long term loans exert undue hardship on even the most committed borrowers.

The study established however, that credit as a precondition of housing consolidation, extends beyond mere access to housing loans, to access to loans with which to initiate income generation activities sorely needed by many subsidy recipients. The much-touted cross-sectoral approach to planning of housing projects envisaged in the BNG policy needs to be extended to tap into ways in which community banking initiatives can be geared to serve households aspiring to start income generation activities. The Grameen Bank model among others internationally, shows the wisdom of using credit to firstly break the cycle of poverty, which has proved to be an important intervention and precondition of housing consolidation in the Bangladesh case. Thus, while the Department of Housing's own initiatives would avail housing credit, its collaboration with relevant departments would open up opportunities for access to other forms of credit also needed by households, and shown to be absent by the study. Already, the Department of Trade and Industry has several programmes and initiatives aimed at developing the SMME sector in South Africa, some of which include microcredit support, including loans to first time borrowers involved in survivalist economic activities, and others targeting women specifically (South African Business Guidebook, 2002 – 2003). It is therefore a critical failure that in the housing projects examined, no effort was made to

link subsidy beneficiaries with these programmes, nor was there any evidence that such programmes were known to the housing actors. To bridge this gap, the study proposes that consultants with the requisite planning, economic and other relevant expertise be co-opted to assist to develop cross-sectoral programmes between the Department of Housing and DTI, that would facilitate the tapping of housing beneficiaries into the latter's credit programmes, as a routine component of project planning.

The study revealed however that, like economic infrastructure, access to credit for income generation needs to be accompanied by support for would-be recipients in business skills, ideas, as well as linkages with markets for their products or services, once credit is granted. The Wiggins case study in particular revealed that economic infrastructure without access to credit, skills and ideas rendered households helpless in their endeavours to initiate income generating activities. They simply did not know which ventures to try, how to set them up, who to approach for ideas and other support. The local economic development that should emanate from a housing/economic infrastructure relationship in fact seemed to draw a complete blank, and needs to be given attention in both policy and practice. It is particularly important that the supports needed in this area, and identified above, be packaged and provided together. The Departments of Economic Development, Labour and Trade and Industry would be particularly useful partners to the Department of Housing in this regard, and would be in a good position to draw in the public, private and NGO sector institutional support and funding needed to drive this process. DTI, through its Ntsika Enterprise Promotion Agency, for example, provides support services to the SMME sector in areas such as business development, marketing and management. Such programmes, among others, could be explored for possibilities of linkages, where appropriate, with new or existing housing projects to provide interested households with such support. The Department of Labour programmes, geared at development of business skills in the SMME sector, could also be linked to targeted residents.

The complexity of getting these institutional arrangements to work in practice needs strategic direction. It should therefore not be assumed that Departments will now work in concert just because a cross-sectoral policy now exists. The findings of this study exhibit clearly the need to translate policy into practice, by providing it with strategic direction, clarity in the institutional arrangements, capacity for delivery, and adequate funding.

#### **11.2.4 Jobs from Housing**

The research found that while access to jobs is a precondition of housing consolidation, it has been a major area of policy failure. At the macroeconomic level, the South African economy has been slow to create jobs, and despite the 12% more jobs argued to have been created between 2000 and 2004, the number of potentially economically active individuals has increased threefold in the same period (Department of Housing, 2004). At project level, the hurdles of creating self-employment by subsidy beneficiaries have been discussed above. At a microlevel, the thesis finds that housing delivery is unable to provide sustainable direct and indirect jobs for two reasons. Firstly, current projects are

rarely packaged to include social and economic infrastructure, which could be an important source of employment if set up correctly and households supported to engage with it. In addition, the links to support obtainable from private and other sectors of government have not been established to serve subsidy beneficiaries. Some recommendations have already been made regarding how these areas can be addressed. Secondly, the policy goal of creating jobs through on-site production of cheaper building materials, using innovative technologies, which consolidating households could directly access for house extensions, and therefore demand on a continuing basis, did not take off in the first decade of post-apartheid housing policy. Furthermore, the wisdom of the support provided to access building materials, through the accreditation of suppliers to projects is questioned from a job creation point of view. There is therefore a case to be made for supporting local building materials production.

The study revealed that there is cynicism still attendant to the use of on-site produced building materials for urban housing in South Africa. Given this attitude, it is proposed that the Department of Housing take the leadership in this area, and set up pilot projects under the direction of an institution like CSIR, which already exists to perform similar functions. CSIR's mandate in the pilot projects would be to conduct research, document the processes undertaken in the on-site production of the materials, the strengths and weaknesses of the systems developed, main hurdles and ways to overcome them. Once these are overcome, municipalities could be encouraged to pilot the systems and package their projects to include on-site materials production, drawing in other relevant sectors where necessary. Some international NGOs, for example Action Aid, Intermediate Technology Development Group (ITDG), and bilateral aid agencies like GTZ have an interest, expertise and experience in this area, and could be drawn in by the National Department of Housing to collaborate with CSIR to provide some direction in the setting up of the proposed pilots. Local NGOs interested in developing this area could participate in the pilots, with a view to supporting its further development when the international NGOs exit the programme, and adapting it to local conditions and practices.

Not only would on-site materials production create jobs, but it would further allow for capital circulation in the settlement, build skills and provide a reliable source of materials for housing construction. While it is acknowledged that Piesang residents made a conscious choice not to get involved in building materials production, the residents of both Wiggins and Savannah were provided with neither the choice nor the support to embark on local production of building materials. It is however also important that methods of guaranteeing acceptable standards of such materials be devised upfront, before beneficiaries make costly mistakes by using untested materials produced this way.

It is noteworthy that many of the job creation proposals contained in the latest (BNG) policy, in particular labour intensive construction methods, management and maintenance of housing stock, building materials production, and developing local contractor capability, are in fact not new. More

importantly, if implemented for each new project, the results, on the basis of the findings of this study, are predictable – local people who will have attained short term employment in their own project, but not in others because in those, other local people would have been given the same opportunities. This study concludes that there is need for programmes, by relevant departments, for example Public Works, Labour and Economic Development to link people who have attained some skills in housing projects to opportunities in the broader construction labour market, both in the public and private sectors, rather than merely in low income housing projects, where the scope for jobs is limited and short term. This then calls for more rigorous and higher level skills development in projects, as well as placement programmes. The project agency, whether municipality or NGO could, for example, keep records of those trained at project level and attempt to, through already proposed cross-sectoral relations, obtain the cooperation of the Department of Labour for example, to fund their further training, or secure placement for them in internship or apprenticeship situations in Public Works projects, or link them to willing private sector construction projects. There are an infinite number of possibilities in this regard, if well orchestrated. This study however suggests that most job creation will have to occur through the implementation of broader macroeconomic policies which lie outside the domain of housing policy.

#### **11.2.5 Other Preconditions of Housing Consolidation**

The study revealed information support as an important precondition for housing consolidation, to facilitate both household commencement with consolidation activities and a better quality of consolidation. It showed that while success had been achieved in basic home ownership education, equally important information was not imparted to housing beneficiaries. In particular, sources of credit instituted by the Department of Housing itself were not known to beneficiaries, while the housing actors generally did not consider it their responsibility to provide information on the avenues for bank-borrowing opened up by successive agreements between the Department of Housing and banks, as well as the FSC. There was complete lack of information pertinent to how and where to access credit to initiate SMMEs, even those that would facilitate the housing consolidation process itself, for example small contracting businesses, and building materials production. The study calls for provincial and municipal authorities to include such information as part of homeownership education. Some proposals for the role of relevant departments, NGO and private sector organizations in this regard have already been made. Useful information such as that pertaining to the role of HSCs; basic guidelines or a checklist of dos and don'ts while extending one's house that could assist hired as well as owner-builders; the meaning of housing as an asset and how to enhance its asset value; how and where to report defects in the house; the need to save; etc. should also be included and reiterated periodically, especially through the expanded HSC notion, addressed below.

The study finds housing support at project level to be a precondition of housing consolidation. It however critiques the narrow conceptualization of the notion of housing support centres (HSCs), and finds that due to funding and capacity constraints, it is not feasible to attach a HSC to each project in perpetuity where in any case, only intermittent activity takes place. The study further proposes the

form such centres should take, the support roles they should undertake and the length of time the support function should be maintained in projects. Drawing on the cross-sectoral planning of projects proposed in the BNG policy, the study suggests that the project level support notion be expanded. Thus, rather than have just a HSC, the cross-sectorally planned settlement could have a multisectoral, multipurpose support centre in which various types of support could be provided and managed by people seconded from relevant departments. The way it is envisaged to work is that in a single building, put in place to serve a settlement or cluster of settlements, a resident could get housing-related advice, information, have a house plan drawn, and collect Education, Home Affairs, or welfare-related information and social grants. The nature of housing support availed would be based on the support requirements at project level in that particular locality. These would have been determined during the packaging of the project or cluster of projects, to take account of any conditions, or circumstances specific to such project/s. Such a centre would be critically useful in projects in which people have been relocated and need housing as well as social facilitation support to settle down. For projects such as the ones examined in this study that have been in place for years, periodic revisits by housing support staff located centrally in the already proposed municipal housing support unit, could be availed regularly, and communities made aware of when such staff would be in their area to address their housing support concerns. Such housing support staff would, by rotating their services around the municipality's housing projects, maintain a housing support presence, without needing to locate permanently in a physical HSC in the project, especially a number of years post-subsidy, when housing consolidation activities have fizzled out. In their absence, trained housing advisors resident in the project could play the role of supporting daily activities, as well as alerting housing support staff in the municipal housing support units of any problems that only they can address. This would be a cost-effective way to address the concern that not every project can have a physical HSC, while ensuring that continuous housing consolidation support still occurs.

The study concludes that the provision of 'consolidated' or 'packaged' support in the areas identified above and reflected in the multidimensional support package subsequently presented, is an important precondition of housing consolidation, as it creates enhanced housing environments, making new housing areas what is termed *investment grade* areas (see Section 9.2.1 of Chapter 9). In turn, the investment grade of settlements engenders housing satisfaction and commitment to a settlement, which are important drivers of household decisions to invest in housing improvement. It is suggested that the 'trick' to achieving *investment grade* lies in the packaging of housing support so that all the preconditions of housing consolidation discussed throughout the study are either put in place, or the conditions for their harnessing and/or setting up created in the planning as well as implementation of low income housing projects. Packaging of housing support needs to become a central feature of housing project planning and implementation. Towards this end, it is reiterated that housing support firstly become a strategic arm of both policy and practice. This would facilitate its funding as well as the institutional reordering and capacity building needed to make this possible.

### 11.3 PACKAGING HOUSING SUPPORT AND POLICY IMPLICATIONS THEREOF

Packaging of housing support suggests the existence of a standard approach to how projects are delivered, and therefore the drawing up of a checklist of a specific set of support 'ingredients' that would need to be incorporated into each project. The findings of this study are that in reality, the elements of support that feature in any project, and the form in which they would be delivered, would depend on a range of factors. These would include the characteristics of the beneficiaries, in particular their socioeconomic status, their skills base, as well as their origins, rural links, prioritization of a permanent urban home and of household expenditure on housing, and the type of project through which they access their subsidy, among other things. The other important factor that might influence the approach to support in a project would be its location and linkages to the neighbourhood and city, beneficiary access to social and economic infrastructure, jobs, building materials and existing HSC, among other things. An understanding of these would be critical, because it would, for example, determine if the planned project is to include infrastructural and community facilities or take advantage of existing infrastructure; what type of income generating activities could be planned for an area; whether, for example, on-site production of building materials is viable, given similar activities nearby; and whether an existing HSC has the capacity to support a planned adjacent project. In addition, the development control that might be imposed on the development because of the municipality in which it is located, might determine the nature of support or intervention required by households wishing to engage in housing consolidation in that particular locality. Thus, each project is unique, and the support packaged for each will be correspondingly unique. The drawing up by this study of a checklist applicable to all incremental projects is therefore not a worthwhile exercise.

It is however considered a vital contribution of this study, to provide a support framework within which the individuality of any project could be articulated from a support point of view. Based on the myriad support-related findings of the study, this section fulfills one of the main aims of the study, and packages housing support from three important dimensions, namely pre and post-subsidy support; institutional arrangements and the allocation/reallocation of support roles; and project type and corresponding support. It is however important to note the interrelatedness of the three packages in providing an overall framework for support. Thus, while the form of support needed for a project can be determined on the basis of project type, the stage at which such support is provided in the project delivery process is determined using the pre- and post-subsidy support package. At the same time, the exact institutional arrangements and roles in its delivery are determined using the support package developed around institutional roles for housing support. Thus, the multifaceted nature of housing support is reiterated, and the following packages proposed to work together to constitute the multidimensional housing support package developed by this study, on the basis of the three dimensions indicated above. The details of each are presented below.

### 11.3.1 Packaging Pre- and Post-Subsidy Support

The thesis finds in the first instance, that the planning of low income housing projects is punctuated by a number of important limitations that impact the way in which beneficiary households engage with the housing improvement process. These have been tackled in detail throughout the study, and recommendations made for how to address them. They are however summarized here to ease the transition into the packaging, and include:

- The subsidy amount, which dictates the quality of the site, and of the initial house.
- The type of beneficiaries in such housing projects. To maximize project funds, projects have been packaged to house predominantly very poor people, without a fair mix of higher income households that would provide the incentives for housing improvement, create jobs, and/or provide a market for the poor's income generating initiatives.
- The residential or dormitory mono-function of new projects, with a notable absence of economic infrastructure to support local economic development, and social infrastructure to transform such housing developments into livable areas.
- The production system for incremental housing, which as the study revealed, is largely engineering driven in the delivery of basic infrastructure, and often pays little thought to the spaces left over for houses, the slope (which is an important factor of projects in eThekweni municipality because of the region's steep topography), and how the placement of houses on the sites works. The result is difficult site conditions, awkward sites on which house extensions are difficult or virtually impossible and/or costly to achieve, and poor orientation of houses. In addition, this study found that the plans produced by town planners for a project did not include details at the house or individual site level. This presented huge limitations for the engineering surveyors, because they could not interpret what the planners had envisaged, for example where recreational and other facilities were meant to be located, where a road might turn, etc. The result was engineering designs that compromised the plan envisaged by the town planner.
- The absence of a budget to fund the production of additional conceptual drawings by the planner, which would allow for the transmission of the planner's ideas to the engineering surveyor, and the total absence of important built environment professionals, in particular architects, in the planning and delivery of low income housing projects.
- Lastly, the lack of emphasis of housing consolidation as an important feature of both housing policy and the housing process, resulting in a lack of planning for, and therefore absence of or haphazard housing consolidation support.

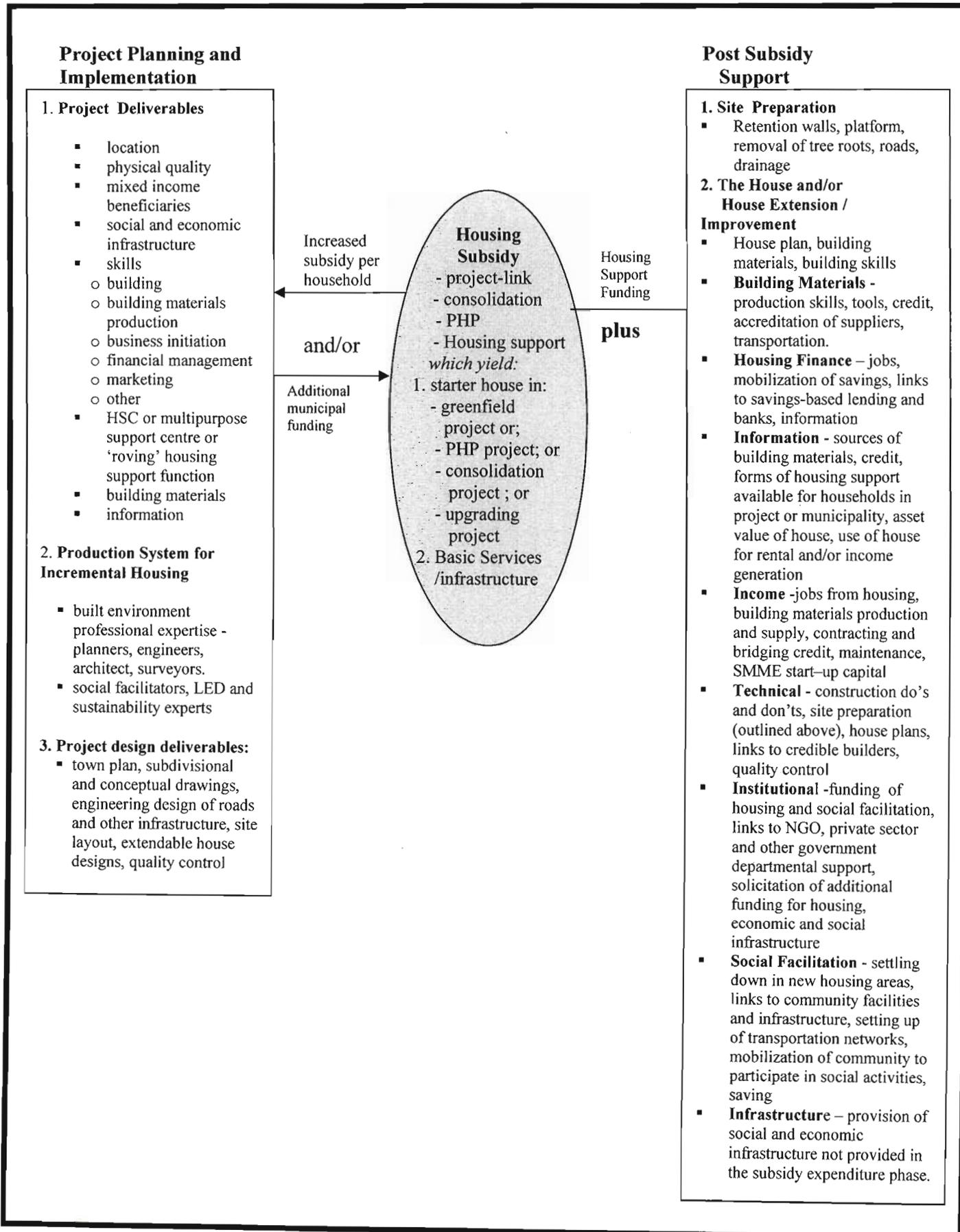
An important objective of this study was to package support on the basis of a comprehensive understanding of preconditions of housing consolidation, as well as to address the limitations and gaps outlined above. Thus, in packaging support in the pre- and post-subsidy stages of a project, the housing support package is conceptualized to provide a framework for the inclusion of the elements considered important in the planning and setting up of a project, and in its implementation phase in the first instance. In the post subsidy phase, it would constitute all elements, featured throughout this study, that would facilitate the efforts of households to improve and extend their dwellings. The

variables of the project, including land characteristics, beneficiary characteristics, funding model, project agency, institutional arrangements and delivery approach among others, would then determine the exact application of the elements in this package to any particular project. For example, the decision regarding when to provide building skills, whether in the pre- or post-subsidy phase, would be determined by whether the project beneficiaries are already living in or near the project area, or whether they would need the skills to build the house themselves, for example in a PHP project. There are therefore a myriad variations to the way this packaging framework, presented in Figure 11.1 on the next page, can be used, based on individual project circumstances, and a level of flexibility and innovation needs to be brought to bear in its application.

The packaging framework provides the 'grand vision' of how incremental housing projects should be set up. Its main function would be to guide municipalities and other institutions in their packaging of such projects, because it outlines the consolidation support constituents that would need to be put in place to ensure the resultant project has the potential to facilitate its beneficiaries' engagement with qualitative and timeous housing consolidation. In particular, the package would guide municipal housing project teams in the preparation of briefs for the various groupings involved in the delivery process, and enable them to specify their requirements of all involved, ranging from the social facilitators, to built environment professionals, LED and sustainability specialists, developers, contractors, NGOs and community organizations.

The type and size of any proposed housing project is likely to be predetermined by factors such as whether security of tenure can be availed in-situ, in which case it would be an in-situ upgrade, or whether people need to be relocated to a 'greenfield' for whatever reason, where land is available and without encumbrances, and whether its an existing community that needs housing, among other variables. Where a group of people initiate a project and opt to drive the process, a PHP would more than likely ensue. Because of the myriad ways that a housing project can originate in South Africa, sometimes projects may be packaged by the municipality, NGOs or private developers, without forward thinking with regard to the expected post-subsidy consolidation process. In all these scenarios, the framework below would facilitate an anticipation of the support needs of the beneficiaries, and municipal project staff would be able to use the framework to interrogate any proposed project, their own or another agency's, from a support-for-consolidation perspective. A project scenario would be useful in demonstrating how this framework would be used.

Figure 11.1 The Pre- and Post-Subsidy Package



Source: Author's construction

### 11.3.2 Using the Framework in Different Project Scenarios

#### 11.3.2.1 The project planning and implementation phase of the framework

By way of example, this feature of the framework would be used to determine such project details as:

- Location and access to work and infrastructure: while location would be predetermined in the case of an upgrade for example, there would be need to establish the area's thresholds in terms of the nearest existing facilities and services, and whether new ones are required, the travel times and cost involved to access these, and on the basis of an income survey of the area, whether such access is affordable by the households. It would be important to take into consideration that regularized tenure would now require added household expenditure on municipal services. This kind of beneficiary-related information is rarely sought in the current packaging of projects. In this case, it could be decided that the project not take place if the results of such examination were negative. Alternatively, a decision could be taken to relocate such residents, or to secure a commitment from relevant departments to provide the facilities needed.
- Developer or PHP: Whether the upgrade is to take place in the context of a PHP or by a developer would be determined by the community dynamics extant in the settlement, and these would need to be understood. A skills audit would also need to be undertaken to determine what components of skills training would need to be included in the project, and the service providers for these identified. The housing support unit would specifically need to solicit funding for this from the various sources – the Municipality itself, Department of Labour, private sector organizations and/or NGOs with a training forte, for example Khuphuka. Such activities may for example, show PHP to be the inappropriate project route to take, if the support for skills training is not forthcoming.
- Where some economic activities already exist in an informal settlement, an important support component in the planning of the upgrade could be the drawing in of NGOs like the Small Enterprise Foundation, KhulaStart, or any others whose forte is micro-enterprises, to determine what support is needed by households already so engaged, in the 'new' upgraded setting, how to retain and grow existing activities, and also based on location and potential markets among other things, what ventures could be initiated, and which residents identified to benefit. This would also help determine other cross-sectoral relationships that may need to be established
- If the informal settlement targeted for upgrading is in an area where other housing projects have already taken place (e.g. an upgrade of the Cato Crest informal settlement in the Cato Manor area), the project could be planned to reactivate the existing (if dormant) HSC, where some implementation and post-implementation support activities could take place. Such a HSC could function as the venue for the NGO and private sector activities outlined above, and its activities could be expanded to suit the support needs identified in the project planning phase. In an area such as Cato Manor with a big population catchment because of its location, it might be

determined that the HSC expand its role to the multi-sectoral, multipurpose support centre proposed in the study, drawing people requiring its services from further afield, who could benefit the area by expanding the local market for goods and services, while providing the housing support needed by Cato Crest residents.

- In any project scenario – greenfield, PHP or upgrade - the project team would need to anticipate the potential market for locally produced building materials, informed by the materials needs in both the proposed project, as well as, for example, existing ones nearby, where households are involved in housing consolidation, and are amenable to using of locally produced materials, which would itself need to be established. If deemed a viable venture, the team would then identify potential producers within the settlements, bring in relevant NGOs or the Departments of Labour and/or Trade and Industry to determine their skills, credit and other needs, and identify service providers to train, provide credit, solicit private sector funding for tools, equipment, etc. A project as big as Cato Manor would be suited to a local building materials production pilot, the recommendations of which have been discussed elsewhere.
- The framework specifies the different groups that would need to play a role in both the planning and implementation of the project. In particular it specifies the need for:
  - i. the inclusion of an architect, to design houses and sites that have the potential to be extended for both residence and economic activity, including possibilities for vertical extension; house designs and typologies that use the site and the subsidy funds more optimally;
  - ii. the town planner to produce conceptual drawings, not traditionally produced in low cost housing projects, due to budget limitations.

