

# **Social Housing Sidelined: An Assessment of the Institutional Framework for Social Housing in eThekweni Municipality**

Calvin Nengomasha  
Bsc Rural and Urban Planning (Hon)

*A dissertation submitted in partial fulfilment of the requirements of the degree of Master of Housing in the School of Architecture, Planning and Housing; University of KwaZulu-Natal.*

January 2011

## **Declaration**

This dissertation has been submitted in partial fulfilment of the requirements of the degree of Master of Housing, in the Graduate programme in the School of Architecture, Planning and Housing, University of KwaZulu-Natal, South Africa.

I declare that this dissertation is my own work. All citations, references and borrowed ideas have been duly acknowledged. I confirm that an external editor was not used. It is being submitted for the degree of Master of Housing in the Faculty of Humanities, Development and Social Sciences, University of KwaZulu-Natal, South Africa. None of the present work has been used submitted previously for any degree or examination in any other University.

Signed:

---

Calvin Nengomasha

## **Acknowledgements**

A dissertation is often a lonely undertaking, but it is never undertaken alone. I owe a debt of gratitude to numerous people. Chiefly to the authors whose works were used to cement my argument; where I may have inadvertently misrepresented them the responsibility is mine and not theirs. Many others have participated in making this document possible. For that I would like to thank my advisor, Dr. Pauline Adebayo, for her guidance, support, and patience throughout this entire process. My research would not have been possible without the assistance of several experts from these agencies and organisations in social housing: the Departments of Human Settlements and Land Affairs, Amalinda Social Housing Company, national Housing Finance Corporation, First Metro Housing, eThekweni Municipality, Social Housing Foundation and Trust for Urban Housing Finance. My research would have been a nightmare if many colleagues and friends had not, for the most part unknowingly, fed me with suggestions.

I am profoundly grateful for having a family that has been unfailingly supportive of the path I have taken through life, and I thank them for all the love and encouragement they have given over the years. Finally, I would like to thank my mother for everything she has done and everything she has been for me. She has encouraged me when my motivation flagged, put up with me through my most intolerable moments, and believed in me when my faith in myself wavered. I cannot thank her enough for the endless matriarchal love and advice on how to navigate through life.

## **Abstract**

The post-1994 era saw a deluge of housing legislation designed to shake the foundations of repressive Apartheid housing policy. Regrettably, the social housing sector began operating without the support of relevant legislation to guide social housing delivery. Institutional arrangements for social housing only came into effect in the late 2000s. This study sought to evaluate the institutional arrangements for social housing to assess why they have failed to deliver adequate social housing output to satisfy the latent demand on the market. Therefore, the study sought to assess whether the limited delivery of social housing was a result of institutional inertia in the planning, provision and management of social housing in eThekweni Municipality post-1994.

Qualitative information on institutional arrangements for social housing was sourced through semi-structured interviews conducted with key informants involved in social housing development in eThekweni Municipality. The information gathered from the interviews was analysed using thematic analysis. After analysing the information, it was discovered that disjointed institutions have contributed to inadequate social housing whose shortage should be viewed not as primarily an issue relating to limited supply and excessive demand, but as reflective of the underlying institutional power struggles arising from the *ad hoc* and silo process of implementing social, land and economic policies. Therefore, the research concluded that the social housing sector would continue to deliver inadequate social housing output unless a supra-institution that integrates social, economic and land policies is enacted. To maximise the allocation and use of land and financial resources needed for social housing delivery, the intent of the legislations within the institutional arrangements for social housing must be synchronised to have clear strategies and procedures to deliver social housing at scale in inner city areas.