The municipal project team would then need to determine how these two ‘extras’ would be funded. These and other project details would determine the way support is packaged.

In conclusion, while the framework points out to project planners the project elements that need to be anticipated, the exact way in which they are dealt with would be project specific.

#### **11.3.2.2 The post-subsidy phase of the framework**

In the post-subsidy phase of the project, the framework identifies specific activities that would need to be undertaken. The ways in which they could be undertaken, and in particular the support to be solicited outside of the municipal housing unit are tackled at length in the study. An example of one of the elements identified for post-subsidy support would therefore suffice to demonstrate how the framework would be used.

In the area of housing finance, for example, the framework calls for residents to be supported to access jobs in the post-subsidy phase. This has traditionally not been considered core business of the municipal housing unit, although the study shows it to be a precondition of housing consolidation. The municipality’s role in this could be:

- in the proactive establishment of links between beneficiaries trained in building skills during project implementation with, for example, a Public Works project in a nearby area; and/or

- its approach of a private sector construction project to co-opt such beneficiaries in apprenticeship programmes to improve their skills; and/or
- to approach the construction Sector Education and Training Authority (SETA) on the beneficiaries' behalf to assess their level of skills and provide them with formal certification that could allow them entry into formal sector construction work; and/or
- in the drawing in of private sector funding for such activities as information technology (IT) training at community level.

There are a myriad variable scenarios in this area. While the municipal housing unit may not have the capacity to undertake all these tasks, an understanding of their ultimate impact on housing consolidation points to the capacity that needs to be attracted by the unit, to deliver incremental housing that has the potential to improve. Such capacity may be obtained in the form of consultant or NGO expertise to set up such activities, or ultimately developed in-house.

To mobilize savings, the municipal housing unit could enlist the support of the following, among others:

- SAHPP officials to speak to communities about the role of savings in housing consolidation, based on the SAHPP experience;
- NGOs with an interest and experience in savings mobilization;
- Local leadership – church, councillors, cultural leaders to periodically speak to their constituency in their various fora about pooling their savings and the potential to use them to access loans;
- Housing officials themselves, in their homeownership education drives;
- The National Stokvel Association of South Africa (NASASA) to provide communities with information on their savings programme.

In another area, the social facilitation support proposed in the post-subsidy phase will differ from project to project, and the object of the framework is to provide pointers as to the kind of activities that this support would entail, as well as to demonstrate the need to budget for such activity. In a greenfield project to which households have been relocated for example, a social facilitator's activities would include approaching the various sectors from which the new residents would require services – schools; community facilities, especially if these are 'owned' by an existing settlement; transport authorities to set up a bus/taxi route, etc. The social facilitator could also be provided with relevant information to play a community mobilization role, that might trigger future collective action in activities such as group saving or mutual building.

It is important to reiterate that the nature of housing consolidation support attendant to each project would be determined on a project-by-project basis, although as the practice of support becomes entrenched in the way housing is delivered, certain support acts would become regular constituents of incremental housing projects. This section however serves a more important function than merely explaining how the framework would be put to use. It packages and phases support, and assists the municipal project team to anticipate the myriad support tasks that would necessarily need to

accompany any project they or any other agency packages, in which low income beneficiary households expect support to attain housing improvement incrementally.

### **11.3.3 Packaging Institutional Roles for Housing Support**

The fact that the South African housing policy calls for people to make an active housing contribution by extending their housing incrementally towards housing adequacy, and undertakes to provide the initial subsidy and ongoing support in this regard, implies the existence of an institutional framework that would support the occurrence of such support. The findings of this thesis however revealed the gap between policy and practice, in the whole area of housing consolidation support, and in particular in the institutional structures and roles in which housing support occurs, or ought to occur.

Firstly, the study established an absence in housing practice, of a comprehensive understanding of what support for housing consolidation really entails. Thus, despite the policy intentions to support the housing consolidation actions of households, the way in which such support has been effected in practice has been ad hoc and inconsistent. In certain instances it has been altogether absent or inappropriate. Indeed, as established by the study, whether support features at all in a project, and the form it takes has tended to depend on the project team or NGO's understanding and interpretation of support. The interpretation of housing performance to mean subsidy expenditure has further exacerbated this status quo. Because of this interpretation, or perhaps in addition to it, there is absence of strategic direction of housing support at all levels of housing delivery.

In packaging the institutional roles to reflect the critical place for housing support in both policy and practice, it is acknowledged that a new understanding of housing support at institutional level, informed by a new policy emphasis on a different set of housing performance indicators, needs to take place. It is therefore noteworthy that this kind of new policy emphasis is distinctly and worryingly absent from the BNG policy. Thus, it is proposed that changes to policy be effected, that would ensure that housing delivery is judged on performance in all the following areas:

1. The integrative character of the settlement created, both with its immediate environments and the broader city, as well as in terms of its ability to integrate different economic groups and economic activities that have the potential to grow the area economically.
2. Quality of life indicators that would help in the assessment of the housing satisfaction in new housing settlements and include elements like location, access to infrastructure, facilities and services, security and livelihood opportunities, and as a result of these, housing improvement.
3. The facilitation of a housing market, support geared at ensuring access to credit, as well as at harnessing of the economic and financial value of subsidized housing.
4. Physical aspects of the housing provided, including its standards, design, site conditions, and the extent to which these meet adequacy and functionality goals. In the case of incremental housing in particular, the extent to which the physical characteristics facilitate rather than hinder housing improvement would be an important performance indicator.

5. Neighbourhood and housing transformation through housing consolidation activities.
6. Responsiveness to varied demand indicators, which would constitute a major departure from the current 'one size fits all' approach to housing delivery. This way, incremental housing would only be provided to households who have the desire to own and improve starter housing.

Such shift in housing policy to encompass a wider range of performance indicators would automatically necessitate the institution of mechanisms to achieve success in these various facets of housing delivery. Given that housing consolidation support would now be a key performance area, it would then be logical to have, as the first necessary policy change, a policy requirement at national level, compelling firstly, a change to the current institutional arrangements, and secondly, the institution of housing support units at provincial and municipal levels. A concurrent policy change would entail the provision of a budget line from the National Department of Housing, that would be managed by provinces and municipalities, through the housing support units set up as proposed above. Such units would determine the nature of housing support needed at project level on a project-to-project basis, and provide it innovatively, using the pre- and post-subsidy packaging framework developed in Section 11.3.1 to guide such action. Very importantly, the provinces and municipalities would need to build an understanding of what the changed housing performance criteria entails, and capacity to perform in all the key areas of delivery, including housing consolidation support.

The study found that in the current institutional arrangements for housing delivery, there is substantial duplication of effort between the roles played by the provincial and municipal levels, with provincial departments of housing implementing their own projects, and supporting small or weak municipalities to implement theirs. It has however been the intention of current housing policy since 2000, reiterated in the BNG policy, to accredit municipalities to run their housing projects independently of the overseer role of the provincial departments of housing. The criteria for such accreditation is the development and expansion of municipalities' capacity to independently plan, implement and maintain projects and programmes in accordance with housing policy. If the institutional framework proposed above takes place, in the context of accreditation goals, the provincial departments of housing would in the long term focus less on project implementation, and more on building the required capacity at municipal level. In the context of housing consolidation support, such capacity-building would entail retraining of municipal housing actors to understand housing consolidation support, how to package projects to include it, and how to evaluate performance in this regard.

The re-ordering of current institutional arrangements around support, and the new funding mandates, activities and actors, proposed above and elsewhere throughout the study, guide the packaging of institutional roles for housing consolidation support, presented in Figure 11.2.

**Figure 11.2 Recommendations for the Packaging of Institutional Roles for Housing Support**

Required Policy / Activity	Current Support Institutions and Arrangements	Proposed Re-ordering or New Institutional Arrangements and Roles
<p>Policy emphasis on housing consolidation and housing adequacy.</p> <p>Distinction of housing delivery roles of the Provincial Department of Housing and Municipalities</p>	<p>Policy articulations to support households, no emphasis on housing consolidation.</p> <p>Packaging and implementation of projects by both Province and municipalities</p>	<ol style="list-style-type: none"> <li>1. National Department of Housing to: <ul style="list-style-type: none"> <li>▪ Revise housing performance indicators</li> <li>▪ Put emphasis on housing consolidation</li> </ul> </li> <li>2. Provincial Department of Housing to: <ul style="list-style-type: none"> <li>▪ Change its role to capacity building of municipalities</li> <li>▪ Accredite municipalities to independently run and manage housing budgets.</li> </ul> </li> </ol>
<p>Institution of a Strategic Housing Support arm</p>	<p>none</p>	<p>National Department of Housing to:</p> <ul style="list-style-type: none"> <li>▪ Create a Chief Directorate or Directorate of Housing Support to develop a housing support mandate and implementation framework</li> <li>▪ Develop capacity building strategy for housing support</li> </ul>
<p>Funding of the Housing Support Function in Projects</p>	<p>To a limited and uncoordinated extent by:</p> <ul style="list-style-type: none"> <li>▪ National Department of Housing through its National Capacity Building programme</li> <li>▪ Bigger municipalities</li> <li>▪ NGOs through privately and publicly solicited funding</li> <li>▪ Private sector building materials suppliers</li> </ul>	<ol style="list-style-type: none"> <li>1. National Department of Housing to provide specialized housing support budget</li> <li>2. Provincial Departments of Housing to: <ul style="list-style-type: none"> <li>▪ Allocate housing support funds according to projects packaged by itself and municipalities.</li> <li>▪ Create a Strategic housing support arm to build housing support capacity at municipal level</li> <li>▪ Accredite municipalities to run housing budgets, once municipal capacity is built</li> </ul> </li> <li>3. Municipalities to: <ul style="list-style-type: none"> <li>▪ Augment of Department of Housing support funds</li> <li>▪ Develop municipal housing support units</li> <li>▪ Develop an organizational structure, and human resources for housing support</li> </ul> </li> <li>4. Provincial Departments and Municipalities to: <ul style="list-style-type: none"> <li>▪ solicit private sector and international agency funding for relevant/specialized housing support activities.</li> </ul> </li> </ol>
<p>Information Support</p>	<ul style="list-style-type: none"> <li>▪ Provincial Department of Housing use of Capacity Building Programme funds for consumer education</li> <li>▪ Municipalities, mainly consumer education</li> <li>▪ Some NGOs</li> <li>▪ Some private sector agencies</li> </ul> <p>Activities mainly uncoordinated.</p>	<ol style="list-style-type: none"> <li>1. Provincial Department of Housing to: <ul style="list-style-type: none"> <li>▪ Expand the Capacity Building Programme brief</li> </ul> </li> <li>2. Municipalities to: <ul style="list-style-type: none"> <li>▪ Expand the information support brief</li> <li>▪ Provide comprehensive information support</li> <li>▪ draw in, coordinate and provide venue/s for private sector- related information</li> <li>▪ emphasize the asset value of housing</li> </ul> </li> <li>3. NGOs to: <ul style="list-style-type: none"> <li>▪ Implement municipality- developed information brief</li> <li>▪ identify information gaps</li> <li>▪ draw in municipalities to facilitate private sector-related information</li> </ul> </li> <li>4. Varied Private Sector to provide: <ul style="list-style-type: none"> <li>▪ relevant information regarding products and services</li> </ul> </li> <li>5. Banks in particular to provide: <ul style="list-style-type: none"> <li>▪ marketing of and information regarding credit products.</li> </ul> </li> </ol>

Technical Support	Provincial Department of Housing and Municipalities providing: <ul style="list-style-type: none"> <li>▪ Housing support centres in some projects</li> <li>▪ technical advice</li> <li>▪ some skills training</li> <li>▪ project monitors, presumably quality control</li> </ul> NGOs <ul style="list-style-type: none"> <li>▪ technical Advice</li> <li>▪ project management</li> </ul>	<ol style="list-style-type: none"> <li>1. Provincial Department of Housing and Municipalities to provide:             <ul style="list-style-type: none"> <li>▪ In collaboration with other departments, multipurpose support centres with housing support function.</li> <li>▪ Housing support centres for clusters of projects</li> <li>▪ “roving” technical support, by staffing and capacity development</li> <li>▪ site preparation for housing extension</li> <li>▪ establishment of a relationship with NHBRC to certify specific stages of the building process, e.g. foundation, floor slab and roof level</li> <li>▪ drawing in of relevant private sector technical support</li> </ul> </li> <li>2. Municipalities to:             <ul style="list-style-type: none"> <li>▪ lower building standards</li> <li>▪ provide pre-approved house extension plans</li> <li>▪ approve plans cost-free</li> </ul> </li> <li>3. Municipalities in collaboration with technical NGOs to:             <ul style="list-style-type: none"> <li>▪ develop a ‘dos and don’ts’ house extension manual</li> </ul> </li> </ol>
Housing Finance Support	National Department of Housing <ul style="list-style-type: none"> <li>- Subsidies</li> <li>- MOU with banks and FSC commitments</li> <li>- NHFC and its subsidiaries, NURCHA, HLGC</li> </ul>	<ol style="list-style-type: none"> <li>1. National Department of Housing to:             <ul style="list-style-type: none"> <li>▪ Resolve the risk sharing debate with banks.</li> </ul> </li> <li>2. Provincial Department of Housing, Municipalities and NGOs to provide:             <ul style="list-style-type: none"> <li>- Information:                 <ul style="list-style-type: none"> <li>▪ to lending institutions about potential lending areas</li> <li>▪ to households about products from various institutions</li> </ul> </li> <li>- Facilitation of information support</li> </ul> </li> <li>3. Banks to:             <ul style="list-style-type: none"> <li>▪ provide information about products</li> <li>▪ remove negative perception of banks by low income households</li> <li>▪ remove fear of credit</li> <li>▪ remove of redlining</li> <li>▪ implement the FSC commitments</li> </ul> </li> <li>4. NHFC to provide:             <ul style="list-style-type: none"> <li>▪ scale retail lending</li> <li>▪ initiation of community banks</li> <li>▪ capacity to the retail institutions it supports</li> </ul> </li> <li>5. Community Banks to develop:             <ul style="list-style-type: none"> <li>▪ savings-taking programmes</li> <li>▪ savings-based lending</li> <li>▪ group lending</li> <li>▪ information support for clientele</li> </ul> </li> </ol>
Income Support	Provincial Department of Housing and Municipalities <ul style="list-style-type: none"> <li>- To a limited extent:             <ul style="list-style-type: none"> <li>▪ skills training</li> <li>▪ construction jobs</li> </ul> </li> </ul>	<ol style="list-style-type: none"> <li>1. Provincial Department of Housing and Municipalities to:             <ul style="list-style-type: none"> <li>▪ implement the EPWP in housing</li> <li>▪ provide skills training</li> <li>▪ draw in roles of relevant Departments – Labour, Economic development, Tourism, Trade and Industry (DTI) etc, to provide training, grants, credit, information</li> <li>▪ encourage the use of dwelling for income generation</li> <li>▪ provide well located housing projects</li> <li>▪ initiate building materials production in housing projects</li> <li>▪ provide subsidies for rental accommodation development</li> </ul> </li> <li>2. NGOs to:             <ul style="list-style-type: none"> <li>▪ provide skills training</li> <li>▪ support building materials production</li> <li>▪ match skills and construction jobs</li> <li>▪ provide relevant information support e.g. sources of credit, training, ‘dos and don’ts’, etc.</li> </ul> </li> </ol>

Building Materials Support	Provincial Department of Housing, Municipalities and NGOs <ul style="list-style-type: none"> <li>▪ accreditation of building materials suppliers to projects</li> <li>▪ limited building materials production</li> </ul>	<ol style="list-style-type: none"> <li>1. National Department of Housing to:             <ul style="list-style-type: none"> <li>▪ Shift policy emphasis to the use of local building materials and intermediate production technology in housing</li> </ul> </li> <li>2. Provincial Department of Housing, Municipalities and NGOs to:             <ul style="list-style-type: none"> <li>▪ establish links to relevant skills training providers in both production and business management, e.g. DTI programmes</li> <li>▪ package project-based production of building materials</li> <li>▪ establish links to micro lenders</li> </ul> </li> </ol>
Infrastructure Support	Provincial Department of Housing and Municipalities. <ul style="list-style-type: none"> <li>▪ bulk infrastructure and services to projects</li> </ul>	<ol style="list-style-type: none"> <li>1. National Department of Housing to:             <ul style="list-style-type: none"> <li>▪ develop policy and strategies for cross-sectoral planning of housing projects</li> </ul> </li> <li>2. Municipalities to:             <ul style="list-style-type: none"> <li>▪ implement the above policy</li> <li>▪ provide social and economic infrastructure</li> <li>▪ solicit private sector and international agency funding</li> </ul> </li> <li>3. NGOs to:             <ul style="list-style-type: none"> <li>▪ Lobby municipalities for provision of social and economic infrastructure.</li> </ul> </li> </ol>

Source: Author's construction

### 11.3.4 Packaging Support on Basis of Project Type

One of the objectives of the study was to establish if households were likely to succeed better at achieving housing consolidation on the basis of the project type through which they had received subsidy. Hence the case studies examined represented:

- the greenfield development approach in which project-linked subsidies accrued;
- a consolidation project in which consolidation subsidies were accessed by Independent Development Trust (IDT) capital subsidy beneficiaries; and
- an atypical PHP project which was a precursor to, and basis for formalized PHP policy in South Africa, and in which subsidies were granted on the basis of a special arrangement of the Provincial Housing Development Board (PHDB) of KwaZulu Natal Province.

These scenarios were reflected in Wiggins, Savannah and Piesang projects respectively. The Piesang project, by virtue of its being developed in its original informal settlement location, was also an in-situ upgrading project.

It is this study's conclusion that irrespective of the type of project, the way the project is set up, the institutional arrangements around housing support and actual post-subsidy support provided at both institutional and project level are important preconditions of housing consolidation. Thus, the comprehensiveness of the support lent is more important than the project type in the achievement of housing consolidation. Such comprehensive support would however need to be aligned with the specific project-by-project circumstances/conditions observed, physically, or of the targeted beneficiaries.

Some forms of support emerged as important preconditions of housing consolidation. For example, irrespective of project type, security of tenure proved to be an important starting point for any incremental project in which households were expected to invest their resources in housing improvement. In addition, a good project location, access to basic services, social and economic infrastructure, jobs, skills, housing finance, building materials, technical assistance and institutional support were important determinants of whether or how households interacted with housing improvement, irrespective of project type. As was demonstrated by Piesang, regularization of sites and layout to facilitate individual space, as well as installation of infrastructure constituted important support. One additional factor that was distinguishable as particularly important for successful housing consolidation was the community dynamics of an already established settlement. Such dynamics existed in Piesang even before upgrading intervention, and created the internal impulse that facilitated community effort around housing improvement. It is in fact such an existing impulse that would cause a community to prefer a PHP project over any other type of project. It is however also important to be mindful of the fact that the way housing policy structures PHP projects to facilitate the self-help, mutual help and sweat equity aspirations of the households involved, is a support programme in its own right.

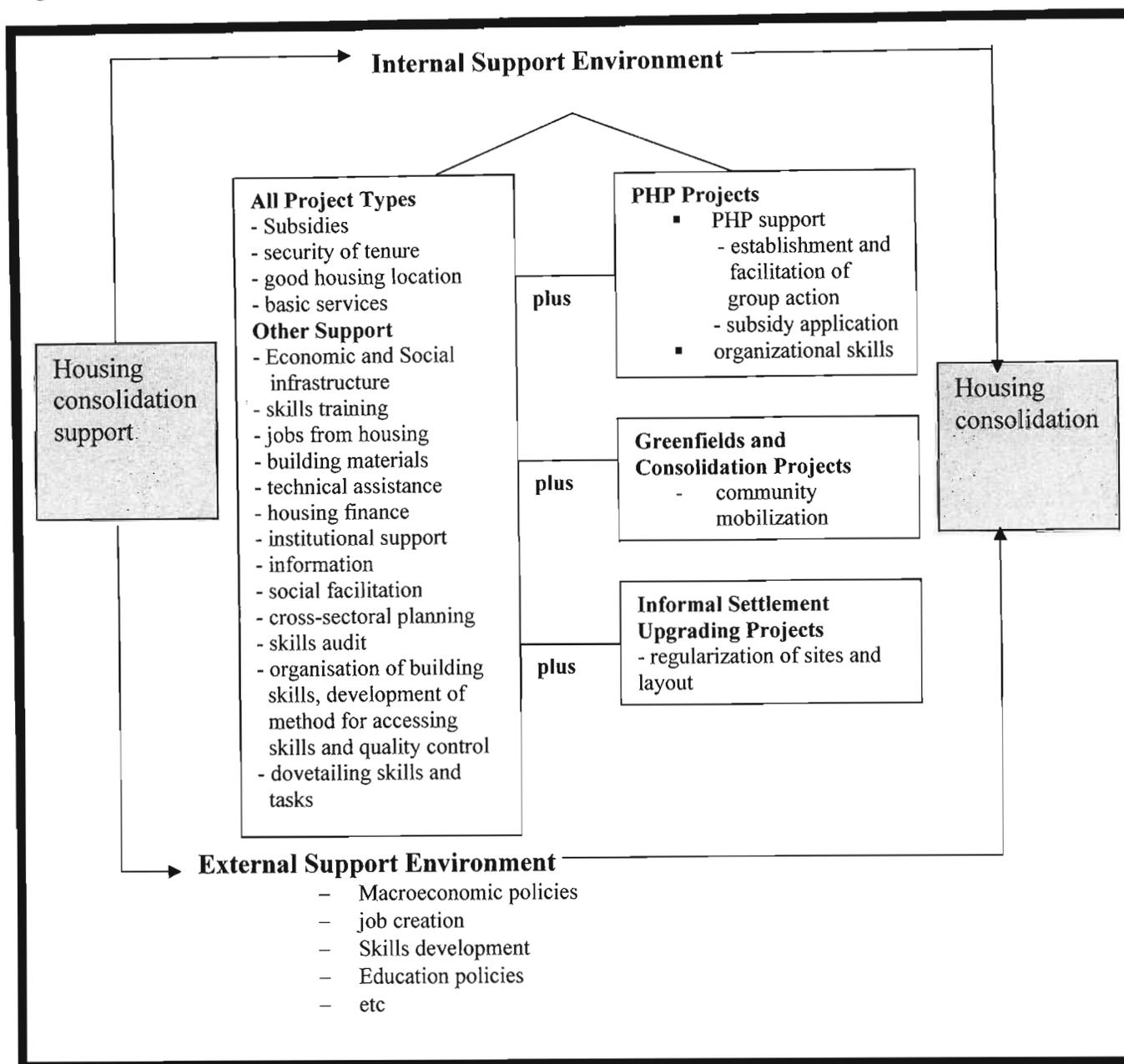
The community dynamics observed in Piesang were distinctly absent from both Wiggins and Savannah, where people did not have as long a history with the settlement and each other. This did impact the extent to which the housing improvement process was viewed and undertaken as a community-articulated aspiration and community-driven process. This finding would seem to suggest that for greenfield projects, and in particular those developed for people from disperse origins and disparate interests, the added support of community mobilization is a critical one, where it might already exist in an informal settlement or even a consolidation project, where households have a shared history. It would also appear that lack of continuity on account of disruptive relocations that usually accompany greenfield developments in particular and which interfere with households' livelihood strategies, if not addressed at the project planning stage, can become a real barrier to housing consolidation. At a policy level, this additionally makes a strong case for in-situ upgrading to become a more prominent housing delivery approach than is currently the case in South Africa. This point is made in the BNG policy, but needs more buy-in at implementation level.