# Table of Contents

Acknowledgements .....	ii
Abstract.....	iii
List of Tables .....	vi
List of Figures: Diagrams and Maps .....	vi
<b>1 Chapter One: Introduction.....</b>	<b>1</b>
1.1 Introduction .....	1
1.2 Problem Statement .....	1
1.3 Motivation of the study .....	5
1.4 The Objectives of this study are to:.....	7
1.5 Key Research Question: .....	7
1.5.1 <i>Subsidiary Questions</i> .....	7
1.6 Research Methodology.....	7
1.6.1 <i>Selection of the Case Study</i> .....	7
1.6.2 <i>Data Collection</i> .....	10
1.7 Data Analysis.....	15
1.7.1 <i>Phases of Thematic Analysis</i> .....	16
1.8 Ethical Issues in this Research.....	17
1.9 Structure of the Study.....	17
1.10 Chapter Summary .....	18
<b>2 Chapter Two: Conceptual Framework .....</b>	<b>19</b>
2.1 Introduction .....	19
2.2 The Broad Theoretical Context for Social Housing.....	19
2.2.1 <i>Communitarianism</i> .....	19
2.2.2 <i>Constructionism</i> .....	20
2.2.3 <i>Neoliberalism</i> .....	21
2.2.4 <i>Social Housing</i> .....	21
2.2.5 <i>Making Sense of Institutions</i> .....	23
2.2.6 <i>Framework for Evaluating Institutional Arrangements for Social Housing</i> .....	25
2.2.7 <i>Characteristics of successful institutions</i> .....	29
2.2.8 <i>Social Housing Companies</i> .....	32
2.3 Chapter Summary .....	33
<b>3 Chapter Three: Institutional Arrangements for Social Housing Development in Britain.....</b>	<b>34</b>
3.1 Introduction .....	34
3.2 The Evolution of Institutional Arrangements .....	35
3.2.1 The Inter-war Period.....	37
3.2.2 The Post-war Period .....	38
3.3 Lessons from the British experience .....	41
3.4 Chapter Summary .....	42
<b>4 Chapter Four: Social Housing Development in South Africa.....</b>	<b>44</b>
4.1 Introduction .....	44
4.2 Historical background .....	44
4.3 Definition of Social Housing in South Africa.....	47
4.4 Factors Affecting the Development of Social Housing.....	49
4.5 Institutional Arrangements for Social Housing Development .....	50
4.5.1 <i>Social Housing Policy in South Africa</i> .....	50
4.5.2 <i>Significance of Land for Social Housing Development</i> .....	51
4.5.3 <i>Land Policy in South Africa</i> .....	52
4.5.4 <i>Land Policy and Ethical Choices</i> .....	53

4.6	Macroeconomic Policy in South Africa .....	55
4.6.1	<i>Funding Mechanisms for Social Housing</i> .....	56
4.7	Restructuring of Local Government: Effect on Social Housing .....	57
4.8	Location of Social Housing in South African Cities .....	58
4.9	Ideal Locations for Social Housing in eThekweni Municipality .....	59
4.10	Chapter Summary .....	63
<b>5</b>	<b>Chapter Five: Presentation and Analysis of Research Findings</b> .....	<b>64</b>
5.1	Introduction .....	64
5.2	Findings: Assessment of Social Housing Institutions .....	65
5.2.1	<i>Unravelling Institutional Arrangements for Social Housing</i> .....	65
5.2.2	<i>Understanding Institutional Inertia in Social Housing</i> .....	66
5.2.3	<i>Impact of Neoliberalism on Public and Private Funding</i> .....	66
5.2.4	<i>Impact of Restructuring and Urban Development Zones</i> .....	68
5.3	Recommendations Based on Research Findings .....	72
5.3.1	<i>Integrated Institutional Arrangements</i> .....	72
5.3.2	<i>Efficient Land Release</i> .....	74
5.3.3	<i>Increased Subsidy Allocation</i> .....	75
5.4	Chapter Summary .....	75
<b>6</b>	<b>Chapter Six: Research Conclusion</b> .....	<b>77</b>
6.1	Introduction .....	77
6.2	Reflecting on the Analysis .....	77
6.3	Areas of Further Research .....	78
6.4	Research Conclusion .....	78
<b>7</b>	<b>References</b> .....	<b>79</b>
<b>8</b>	<b>Appendixes</b> .....	<b>86</b>
8.1	Appendix 1: Key Informant Interview Schedules .....	86

## List of Tables

<b>Table Number</b>	<b>Title</b>	<b>Page</b>
1.1	KwaZulu-Natal: Housing Subsidies Approved from 1994-2010	2
1.2	Objectives, Research Questions, Data Sources and Analytical Methods Used in the Study	13
1.3	Actors and their Roles, Data Sources and Methods of Interrogation Used in the Study	14