It is also the finding of this study that construction skills can play an important role in both housing production as well as providing income generating opportunities, even though the full potential in these two areas had not been harnessed in the three settlements examined. In PHP projects in particular, construction skills are important for sweat equity, because the projects are packaged to incorporate a construction role for households, as a way to save on monies that would, in different delivery modes, go to developers or builders. Construction skills in PHP projects are therefore an important support and facilitate the achievement of "saving in building" (UNCHS(Habitat), 1987), discussed in Chapter 3. However, bearing in mind that self build is not an absolute requirement in PHP projects, whether skills training support is provided or not in a particular project depends on the

choice the households make between building or supervising the building of their housing. If households choose to make use of existing skills within the community for example, the support required then would be in conducting a skills audit, and bringing the skills together in some kind of focused effort, in the organization of where and when they become applicable, devising a method for monitoring performance and safeguarding households using such services against poor workmanship and exploitation, and other relevant actions. It is noteworthy that such support would also be useful in greenfields, upgrading and consolidation projects in the post-subsidy phase. It is thus concluded that the variations observed in the degree or extent of success at housing consolidation in the three projects studied, have more to do with the way support was structured and actualized to respond to the individual project circumstances, than they do with project type. The exception to this is in the notable area of the presence of an internal impulse which would tend to accompany PHP projects, in which a group of people come together by choice to address their housing needs in a PHP context, by virtue of either having a shared history, or choosing to address their housing needs collectively rather than individually.

An equally important finding is that household economy is a very important factor, perhaps even the most important factor in determining the extent to which households succeed in improving their housing. The overwhelming response by households citing poverty or low incomes as a critical hurdle to housing consolidation suggests that an improved household economy is more important than project type as a precondition of housing consolidation. Thus, while a number of support actions linked to the housing delivery process are indicated, the support package developed in this regard recognizes additionally, that many actions supportive of improved household economies would need to be provided externally of the housing delivery process, and would therefore have no bearing on project type. The packaging of support on the basis of project type represented in Figure 11.3 makes the distinction between the forms of support common to all project types, and those that are determined by project type, and also includes the external support environment that must work in concert with the project-type housing support framework proposed here. It is noteworthy that most of the forms of support needed for housing consolidation apply to all incremental project types.

**Figure 11.3 Packaging Support and Project Type**



Source: Author's construction

This framework needs to be understood to work in conjunction with, or to complement the pre- and post-subsidy and the institutional roles frameworks developed above, and that they together constitute the dimensions for packaging housing consolidation support. To use a specific project scenario as an example of its use, once it is determined that the project to be implemented is a PHP one on whatever grounds, it would then be individually packaged to incorporate the forms of support recommended for all project types. In addition, the support proposed specifically for PHP projects would also be provided. The point at which the various supports would be provided within the project process would be determined by use of the pre-and post-subsidy packaging framework. There would be need to concurrently implement the proposed re-ordering of some existing, and new institutional arrangements. The policy changes called for would need to be instituted, and the

specific roles that actors in these areas would be required to play clarified, to ensure that housing consolidation support takes its 'rightful place' within policy and practice. It is however reiterated that the exact nature of the support lent would be determined on a project-by-project basis, and varied where necessary to take cognizance of the project variables, including the nature of available land, beneficiary characteristics, existing infrastructure, existing economic and social networks, availability of NGO support and its nature, among others. The actual type/form of support undertaken could be guided by the recommendations made throughout the study, that are informed by policy, precedent and experience of housing support in South Africa and internationally. Overall then, the exact way in which the support deemed necessary for an individual project is packaged would be guided by the multidimensional housing support package, constituting the three packaging frameworks developed above, but determined individually.

The multidimensional housing support package's most important contribution to the housing support terrain in South Africa is to provide a framework for packaging in a comprehensive, holistic manner, all the policy, institutional and project level support actions and interactions that need to occur together, to ensure that households in each incremental housing scheme, packaged using such framework, are provided with an enabling environment within which to achieve housing consolidation.

#### **11.4 CONCLUSION**

The study sought to establish how the preconditions of housing consolidation, as understood from international discourse on incremental housing and set out in the South African national housing policy had been put in place in practice, to enable households in receipt of housing subsidy to improve their housing, and achieve housing adequacy over time. In the conceptual framework of the thesis, the housing policy evolution out of which the supporter paradigm for housing delivery emerged, its main informants/influences, and the rationale for incremental housing policies were examined, and the South African post-apartheid housing policy located firmly within this support policy context. The expectation that households engaged in incremental housing would enjoy ongoing support to achieve housing consolidation was deemed to be clearly discernible in both the theoretical constructs around self-help housing, as well as in South African housing policy. Such support was also deemed critical in facilitating the participation of the poorest households in the neoliberal market context within which they would access housing inputs. The study established the main aim of housing support as facilitating such participation, by ensuring that the critical elements needed for increased and efficient production of housing were made easily accessible to the people in need of them, and further, that these elements collectively constitute a housing support package which is itself preconditional to housing consolidation.

From the outset, the study argued that the presence of starter and/or incomplete houses or housing of a temporary nature in projects up to eight years old attested to the failure by housing actors to implement the housing policy's stated goals to provide appropriate ongoing support for beneficiary

households to achieve housing adequacy. The findings of the study were in line with this view. An overwhelming majority of households still living in such housing did not consider it adequate, and felt trapped in their inability to extend and improve it in the first instance, and unsupported in their quest to do so in the second. The study further found that the forms of housing consolidation support that had been put in place were uncoordinated, mostly insufficient, and in certain instances unsuited to incremental housing scenarios, and to supporting the housing improvement activities of mostly very poor households.

The study highlighted the dichotomy between the neoliberal context within which access to housing inputs is located, and the dire poverty of many of the households expected to satisfy their housing needs in the market. The extent of poverty revealed by this study defies the ability of the housing subsidy alone to facilitate the interaction of beneficiary households with the market for the housing inputs needed to achieve housing adequacy. Indeed, the subsidy has itself acted as a barrier to such interaction, by placing households in poorly located developments with limited or no access to economic opportunities, and little evidence of continuing socioeconomic development and improved long term prospects, for individuals as well as settlements as a whole. Thus the subsidy has inadvertently kick-started a process of marginalization, that has been exacerbated by the need to afford housing improvements. Employment and income generation support has thus emerged as the single most important precondition of housing consolidation, because it opens up opportunities to save and access credit, purchase building materials and contract labour among other things, and prioritize housing expenditure.

The BNG policy already proposes to address the important land/location issue to the extent that it contributes to household poverty, by firstly acting more decisively than policy has done in the past, in accessing well located private and public land for low income housing development. Secondly, funding acquisition of such land would occur outside of the housing subsidy amount, because funding it out of the subsidy would limit the type and location of land that could be accessed. This constitutes a social cost that the government is willing to shoulder in an attempt to address the apartheid space economy that has tended to be reproduced in post-apartheid housing delivery. However, the limited ability of the housing process to address the income generation needs of households who benefit from subsidy, even in better located projects such as Wiggins, points to an oversimplification by policy, of the housing process-economic opportunity relationship, and questions the extent to which the housing process can respond to the critical problem of poverty. The findings of this study make it abundantly clear that while clear strategies to integrate housing with economic development are required, the support needed to tackle the extent of poverty and lack of employment and economic opportunity experienced by the majority of South Africans lies in a support environment external to the housing delivery process, and therefore needs to be tackled at a broader macroeconomic level. Such an external support environment therefore needs to accompany and support the support environment internal to the housing process, proposed in this study.

Through the analysis of research findings derived from interactions with housing policy experts and practitioners, housing officials at all government levels, and subsidy beneficiaries in three projects, as well as from other South African studies, the study established the absence of a clear housing support strategy at policy level, as well as lack of a clear and collective understanding of what housing consolidation support entails in South African housing practice. As such, the housing support provided in the three settlements examined represented the project teams' and NGOs' interpretation of support. It was also mainly a reflection of their competencies in specific areas, and of their areas of emphasis, rather than an implementation of a clearly developed and spelt out housing support plan at policy level, and a housing support action plan by the eThekweni municipality, for its housing projects. Such housing projects also exhibited the fitful and incomprehensive character of housing support that has accompanied incremental housing projects, and demonstrated that support in one or two elements does not constitute meaningful housing support, and is unlikely to yield the envisaged housing improvement goals of policy.

The thesis provided empirical evidence that demonstrated that housing consolidation support in post-apartheid housing projects had not been packaged as a comprehensive set of support elements that needed to occur in tandem, and accompany each project in which households would participate in housing completion and improvement. It further established that the absence and uncoordinated nature of housing support so far, is attributable in part to provincial and municipal competence and capacity, and that building capacity in these levels generally, and particularly in the area of housing support, is an important prerequisite for housing consolidation in South Africa. The study proposed that such capacity-building be backed at policy level by funding allocation and strategic direction. Towards this end and as its main contribution, the study developed a multidimensional housing support package, aimed at providing a framework for packaging housing support comprehensively, at the levels of both policy and practice. Such package constitutes three dimensions that would need to be applied concurrently in packaging housing support. At policy level, the actions recommended in the package fill the gaps that exist in the current institutional and funding arrangements for housing support. The package further calls for definite policy shifts in two areas. The first of these would be the redevelopment of housing performance indicators, which prioritize housing consolidation and housing adequacy.

Secondly, the package advocates a policy shift towards different institutional arrangements for housing support, in particular, the inclusion of a strategic housing support arm at national level; a housing support capacity building arm at provincial level, that would build municipal capacity; municipal housing support units at municipal level; and a housing support function at project level, provided for physically in the form of a HSC or a multisectoral, multipurpose support centre, or in a 'roving' fashion, managed at municipal level. One of the dimensions of the multidimensional support package framework proposes the specific stages in the housing delivery process that specific support actions should be instituted, as well as the forms of support that call for the actions of departments and agencies relevant to, and necessary for holistic, integrated housing delivery. It remains to be seen

how the cross-sectoral planning of projects proposed in the BNG policy will be implemented in practice. The progress made so far in this regard constitutes the establishment of cross-sectoral committees, to devise the systems by which the proposed planning and delivery of projects will occur, and the policy remains untested. It however constitutes a worthwhile policy change, and creates an important starting point for the delivery of liveable, investment grade settlements in which beneficiaries desire to stay and invest in housing improvement. Another dimension of the support package developed by the study makes a distinction between the forms of support applicable to all project types, and those that would need to be provided for specific project types. Overall, the multidimensional housing support package developed in this study, and the study itself, contribute by way of developing a more comprehensive conceptualization and understanding of the notion of support for incremental housing than has occurred in South Africa so far, in the practice of support in post-apartheid housing projects. The package developed constitutes a framework within which housing projects can be packaged that have the potential to be consolidated, and housing adequacy achieved by their beneficiaries over time.

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## APPENDICES

### APPENDIX 1: KEY INFORMANT INTERVIEW SCHEDULES

#### APPENDIX 1.1 HOUSING POLICY AND HOUSING FINANCE EXPERTS

**Date:**

##### HOUSING POLICY

1. Does the BNG policy constitute a return to the provider paradigm of housing delivery? If so, is a study of housing consolidation support still relevant in present day housing terrain in South Africa?
2. Is a requirement for poor households to complete their own dwellings a reasonable expectation, given that over 80% of subsidy recipients so far earn R1500 and below?
3. Is it your understanding that some follow-up support was supposed to occur to enable such households to achieve housing consolidation?
4. Would you say such support is clearly provided for within current policy, and does the policy compel housing actors to provide such housing support?
5. What is your personal assessment of the way housing consolidation has unfolded in the post-apartheid housing projects?
6. What would you say is a reasonable time within which discernible housing improvement should have occurred in a project, and why?
7. Many policy writers indicate that the pace and quality of housing consolidation in South Africa is slow and poor respectively, compared to for example Latin America. Why do you think this is so?
8. What is a reasonable quality of consolidation? What should we who evaluate the consolidation efforts of households be looking for as far as the quality and form of the improved housing?
9. From a policy and practice point of view, to what extent does housing consolidation in post-apartheid housing projects embrace informality of both process and product?

Very specific support emerge from both literature on the subject, and current South African housing policy and I would like to examine these now:

##### HOUSING FINANCE

10. There is a history of attempts by government to lure banks into lending to low income subsidy beneficiaries, culminating in the latest MOU between the government and banks in 2005. To what extent have these attempts succeeded in achieving this aim?
11. How is the FSC expected to tie into the aims of the MOU?
12. To what extent has subsidy housing as a financial asset opened up opportunities for its beneficiaries to access credit?
13. Is there validity in the school of thought that argues that bank credit is not appropriate for low income households? Why?
14. What would be your comments on the performance of NHFC and its subsidiaries both in terms of scale lending and reach lower downmarket?
15. What would be your comments on NURCHA's performance with regard to the same?

16. What is the state of credit availability in the low income housing market, and how have households satisfied their credit needs generally?
17. Should low income households automatically know to save for housing, or should they be mobilized to do so? Why?
18. Given the general poor state of saving in South Africa, regardless of income group, to what extent can savings be a vital tool for mobilizing housing finance for the poor in particular?
19. What is the extent of savings-based lending in South Africa currently, and why?
20. To what extent is savings-based lending an appropriate avenue for housing finance mobilization among the low income in South Africa? Why?
21. Is incremental housing for households who can neither save nor afford credit?
22. Given how big this group is in South Africa, how can housing policy address this groups housing needs differently?

#### **INCOME GENERATION AND EMPLOYMENT CREATION**

23. To what extent is support in these areas a housing policy mandate?
24. How would you assess the extent to which the delivery of low income housing has facilitated income generation by, and employment creation for the beneficiaries?
25. In particular, has housing played its role as an economic asset?
26. The Job Summit of 1998 laid some emphasis on the ability to create employment by meeting basic needs in housing, infrastructure and community based public works. What is the gist of this envisaged relationship between housing and employment, and to what extent has it worked in practice in South Africa?
27. What have been the main failures and successes in this regard?
28. Is the achievement of the policy goals in this regard a precondition of housing consolidation?

#### **LAND, INFRASTRUCTURE AND SERVICES**

29. Most post-apartheid low income housing projects are unanimously criticized for their poor locations, poor quality/difficult physical characteristics and small size of the site. To what extent do these phenomenon affect the pace and quality of consolidation achieved by households? How can beneficiaries be assisted to overcome some of the more costly aspects of building on such land?
30. In what ways, and to what extent has lack of infrastructure, facilities and some services in new housing areas impacted the housing improvement efforts and attitudes of beneficiary households?
31. To what extent are the changes proposed by the BNG policy in this regard likely to have the envisaged outcomes, and why?

#### **SKILLS DEVELOPMENT**

32. Is skills training in housing projects a realistic income generation/employment creation support for beneficiary households?
33. In most low income housing projects, skills development tends to mean and be implemented as training in building skills. Is this the way the notion of skills development is envisaged in housing policy? If not, how is it in fact envisaged?
34. The empirical findings of this study and others are that most skills developed during housing implementation only yield short-lived jobs. Can this problem be addressed in the context of housing policy and housing projects?

35. Is skills development of subsidy beneficiaries a precondition of housing improvement, and what exact form and types of skills development are likely be used by households both as a survival strategy, and towards housing improvement?

#### **TECHNICAL SUPPORT**

36. What does technical support entail in the context of housing consolidation in incremental housing projects?
37. How should it be packaged in a project, so that it is available when needed by consolidating households?
38. Is technical support a precondition of housing consolidation?

#### **BUILDING MATERIALS**

39. One of the envisaged supports in respect of building materials, reflected in both South African housing policy and international discourse, is promotion of competition in the building industry, with a view to reducing cost of building materials? Whose responsibility is this and how should it be undertaken?
40. What exact support do would-be consolidators need in the area of building materials?
41. Is there such a thing as 'cheaper' or 'alternative' building materials in South Africa, referring to materials cheaper than, and alternative to conventional building materials?
42. Is the used of 'shack' or temporary building materials an acceptable form of consolidation from the point of view of both policy and practice?
43. How have existing building standards and practices in South Africa impacted the way this (shack materials) issue is viewed?
44. Is on-site production of building materials a viable option for supporting access to building materials? Is it a viable option for supporting income generation and employment creation in a project? If no why? If yes, how can it be set up in a project?
45. To what extent is supporting access to building materials by households a precondition of housing consolidation?

#### **HOUSING SUPPORT CENTRES**

46. How was the notion of Housing Support Centres (HSCs) envisaged by housing policy to occur?
47. What is a HSC, what specifically does it support and how do its activities tie into/relate to the housing improvement activities of households?
48. Should the role of HSCs be proactive, or reactive to problems facing consolidating households?
49. Are HSCs a must-have feature of incremental projects? Why?
50. How can housing support be availed in the context of a project which, for whatever reason, does not have a physical HSC?
51. Are they a precondition of housing consolidation?

#### **INSTITUTIONAL STRUCTURE AND CAPACITY**

52. Lack of institutional capacity is a widely acknowledged problem, of significant magnitude, facing the incremental housing process in South Africa. What is the nature of this lack of institutional capacity generally, and in the context of housing consolidation in particular?
53. How has this lack of institutional capacity affected the ability of households to improve and extend their dwellings?

54. How can these capacity gaps be addressed, and to what extent are they addressed by the proposals contained in the BNG policy in this regard?
55. Is the current institutional structure within which incremental housing is delivered, supportive of policy's goals of beneficiary housing consolidation? If not, why, and how can this be addressed, and does the BNG policy address them in the ways you propose?
56. Are your proposed institutional structure and capacity changes preconditions of consolidation?

#### **INFORMATION**

57. What would you consider to be critical information for households to have, who are involved in incremental housing?
58. What is not critical information, but useful, 'good to have' information in the context of housing consolidation?
59. How should such information be availed for maximum effect?
60. To what extent are both forms of information preconditions of housing consolidation?

#### **PROJECT TYPE AND SUPPORT**

61. Given the variety of ways and project types via which housing has been delivered, do certain project types lend themselves better to consolidation than others? Why?
62. Do certain project types lend themselves better to housing support than others? Why?
63. In your view, should project type be determined on this basis, given that housing consolidation is an important indicator of policy success?

#### **GENERAL**

64. Do the private and NGO sectors have a role to play in supporting housing consolidation? What forms would such roles take?
65. To what extent would you say the policy goal of adequate housing has been achieved in post-apartheid incremental housing projects?
66. More than ten years down the line, what views have you formed of the appropriateness of incremental housing for low, especially very low income households?
67. Do you think housing consolidation would fare better if housing performance was assessed on the basis of the extent to which subsidy beneficiaries have achieved housing consolidation? Why?
68. Are there households in South Africa for whom there is no hope for housing consolidation, and how should policy address the needs of such group?
69. Can you think of any other forms of housing consolidation support that we have not covered in the discussion so far?
70. Is the supporter paradigm of housing delivery and the expectation of ultimate housing consolidation suited to the South African context?

#### **PACKAGING HOUSING CONSOLIDATION SUPPORT**

71. If you were to develop a support package to accompany incremental projects in the consolidation phase, what actions/supports would it constitute, and in which sequence? Why?
72. What elements in the planning and setting up of a project that would constitute housing consolidation support?
73. What policy changes, clarifications and/or additions would constitute consolidation support?
74. Is packaging support a precondition of housing consolidation?

## APPENDIX 1.2 PROVINCIAL HOUSING ACTORS

**Date:**

### SETTING THE SUPPORT CONTEXT

1. Would you say that people, specifically starter house beneficiaries generally speaking know that it is their responsibility to improve, extend and complete their houses?
2. Is this information that the Department of Housing sought to proactively provide beneficiaries with, or is it something they have had to figure out themselves, as after a number of years they realize that no further housing action is taking place in their area?
3. Has the Department conducted a study, or some form of comprehensive evaluation of how the consolidation or housing improvement process has unfolded, especially in the projects that have been in existence for more than say, five years? If so what are the findings of such an evaluation or study?
4. Personally and as a senior official of the Department of Housing who has a sound understanding of housing policy and practice, do you think that the envisaged housing consolidation activities of beneficiary households have taken place to a desirable level? Please expound on your views.
5. What would be your comments about the quality of consolidation taking place in the various projects around the province, and in the eThekweni municipality area?
6. Are there any projects that you would cite as consolidation success stories, especially in the eThekweni municipality? Why do you consider them to be so, and what is it that has made them succeed where others have not?
7. What would you say is a reasonable amount of time (in the South African context) by which discernible housing improvement activities should have occurred? In other words, can the incremental housing process realistically mean 'as long as it takes'?
8. The argument I raise in my work is that the theme of support, meaning Do you think the policy intention to support beneficiaries who benefit from subsidies to get to a point of housing completion is clearly identifiable in current policy? Put another way, is it clear to housing actors, that there is an expectation that households who are supported with a housing subsidy, also receive support in other respects in the post-subsidy phase of the project to ensure that the goal of housing adequacy is ultimately achieved?
9. Does the policy compel the actors and deliverers of housing to provide housing consolidation support, or is this role too loosely articulated?
10. Do you think the policy follows this expectation or mandate with a clearly outlined strategy of how to achieve support? What are the fundamentals of this strategy, if it does indeed exist?
11. Has your role in support as the Provincial Department of Housing been clearly outlined to you by both policy and relevant legislation?
12. How would you describe this role, and how has it been enacted in projects? In other words, what would you specifically step into a project and do?
13. How has this facilitated housing improvement activities?
14. A lot of readings have argued that low income people have had very little housing consolidation support to help them overcome the barriers preventing them from improving their housing. In my case studies, households overwhelmingly expressed a feeling of abandonment by government in their quest for housing improvement. Do you personally agree with this view or not, and why?
15. If you feel that this criticism is unjustified, then let me hear your views on why you think people have the general perception of having been 'dumped and forgotten'?

16. On another issue, does the Department undertake the role of housing support on its own, or do other sectors and departments have a role to play as well? If so, how have they been brought into the picture, and what role have they played? How critical is it that they play such a role?

### **FORMS OF SUPPORT**

From housing literature, one recognizes a number of veins along which problems of consolidation have been understood, and I would now like to explore these in the context of housing consolidation, and the extent to which they have been addressed through the housing process.

### **POVERTY, INCOME GENERATION AND EMPLOYMENT CREATION**

Poverty emerges as one of the most significant hurdles of housing improvement by subsidy beneficiaries. It therefore follows that poverty reduction strategies are a vital support for such households.

17. To what extent is poverty reduction a responsibility of the Department? Is the Department expected by policy to play a role in this?
18. If you were to be as candid as you can, has the Dept. played this role, and if so, how?
19. To what extent would you say the Dept. has harnessed the potential of the housing implementation or the project process itself to address the poverty of beneficiaries?
20. Would you term the employment created within the project process as long-term and sustainable, or mainly been short-term? Why?
21. One of the areas of income generation within housing has been recognized as the use of the house for income generation activities or home-based enterprises, or rental of extra space. Have these been actively encouraged in your projects?
22. Another support recognized for poverty reduction and income generation is locating projects so that beneficiaries have easy and cheap access to areas of economic activity. Low income projects have been criticized severely in this regard, as being located in the most inappropriate places with regard to cost of travel and ease of access. What are your comments on this issue?
23. Are there examples of projects that you feel you have done well in, with regard to location? Which ones are they, and how have they facilitated access to employment, and to housing improvement?
24. How and to what extent does the BNG policy address the location problem, and what are your views on its likelihood to succeed?
25. The BNG policy also emphasizes the asset value of the house, and in this, the house as an economic asset. What is your understanding of your Department's role in supporting households to harness this value, and how will you go about it?

### **HOUSING FINANCE**

26. One of the attributes of ownership of title through the subsidy scheme, was to facilitate access to credit, using the land as collateral. Would you say this has worked out as envisaged?
27. The most recent attempt by the National Department of Housing was the 2005 MOU between itself and the Banking Association of South Africa, backed by the Financial Sector Charter (FSC), and aimed at once again pursuing bank credit for the low and middle income housing market? What is the likelihood of this MOU working where others preceding it failed, and why?
28. Have the government initiated credit avenues, in particular NHFC's subsidiary retail lenders, and NURCHA, served the credit needs of your Department's subsidy beneficiaries?
29. What efforts has the Department made to make known to beneficiaries these other avenues?
30. What is your assessment of the extent of credit availability for the low income housing market?

31. Are the forms of credit just discussed suited to subsidy beneficiaries? Why?
32. Savings are also recognized by policy as an important vehicle by which households and mutual savings groups would mobilize finance for housing purposes. South Africa has an especially rich history of savings groups, but what role has your Department proactively played to ensure that this potential is harnessed and directed towards housing improvement activities?
33. The other important angle of housing finance is the subsidy itself. The next question requires a very candid answer. Has the subsidy itself acted as a reasonable launching pad for housing consolidation activities to take place, especially given that the subsidy delivers to the poorest of the poor, rudimentary services, small site, often poorly located and an incomplete dwelling?

#### **QUALITY OF HOUSE, SITE AND NEIGHBOURHOODS CREATED**

34. To what extent do you think the size, physical and technical difficulties of many of the sites provided to beneficiaries have affected the desire to consolidate?
35. To what extent have these same aspects (size of site, technical difficulties) affected the ability of households to improve their housing?
36. How have you addressed these characteristics in these projects?
37. How have you addressed these characteristics in subsequent projects?
38. Some writers of housing have pointed out the 'sterile' and 'dormitory' nature of post-apartheid housing developments and likened them to apartheid style developments which constituted just housing but no infrastructure, services or community facilities. To what extent is this a fair assessment of the projects your Department has implemented?
39. Have these types of neighbourhoods affected the willingness of households to carry out improvements? Why?
40. If any of your projects could be described as above, have you addressed any of these problems retrospectively?
41. How has the Department addressed this criticism in latter developments?
42. Are there examples of projects you have implemented, where you would say a good job has been done with regard to quality of houses, sites and neighbourhoods created, and which are they?
43. Why were you able to achieve this in these particular projects, but not in your other projects?
44. Have you noticed more enthusiasm and a better record of housing improvements in these?

#### **BUILDING MATERIALS**

45. Another important area of support for consolidating households is building materials, given that these constitute a substantial proportion of the housing cost. How is the Department's understanding of its support role in this regard?
46. What role has the Department generally played to make building materials accessible and affordable to beneficiary households needing to improve/extend their dwellings?
47. Given the poverty problem addressed earlier, the one support that emerges from both literature and South African policy is the need to create competition in the building materials sector, and to remove its monopolistic tendencies, so that beneficiaries have access to cheaper construction materials. In your Department's role as implementer of policy, how have you specifically initiated and sustained activities in this regard?
48. How would you rate your success in this regard?

49. The policy mentions, albeit in passing, the need to develop local building materials that housing beneficiaries can themselves manufacture using innovative technologies. Firstly, what is your interpretation of 'local' with regard to building materials?
50. What role has the Department played to support beneficiaries in this regard?
51. How has the Department guaranteed quality of products manufactured this way, if any have indeed been manufactured?
52. Is there an observable better record of housing consolidation where support to access building materials has been lent, and can you give examples of both the forms of support and results of such support with regard to housing improvement?

#### **SKILLS DEVELOPMENT AND HOUSING IMPROVEMENT**

53. What is your understanding of the notion of skills development in the context of housing delivery generally, and in the context of housing consolidation specifically?
54. How have you incorporated this understanding in practice in context of housing projects?
55. To what extent has skills development been a feature of your efforts to support consolidating households to engage in the building of their own housing?
56. In most low income areas, the sum-total of skills development has been building skills. Why do you think this is?
57. Is skills development a feature of all your projects?
58. How have the skills been delivered, and how have you determined who benefits?
59. Have projects with a building skills component had a better housing consolidation record relative to those without, and why?
60. Does the Dept ever train beneficiaries just so that they can build their houses themselves?
61. Some research done by BESG of projects around eThekweni municipality indicates that people rarely build their own houses themselves, and often seek someone more experienced than themselves, likely to do a better job than they can with the basic skills offered by most skills training programmes. Is this the experience of the Department of Housing with its projects?
62. To what extent have people used the building skills acquired for sustained income generation?
63. Certain projects locally and internationally have experimented with other forms of skills training, for example in financial management, income generation activities outside the building field, for example poultry keeping, urban agriculture, marketing of local produce, etc. To what extent is this kind of thing the responsibility of your Department to develop?
64. Since beneficiaries need to acquire varied skills to ensure sustainability of income generation, and poverty reduction, how can this get incorporated into projects, and who should do it?
65. Do NGOs and the private sector have a role to play in the area of skills development and why? If yes, what would such role/s entail?
66. How can their role be co-opted into projects?
67. Has the Dept itself sought to co-opt NGOs and the private sector into playing such role/s in your projects?
68. Is there is better consolidation success where they are involved? Why do you think this is?

69. Would you consider skills development at the project level to be a precondition of housing improvement by households?

### **INFORMATION**

70. The BESG research alluded to earlier also indicates that there is a huge information gap at household level, and that often people just do not have the information at hand that they could act on to facilitate housing improvement. Is this an accurate assessment?
71. Would you say that the Dept has been proactive in providing information relevant to housing improvement, to beneficiaries?
72. What forms of information fall into this category, and how and when in the project process, have you imparted such information.
73. My surveys of a number of projects in eThekweni municipality indicate that people for example do not know where to go for a loan, especially those of a government initiated kind. Would it be the same for your projects outside eThekweni municipality?
74. Why would this be the state of affairs after at least ten years of post-apartheid policy?
75. Have you provided the following information, and how have you done it, and how have you ensured that those needing to hear it actually do?
- The meaning of incremental housing
  - Responsibilities of homeownership
  - What services they should be able to get from a housing support centre
  - Where technical support can be obtained from
  - The need for household and group savings
  - Where small loans can be accessed
  - Where chap building materials can be obtained from
  - What to do if the materials are not of an acceptable standard
  - What bodies they can approach for skills training
  - How to deal with problems associated with steep sites, or with the location of the original house on the site, or other problems of a technical nature
  - Where to report faults with starter house and how to get them addressed
  - Etc.
76. Can you think of any other information relevant to households in consolidating situations?
77. Would you consider this kind of information to be preconditional to housing improvement?

### **INSTITUTIONAL CAPACITY**

78. Lack of institutional capacity has been variously cited (by including the president recently) as a significant problem facing housing delivery in South Africa. What is the nature of such institutional capacity gap generally speaking, and how has it affected your Department's ability to support beneficiaries in the various ways under discussion in this interview?
79. How has lack of institutional capacity within the housing delivery affected the ability of households to improve and extend their dwellings?
80. How can these capacity gaps be addressed, and to what extent are they being addressed currently.
81. To what extent does the BNG policy address this problem, and in your view, will it succeed?
82. Would you consider the building of institutional capacity a precondition of housing consolidation? If yes, in what way i.e. what specific capacity building areas need to be addressed, and what would these impact housing consolidation?

### **HOUSING SUPPORT CENTRES**

83. What is your understanding of the role of housing support centres (HSCs) in projects generally, and in the housing consolidation phase in particular?

84. Is a HSC a feature of every housing project? If not, how is it determined which projects have one?
85. To what extent can HSC presence be maintained in a project in the post subsidy phase?
86. Are HSCs a must-have feature for the facilitation of housing consolidation?
87. In the absence of a HSC, how are the support functions indicated in this interview achieved and how does such achievement compare with projects in which a HSC is a feature?
88. Are HSCs in projects a precondition of housing consolidation?

#### **PROJECT TYPE AND SUPPORT**

89. Given the variety of ways and project types via which housing has been delivered, do certain project types lend themselves better to housing consolidation than others? Why?
90. Do certain project types lend themselves better to housing support than others? Why?
91. In your view, should project type be determined on this basis, given that housing consolidation is an important indicator of policy success?

#### **PACKAGING HOUSING CONSOLIDATION SUPPORT**

92. If you were to develop a support package that would necessarily accompany incremental projects in the consolidation phase, what actions/supports would it constitute, and in which sequence?
93. What are there elements in the planning and setting up of a project that would constitute important housing consolidation support?
94. What policy changes, clarifications and/or additions would constitute important consolidation support?
95. Is packaging support a precondition of housing consolidation?

#### **GENERAL**

96. Do the private and NGO sectors have a role to play in supporting housing consolidation? What forms would such roles take, and how would they be co-opted?
97. To what extent would you say the policy goal of adequate housing has been achieved in post-apartheid incremental housing projects?
98. More than ten years down the line, what views have you formed of the appropriateness of incremental housing for low, especially very low income households?
99. Do you think housing consolidation would fare better if housing performance were to be assessed on the basis of the extent to which subsidy beneficiaries have achieved housing consolidation? Why?
100. Are there households in South Africa for whom there is no hope for housing consolidation, and how should policy address the needs of such group?
101. Can you think of any other forms of housing consolidation support that we have not covered in the discussion so far?
102. Is the supporter paradigm of housing delivery and the expectation of ultimate housing consolidation suited to the South African context?

### **APPENDIX 1.3 MUNICIPAL HOUSING DIRECTOR IN CHARGE OF POLICY**

**Date:**

#### **SETTING THE SUPPORT CONTEXT**

1. The South African housing policy itself, and many writers on the subject of incremental housing internationally agree that housing consolidation support is required to enable beneficiary households to manage the housing improvement process incrementally. What is the eThekwingi Municipal Housing Unit's interpretation of what this housing support role entails?
2. Would you say the policy compels the actors or deliverers of housing to provide post-subsidy support, or is it too loosely articulated?
3. Would you personally consider that the envisaged housing consolidation activities of households have taken place to a desirable level?
4. Would the Unit consider the envisaged housing consolidation activities to have taken place to a desirable level?
5. Dan Smit, your Unit's former Executive Director, in his housing sector review paper of 1998 argued that many of the starter houses had remained unchanged, and that no activities of housing improvement were discernible in many of that first round of incremental post-apartheid projects. Would you say this has changed and how?
6. Has your Unit conducted some form of comprehensive evaluation of how the housing improvement process has unfolded in your projects around the municipality, especially in the ones that have been in existence for more than five years? If so, what are the findings of such an evaluation?
7. What would be your personal comments on the quality and pace of consolidation taking place in the various projects within your area of jurisdiction, and what is the Unit's collective view of the same?
8. Are there any projects that you would cite as consolidation success stories, and what is it that has made them succeed where others have not?

#### **THE STRATEGIC HOUSING FRAMEWORK FOR ETHEKWINI MUNICIPALITY**

9. In a report by BESG (BESG, 2000), it is indicated that your Unit has a housing consolidation strategy, which is encompassed in a document entitled "A Strategic Housing Framework for the Durban Metropolitan Area, 1999". What is the gist of this housing consolidation strategy generally, and why was such a strategy deemed necessary?
10. What are its aims regarding housing consolidation? To what extent have you achieved these?
11. The understanding one gets from the BESG report is that the above-cited strategy does specifically address providing housing support services. What is such housing support understood to mean, and how has this function actually been orchestrated in your projects?
12. BESG's report argues that while this strategy seems appropriate to guide housing consolidation support, it has unfortunately not been translated into actions that have the envisaged impact on the beneficiaries. Would you say this is affair verdict/assessment of the status quo, and if not why?
13. What are your most significant successes and failures in the implementation of the said strategy, and what do you attribute them to?
14. Given that your strategy was developed five years ago, are there any changes to the way you have implemented it that have led to better consolidation success in any project/s?
15. If indeed the verdict is accurate that the strategy has not yielded the envisaged results, what would you say is the main problem/hurdle in implementing some or all of the proposed strategies?

### **HOUSING FINANCE**

16. Housing finance emerges as an important theme and element of support, conceptually and in the South African housing policy, and the strategy under discussion cites 'enabling access to end user finance' as one of your Unit's interventions. According to the strategy, this support to households is proposed to occur "through a strategic leveraging of private sector (and other) sources of finance, to facilitate the granting of credit to households generally excluded from accessing such. It is also proposed that Housing Support Centres (HSCs) and mobile satellite centres provide an interface between prospective borrowers and lending institutions"). How have these intentions actually been carried out on the ground, and to what extent have these goals been met?
17. To what extent have subsidy beneficiaries in your projects been able to access conventional loans, especially from banks, as a result of your Unit's intervention in this regard?
18. The National Department of Housing, as recently as three months ago signed another agreement, the MOU with the Banking Association of South Africa, once again requiring banks to lend lower downmarket. As far as you understand it, how do the conditions of this agreement differ from the ones of previous similar arrangements, for example the ROU of 1994 and the New Deal of 1998?
19. What are the chances that the new agreement will succeed where the others failed?
20. What is your Unit's role in assisting in the meeting of the objectives of the said MOU, and further, those of its related Financial Sector Charter?
21. This study's survey of these projects in eThekweni municipality indicates a general lack of knowledge of alternative sources of credit for low income people. Do institutions like NHFC and its subsidiaries, NURCHA with its guarantee arrangements, and others which you could give specific examples of, have a presence in the eThekweni area? If so, why have people remained unaware of their services, and what can you do about it?
22. Savings and savings-based lending are another area of housing finance, recognized by policy as an important way by which households and mutual groups can mobilize finance for housing. What role does your Unit play, through its consolidation strategy or other methods, to ensure that this potential is harnessed in projects?
23. Has this role included linking savers with sources of credit? What have the results been?
24. To what extent would you say savings have played a role in housing improvement activities of households around the municipality?
25. Could you do better in supporting household access to housing finance? How?

### **INCOME GENERATION AND EMPLOYMENT CREATION**

26. It emerges from most readings as well as current policy itself, and it is also common sense, that among the most significant hurdles in housing improvement is the poverty of most subsidy recipients. It follows therefore that poverty reduction interventions are called for. Your Unit's consolidation strategy specifically cites facilitation of local economic development, as well as business, vocational and skills training in projects. Firstly, to what extent is this the responsibility of your Unit, and indeed of the Department of Housing?
27. Secondly, in what specific ways have these interventions been actioned,? What kind of activities have been initiated in the areas of 1) local economic development. 2) vocational and skills training?
28. Have you asked the Department of Labour and/or any other relevant departments to get involved in these activities at all, and in what specific ways and with what results?
29. Most studies as well as this study's preliminary findings indicate that the employment that emanates out of the housing process tends to be short term, and contrary to the notions of the

longer term nature of housing consolidation. Have you evaluated the local economic and skills training activities and initiatives that you might have put in place for sustainability, and what are your findings?

30. Has the Unit encouraged the use of dwelling for home-based income generation activities and rental? How?
31. Is this a feasible income generation route in the first place, given the initial size of homes and the difficulty in raising monies to expand it?

#### **SECURITY OF TENURE**

32. Security of tenure is unanimously accepted as an important incentive for housing improvement activities. In your projects, to what extent would you say it has triggered household investment in housing improvement?
33. How can you explain the phenomenon of forfeiture of tenure and abandonment of houses or sites in lieu of housing consolidation, in certain instances?
34. One of the positive attributes of title was mooted by post-apartheid policy to be its use as collateral for borrowing from banks. To what extent has this quality been harnessed in your projects? Why?
35. Based on the extent to which households have used security of tenure as a launching pad for housing improvement, would you consider it a precondition of housing consolidation in South Africa?

#### **HOUSING SUPPORT CENTRES (HSCs)**

36. HSCs have already been raised in the discussion, in particular their envisaged role, according to your Unit's housing support strategy, in facilitating an interface between financiers and borrowers. Are there more roles for HSCs to play in projects?
37. How would you define their role from a policy as well as a function point of view? What specific functions are carried out in them?
38. Does every of your projects have a HSC, and if not, how is it determined which ones do and which do not?
39. Do some projects lend themselves better to having HSCs than others and why?
40. How are the activities of a HSC maintained in the post-subsidy phase of a project, given the intermittent nature of housing improvement activities?
41. A BESG study of housing consolidation in the eThekweni municipal area in 2000 indicates that only 10% of households who got technical advice in their housing improvement activities got it from HSCs. Is this an indictment against the Unit's orchestration of housing support activities?
42. Why did would such few households have accessed technical support from HSCs, assuming technical support is their role to play?
43. The HSCs visited in the course of this study have exhibited very little activity of a housing nature, and the venue are being used for community meetings, or are in certain instances locked up. How would you explain this?
44. Is it possible to set up the function of housing support in a different way, so that people get housing support as and when they require it, without necessarily having the centre maintain a presence when only a negligible number of households are making use of its services at any given time? What are your proposals in this regard?

#### **PROJECT CHARACTERISTICS**

45. It is implicit in most housing literature that the project itself can be either supportive or unsupportive of housing improvement, in which case the housing support called for would revolve

around the project basics provided, which are supposed to then launch one into housing activities. To what extent would you say what the subsidy delivers - incomplete and in many instances badly built house, small, often unfriendly site, basic services, no infrastructure, especially economic infrastructure, no community facilities - has discouraged people from carrying out housing improvement?

46. To what extent have the same factors presented actual difficulties of housing improvement?
47. What aspects/characteristics of the initial house have been unsupportive, or have not lent themselves well to house extension?
48. Do you think there are subsidy beneficiaries who are still holding out for a better housing opportunity, and are in the meantime not carrying out improvements/extensions? Is this a significant proportion of beneficiaries?
49. Are there ways to address retrospectively, some of the worst failures in the delivery of the project basics just discussed? Have you attempted them and with what results?
50. How have you addressed these failures in subsequent projects?
51. Is there a greater level of enthusiasm and effort towards housing improvement in projects in which failures have been addressed?

#### **LAND**

52. The location of low income housing projects has been criticized by many. Is such criticism justified?
53. How has your Unit responded to the practice of unsupportive locations, especially because of its capacity to reinforce poverty?
54. How has the BNG policy addressed this concern, and how is it likely succeed in generally as a departure from previous practice, and in eThekweni municipality?
55. If it turns out that free land is not in fact a viable solution, what would be your Unit's position with regard to the municipality providing a financial contribution to covering the cost of land, so that better locations are accessed by the poor?
56. Why has this not been practiced in the past?
57. To what extent are supportive locations a precondition of housing consolidation?

#### **INFRASTRUCTURE AND COMMUNITY FACILITIES**

58. Absence of infrastructural facilities and services in post-apartheid projects have caused them to be likened to apartheid-type dormitory accommodation. To what extent would you say this characteristic has deterred housing consolidation, and are these facilities and services a precondition for housing consolidation?
59. How has your Unit addressed this phenomenon in current and past projects?
60. How has your Unit put into practice the BNG policy requirements for multisectoral planning of projects. Are there any examples of projects implemented using this format? How does it work in practice?

#### **BUILDING MATERIALS**

61. Is your unit expected to play a role in facilitating access to building materials in the housing consolidation phase? What would such a role entail?
62. Has your unit played a role in negotiating better prices for building materials on behalf of households wishing to consolidate? What role? How has it been orchestrated?

63. In the rest of Africa, there is a lot of experimentation with innovative, cheaper, locally produced building materials. South African housing policy makes mention of this issue but does not give it much prominence. What is your personal understanding of what the policy means when it alludes to this aspect of local building materials, and how has your Unit built this notion been into projects?
64. One of the envisaged supports to households involved in incremental housing, conceptually as well as in South African policy, is promotion of competition in the building materials sector with a view to reducing their cost by making them more widely available and increasing choice. Does your Unit have a role to play in regard?
65. If yes, how has you Unit facilitated the occurrence of this, and how would you assess your success?
66. If not, who should play this role?
67. How has the whole building materials supply and production notion been linked to income generation in projects?
68. To what extent is support to access building materials by households a precondition of housing consolidation?

#### **REGULATIONS AND STANDARDS**

69. What housing and building standards are applicable to 'consolidated' houses in low income housing projects?
70. What is the official position regarding, or response to house extensions that have been carried out using 'informal' materials? What is your personal position with regard to the same?
71. Are consolidating households expected to tender in housing plans for approval? Who approves?
72. Are there a set of standards that apply specifically to township housing and in what respect do they differ from 'formal' housing standards applicable in 'suburbia'?
73. Are there regulations to guide the use to which dwellings are put, and are these rigorously applied in the your projects?
74. What are the implications of these on the poverty reduction notions of policy discussed earlier, especially the one of using the dwelling as an income creation base?

#### **NGOs, CBOs AND SUPPORT**

75. How do NGOs get involved in playing a role, any role in any of your projects?
76. In particular what roles have both BESG and CMDA have played in your projects? How did these organizations become involved, and what was their mandate?
77. Do you think NGO involvement predisposes project beneficiaries to better succeed with housing consolidation, and have projects with an NGO involvement generally succeeded better at housing consolidation? Why?
78. What other NGOs have had involvement in some of your projects, and what role have they played?
79. How have community based organizations and civic organizations impacted housing consolidation activities of households in their communities?
80. Would you consider NGO involvement a critical support for consolidating households?

81. There is allusion to an uneasy relationship between your Unit and NGOs and CBOs. Is this an accurate assessment of your relationship, and does it in any way affect your decision to involve them in your projects?

#### **PROJECT TYPE AND SUPPORT**

82. Given the variety of ways and project types via which housing has been delivered, do certain project types lend themselves better to housing consolidation than others? Why?
83. Do certain project types lend themselves better to housing support than others? Why?
84. In your view, should project type be determined on this basis, given that housing consolidation is an important measure of policy success?

#### **INFORMATION**

85. The BESG research referred to earlier also indicates that there is a huge information gap at household level, and that often people just do not have the information at hand that they could act on to facilitate housing improvement. Is this an accurate assessment?
86. Would you say that your Unit has been proactive in providing information relevant to housing improvement, to beneficiaries?
87. What forms of information fall into this category, and how and when in the project process, have you imparted such information?
88. Preliminary surveys towards this study, of a number of projects around municipality, indicate that people for example do not know where to go for a loan, especially those of a government initiated kind. What do you see to be your Unit's role in addressing this gap?
89. Why would this information gap be the state of affairs after at least ten years of post-apartheid housing policy?
90. Have you provided the following information, and how have you done it, and how have you ensured that those needing to hear it actually do?
- The meaning of incremental housing
  - Responsibilities of homeownership
  - What services they should be able to get from a housing support centre
  - Where technical support can be obtained from
  - The need for household and group savings
  - Where small loans can be accessed
  - Where chap building materials can be obtained from
  - What to do if the materials are not of an acceptable standard
  - What bodies they can approach for skills training
  - How to deal with problems associated with steep sites, or with the location of the original house on the site, or other problems of a technical nature
  - Where to report faults with starter house and how to get them addressed
  - Etc.

91. Can you think of any other information relevant to households in consolidating situations?
92. Would you consider this kind of information to be preconditional to housing improvement?

#### **SKILLS DEVELOPMENT AND HOUSING IMPROVEMENT**

93. What is your understanding of the notion of skills development in the context of housing delivery generally, and in the context of housing consolidation specifically?
94. How have you incorporated this understanding in practice in context of housing projects?
95. To what extent has skills development been a feature of your efforts to support consolidating households to build their own housing ?

96. In most low income areas, the sum-total of skills development has been building skills. Why do you think this is?
97. Is skills development a feature of all your projects?
98. How have the skills been delivered, and how have you determined who benefits?
99. Have projects with a building skills component had a better housing consolidation record relative to those without, and why?
100. Does the Unit ever get the beneficiaries only so that they can build their houses themselves?
101. Some research done by BESG of projects around eThekweni municipality indicates that people rarely build their own houses themselves, and often seek someone more experienced than themselves, likely to do a better job than they can with the basic skills offered by most skills training programmes. Is this an accurate reflection of your projects? Why?
102. To what extent have people used the building skills acquired for sustained income generation activities?
103. Certain projects locally and internationally have experimented with other forms of skills training, for example in financial management, income generation activities outside the building field, for example poultry keeping, urban agriculture, marketing of local produce, etc. To what extent is this kind of thing the responsibility of your Unit to develop?
104. Since beneficiaries need to acquire such varied skills to ensure sustainability of income generation, and poverty reduction, how would you suggest this get incorporated into projects, and who should run with it?
105. Do NGOs and the private sector have a role to play in the area of skills development and why? If yes, what would such role/s entail?
106. How can their role in this regard be co-opted into projects, and on what basis would the NGOs be selected?
107. Has your Unit sought to co-opt NGOs and the private sector into playing a skills development role in your projects?
108. Would you say there is better success at consolidation where they have been involved? Why do you think this is?
109. Would you consider skills development at the project level to be a precondition of housing improvement by households?

#### **TECHNICAL SUPPORT**

110. What does technical support entail in the context of housing consolidation in incremental housing projects?
111. How should it be packaged in a project, so that it is available when needed by consolidating households?
112. Is technical support a precondition of housing consolidation?

#### **INSTITUTIONAL RESTRUCTURING AND INSTITUTIONAL CAPACITY**

113. As recently as last month, the president alluded to the lack of capacity in the housing delivery mechanism, and this of course has been a running theme since 1994. What exactly is meant by lack of capacity, and how does it impact housing improvement by households, if at all?

114. What is it that increased capacity would do that is not getting done generally, and in the specific context of housing support?
115. Do the capacity deficits of the other levels of government affect how you are able to perform housing support? Which levels and in what specific ways do they affect you as a municipality, and a unit within a municipality?
116. Are there elements of the way housing delivery is currently structured that affect housing consolidation support, and what would be the nature of restructuring called for? Are there elements of housing support that are better served by the private sector, and why?
117. Are there any better served by the NGO sector, and why?

#### **PACKAGING HOUSING CONSOLIDATION SUPPORT**

118. If you were asked to develop a support package that would necessarily accompany incremental projects in the consolidation phase, what actions/supports would it constitute, and in which sequence?
119. What are there elements in the planning and setting up of a project that would constitute important housing consolidation support?
120. What policy changes, clarifications and/or additions would constitute important housing consolidation support?
121. Is packaging support a precondition of housing consolidation?

#### **GENERAL**

122. To what extent would you say the policy goal of adequate housing has been achieved in post-apartheid incremental housing projects?
123. More than ten years down the line, what views have you formed of the appropriateness of incremental housing for low, especially very low income households?
124. Do you think housing consolidation would fare better if housing performance were to be assessed on the basis of the extent to which subsidy beneficiaries have achieved housing consolidation? Why?
125. Which of the glaring gaps in housing consolidation support can the BNG policy address, and which ones can it not? Why?
126. Are there households in South Africa for whom there is no hope for housing consolidation, and how should policy address the needs of such group?
127. Can you think of any other forms of housing consolidation support that we have not covered in the discussion so far?
128. Is the supporter paradigm of housing delivery and the expectation of ultimate housing consolidation suited to the South African context?

## APPENDICES 1.4 PROJECT MANAGERS

### APPENDIX 1.4.1 PROJECT MANAGER, WIGGINS AND OTHER CATO MANOR DEVELOPMENT AUTHORITY (CMDA) PROJECTS

#### Date:

1. How did CMDA come about, what was its institutional status and in terms of supporting the housing process, what was its exact mandate?
2. Why was it necessary to have an autonomous body manage the development of Cato Manor, especially given that similar arrangements have not been made for all projects and areas around eThekweni municipality? What was it CMDA did, or could do, that the municipal housing unit itself could not have done?
3. On the basis of CMDA's performance, and based on your assessment of what it achieved in Cato Manor, would you recommend such a set up for all projects? Why?
4. How and why did CMDA's dissolution come about, and had your mandate been achieved in the Cato Manor area, and in the Wiggins project in particular by then?

#### INCREMENTAL HOUSING POLICY

5. Do starter house beneficiaries generally speaking know that it is their responsibility to improve, extend and complete their houses?
6. Is this information that CMDA sought to proactively provide beneficiaries with, or is it something they have had to figure out themselves, as a number of years down the line they realized that the government is not coming back to do more?
7. Based on your observation and understanding of how the incremental housing process has unfolded in around the eThekweni municipality and elsewhere, do you think it is suited to the low income households benefiting from it, especially given that they would be instrumental in achieving housing adequacy?
8. What would you say is a reasonable amount of time (in the South African context) by which discernible housing improvement activities should have occurred?
9. Should such a period as you suggest be prescribed as a way to enable an evaluation of the extent to which housing improvement objectives are being met?
10. Is there a clear strategy in place by which clarity is lent to the process of housing support? For example, do the housing actors at provincial and local authority level know what and how support needs to be set up to ensure that households can benefit from it?
11. In your view, to what extent have they succeeded in their housing support mandate, and why?

#### HOUSING SUPPORT

12. In South African housing policy, the theme and objective of support to households emerges quite clearly, so there is not doubt, even at policy conceptualization level, that a measure of hand-holding/support to households is necessary as a way of enabling households to manage the incremental process. Is this your personal understanding of current policy?
13. Does policy make this clear enough to the actors of housing? Put another way, is the need for support to households, in addition to subsidy, clearly discernible/ legible from the policy?
14. Are the specific actions that housing actors/ should engage in around housing consolidation support clearly articulated? If not, where should such clarity be provided, and has it been?
15. The main argument in this study is that low income subsidy recipients have received very little post-subsidy support carry out housing improvements and attain housing adequacy, and

therefore that the goal of adequate housing has not necessarily been achieved. What are your views on this verdict, and why?

Literature indicates specific elements or veins of support that are meant to be lent to the housing improvement process or the incremental process, and in fact these emerge as preconditions of housing consolidation. The questions that follow explore these one by one.

#### **INCOME GENERATION AND EMPLOYMENT CREATION**

16. How would you assess the extent to which income generation and employment creation has been made possible, or facilitated in post-apartheid low income housing projects generally?
17. How do you understand/interpret this mandate, what exactly needs to be done in a project in this regard?
18. As project manager how did you deal with it in the Wiggins project?
19. What specific mechanisms were put in place in Wiggins, by CMDA, to ensure that the housing process itself has created income generation and employment opportunities?
20. How would you rate CMDA's success in this regard?
21. Would you term the employment and income generating opportunities created within the project as short or long term?
22. If short term, were there any efforts directed specifically at the sustainability of resultant income generation opportunities? Did CMDA consider this to be its responsibility in the first place?
23. Were any skills provided to beneficiaries with income generation and employment creation in mind, or would these have been mainly directed at facilitating house-building activities in the project?
24. Did CMDA monitor and evaluate the way skills were put to use, and to what extent would you say the objective of skills for income generation/employment creation for beneficiary households was achieved?
25. Given the importance of location in affording access to transport, to areas of economic opportunity, to facilities and services, to markets, etc, what would you say is Wiggins' and generally Cato Manor's success in this respect, relative to other projects around eThekweni municipality?

#### **HOUSING FINANCE**

26. To what extent would you say households in Wiggins have been able to access conventional/traditional sources of credit, mainly banks, for their housing improvement activities?
27. Was it important for CMDA that they do, and why?
28. Wiggins is one of the older post-apartheid projects in eThekweni municipality. Did the policy expectation of access to loans for beneficiary households match what occurred on the ground? Why?
29. Do you think CMDA had a role to play in facilitating access to loans by households, especially given that the project occurred when the agreement between the Banking Council of SA and the Dept. of Housing was still in force?
30. What specifically did CMDA do in this regard? What, in retrospect, should it have done or done differently?

31. Is the role to facilitate access to credit a core business of housing actors? Which actors in particular? If not, who should play this role?
32. The Minister of Housing in May 2005 signed another agreement with the banks, requiring them to lend lower down-market. As far as you understand it, how do the conditions of this agreement differ from the ones of previous but similar arrangements (ROU of 1994 and the New Deal of 1998), and what are the chances that the new agreement will succeed where the others failed?
33. Savings are recognized by policy as an important way for households and mutual groups to mobilize finance for housing. Did CMDA play any role to ensure that this potential was harnessed in Wiggins?
34. Did CMDA consider this to be its role to play?
35. Was any effort made by CMDA to link savings to a lending source on behalf of the saving households? If so, was its role adequate to yield discernible results, and did it yield results that CMDA was satisfied with?
36. To what extent would you say savings have played a role in housing improvement activities in Wiggins, and elsewhere in Cato Manor?
37. This study's household survey around Wiggins indicates a general lack of knowledge about alternative sources of credit for low income people (NHFC subsidiaries, NURCHA guarantee arrangements, Ithala Bank, etc). Did these institutions have a presence in eThekweni at the time Wiggins was implemented, or thereafter, and what efforts were made to make this information available to would-be borrowers?
38. The other issue pertaining to housing finance is of course one of subsidies themselves. Would you say the subsidy quantum is supportive of the incremental housing process? Does it provide enough of a launching pad for housing consolidation activities to begin to take place?
39. To what extent has what the subsidy has delivered (incomplete house, small site and basic services) discouraged people from carrying out housing improvement?
40. To what extent have the same factors presented actual difficulties of housing improvement?
41. Do you think there are people who are still holding out for a better housing opportunity, and are in the meantime not carrying out improvements/extensions? Are there many of these in Wiggins? Why?
42. Would you regard access to housing finance in the collective (subsidy, loans and savings) as a precondition of housing consolidation?
43. How can projects in which subsidies have been accessed be set up to ensure that both savings are harnessed and credit becomes available to those who can afford it?

#### **INFRASTRUCTURE AND SERVICES**

44. Cato Manor is one of the few housing areas with quite a high level of infrastructure. To what extent would you say this specific aspect has given incentive for housing consolidation activities in Wiggins?
45. Why has it however proved insufficient to ensure the expected high level of housing improvement?
46. What forms of economic infrastructure were provided in Wiggins to facilitate local economic development of the area, and what have been the results in this regard?
47. Would you say a reasonable level of economic infrastructure was provided and was the format chosen suited to would-be beneficiaries?

48. In respect of economic infrastructure, what should CMDA have done differently?
49. In Cato Manor, extra funds were obviously available to put the said infrastructure in place. What should be done to facilitate the same in projects where such funding is not available, given that that the unavailability of funds does not diminish the need for infrastructure and services?
50. What other infrastructure should have been provided in Wiggins, and how would it have aided housing improvement?
51. To what extent are infrastructure and services a precondition for housing consolidation?

#### **LAND**

52. How, and to what extent would you say the size, quality and physical/technical difficulties of the site have affected the desire to carry out housing improvements by households?
53. How and to what extent have the same aspects affected the ability to consolidate?
54. How did CMDA address any land related problems that might have impacted both desire and ability to consolidate?
55. Has land ownership and a title facilitated lending to households as envisaged by the policy, with land as collateral? Why?

#### **STARTER HOUSE**

56. How has the quality and incompleteness of the initial house affected the desire by households to consolidate their dwellings?
57. What aspects/characteristics of the initial house have been unsupportive, or have not lent themselves well to house extension?
58. Which ones have?
59. To what extent could CMDA have influenced the design aspects of the starter house? Did it, and with what results?

#### **TECHNICAL SUPPORT**

60. What does technical support entail in incremental housing projects? What should it entail?
61. What was the nature and extent of technical support availed to beneficiaries in Wiggins?
62. Were the following provided: house plans/designs, costing of improvements/extensions, tools, skills training, what else?
63. Did the technical support availed to beneficiaries facilitate the level/extent of consolidation envisaged by CMDA? Would you say it was higher than would have taken place without it? Why?
64. What were/are the roles of the housing support centre (HSC) in Wiggins, and did it related to, and impact housing improvement activities in the area?
65. Did the HSC have any technical support mandate?
66. Is technical support a precondition of housing improvement? Why?

#### **SECURITY OF TENURE**

67. Has security of tenure in the form of a title has proved to be a useful precondition of housing improvement in Wiggins?
68. To what extent has it proved sufficient to cause housing consolidation to occur in Wiggins?

### BUILDING MATERIALS

69. Where did/do consolidating households in Wiggins get their building materials from?
70. Did CMDA play any role in facilitating access to building materials? If yes, what role?
71. If not, why?
72. One of the envisaged supports to households involved in incremental housing (conceptually as well as in South African policy) is promotion of competition in the building industry with a view to reducing cost of building materials by making them more widely available and increasing choice. Would this have been CMDA's responsibility in the Wiggins project? Why?
73. How did you proactively facilitate this, and how would you assess your success? Why?
74. How has the whole building materials supply and production notion been linked to income generation in Wiggins?
75. Generally speaking, to what extent can building materials supply and production realistically contribute to employment creation and income generation in incremental low income housing settlements? Why?

### SKILLS DEVELOPMENT

76. In most low income areas, the sum total of skills development has been building skills taught to a handful of beneficiaries. How do you personally conceptualize skills development in low income settlements, and as an important housing support?
77. How did CMDA interpret the skills development objective in the Wiggins project, and was a skills development programme initiated there?
78. If yes, what were its objectives, how was it orchestrated? Why?
79. How would you rate its success in terms of: 1) people using the skills learnt for their own housing improvement activities, i.e. engaging in self build? 2) Expansion in available building skills in the area, that people could 'buy' for their housing improvement activities? 3) As a means of income generation and employment creation?
80. Is skills development a precondition of housing improvement, and what exact types of skills would you advocate for in a low income incremental housing settlement? Why?
81. Who's responsibility is it to facilitate and impart such skills, and who would be the recipients of such skills development? Why?

### INFORMATION

82. Did CMDA undertake the role of providing relevant information related to housing improvement to subsidy beneficiaries?
83. What information did you consider relevant in this regard? Why?
84. Some forms of information emerge from both literature and other discussions towards this study as critically important to households looking to consolidate their dwellings, for example 1) the meaning of incremental housing 2) responsibilities of homeownership 3) services of a Housing Support Centre 4) where technical support can be accessed 5) sources of credit for people of their income level 6) the need for household and group saving 7) cheap sources of building materials 8) bodies to approach for skills training 9) what to do if materials are not of an acceptable standard 10) how to deal with problems associated with steep sites, location and orientation of original house on the site; etc. What did you do about making such information available?

85. What other information would you consider important for households in incremental schemes?
86. Whose responsibility is it to provide it?
87. To what extent is such information a precondition of housing consolidation by households?

#### **INSTITUTIONAL CAPACITY**

88. Institutional capacity has been cited in various quarters as a significant problem facing the implementation of an incremental housing policy, and housing delivery generally. What is your understanding of the nature of such institutional capacity, generally speaking, and how has it affected the housing consolidation support in projects?
89. What are the institutional capacity deficits in the eThekweni municipality level, the KwaZulu Natal Provincial Department of Housing level, and the National Department of Housing level in respect of housing consolidation, and how have they affected the way housing consolidation has unfolded at project level?
90. How can these capacity gaps be addressed, in the context of housing support, and to facilitate housing consolidation activities of households?

#### **GENERAL**

91. In your own mind, when you envisaged the future of a consolidated Wiggins, did you imagine it would look like it does today? Why?
92. What do you find satisfactory and what is not?
93. What should have been done differently, and what are your proposals for how it should have been done?
94. What should a consolidated low income households look like in terms of standards, building materials used, types of activities undertaken in the dwellings, etc?
95. Do you think the pace of consolidation, and the fact that the settlement continues to look like a low income one, has discouraged some people from consolidating?
96. What other factors do you think may have acted as a disincentive to consolidate?
97. Are there people, to your knowledge, or in your view, who are still hoping for better housing circumstances than the ones offered by Wiggins, and have therefore not made the decision to stay and complete their house?
98. To what extent would you say that the goal of adequate housing has been achieved in Wiggins, ten years down the line?
99. Given that Wiggins is one of the projects in SA in which beneficiaries have received relatively more support and initial investment than others, what is your overall verdict of the policy goal of adequate housing with projects packaged the way they are currently packaged?
100. What are your proposals for how projects can be packaged differently and better, to improve the record of housing consolidation in post-apartheid projects? What preconditions must be fulfilled/put in place upfront and post-subsidy, for this to occur?

## **APPENDIX 1.4.2 PROJECT MANAGER – BUILT ENVIRONMENT SUPPORT GROUP (BESG) PROJECTS**

### **Date:**

1. How did BESG come about, what is its institutional status and in terms of supporting the housing process, what was its exact mandate?
2. How did BESG's role get co-opted into housing projects?
3. In the context of incremental housing projects, what did such role entail?
4. In the context of housing consolidation, what did such role entail?
5. On the basis of BESG's performance, and based on your assessment of what it achieved in its projects, would you recommend such a set up for all projects? Why?

### **INCREMENTAL HOUSING POLICY**

6. Did starter house beneficiaries generally speaking know that it was their responsibility to improve, extend and complete their houses?
7. Is this information that BESG sought to proactively provide beneficiaries with, or is it something they have had to figure out themselves, as a number of years down the line they realized that the government was not coming back to do more?
8. Based on your observation and understanding of how the incremental housing process has unfolded in around the eThekwin municipality and elsewhere, do you think it is suited to the low income households benefiting from it, especially given that they would be instrumental in achieving housing adequacy?
9. What would you say is a reasonable amount of time (in the South African context) by which discernible housing improvement activities should have occurred? Why?
10. What would you consider to be discernible housing consolidation?
11. Should such a period as you suggest be prescribed as a way to enable an evaluation of the extent to which housing improvement objectives are being met?
12. Is there a clear strategy in place by which clarity is lent to the process of housing support? For example, do the housing actors at provincial and local authority level know what and how support needs to be set up to ensure that households can benefit from it?
13. In your view, to what extent have they succeeded in their housing support mandate, and why?

### **HOUSING SUPPORT**

14. In South African housing policy, the theme and objective of support to households emerges quite clearly, so there is not doubt, even at policy conceptualization level, that a measure of hand-holding/support to households is necessary as a way of enabling households to manage the incremental process. Is this your personal understanding of current policy?
15. Does policy make this clear enough to the actors of housing? Put another way, is the need for support to households, in addition to subsidy, clearly discernible/ legible from the policy?
16. Are the specific actions that housing actors should engage in around housing consolidation support clearly articulated? If not, where should such clarity be provided, and has it been?
17. The main argument in this study is that low income subsidy recipients have received very little post-subsidy support to ensure that they carry out housing improvements and attain housing adequacy, and therefore that the goal of adequate housing has not necessarily been achieved. What are your views on this verdict, and why?

18. Did BESG have a strategy in place by which to lend housing consolidation support in the incremental projects in which it was involved? If yes, what did it entail?
19. Was it determined on the basis of project type or any other criteria?

Literature indicates specific elements or veins of support that are meant to be lent to the housing improvement process or the incremental process, and in fact these emerge as preconditions of housing consolidation. The questions that follow explore these one by one.

#### **INCOME GENERATION AND EMPLOYMENT CREATION**

20. How would you assess the extent to which income generation and employment creation has been made possible, or facilitated in post-apartheid low income housing projects generally?
21. How do you understand/interpret this mandate, what exactly needs to be done in a project in this regard?
22. As project manager how did you deal with it in the BESG projects that you managed? Was this your personal interpretation or a BESG approach to this aspect of support?
23. What specific mechanisms were put in place in BESG projects, to ensure that the housing process itself created income generation and employment opportunities?
24. How would you rate BESG's success in this regard?
25. Would you term the employment and income generating opportunities created within the projects as short or long term?
26. If short term, were there any efforts aimed specifically at the sustainability of resultant income generation opportunities? Did BESG consider this to be its responsibility in the first place?
27. Were any skills provided to beneficiaries with income generation and employment creation in mind, or were they mainly directed at facilitating house-building activities in the project?
28. Did BESG monitor and evaluate the way skills were put to use, and to what extent would you say the objective of skills training for income generation/employment creation for beneficiary households was achieved?
29. To what extent did BESG have influence over the location of any greenfields projects it was involved in? How would you rate its success in locating its projects in locations affording access to transport, to areas of economic opportunity, to facilities and services, to markets, etc, relative to other projects around eThekweni municipality? Why?

#### **HOUSING FINANCE**

30. To what extent have households in BESG projects been able to access conventional/traditional sources of credit, mainly banks, for their housing improvement activities?
31. Was it important for BESG that they do, and why?
32. Has the policy expectation of access to loans for beneficiary households matched what has occurred on the ground in incremental projects? Why?
33. Do you think BESG had a role to play in facilitating access to loans by households? Why?
34. What specifically did BESG do in this regard in any of its projects? What, in retrospect, should it have done or done differently?
35. Is the role to facilitate access to credit a core business of housing actors? Which actors in particular? If not, who should play this role?

36. The Minister of Housing as recently May 2005 signed another agreement with the Banking Association of South Africa (BASA) requiring banks to lend lower down-market. As far as you understand it, how do the conditions of this agreement differ from the ones of previous but similar arrangements (ROU of 1994 and the New Deal of 1998), and what are the chances that the new agreement will succeed where the others failed?
37. Savings are recognized by policy as an important way by which households and mutual groups would mobilize finance for housing. Did BESG play any role to ensure that this potential was harnessed in its projects?
38. Did BESG consider this to be its role to play?
39. Was any effort made by BESG to link savings to a lending source on behalf of the saving households? If so, was its role adequate to yield discernible results, and did it in fact yield results that BESG was satisfied with? What are some examples in this regard?
40. To what extent would you say savings have played a role in housing improvement activities in generally, and in BESG projects?
41. This study's household survey of projects around eThekweni municipality indicates a general lack of knowledge of alternative sources of credit for low income people (NHFC subsidiaries, NURCHA guarantee arrangements, Ithala Bank, etc). Did these institutions have a presence in eThekweni at the time some of BESG's projects were implemented, or thereafter, and what efforts were made to make this information available to would-be borrowers in these projects?
42. The other issue pertaining to housing finance is of course one of subsidies themselves. Would you say the subsidy quantum is supportive of the incremental housing process? Does it provide enough of a launching pad for housing consolidation activities to begin to take place?
43. To what extent would you say that what the subsidy has been able to deliver in terms of a house (incomplete house, small site and basic services) has discouraged people from carrying out housing improvement?
44. To what extent have the same factors presented actual difficulties of housing improvement?
45. Do you think there are people in incremental housing projects generally, who are still holding out for a better housing opportunity, and are in the meantime not carrying out improvements/extensions? Are there many of these relative to those who are committed to consolidation? Why?
46. Would you regard access to housing finance in the collective (subsidy, loans and savings) as a precondition of housing consolidation?
47. How can projects in which subsidies have been accessed be set up to ensure that both savings are harnessed and credit becomes available to those who can afford it?

#### **INFRASTRUCTURE AND SERVICES**

48. What forms of infrastructure are important in incremental housing schemes, for housing consolidation to occur?
49. What forms of economic infrastructure was provided in BESG projects to facilitate local economic development of the settlements, and what were the results in this regard?
50. Would you say the level of such economic infrastructure as was provided was reasonable, and was the format chosen suited to would-be beneficiaries?
51. In respect of economic infrastructure, what should BESG have done differently?
52. In a project like Cato Manor, extra funds were obviously available to put the said infrastructure in place. What should be done to facilitate the same in projects where such funding is not

available, given that that the unavailability of funds does not diminish the need for infrastructure and services?

53. In retrospect, what other infrastructure should been provided in BESG projects, and how would it have aided housing improvement?
54. To what extent are infrastructure and services a precondition for housing consolidation?

#### **LAND**

55. How, and to what extent would you say the size, quality and physical/technical difficulties of the site have affected the desire to carry out housing improvements by households?
56. How and to what extent have the same aspects affected the ability to consolidate?
57. How did BESG address any land related problems that might have impacted both desire and ability to consolidate?
58. Has land ownership and a title facilitated lending to households as envisaged by the policy, with land as collateral? Why?

#### **STARTER HOUSE**

59. How has the quality and incompleteness of the initial house affected the desire by households to consolidate their dwellings?
60. What aspects/characteristics of the initial house have been unsupportive, or have not lent themselves well to house extension?
61. Which ones have?
62. To what extent could BESG have influenced the design aspects of the starter house? Did it, and with what results?

#### **TECHNICAL SUPPORT**

63. What does technical support entail in incremental housing projects? What should it entail?
64. What was the nature and extent of technical support availed to beneficiaries in BESG projects?
65. Were the following provided: house plans/designs, costing of improvements/extensions, tools, skills training, what else? How?
66. Did the technical support availed to beneficiaries facilitate the level/extent of consolidation envisaged by BESG? Would you say it was higher than would have taken place without it? Why? If not as high as envisaged, how would you explain it?
67. What were the roles of housing support centres (HSCs) in the BESG projects that had them, and did it relate to, and impact housing improvement activities in the area?
68. On what basis was it determined if a project would have a HSC or not?
69. Did the HSC have any technical support mandate?
70. In the absence of a HSC, how was technical support lent?
71. Is technical support a precondition of housing improvement? Why?

#### **SECURITY OF TENURE**

72. Has security of tenure in the form of a title proved to be a useful precondition of housing improvement in BESG projects?
73. To what extent has sufficed to cause housing consolidation to occur in BESG projects?

### **BUILDING MATERIALS**

74. Where did consolidating households in BESG projects get their building materials from?
75. Did BESG play any role in facilitating access to building materials? If yes, what role?
76. If not, why?
77. One of the envisaged supports to households involved in incremental housing (conceptually as well as in South African policy) is promotion of competition in the building industry with a view to reducing cost of building materials by making them more widely available and increasing choice. Would this have been BESG's responsibility in its projects? Why?
78. How did you proactively facilitate this, and how would you assess your success? Why?
79. How was the whole building materials supply and production notion linked to income generation in your projects?
80. Generally speaking, to what extent can building materials supply and production realistically contribute to employment creation and income generation in incremental low income housing settlements? Why?

### **SKILLS DEVELOPMENT**

81. In most low income areas, the sum total of skills development has been building skills taught to a handful of beneficiaries. How do you personally conceptualize skills development in low income settlements, and as an important housing support?
82. How did BESG interpret the skills development objective in its projects, and was a skills development programme initiated in all such projects?
83. If yes, what were its objectives, how was it orchestrated? Why?
84. How would you rate the programmes' success in terms of: **1)** people using the skills learnt for their own housing improvement activities, i.e. engaging in self build? **2)** Expansion in available building skills in the area, that people could 'buy' for their housing improvement activities? **3)** As a means of income generation and employment creation?
85. Is skills development a precondition of housing improvement, and what exact types of skills would you advocate for people in a low income incremental housing settlement? Why?
86. Who's responsibility is it to facilitate and impart such skills, and who would be the recipients of such skills development? Why?

### **INFORMATION**

87. Did BESG undertake the role of providing relevant information related to housing improvement to subsidy beneficiaries?
88. What information did you consider relevant in this regard? Why?
89. Some forms of information emerge from both literature and other discussions towards this study as critically important to households looking to consolidate their dwellings, for example **1)** the meaning of incremental housing **2)** responsibilities of homeownership **3)** services of a Housing Support Centre **4)** where technical support can be accessed **5)** sources of credit for people of their income level **6)** the need for household and group saving **7)** cheap sources of building materials **8)** bodies to approach for skills training **9)** what to do if materials are not of an acceptable standard **10)** how to deal with problems associated with steep sites, location and orientation of original house on the site; etc. What did you do to make such information available in BESG projects?

90. What other information would you consider important for households in incremental schemes?
91. Whose responsibility is it to provide it?
92. To what extent is such information a precondition of housing consolidation by households?

#### **INSTITUTIONAL CAPACITY**

93. Institutional capacity has been cited in various quarters as a significant problem facing the implementation of an incremental housing policy, and housing delivery generally. What is your understanding of the nature of such institutional capacity, generally speaking, and how has it affected the housing consolidation support in projects?
94. What are the institutional capacity deficits in the eThekweni municipality level, the KwaZulu Natal Provincial Department of Housing level, and the National Department of Housing level in respect of housing consolidation, and how have they affected the way housing consolidation has unfolded at project level?
95. How can these capacity gaps be addressed, in the context of housing support, and to facilitate housing consolidation activities of households?

#### **GENERAL**

96. In your own mind, when you envisaged the future of consolidated incremental projects with which BESSG was involved, did you imagine they would look like they do today? Why?
97. What do you find satisfactory and what is not?
98. What should have been done differently, and what are your proposals for how it should have been done?
99. What should a consolidated low income settlement look like in terms of standards, building materials used, types of activities undertaken in the dwellings, etc?
100. Do you think the pace of consolidation, and the fact that the settlements generally continue to look like a low income settlements, has discouraged some people from consolidating?
101. What other factors do you think may have acted as a disincentive to consolidate?
102. Are there people, to your knowledge, or in your view, who are still hoping for better housing circumstances than the ones offered by projects they accessed their subsidies in, and have therefore not made the decision to stay and complete their house?
103. To what extent would you say that the goal of adequate housing has been achieved in post-apartheid incremental housing projects, ten or more years down the line?
104. What is your overall verdict of the policy goal of adequate housing with projects packaged the way they are currently packaged?
105. What are your proposals for how projects can be packaged differently and better, to improve the record of housing consolidation in post-apartheid projects? What preconditions must be fulfilled/put in place upfront and post-subsidy, for this to occur?

## APPENDIX 2: HOUSEHOLD QUESTIONNAIRES

### APPENDIX 2.1 HOUSEHOLD QUESTIONNAIRE – WIGGINS FAST TRACK AND SAVANNAH PARK

Project name	Beneficiary Number	Respondent Status(head or partner/spouse)	Questionnaire Administrator	Date of Questionnaire Administration

#### Type of Project

Greenfield Development by Developer – 1

Consolidation Project – 2

Peoples Housing Process Project – 3

In-situ Upgrading Project – 4

#### Level of Consolidation for Selected House

Discernible Consolidation – 1 (fill out sections 1, 2, 3, 4, 5.1 to 5.7.12)    None to Negligible Consolidation – 2 (fill out sections 1, 2, 3, 4.1 to 4.3.3, 5.8 to end)

#### SECTION 1: Background Information (demographic information, household structure and living arrangements of beneficiary household)

1.1 Are you or your spouse/partner the registered owner of this house/site? Yes (1) No (2)

1.2 Total number of persons living in this household? 1 – 3 (1)    4 – 6 (2)    7 or more (3)

1.3 Number of dependants of households head (to include children as well as adults e.g. a parent, relative, etc)  
1 – 3 (1)    4 – 6 (2)    7 or more

1.4 Household Type Nuclear (1)    Female-headed (2)    Extended family (3)

Unrelated household members (4)    Other (5) (please specify).....

1.5 Do all your minor dependents live with you? Yes (1)    No (2)

1.5.1 If no, why? Inadequate space in house (1)    Inadequate money to care for them (2)    Better care elsewhere (3) Schools and other facilities only found elsewhere (4)    Area unsafe (5)

Other reason/s (6) Please specify .....

1.6 Is this house your only residence? Yes (1)    No (2)

1.6.1 If not, where is your other residence? Rural area (1)    Another area of eThekweni municipality (2)  
Another town or city (3)    Another house in this project (4)    Other (5) Please specify .....

1.7 Why do you keep another residence? Polygamous (1)    Had that house before I got allocated this one (2)  
All household members cant fit in this house (3) Believe rural house is important (4)    Other (5) please specify reason .....

1.8 How often do you visit that other residence? Weekly (1)    Monthly (2)    Bi-monthly (3)    Twice a year (4)  
Once a year (5)    Other (6) Please specify.....

1.9 Which of your two residences do you consider your permanent one? This house (1) Other residence (2)

1.10 How long have you lived here? 0 -5 years (1)    6 -10 years (2)    11 -15 years (3)    15 or more years (4)

1.11 Do you consider it important to improve and extend this house given that your permanent residence is elsewhere? Yes (1) No (2)

1.11.1 If yes, why would it still be important for you to improve/extend it?

To improve its value for sale (1) To improve its value before leaving it for my dependants (2)

Circumstances may change and cause me to make it my permanent residence (3)

Other reason/s (4) Please specify .....

1.11.2 If no, why do you not consider it important to improve/extend it?

Will eventually leave this house (1) Plan to sell it soon s improvements are not important (2)

Not the registered owner of house (3) Other reason/s (4) Please specify .....

## SECTION 2: Employment Status and Income

2.1 What is your employment status? Unemployed (1) Employed (2) Self-employed (3)

2.2 If employed, what type of employment are you engaged in? (For all, state activity)

Salaried formal employee (1) ..... Salaried casual employee (2) .....

Gardener/cleaner/domestic worker (3) ..... Part-time worker (4) .....

Other (5) Please specify .....

2.3 Where does your income come from? No income (1) Fulltime employment (2) part-time employment (3)

Self employment (4) Pension, welfare, disability or other grant (5) Please specify .....

Other (6) Please specify .....

2.4 Do you get any supplementary/additional income from another source? Yes (1) No (2)

2.4.1 If yes, from where? Spouse, partner, child or other household member (1)

Family member, relative or friend living elsewhere (2) Supplementary work (3) Please state what type

..... Rent from tenant or lodger (4) Income generating activity in house (5) Please

indicate activity ..... Other (6) Please specify .....

2.5 For the income indicated in above question, does it come in regularly or intermittently/irregularly?

Regularly (1) Intermittently/irregularly (2)

2.6 Based on the above, what would you say is the total monthly income for this household? (*As per the subsidy income bands*) R0 – 1500 (1) 1501 – 2500 (2) R2501 – 3500 (3) >R3500 (4)

## SECTION 3: Accessing Housing

3.1 What did the subsidy funds provide you with? A site and services (1) Site, services and starter house (2)

Consolidation funds (3) Other (4) Please specify .....

3.2 When did this take place? Specify year .....

3.3 Who is the original and registered beneficiary of this house/site?

Myself (1) Myself and spouse/partner (2) My spouse/partner (3) None of I, 2 or 3 (4)

3.3.1 If 4 above (none of the above), did you buy, acquire or rent it from the registered owner Yes (1) No (2)

3.3.2 If no to above, how did you come to live here? Please explain .....

3.4 Why did you move into this particular project?.. Was the only way to get house from government (1)

Was informed by family/friend already living here about project (2) Was informed by local authority (3)

Was already living in the area (4) Saw developer's or other sign (5)

Other (6) Please specify .....

3.5 If you had a choice between this and other project, would you still have chosen this one? Yes (1) No (2)

3.5.1 If no, why did you decide to take up residence here then?

It was the only way to acquire a house or site from the government (1)

I had already lived in the area a while, so I knew it better than elsewhere (2)

There were no other projects that I knew of at the time, that I could apply for (3)

Thought if I didn't like the area I could always move (4) Other reason (5) Please specify .....

3.6 In retrospect, do you think it was a good idea to move here? Yes (1) No (2)

3.6.1 If yes, why? Please explain, giving all your reasons .....

.....

3.6.2 If no, why? Please explain, giving all your reasons .....

.....

3.7 Has living in this area changed your economic position? It has improved (1) Why? Please explain.....

..... It has remained the same (2) It has deteriorated (3) Why?

Please explain .....

3.8 Compared to where you lived before you moved here, are you nearer or further from:

Nearer (1) Further (2)

Your place of work	
Transport routes	
Your place of worship	
Shopping area	
Schools	
Health facility	
Police station	

**SECTION 4: Housing Improvement Activities**

4.1 When you moved into this project, did anyone explain to you that it was your responsibility to build, improve or extend your house to your requirements? Yes (1) No (2)

4.1.1 If yes, who explained? The developer (1) Local authority/provincial housing officials (2) Community leaders (3) NGO/s involved in project (4) Other/s (5) Please specify who .....

4.1.2 If no, has anyone informed you since? Yes (1) No (2)

4.1.3 If yes, who? Local authority/provincial housing officials (1)

Community leaders (2) NGO/s involved in project (3) Housing advisors in Housing Support Centre (4)

Other (5) Please specify .....

4.2 Since moving in, have you spent any of your own money to supplement what the subsidy amount was able to provide you with? Yes (1) No (2)

4.2.1 If yes, about how much would you say you have spent up to now?

R0 - 3000 (1) R3001 – 6000 (2) R6001 - 9000 (3) R9001 – 12000 (4) R12001 – 15000 (5) >R15001 (6)

4.2.2 Was this spent once off or over a number of times? Once off (1) 2 – 3 times (2) 4 – 5 times (3) >5 times (4)

4.3 Do you feel the government has been supportive of the efforts of the households in this area to extend and improve their houses? Yes (1) No (2)

**4.3.1** Has anyone related to government (local authority, provincial housing officials or their appointee) come back to find out how you are managing the housing improvement process? Yes (1) No (2)

**4.3.2** If yes, what role did they play?.....

**4.3.3** How was their role helpful to you in your house improvement activities? .....

#### 4.3.4 Information

Has any of the following information has been made available to you? For each, indicate source.

Type of Information	Yes(1) No (2)	Source
The meaning of incremental housing and the need To improve and extend your house		
Government initiated sources of credit		
Other sources of credit		
Sources of cheaper building materials		
The need for household and group savings		
Bodies to approach for skills training and technical assistance		
Responsibilities of home ownership		
Other (Please specify) .....		

#### 4.4 This Section only for Households With Discernible Housing Improvements

**4.4.1** Please indicate the relative importance of the following factors in influencing your decision undertake the improvements you have made to your house?

Factor	Not important at all (1)	Of little importance (2)	Very important (3)	Critically important (4)
Title to site				
Location of project				
Size and quality of original house				
Size of site				
Household income				
Use/s to which extra space could be put				

Potential value of improved house				
Access to a loan				
Access to cheap building materials				
Easy access to building materials				
Access to group savings				
Availability of local builders				
Building skills of household member				

**4.4.2** Please specify any other factor that you might have considered important that is not covered above

.....

The next few questions address the specific improvements you have spent your monies on (*for all these, please confirm through observation and request to be shown where it's not obvious*).

**4.5** Please indicate which of these improvements you have spent monies on, and indicate the extent of expenditure on the following improvements:

<b>4.5.1 Internal Improvements</b>	<b>Extent of Expenditure: None (1) Negligible (2) Moderate (3) Substantial (4)</b>
Minor improvements – painting, window sills, door sills	
Internal partitions and internal doors	
Plastering	
Floor slab, floor, bathroom and/or kitchen tiles	
Ceiling	
Furniture, appliances and furnishings	
Other (please specify) .....	
.....	

<b>4.5.2 External Improvements</b>	<b>Extent of Expenditure: None (1) Negligible (2) Moderate (3) Substantial (4)</b>
Minor Improvements – painting, gables, window and door sills	
Plastering	
Roofing	
Rain water gutters and down pipes	

Windows and doors, including burglar proofing a	
Others (please specify).....	

4.5.3 Improvements to Site	Extent of Expenditure: None (1) Negligible (2) Moderate (3) Substantial (4)
Fencing/perimeter wall	
Retaining wall	
Driveway, walkway	
Outdoor paving, apron around house	
Greening (agricultural)	
Greening (aesthetic)	
Other (please specify) .....	

4.5.4 Which of the above three categories of improvements (internal, external and site improvements) did you consider to be the most important and why?.....

4.5.5 Did you consider any of the above forms of improvement urgent? Yes (1) No (2)

Why? .....

4.5.6 Have you undertaken any house extensions and alterations since moving in? Yes (1) No (2)

If yes, indicate the nature of these: Extra adjoining room/s (1) How many? .... Extra separate room/s (2) How many? ..... Garage (3) Additional floor (4) Alterations to original house with no additional space (5) - why were these necessary? ..... Other (please specify) (6) ..... A combination of improvements (7) Indicate which by number .....

4.5.7 What is the character/nature of housing extension done? Formal (1) Informal (2) Why?

..... Formal/Informal mix (3) Why? .....

4.5.8 What is the extra place being used for? Additional living space (1) Rental/lodging (2) Storage (3)

Home-based income generating activity (4) Please specify activity .....

Other (5) Please specify .....

4.5.9 Were any of the improvements made with the sale of the house in mind? Yes (1) No (2)

4.5.10 If yes, why did you think such improvements were necessary before sale? .....

4.5.11 Do you consider your house to be complete/ or fully improved? Yes (1) No (2)

4.5.12 If yes, how long did it take you to achieve this?

0 – 3 years (1) 4 – 6 years (2) 7 – 10 years (3) >10 years (4)

4.5.13 If no, how much longer do you think it will take you to achieve this?

0 – 3 years (1) 4 – 6 years (2) 4 – 6 years (2) 4 – 6 years (2) 7 – 10 years (3) >10 years (4)

4.5.14 Why? .....

## SECTION 5: Support

### 5.1 Financing Housing Improvement

5.1.1 Where did the money you used for housing improvement come from? Monthly income (1) Households saving (2) Group savings (3) (must then answer 5.1.2) Loan based on group savings (4) Specify source .....(must then answer 5.1.3)

- Microloan (5) Specify source..... Loan from moneylender (6) Specify source .....
- Loan from financial institution (7) Specify institution ..... Loan from employer (8)
- Formal or informal employer? ..... Loan from family or friend (9)
- Other source (10) Please specify.....
- A combination of sources listed above (11) Indicate which sources by numbers.....
- 5.1.2** For group savings, who provided support and encouragement to constitute savings group?
- Savings group existed before project (1) NGO (2) Community leaders/councilor (3) Developer (4)
- Local authority/provincial housing officials (5) Other (6) Please specify.....
- 5.1.3** For credit based on savings, how did you know about this credit facility or source?
- From the loan provider (1) NGO (2) Community leaders/councilor (3) Developer (4)
- Local authority/provincial housing officials (5) Other (6) Please specify .....
- 5.1.4** Was any support provided to approach the lending institution? Yes (1) No (2)
- 5.1.4.1** If yes, by whom? NGO (1) Community leaders/councilor (2) Local authority/provincial housing officials (3) Developer (4) Other (5) Please specify.....
- 5.1.5** Have you had more than one loan for improving your house *at the same time*? Yes (1) No (2)
- 5.1.5.1** If yes, why? .....
- 5.1.6** Have you borrowed more than one loan for your house? Yes (1) No (2)
- If yes, why? .....
- 5.1.7** For sources outside the family, how did you learn about this source?
- Word of mouth from community members (1) Friends and family (2) Community leaders (3) NGO working in project (4) Local authority/provincial housing officials (5) Newspaper, TV or radio or other adverts (6)
- The institution itself making a presentation to community (7) Other method (8) Please specify.....
- 5.1.8** For institutional finance, how many institutions did you approach before you found one that could lend to you? 1 – 2 (1) 3 – 4 (2) More than 5 (3)
- 5.1.9** What specific institutions turned you down? Please list them. ....
- 5.1.10** What reasons did the institution/s give you for turning you down? Informal income generating activity (4)
- No reason given (1) Insufficient income (2) Irregular income (3) Loan required too small (5) Debt listed (6)
- Other reason (7) Please specify.....
- 5.1.11** What has been your experience with loan repayment?
- Impossible, currently in default (1) Extremely difficult, battling to repay (2) Manageable (3) Easy (4)
- 5.1.12** Do you definitely require a loan for your housing improvement activities? Yes (1) No (2)
- 5.1.13** Have you been informed of any institutions that lend to people of your income category? Yes (1) No (2)
- 5.1.13.1** If yes, which one/s do you know of? Please list them.....
- 5.1.14** Have you approached any one of them? Yes (1) No (2)
- 5.1.14.1** If yes, what was the outcome? No response (1) Turned down (2) Awaiting response (3) Got loan (4)
- Other outcome (5) Please explain.....
- 5.1.14.2** If no, why have you not approached any of them? Have been turned down by financial institutions too often (1) Uncomfortable with financial institutions (2) Debt listed (3) Don't know where to find the institutions (4) Insufficient or irregular income (5) Other reason (6) Please specify .....
- 5.1.15** Overall, what has been the main problem you have encountered in raising monies for housing improvement? Please explain .....

5.1.16 How are you attempting to solve it? .....

## 5.2 Employment Creation and Income Generation

5.2.1 Has being in this project helped in your employment and income-generating situation? Yes (1) No (2)

5.2.1.1 If yes, in what way? By locating me close to my employment area (1) Saving in transport cost (2) By providing me with work in house building activities (3) By providing work from building materials production (4)

By providing work from building materials supply (5) By providing me with space to let out for rent (6)

By providing me with space for an income generating activity within the house and/or site (7)

By providing me with buyers for my product or service from within the project area (8)

By acquiring skills provided in the project (9) Others (10) Please specify .....

A combination of factors above (11) Indicate which by numbers.....

5.2.1.2 If no, why? Project located too far from employment areas (1) (indicate time spent to get to work area .....

Too costly to travel to and from work (2) (Indicate to/fro cost .....

No space in house/site for home-based income generating activity (3)

Home-based income generation activities not permitted (4) Previous informal activities not possible here (5)

Too much competition in the income generating activity I'm involved in (6)

No customers/clientele for the income generating activity I'm involved in (7)

Too costly to take wares/goods/services to where customers can be found (8)

Others (9) Please explain .....

A combination of factors above (11) Indicate which by number .....

5.2.2 For those with home-based income generation activity in the home or are letting out space, has this improved the income of the household? No improvement (1) Negligible improvement (2) Moderate improvement (3) Substantial improvement (4)

5.2.3 When you moved into this project, were home-based income generation activities and rental of extra space encouraged? Yes (1) No (2)

5.2.3.1 If yes, by whom? NGO (1) Community leaders/councilor (2) Local authority/provincial housing officials (3) Developer (4) Other (5) Please specify .....

5.2.4 If home-based income-generation activity was encouraged today, would you consider doing it? Yes (1) No (2)

5.2.4.1 If no, why? Can't think of a profitable activity (1) Too many activities already in area, hence stiff competition (2) Have no capital to start activity (3)

Working elsewhere, so not available for other income generating activity (4)

No household member available to carry out an income generating activity (5)

Those carrying out income generating activities in area not doing too well (6) Prefer house to be used for residential purpose only (7) Other reason (8) Please specify .....

5.2.5 If rental of extra space was encouraged today, would you consider it? Yes (1) No (2)

5.2.5.1 If no, why? No extra space to let (1) No money to add extra space for rental (2) Not keen to have stranger in my house (3) Might have no control over how the tenant uses space (4) Other reason (5) Please specify .....

## 5.3 Building Materials

5.3.1 Where did you get the building materials used for your housing improvement activities? Formal supplier outside area (1) Local formal supplier (2) Second hand materials obtained from formal supplier (3) Second

hand materials obtained informally (4) Locally produced/self produced materials (5) Other source (7) Please specify.....

5.3.2 How would you rate your choice of materials? Had wide choice (1) Restricted in choice (2)

5.3.3 Did you receive any support to access building materials more readily and cheaply and to guarantee a reasonable standard of material? Yes (1) No (2)

5.3.3.1 If yes, what form of support? Skills training to produce materials within project (1) Local building materials suppliers accredited to project (2) Housing Support Centre acquiring building materials on behalf of beneficiaries (3) Random check of quality of building materials supplied (4) Other support (5) Please specify .....

A combination of supports above (6) Indicate which by number .....

5.3.3.2 Who provided the support indicated above? Local authority/Provincial Department of Housing (1)

Department of Labour (2) NGO involved in project (3) Housing Support Centre in project(4)

Technical experts attached to project (5) State nature of expertise .....

Others (6) Please specify .....

5.3.4 Are there other types of building materials that you would have liked to use but which were not available in your area? Yes (1) Please specify which..... No (2)

5.3.5 Why would you have liked to use these? Cheaper (1) Easier to work with (2) Better quality house from them (3) Preserve better (4) Other reason (5) Please specify .....

5.3.6 How could you have been assisted to access these? .....

#### 5.4 Building Skills and Technical Support

5.4.1 Do you or household member have skills needed to undertake housing improvement? Yes (1) No (2)

5.4.1.1 If yes, did you or they in fact use these skills to improve this house? Yes (1) No (2)

5.4.1.2 If no, who built your house, and where did they come from? Local builder from within the project (1) Builder from outside the project (2) Contractor from within project (3) Contractor from outside the project (4) Relative or friend (5) Mutual building group (6) Self build (7) Other (8) Please specify .....

5.4.2 For those who had some building skills but still use people outside the household, why did you do so?

Did not have all the skills needed to build a house (1) Could not spare the time to build my own house (2)

Felt my skills were not good enough to build the type of house I wanted (3) Outside people were cheap enough (4) Other reason (5) Please specify.....

5.4.3 If you were involved in self or mutual building, were your skills acquired within project? Yes (1) No (2)

5.4.3.1 If no, where did you get your skills training? Please indicate.....

5.4.3.2 If yes, who provided the skills training? Local authority/provincial Department through a training body (1)

Department of Labour through a training body (2) NGO involved in project (3) Housing Support Centre (4)

Other (5) Please specify .....

5.4.4 At what point did such training take place? During the subsidy expenditure phase (1) After the subsidy expenditure phase (2)

5.4.5 In which of these phases do you think skills training works better? During the subsidy expenditure phase (1)

After the subsidy expenditure phase (2) Why? .....

5.4.6 Have the skills been useful in helping you manage all aspects of the house building process?

Yes (1) No (2) If no, why? .....

5.4.7 Have these skills helped you to get employment within the project?

Yes (1) Explain how ..... No (2) Explain why .....

**5.4.8** Have they helped you to get employment outside the project?

Yes (1) Explain how ..... No (2) Explain why .....

**5.4.9** What other technical support have you been provided with in this project? Building materials production (1)

House plans/designs (2) Tools and equipment (3) Costing of house improvement components (4) Financial management (5) Other (6) Please specify .....

A combination of forms of support above (7) Indicate which by number .....

**5.4.10** Who provided such technical support? Local authority's or Provincial department of Housing's designated

body (1) Family member or friend (2) Department of Labour's designated body (3) Housing Support Centre (4)

NGO (5) Other (6) Please specify ..... A combination of providers above (7) Indicate which by number.....

**5.6 Influences on Decision to Improve Housing**

Factor	Gauge (by indicating number) Very strong (1) Moderate influence (2) Some influence (3) No influence at all (4)
Affordability of housing improvements	
Lack of house building skills	
Lack of good builders in project area	
Lack of affordable building materials nearby	
Location of project in relation to work area/s	
Location of project in relation to family/friends	
The fact that other neighbours have/have not improved their houses	
Availability of community facilities (education, health, recreation, worship, etc)	
Availability of services (water, electricity, telephone, policing, postal services, etc)	
Quality of neighbourhood	
Perception of quality of initial house	
Size of site	
Topography of site	
Level of crime in area	
Other factors (please specify) .....	

**5.6.1** Gauge the level of importance of the following factors in influencing you to carry out housing improvements?

**5.7 Physical housing Environment of Project Area**

**5.7.1** Is this a better or worse housing environment than where you lived before you moved here?

Better (1) Why? .....

Worse (2) Why? .....

**5.7.2** What do you like about living in this neighbourhood? .....

**5.7.3** What, if anything, do you dislike about living in this neighbourhood?.....

**5.7.4** What do you like about your house?.....

- 5.7.5 What, if anything, do you dislike about your house?.....
- 5.7.6 What do you like about your site?.....
- 5.7.7. What, if anything, do you dislike about your site?.....
- 5.7.8 Has the position of the initial house made it easy for you to carry out extensions?  
 Yes (1) Why? .....  
 No (2) Why? .....
- 5.7.9 Are any of the reasons given for disliking your house and site causing you to not want to improve and extend your house? Yes (1) No (2)
- 5.7.10 Is this house in a better or worse condition than when you moved in? Better (1) Worse (2) The same (3)
- 5.7.10.1 If worse, what are the reasons? Poor workmanship (1) Poor provision of services (2) Lack of finances to maintain house (3) Wear and tear from overcrowding (4) Wear and tear from environmental factors (dust, flooding, storm water, winds, etc) (5) Other (6) Please specify.....
- 5.7.11 To what extent are you satisfied with the facilities and services provided in your area (schools, crèches, library, health, commercial, recreational, telephone, postal, police services, etc)? Very satisfied (1) Satisfied (2) Dissatisfied (3) Very dissatisfied (4) Indifferent (5) Give reasons for your answer  
 .....
- 5.7.12 Would you move from this area on account of your level of dissatisfaction above? Yes, immediately (1)  
 No, because there are other things about the project I like (2) Please state which .....
- No, because I have nowhere else to go (3) It would depend on whether I could find these facilities and services in another area (4) Don't know (5)

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## 5.8 Only for Households Who Have Carried Out No Discernible Improvements

- 5.8.1 Do you feel a sense of belonging in this neighbourhood and area? Yes (1) No (2)
- 5.8.2 Have you forged relationships with your neighbours? Yes (1) No (2)
- 5.8.2.1 If no, why? .....
- 5.8.3 Have these reasons influenced your decision not to improve your house? Yes (1) No (2)
- 5.8.4 Are you aware that you are expected by the government to extend and improve this house? Yes (1) No (2)
- 5.8.5 Would you say that you have done this to the expected level? Yes (1) No (2)
- 5.8.6 Is this house adequate for your households needs in its current size and state? Yes (1) No (2)
- 5.8.6.1 If yes, is that the reason why you have carried out no extensions and improvements? Yes (1) No (2)
- 5.8.6.2 If no, do you have any plans to extend and improve your house? Yes (1) No (2)
- 5.8.6.3 If yes, when do you plan to do this? Immediately (1) In the near future (next two years) (2)  
 No concrete plans yet (3)
- 5.8.7 What is the main reason why you have not already started to improve and extend your house?  
 No income (1) No money left after normal household expenditure (2) Lack of credit/loan (3)  
 Money available used for other house owned by household (4) Housing improvement not currently a household priority (5) Physical or technical problems with site (6) Physical/technical problems with house (7)  
 Lack of building skills (8) Do not have title (9) Please explain you acquired this house.....  
 Other (10) Please specify .....
- 5.8.8 Have you spent any money to improve or make changes inside your house? Yes (1) No (2)
- 5.8.8.1 If yes, please specify these improvements or changes .....

5.8.9 Have you spent money on any furniture, appliances or furnishings? Yes (1) No (2)

5.8.9.1 If yes, did you consider these to be more important than external improvements or house extensions?

Yes (1) Give reasons ..... No (2)

5.8.9.2 If no, why did you decide to start with internal improvements? Please explain .....

5.8.10 Has expenditure on internal improvements stood in the way of your making external improvements and extensions? Yes (1) No (2)

5.8.10.1 If no, can the household afford to do internal and external improvements simultaneously? Yes (1) No (2)

5.8.11 What do you consider to be useful support that you are not getting currently, that would help you to begin carrying out housing improvements and extensions? Employment (1) Skills training (2) Cheap building materials (3) Housing design/plan (4) Loan (5) Community facilities and services in neighbourhood (6)

Bigger, better site (7) Other (8) Please specify ..... A combination of supports above (9) Indicate which by number .....

5.8.12 Are you aware that housing improvements can improve the value of your house? Yes (1) No (2)

5.8.12.1 If you knew that they would, would you want to improve your house? Yes (1) No (2)

5.8.13 Would you use your dwelling for business or rent out part of the house or site? Yes (1) No (2)

5.8.13.1 If yes, is this something you are already doing? Yes (1) No (2)

5.8.13.2 Why? .....

5.8.13.3 If no to 5.8.13 above, why? .....

5.8.14 Did you receive any skills training in the project? Yes (1) No (2)

5.9.1 If yes, specify nature of such skills .....

5.9.2 Have you been able to use such skills to get a job in the project? Yes (1) No (2)

5.9.3 If yes, specify the nature of the job .....

5.9.4 How long did the job last? 0 – 3 months (1) 4 – 6 months (2) 6 – 12 months (3) > 1 year (4)

5.9.5 If skills gained were building skills, have you used them on any part of your house? Yes (1) No (2)

5.9.6 If yes, please specify .....

5.10.1 If you had a little or a lot of extra money to spend on improving this house, inside or anywhere outside, what would you really like to do? (Please probe for reasons to complete this matrix).

Amount of money available	Envisaged improvements, changes and/or extensions	Reasons
With little to spend		1) 2) 3)
With a lot to spend		1) 2) 3) 4)

5.8.14 What type of support do you consider to be really necessary for households in this area who really need to improve and extend their homes but have not been able to do so up to now? .....

5.8.14.1 Give reasons for your answer above .....

## APPENDIX 2.2 HOUSEHOLD QUESTIONNAIRE – PIESANG RIVER

Project name	Household Number/Street	Respondent Status(head or partner/spouse)	Questionnaire Administrator	Date of Questionnaire Administration

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### Type of Project

Greenfield Development by Developer – 1

Consolidation Project – 2

Peoples Housing Process Project – 3

In-situ Upgrading Project – 4

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### Level of Consolidation for Selected House

Discernible Consolidation – 1

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### SECTION 1: Background Information (demographic information, household structure and living arrangements of respondent household)

1.1 Are you or your spouse/partner the owner of this house/site? Yes (1) No (2)

1.2 Do you have a title deed for this property? Yes (1) No (2)

1.3 If No, do you feel secure that nobody will try to remove you from here? Yes (1) No (2)

1.3.1 If yes, why? .....

1.4 Total number of persons living in this household? 1 – 3 (1) 4 – 5 (2) 7 or more (3)

1.5 Number of dependants of households head (to include children as well as adults e.g. a parent, relative, etc)

1 – 3 (1) 4 – 6 (2) 7 or more

1.6 Household Type Nuclear (1) Female-headed (2) Extended family (3) Unrelated

household members (4) Other (5) (please specify).....

1.7 Do all your minor dependents live with you? Yes (1) No (2)

1.7.1 If no, why? Inadequate space in house (1) Inadequate money to care for them (2) Better care elsewhere (3)

Schools and other facilities only found elsewhere (4) Area unsafe (5)

Other reason/s (6) Please specify .....

1.8 Is this house your only residence? Yes (1) No (2)

1.8.1 If not, where is your other residence? Rural area (1) Another area of eThekweni municipality (2) Another

town or city (3) Another house in this project (4) Other (5) Please specify .....

1.9 Why do you keep another residence? Polygamous (1) I already had that house before I got this one (2) All

household members cant fit in this house (3) I believe rural house is important (4) Other (5) please specify reason

.....

1.10 Which of your two residences do you consider your permanent residence? This house (1) Other residence (2)

1.11 If 2 (other residence) do you consider it important to improve and extend this house, given that your permanent residence is elsewhere? Yes (1) No (2)

1.11.1 If yes, why would it still be important for you to improve/extend it? To improve its value for sale (1)

To improve its value before leaving it for my dependants (2) Circumstances may change and cause me to make it my permanent residence (3) Other reason/s (4) Please specify .....

**SECTION 2: Employment Status and Income**

2.1 What is your employment status? Unemployed (1) Employed (2) Self-employed (3)

2.2 If employed, what type of employment are you engaged in? (For all, state activity)

Salaried formal employee (1) ..... Salaried casual employee (2) .....

Gardener/cleaner/domestic worker (3) .....

Part-time worker (4) ..... Other (5) Please specify .....

2.3 Where does your income come from? No income (1) Fulltime employment (2) Part-time employment (3)

Self employment (4) Pension, welfare, disability or other grant (5) Please specify .....

Other (6) Please specify .....

2.4 Do you get any extra/additional income from another source? Yes (1) No (2)

2.4.1 If yes, from where? Spouse, partner, child or other household member (1)

Family member, relative or friend living elsewhere (2)

Supplementary work other than my normal job (3) Please state what type .....

Rent from tenant or lodger (4) Income generating activity in house (5) Please indicate activity .....

Other (6) Please specify .....

2.5 For the income indicated in above question, does it come in regularly or irregularly/from time to time?

Regularly (1) Irregularly /from time to time (2)

2.6 Based on the above, what would you say is the total monthly income for this household? (*As per the subsidy income bands in South Africa*) R0 – 1500 (1) R1501 – 2500 (2) R2501 – 3500 (3) >R3500 (4)

**SECTION 3: Accessing Housing**

3.1 How long have you lived in Piesang? 0 -5 years (1) 6 -10 years (2) 11 -15 years (3) 15 or more years (4)

3.2 Why/how did you come to live here? Please explain .....

3.3 When you first came into the area, were you renting accommodation from someone else, or did you build your 'own' house? Renting (1) Built my own house (2)

3.4 If you had a choice between Piesang and another area, would you still have chosen Piesang? Yes (1) No (2)

3.4.1 If yes, why?.....

3.4.2 If no why?.....

3.5 In retrospect, do you think it was a good idea to move here? Yes (1) No (2)

3.5.1 If yes, why? Please explain, giving all your reasons.....

3.5.2 If no, why? Please explain, giving all your reasons .....

3.6 Has living in this area changed your economic position?

It has improved (1) Why? Please explain .....

It has remained the same (2) It has deteriorated (3) Why? Please explain .....

3.7 Compared to where you lived before you moved here, are you nearer or further from:

Nearer (1) Further (2)

Your place of work	
Transport routes	
Your place of worship	

Shopping area	
Schools	
Health facility	
Police station	

3.8 Have you received any form of funding assistance from the government ? Yes (1) No (2)

3.8.1 If yes, in what form was this funding assistance given? Subsidy (1) Loan (2) Grant (3) Other (please specify) ..... (4)

3.9 When did this take place? Specify year .....

#### SECTION 4: Housing Improvement Activities

4.1 When you moved into this project, did anyone encourage you to build, improve or extend your house to your requirements? Yes (1) No (2)

4.1.1 If yes, who? Homeless Peoples Federation officials (1) Other Federation Members (2) Local authority/provincial housing officials (3) Community leaders (4) NGO/s involved in project (5) Other/s (6) Please specify who.....

4.1.2 If no, has anyone encouraged you since? Yes (1) No (2)

4.1.3 If yes, who? Federation Officials (1) Federation Members (2) Local authority/provincial housing officials (3) Community leaders (4) NGO/s involved in project (5) Housing advisors in Housing Support Centre (6) Other (7) Please specify .....

4.2 Since moving in, have you spent your own money to improve, extend or build your house anew? Yes (1) No (2)

4.2.1 If yes, about how much would you say you have spent up to now? R0 - 3000 (1) R3001 – 6000 (2) R6001 - 9000 (3) R9001 – 12000 (4) R12001 – 15000 (5) >R15001 (6)

4.2.2 Was this amount spent once off or over a number of times?

Once off (1) 2 – 3 times (2) 4 – 5 times (3) 6 or more times (4)

4.3 Do you feel the government has been supportive of the efforts of the households in this area to extend and improve their houses? Yes (1) No (2)

4.3.1 If yes, how? Please explain.....

#### 4.3.2 Information

Has any of the following information been made available to you? For each, indicate source.

Type of Information	Yes(1) No (2)	Source
The meaning of incremental housing and the need to improve and extend your house over time		
Government initiated sources of credit/loan		
Other sources of credit/loan		
Sources of cheaper building materials		
The need for household and group savings		

Bodies to approach for skills training and technical assistance		
Responsibilities of home ownership		
Other (Please specify) .....		
.....		

4.4 Has anyone related to government (local authority, provincial housing officials or their appointee) come here to find out how you are managing the housing improvement process? Yes (1) No (2)

4.4.2 If yes, what role did they play?.....

4.4.3 How was their role helpful to you in your house improvement activities?.....

4.5 How important were the following factors in encouraging/influencing your decision to undertake the improvements you have made to your house?

<b>Factor</b>	<b>Not important at all (1)</b>	<b>Of little importance (2)</b>	<b>Very important (3)</b>	<b>Critically important (4)</b>
Having title to the site				
Location of project				
Size and quality of original house				
Size of site				
Having an income				
When I thought of use/s to which extra space could be put				
Potential value of improved house if I decided to sell				
Being able to get a loan				
Being able to get cheap building materials				
Being able to make building materials				
Being a member of a savings group				
Availability of local builders				

Building skills of household member				
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4.5.2 Please specify any other factor that you might have considered important that is not covered above.....

The next few questions address the specific improvements you have spent your monies on:

4.6 Please indicate which of these improvements you have spent monies on, as well as the extent of expenditure on the improvements:

4.6.1 Internal Improvements	Extent of Expenditure: None (1) Very little (2) Moderate (3) Substantial (4)
Minor improvements – painting, window sills, door sills	
Internal partitions and internal doors	
Plastering	
Floor slab, floor, bathroom and/or kitchen tiles	
Ceiling	
Furniture, appliances and furnishings	
Other (please specify) .....	
.....	

4.6.2 External Improvements	Extent of Expenditure: None (1) Very little (2) Moderate (3) Substantial (4)
Minor improvements – painting, gables, window and door sills	
Plastering	
Roofing	
Rain water gutters and down pipes	
Windows and doors, including burglar proofing	
Others (please specify) .....	
.....	

4.6.3 Improvements to Site	Extent of Expenditure: None (1) Very little (2) Moderate (3) Substantial (4)
Fencing/perimeter wall	
Retaining wall	
Driveway, walkway	
Outdoor paving, apron around house	
Greening (agricultural)	
Greening (aesthetic)	
Other (please specify).....	

4.6.4 Which of the above three categories of improvements (internal, external and site improvements) did you consider to be the most important and why?.....

4.6.5 Did you consider any of the above forms of improvement urgent? Yes (1) No (2)

Why? .....

4.6.6 Which of the following changes have you made to this house since moving in?

Added extra adjoining room/s (1) How many? .... Added extra separate room/s (2) How many? .... Garage (3)

Additional floor (4) Alterations to original house with no additional space (5) - why were these necessary?

Other (please specify ) (6) .....

A combination of improvements (7) Indicate which by number .....

4.6.7 What is the character/nature of housing extension done?

Formal (1) Informal (2) Why?.....

Formal/Informal mix (3) Why? .....

4.6.8 What is the extra place being used for? Additional living space (1) Rental/lodging (2) Storage (3)

Home-based income generating activity (4) Please specify activity.....

Other (5) Please specify .....

4.6.9 Were any of the improvements made with the sale of the house in mind? Yes (1) No (2)

4.6.10 If yes, why did you think such improvements were necessary before sale?.....

4.6.11 Do you consider your house to be complete/ or fully improved? Yes (1) No (2)

4.6.12 If yes, how long did it take you to achieve this?

0 – 3 years (1) 4 – 6 years (2) 7 – 10 years (3) >10 years (4)

4.5.13 If no, how much longer do you think it will take you to achieve this?

0 – 3 years (1) 4 – 6 years (2) 7 – 10 years (3) >10 years (4)

4.5.14 Why? .....

## SECTION 5: Support

### 5.1 Financing Housing Improvement

5.1.1 Where did the money you used for housing improvement come from? Monthly income (1) Households saving (2) Savings Group (3) Loan given to savings group (4) Specify source of this loan.....

Microloan (5) Specify source.....

Loan from moneylender (amashonisa)(6) Loan from bank (7) indicate which bank?.....

Loan from employer (8) Formal or informal employer? ..... Loan from family or friend (9)

Other source (10) Please specify.....

A combination of sources listed above (11) Indicate which sources by numbers.....

5.1.2 If you got your money from savings group, who provided support and encouragement to form or join the group? Homeless Peoples Federation officials (1) Other savings group members (2) NGO (3) Community leaders/councilor (3) Local authority/provincial housing officials (5) Other (6) Please specify.....

5.1.3 How long did you need to save before you had enough to build a house? 1 – 2 years (1) 3 – 4 years (2) 5 and more years (3)

5.1.4 If you got a loan because of being a member of a savings group, who told your group about this loan source?

Homeless Peoples Federation officials (1) Other savings group members (2) Loan provider (3) NGO (4)  
Community leaders/councilor (5) Local authority/provincial housing officials (6) Other (7) Please specify  
.....

5.1.5 Was any support provided to your group to approach the lending institution that gave your loan? Yes (1) No (2)

5.1.6.1 If yes, by whom? Homeless Peoples Federation officials (1) NGO (2) Community leaders/councilor (3)  
Local authority/provincial housing officials (4) Other (5) Please specify.....

5.1.7 Have you had more than one loan for improving your house *at the same time*? Yes (1) No (2)

5.1.7.1 If yes, why? .....

5.1.8 Have you borrowed more than one loan for your house but not at the same time? Yes (1) No (2)

If yes, why? .....

5.1.9 If you got a loan from a bank, how many institutions did you approach before you found one that could lend to you? 1 – 2 (1) 3 – 4 (2) More than 5 (3)

5.1.10 What reasons did the institution/s give you for turning you down? No reason given (1) Insufficient income (2) Irregular income (3) Informal income generating activity (4) Loan required too small (5) Blacklisted (6) Other reason (7) Please specify.....

5.1.11 What has been your experience with loan repayment, either to the bank or as a member of a savings group? Impossible, I'm currently in default (1) Extremely difficult, battling to repay (2) Manageable (3) Easy (4)

5.1.12 Did you definitely require a loan for your housing improvement activities? Yes (1) No (2)

5.1.13 Have you been informed of any institutions that lend to people of your income category? Yes (1) No (2)

5.1.13.1 If yes, which one/s do you know of? Please list them.....

5.1.14 Have you approached any one of them? Yes (1) No (2)

5.1.14.1 If yes, what was the outcome? No response (1) Turned down (2) Awaiting response (3) Got loan (4) Other outcome (5) Please explain.....

5.1.14.2 If no, why have you not approached any of them? Have been turned down by banks too often (1) Uncomfortable with banks (2) Blacklisted (3) Don't know where to find the institutions (4) Insufficient or irregular income (5) Other reason (6) Please specify .....

5.1.15 Overall, what has been the main problem you have encountered in raising monies for housing improvement? Please explain .....

5.1.16 How are you attempting to solve it? .....

## 5.2 Employment Creation and Income Generation

5.2.1 Has being in this project helped in your employment and income-generating situation? Yes (1) No (2)

5.2.1.1 If yes, in what way? By locating me close to my employment area (1) Saving in transport cost (2)

By providing me with work in building of house (3) By providing work from building materials production (4)

By providing work from building materials supply (5) By providing me with space to let out for rent (6) By

providing me with space for an income generating activity within the house and/or site (7)

By providing me with buyers for my product or service from within the project area (8) By acquiring skills provided in the project (9) Others (10) Please specify .....

A combination of factors above (11) Indicate which by numbers.....

5.2.1.2 If no, why? Project located too far from employment areas (1) (indicate time spent to get to work area .....)

Too costly to travel to and from work (2) (Indicate to/fro cost .....)

Home-based income generation activities are not permitted (3) Previous informal activities not possible here (4)

Too much competition in the income generating activity I'm involved in (5)

No customers/clientele for the income generating activity I'm involved in (6)

Too costly to take wares/goods/services to where customers can be found (7)

Others (8) Please explain .....

A combination of factors above (11) Indicate which by number .....

**5.2.2** For those with home-based income generation activity in the home or are letting out space, has this improved the income of the household? No improvement (1) very little improvement (2) Moderate improvement (3) Substantial improvement (4)

**5.2.3** When you moved into this project, were home-based income generation activities and rental of extra space encouraged? Yes (1) No (2)

**5.2.3.1** If yes, by whom? Homeless Peoples Federation officials (1) Other Federation Members (2) Developer (3) Community leaders/councilor (4) Local authority/provincial housing officials (5) NGO (6) Other (7) Please specify.....

**5.2.4** If home-based income-generation activity was encouraged today, would you consider doing it? Yes (1) No (2)

**5.2.4.1** If no, why? Can't think of a profitable activity (1) Too many activities already in area, hence stiff competition (2) I have no capital to start activity (3)

Working elsewhere, so I'm not available for other income generating activity (4)

No household member available to carry out an income generating activity (5)

Those carrying out income generating activities in area not doing too well (6) Prefer house to be used for residential purpose only (7) Other reason (8) Please specify .....

**5.2.5** If rental of extra space was encouraged today, would you consider it? Yes (1) No (2)

**5.2.5.1** If no, why? No extra space to let (1) No money to add extra space for rental (2) Not keen to have stranger in my house (3) Might have no control over how the tenant uses the space (4) Other reason (5) Please specify .....

### **5.3 Building Materials**

**5.3.1** Where did you get the building materials used for your housing improvement activities? Formal supplier outside area (1) Local formal supplier (2) Second hand materials obtained from formal supplier (3) Second hand materials obtained informally (4) Locally produced/self produced materials (5) Other source (7) Please specify.....

**5.3.2** Did you have a wide selection of building materials or were you restricted in choice Wide choice (1) Restricted choice (2)

**5.3.3** Did you receive any support to access building materials more readily and cheaply and to guarantee a reasonable standard of material? Yes (1) No (2)

**5.3.3.1** If yes, what form of support? Skills training to produce materials within project (1)

Local building materials suppliers were accredited to the project (2) Random check of quality of building materials supplied (3) Housing Support Centre acquired building materials on behalf of beneficiaries (4) Other support (5) Please specify .....

A combination of supports above (6) Indicate which by number .....

**5.3.3.2** Who provided the support indicated above? Local authority/Provincial Department of Housing (1) Department of Labour (2) NGO involved in project (3) Housing Support Centre in project (4)

Technical experts attached to project (5) Others (6) Please specify .....

5.3.4 Are there other types of building materials that you would have liked to use but which were not available in your area? Yes (1) Please specify which..... No (2)

5.3.5 Why would you have liked to use these? Cheaper (1) Easier to work with (2) Preserve better (3) Better quality /more beautiful house from them (4) Other reason (5) Please specify .....

5.3.6 How could you have been assisted to access these? .....

#### 5.4 Building Skills and Technical Support

5.4.1 Do you or a member of your household have skills needed to build or improve your house? Yes (1) No (2)

5.4.1.1 If yes, did you or they use these skills to build or improve this house? Yes (1) No (2)

5.4.1.2 If no, who built your house, and where did they come from? Local builder from within the community (1) Builder from outside this community (2) Contractor from within community (3) Contractor from outside the community (4) Relative or friend (5) Mutual building group (6) Other (7) Please specify .....

5.4.2 For those who had some building skills but still used people outside the household, why did you do so?

Did not have all the skills needed to build a house (1) Could not spare the time to build my own house (2)

Felt my skills were not good enough to build the type of house I wanted (3) Outside people were cheap enough (4)

Other reason (5) Please specify.....

5.4.3 If you were involved in self or mutual building, were your skills acquired in the project? Yes (1) No (2)

5.4.3.1 If no, where did you get your skills training? Please indicate.....

5.4.3.2 If yes, who provided the skills training? Homeless Peoples Federation appointed a skills trainer (1)

Local authority/provincial Department through a training body (2) Department of Labour through a training body (3)

NGO involved in project (4) Housing Support Centre (5) Other (5) Please specify .....

5.4.4 Have the skills been useful in helping you manage all aspects of the house building process?

Yes (1) No (2) If no, why? .....

5.4.5 Have these skills helped you to get employment within the area?

Yes (1) Explain how .....

No (2) Explain why .....

5.4.6 Have they helped you to get employment outside the area?

Yes (1) Explain how .....

No (2) Explain why.....

5.4.7 What other technical support have you been provided with in this project? Building materials production (1)

House plans/designs (2) Tools and equipment (3) Costing of house improvement components (4) Financial

management (5) Other (6) Please specify .....

A combination of forms of support above (7) Indicate which by number .....

5.4.8 Who provided such technical support? Homeless Peoples Federation appointed body (1)

Local authority's or Provincial department of Housing's designated body (2) Department of Labour's designated

body (3) Housing Support Centre (4) NGO (5) Other (6) Please specify .....

A combination of providers above (7) Indicate which by number .....

#### 5.5 Influences on Decision to Improve Housing

5.5.1 How important were the following factors in influencing/encouraging you to carry out housing improvements?

## 5.6 Physical Housing Environment of Project Area

Factor	Level of Importance (by indicating number) Very important (1) Moderate importance (2) Some importance, but not much (3) Not important at all (4)
Affordability of housing improvements	
Lack of house building skills	
Availability of good builders in project area	
Availability of affordable building materials nearby	
Location of project in relation to work area/s	
Location of project in relation to family/friends	
The fact that other neighbours have/have not improved their houses	
Availability of community facilities (education, health, recreation, worship, etc)	
Availability of services (water, electricity, telephone, policing, postal services, etc)	
Quality of neighbourhood	
Quality of initial house	
Size of site	
Topography of site	
Level of crime in area	
Other factor (please specify which).....	

5.6.1 Is this a better or worse housing environment than where you lived before you moved here?

Better (1) Why? .....

Worse (2) Why? .....

5.6.2 What do you like about living in this neighbourhood? .....

5.6.3 What, if anything, do you dislike about living in this neighbourhood?.....

5.6.4 What do you like about your house?.....

5.6.5 What, if anything, do you dislike about your house?.....

5.6.6 What do you like about your site?.....

5.6.7. What, if anything, do you dislike about your site?.....

5.6.8 Would any of the reasons given for disliking your house and site discourage you from improving and extending your house? Yes (1) No (2)

5.6.9 Is this house in a better or worse condition than when you first moved in? Better (1) Worse (2) The same (3)

5.6.9.1 If worse, what are the reasons? Poor workmanship (1) Poor provision of services (2) Lack of finances to maintain house (3) Wear and tear from overcrowding (4) Wear and tear from environmental factors (dust, floods, storm water, winds, etc) (5) Other (6) Please specify.....

A combination of factors (7) Indicate which by numbers .....

**5.6.10** To what extent are you satisfied with the facilities and services provided in your area (schools, crèches, library, health, commercial, recreational, telephone, postal, police services, etc)?

Very satisfied (1) Satisfied but they could be better (2) Dissatisfied (3) Indifferent (4)

Give reasons for your answer .....

**5.6.7.11** If in any way dissatisfied ( 2 or 3 above), would you move from this area on account of your level of dissatisfaction? Yes, immediately (1) No, because there are other things about the project I like (2)

Please state which..... No, because I have nowhere else to go

(3) It would depend on whether I could find these facilities and services in another area (4) Don't know (5)

**5.7** What type of support do you consider to be really necessary for households in this area who really need to improve and extend their homes but have not been able to do so up to now? .....

.....

**5.7.1** Give reasons for your answer above .....

.....

## **APPENDIX 3: GUIDELINE QUESTIONS FOR FOCUS GROUP DISCUSSIONS**

### **APPENDIX 3.1 WIGGINS FAST TRACK AND SAVANNAH PARK FGDs**

**Date:**

#### **GENERAL BACKGROUND INFORMATION**

1. Would you say that housing beneficiaries generally know they are required to extend and improve their houses once the subsidy money has been spent?
2. Given that subsidies are given to poor people only, is the expectation by government for them to improve and extend their houses a reasonable one?
3. There is also in policy, a requirement for the government to support households who benefit from subsidies, to continue improving their houses over time. Would you say you have received such support in this area?

#### **ROLE OF NGO**

4. The NGO that was involved in this project is represented in this discussion and will tell us what their housing support role was in this project?
5. Is that what the rest of you understood their role to be?
6. Were you satisfied with they way they played this role? Why?
7. What did the NGO do that you could not have done for yourselves?
8. What did they not do that you felt they should have done to make your housing improvement easier?

#### **SECURITY OF TENURE**

9. It is generally accepted that when people have title, they are more likely to put their money towards housing improvement. Has this been your experience in this project?
10. How can you then explain the people who have title and have continued to live in unimproved houses?
11. If you did not have tile to your site, would you spend money to improve your house?
12. There is a general belief that the people who own the big houses that have been consolidated to a very high standard are not the original owners and that they bought from the original owners. How accurate is this information?
13. Is the sale by such owners to people with more money a good or bad thing? Why?
14. People who have title deeds can use them to get credit from the bank. Have people in this settlement made use of this facility?

#### **HOUSING FINANCE**

##### **CREDIT**

The data collected from your settlements indicates that very few people used loans to improve their homes. This is very interesting because one of the reasons that the government gave people titles to their sites was so that they could use them to approach banks and other sources of credit for loans.

16. Why have people stayed away from borrowing?
17. Are people aware that they can get loans from banks?

18. Has anyone – the NGO, municipality, the Provincial Department of Housing, etc - ever offered to approach banks on your behalf?
19. If they did, would people be interested in this form of support?
20. There are some institutions that the government started, for subsidy beneficiaries to borrow small loans from to improve their houses, or start a business, etc. Are people in this settlement aware of them?
21. Has anyone from such institutions, of the municipality, or the NGO, the Provincial Department of Housing or even your community leaders ever given you information about such opportunities?

### **SAVINGS**

22. Do people generally save their money in this community; do people have bank, postal or other accounts where they put monies aside regularly?
23. One of the ways that people manage to put money together for housing improvement is through household or family savings. Is this a common way for people to raise the money they need to improve their houses in your settlement? Why?
24. Have people been urged to save in this way by anyone?
25. Are there people saving as groups or *stokvels*? Is this a common method of saving in this community? Why?
26. Through either method of saving, are people saving substantial amounts of money for housing improvement? What would you consider to be a substantial amount?
27. Are there savings groups that are linked to a lending institution that has given the group members loans?
28. Has anyone – NGO, municipality, community leaders, development committee, the Provincial Department of Housing – tried to introduce savings groups to such institutions? If yes, with what results?
29. Has anyone – NGO, municipality, community leaders, development committee, the Provincial Department of Housing – helped mobilize people into savings groups? If yes, what were the results?
30. What support can people in this settlement be given to save more towards housing improvement?

### **SUBSIDY**

31. Subsidy is one of the ways that the government has supported the poor to achieve housing. It is meant to provide you, not with a full house but with a base, which you can improve on. Is this your understanding of what the subsidy is for?
32. Has it been an adequate base? Why?
33. If you as a community were asked to say one thing about the subsidy, what would it be? Why?

### **INFRASTRUCTURE AND SERVICES**

34. Are the services that were covered by the subsidy adequate?
35. What is the general level of satisfaction with the infrastructure provided in your area?
36. Are there people unhappy enough with the services and infrastructure to make a decision not to improve their house?

37. When people make such decision, what is going through their minds?
38. Some households in the area have invested a lot of money to improve their houses. What is the reasoning behind this, especially if they are as unhappy with the level of services and infrastructure as those who might be?

#### **PHYSICAL ASPECTS OF THE SETTLEMENT**

39. As a community, what are your views of (1) the size and character of the sites that each household got (2) size and character of the starter house you got?
40. How have these aspects helped households to improve and extend their houses?
41. How have they hindered the same?
42. What physical aspect of the site or house have been the most difficult to deal with during house improvement? Why?
43. Which have been most expensive? Why?
44. How have you been supported to address these, and by whom?
45. What about the physical aspects of the neighbourhood do you find most satisfactory? Why?
46. Which are most dissatisfactory? Why?

#### **LOCATION**

47. What are your views about the location of your settlement?
48. What about it is most satisfactory?
49. What is most dissatisfactory?
50. Are there people who would rather leave the settlement than invest their money improving a house in this location? How widespread is this?

#### **JOBS, EMPLOYMENT CREATION AND INCOME GENERATION**

51. A problem of this settlement that clearly emerges from the survey is lack of jobs, and poverty. Has the project in any way helped to address this? How?
52. Has the location of the project helped or hindered access to employment opportunities? How?
53. How do you think projects can be used to generate employment opportunities?
54. How have the houses themselves been used to generate income?
55. What are the problems in this regard?
56. Since you have been in this settlement, would you say the job/employment situation is improving or getting worse? Why?
57. Are any parts of the project set aside for business or commercial activities? To what extent have they contributed to creating jobs and income for people in the settlement?
58. Have any initiatives of local economic development been started in your area? By whom? To what extent have people benefited from them?

#### **HOUSING SUPPORT CENTRES (HSCs)**

59. What is your understanding of the role of a HSC? What should it do?
60. What specific supports were provided in the HSC?

61. What services should it have provided but did not?
62. Did you request them, and what was the response?
63. Were you satisfied with the role it played in this settlement?
64. Were people generally aware of what services to expect from the HSC?
65. Does it continue to play a role? Should it? Why?
66. Does a HSC have a specific role to play in the housing improvement phase? What role would this entail, and why?

#### **BUILDING MATERIALS**

74. Have people had a wide choice of materials to choose from for house extension?
75. Where have they obtained them from?
76. Are you generally satisfied with the quality of the materials available to you?
77. How have you been supported to obtain the material, and ensure that they are of acceptable standard?
78. Are there people involved in the production of building materials in the settlement or nearby?
79. Do people from the settlement make use of these, and what are their views of them?
80. Is this a useful source of materials to have in your settlement? Why?
81. Is there a sufficient supply of building materials for this settlement?
82. What is the view of the group about the use of informal/shack materials for house extensions?

#### **SKILLS TRAINING**

76. What building-related training did people receive in this project?
77. How were those trained selected? Are these people still living in the area?
78. Have community members used them to build or extend their houses?
79. Have the skills proved to be adequate for this purpose?
80. Have those trained used the skills to extend their own houses?
81. Have they been able to use these skills to get employment outside of the settlement?
82. Were any other skills outside of the building realm provided?
83. If no, should they have been? Which ones in particular? Why?
84. If yes, what specific skills, what was the trainee selection criteria, what are your views of the choice of the skills provided, and how useful were these skills to those who received them, and for the community?
85. Are there any skills that were not provided that should have been?

#### **INFORMATION**

86. Is your community aware that the government expects them to take responsibility for the improvement/extension of their houses? Who made this known to you?

87. Is this a reasonable expectation? If yes, why?
88. If not why, and what should in fact be done about house completion?
89. Do any of the community members regard the initial house as adequate for their purposes?
90. Has the message of the need to extend the house been reinforced in the community? By whom?
91. Do the community members have the following information? Who provided it?
  - The meaning of incremental housing
  - Responsibilities of homeownership
  - What services they should be able to get from a housing support centre
  - Where technical support can be obtained from
  - The need for household and group savings
  - Where small loans can be accessed
  - Where cheap building materials can be obtained from
  - What to do if the materials are not of an acceptable standard
  - What bodies they can approach for skills training
  - How to deal with problems associated with steep sites, or with the location of the original house on the site, or other problems of a technical nature
  - Where to report faults with starter house and how to get them addressed
  - Etc.
92. If not, would it be useful information to have?
93. Where do people go to get housing related information in this settlement?
94. Is it timeously provided?

#### **GENERAL**

95. What are your views on the level of support you have received, from the government in particular, to improve and extend your houses?
96. What are your views on the level of support you have received from other bodies, for the same?
97. What support critical to enabling you to consolidate your housing has not been given to you?
98. How would you propose that it be provided?
99. What is the single greatest hurdle of housing improvement in this settlement?
100. How can you be supported to address it?
101. Are there people in this settlement who are not interested in improving their houses? Why?
102. Do you think there are people in your settlement who will never be able to extend their houses? Why?

## APPENDIX 3.2 GUIDELINE QUESTIONS - PIESANG RIVER FGD

**Date:**

### GENERAL BACKGROUND INFORMATION

1. Would you say that housing beneficiaries generally know they are required to extend and improve their houses once the subsidy money has been spent?
2. Given that subsidies are given to poor people only, is the expectation by government for them to improve and extend their houses a reasonable one?
3. There is also in policy, a requirement for the government to support subsidy beneficiaries to continue improving their houses over time. Have you received such support in this settlement?

### ROLE OF NGO

4. The NGO that was involved in this project is represented in this discussion and will tell us what their housing support role was in this project.
5. Is that what the rest of you understood their role to be?
6. Were you satisfied with the way they played this role? Why?
7. What did the NGO do that you could not have done for yourselves?
8. What did they not do that if done could have made your housing improvement easier?

### SECURITY OF TENURE

9. It is generally accepted that when people have title, they are more likely to put their money towards housing improvement. Has this been your experience in this project?
10. How do you explain the people who have title and have continued to live in unimproved houses?
11. People who have title deeds can use them to get credit from the bank. Have people in this settlement made use of this facility?

### HOUSING FINANCE

#### CREDIT

12. It is widely documented that the success your community has had with housing improvement has to do with availability of loans. Could you tell me about the loan programme in your settlement?
13. In other settlements visited around eThekweni municipality, people have stayed away from loans. Why is the situation different in your settlement?
14. Have any community members preferred to borrow money using other channels? Why?
15. Has anyone – the NGO, municipality, the Provincial Department of Housing, etc - ever offered to approach banks on your behalf?
16. If they did, would people be interested in this form of support? Why?
17. There are some institutions that the government started, for subsidy beneficiaries to borrow small loans from to improve their houses, start a business, etc. Are people in this project aware of them?
18. Has anyone from such institutions, of the municipality, or the NGO, the Provincial Department of Housing or even your community leaders ever given you information about such opportunities?

#### SAVINGS

19. Do people generally save their money in this community; do people have bank, postal or other accounts where they put monies aside regularly?

20. One of the ways that people manage to put money together for housing improvement is through household or family savings. Is this a common way for people to raise the money they need to improve their houses in your settlement? Why?
21. Have people been urged to save in this way by anyone?
22. Your settlement is widely known for group saving. Why is this an important thing to do?
23. What amounts of money are people required to save before they can access a loan for housing improvement?
24. What hurdles do households experience in achieving such savings, and what support do they receive to overcome them?
25. Are all savers guaranteed a loan once saving milestones are achieved?
26. Are there savers who are unable to achieve such saving milestones? How is this dealt with?

#### **SUBSIDY**

27. Given that the arrangement for subsidy assistance in your case was different from the format that normally occurs in other projects, could you explain how this assistance came about?
28. What were you able to do with the subsidy amount?
29. Was it an adequate base for housing consolidation? Why?
30. If you as a community were asked to say one thing about the subsidy, what would it be? Why?

#### **INFRASTRUCTURE AND SERVICES**

31. Are the services that were provided in your project adequate?
32. What is the general level of satisfaction with the infrastructure provided in your area?
33. Are there people unhappy enough with the services and infrastructure to decide not to improve their house?
34. When people make such decision, what is going through their minds?
35. Many households in your area have invested money to improve their houses. What is the reasoning behind this, especially if they are unhappy with the level of services and infrastructure?

#### **PHYSICAL ASPECTS OF THE SETTLEMENT**

36. As a community, what are your views of the size and character of the sites that you got?
37. Are you better or worse off for not having received a starter house? Why?
38. How have these two aspects (site and (lack of) house) helped households to improve and extend their houses?
39. How have they hindered the same?
40. What physical aspects of the site or house have been the most difficult to deal with during house improvement? Why?
41. Which have been most expensive? Why?
42. How have you been supported to address these, and by whom?
43. What about the physical aspects of the neighbourhood do you find most satisfactory? Why?
44. Which are most dissatisfactory? Why?

**LOCATION**

45. What are your views about the location of your settlement?
46. What about it is most satisfactory?
47. What is most dissatisfactory?
48. Are there people who would rather leave the settlement than invest their money improving a house in this location? How widespread is this response to location?

**JOBS, EMPLOYMENT CREATION AND INCOME GENERATION**

49. A problem of this settlement that clearly emerges from the survey is lack of jobs, and poverty. Has the project in any way helped to address this? How?
50. Has the location of the project helped or hindered access to employment opportunities? How?
51. How do you think projects can be used to generate employment opportunities?
52. Has the SAHPF model of housing improvement addressed this angle of projects?
53. How have the houses themselves been used to generate income?
54. What are the problems in this regard?
55. Since you have been in this settlement, would you say the job/employment situation is improving or getting worse? Why?
56. Are any parts of the project set aside for business or commercial activities? To what extent have they contributed to creating jobs and income for people in the settlement?
57. Have any initiatives of local economic development been started in your area? By whom? To what extent have people benefited from them?
58. If none, should any be started? What specific activities would be suited to your area?
59. Have you requested such support? From whom, and what has been the response?

**HOUSING SUPPORT CENTRES (HSCs)**

60. What is your understanding of the role of a HSC? What should it do?
61. What specific supports were provided in your settlement's HSC?
62. What services should it have provided but did not?
63. Did you request them, and what was the response?
64. Were you satisfied with the role it played in this settlement?
65. Were people generally aware of what services to expect from the HSC?
66. Does it continue to play a role? Should it? Why?
67. Does a HSC have a specific role to play in the housing improvement phase? What role should this entail, and why?

**BUILDING MATERIALS**

68. Have people had a wide choice of materials to choose from for house extension?
69. Where have they obtained them from?
70. Are you generally satisfied with the quality of the materials available to you?
71. How have you been supported to obtain materials, and ensure that they are of acceptable standard?

72. Are there people involved in the production of building materials in the settlement or nearby?
73. Do people from the settlement make use of these, and what are your views of such materials?
74. Is this a useful source of materials to have in your settlement? Why?
75. Is there a sufficient supply of building materials for this settlement?
76. What is the view of the group about the use of informal/shack materials for house extensions?

#### **SKILLS TRAINING**

77. What building-related training did people receive in this project?
78. Why was it considered necessary?
79. How were those trained selected? Are these people still living in the area?
80. Have community members used them to build or extend their houses?
81. Have the skills proved to be adequate for this purpose?
82. Have those trained used the skills to extend their own houses?
83. Have they been able to use these skills to get employment outside of the settlement?
84. Were any other skills outside of the building realm provided?
85. If no, should they have been? Which ones in particular? Why?
86. If yes, by whom, what specific skills, what was the trainee selection criteria, what are your views on the choice of the skills provided, and how useful were these skills to those who received them, and for the community?
87. Are there any skills that were not provided that should have been?

#### **INFORMATION**

88. Is your community aware that the government expects them to take responsibility for the building and improvement of their houses? Who made this known to you?
89. Is this a reasonable expectation? If yes, why?
90. If not why, and what should in fact be done for people in this area with regard to housing?
91. Has the message of the need to improve the house been reinforced in the community? By whom?
92. Do the community members have the following information? Who provided it?
  - The meaning of incremental housing
  - Responsibilities of homeownership
  - What services they should be able to get from a housing support centre
  - Where technical support can be obtained from
  - The need for household and group savings
  - Where small loans can be accessed
  - Where cheap building materials can be obtained from
  - What to do if the materials are not of an acceptable standard
  - What bodies they can approach for skills training
  - How to deal with problems associated with steep sites, or other problems of a technical nature
  - Where to report shoddy builder workmanship and how to get it addressed
  - Etc.
93. If not, would it be useful information to have?

94. Where do people go to get housing related information in this settlement?

95. Is it timeously provided?

#### GENERAL

96. What are your views on the level of support you have received, from the government in particular, to improve and extend your houses?

97. What are your views on the level of support you have received from other bodies, for the same?

98. What support critical to enabling you to consolidate your housing has not been given to you?

99. How would you propose that it be provided?

100. What is the single greatest hurdle of housing improvement in this settlement?

101. How can you be supported to address it?

102. Are there people in this settlement who are not interested in improving and extending their houses? Why?

103. Do you think there are people in your settlement who will never be able to extend their houses? Why?

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#### APPENDIX 4 SOME COMPLAINTS BY FGD PARTICIPANTS, OF TECHNICAL PROBLEMS ASSOCIATED WITH THE SITES AND HOUSES IN WIGGINS AND SAVANNAH

Wiggins participant 1:

*"The first time it rained, we nearly drowned in our own beds. The river was running right into the house. In the morning we could not sweep out the water because it would flow right back because the yard sloped towards the house. We had to mop out the water bucket by bucket."*

Wiggins participant 2 (who was also one of the study's research assistants):

*"I started seeing this crack in the wall on the inside of the house. Slowly it went through to the outside and then one part of the house sank. Now one side of the house is higher than the other, and the roof is now slanting. You saw when I took you there. One day the whole thing is going to fall on us and kill us. That is the help I got from voting for the new government – a house that kills people."*

Savannah participant 1:

*"When I had finished buying the bricks and asbestos sheets, I got a builder to add a room for my son. He was \*\*\*\* hopeless. First he says let's do it this way. After he has wasted two good days, then he says no, let's not put the window here, let's put it on the other side. I ask him, do you really know what you are doing, and he says, I made a mistake. I had to report him to BESSG, because he was not going to claim my subsidy money for those two days. Never!"*

Savannah participant 2:

*"Because my neighbour's house is on the hill (meaning higher than hers), they can see directly into my bedroom I have to keep my curtain closed during the day. If my house had been turned to face the other way, at least what they will see is inside the kitchen, which is not too bad."*