## List of Figures: Diagrams and Maps

<b>Figure Number</b>	<b>Title</b>	<b>Page</b>
1.1	Urban Development Zone, eThekweni Municipality, 2010	4
1.2	Inner City Areas in eThekweni Municipality, 2010	6
1.3	Areas With High Industrial and Commercial Opportunities in eThekweni Municipality, 2010	9
1.4	Location of KwaZulu-Natal Province, South Africa	11
1.5	Location of eThekweni Municipality in KwaZulu-Natal Province	11
2.1	Framework for Evaluating Institutional Arrangement for Social Housing in eThekweni Municipality	27
4.1	Vacant Land in Inner City Areas in eThekweni Municipality, 2010	54
4.2	Location of Subsidised Housing Built in eThekweni Municipality, 1994 to 2010	60
4.3	Possible Location of Future Social Housing	61
5.1	Restructuring Zones in eThekweni Municipality, 2010	69

# **1 Chapter One: Introduction**

## **1.1 Introduction**

Most countries in Sub-Saharan Africa face myriad housing problems, which include amongst others; poorly developed institutions for social housing, social housing stock in poor condition, huge housing backlogs and weak policy responses to social housing problems (Groves, 2004). All nations, regardless of their orientation towards free markets or central planning, have adopted a variety of social housing policies. South Africa is no exception. Institutional arrangements for social housing have attempted to control, regulate, and subsidise the production, consumption, financing, distribution, and location of social housing in urban areas.

Compared to other economic commodities, housing is perhaps the most tightly regulated of all consumer goods because it has peculiar economic characteristics. For instance, social housing has the potential to contribute significantly towards urban renewal, restructure the Apartheid city, alleviate poverty and meet critical housing needs, especially for poor people who work in inner city areas. However, social housing does not currently satisfy the huge latent demand for social housing. Currently, the social housing sector serves a small segment of the population and is unaffordable to households with monthly incomes below R2,500 (Tonkin, 2008). The inability to pay rentals by the majority poor is a symptom of the Apartheid legacy of disadvantage which guaranteed that endemic poverty would deny the majority poor their right to housing even in ‘the new’ South Africa. This has left most of them trapped and existing in extra-legal settlements or overcrowded in private rented housing. So to alleviate homelessness, the government enacted institutions for social housing to facilitate both the delivery of social housing and the socio-economic integration of poor people in inner city areas. Regrettably, these institutional arrangements for social housing have not provided the anticipated housing output to satisfy the latent demand on the market. Therefore, the institutional arrangements for social housing should enable a significant delivery of social housing in well-located inner city areas to fill a crucial gap currently existing in the housing continuum.

## **1.2 Problem Statement**

In South Africa, social housing has been provided in fits-and-starts in pockets of land isolated from strategic locations in most urban areas. Table 1.1 on page 2 shows that social housing accounts for 5 percent of the total housing stock built since 1994 using the various subsidy mechanisms in KwaZulu-

Natal province and as such, a small proportion of the total rented stock (Department of Human Settlements, 2010; eThekweni Municipality, 2010). It is interesting to note that the project-linked subsidy accounts for 60 percent of the 524,859 housing units built during the same period in the province (Department of Human Settlements, 2010). Right from the onset, the development of social housing seems to have been severely prejudiced by the absence of institutions for social housing, critical in its delivery. Bottlenecks in the system, not highlighted at the inception of the institutional subsidy mechanism, are responsible for the glaring disparities in housing stock output funded by this scheme compared to the project-linked subsidy.

**Table 1.1: KwaZulu-Natal: Housing Subsidies Approved from 1994-2010**

<i>Subsidy</i>	<i>Total</i>	<i>Percentage</i>
Consolidation Subsidy	27150	5.2
Emergency Housing Programme	1137	0.02
Financial-linked Individual Subsidy Programme	1078	0.02
Individual Subsidy	37807	7.2
Institutional Subsidy	24303	4.6
Project-linked Subsidy	316384	60.3
Rural Subsidy – Informal Land Rights	117000	22.3
<i>Total</i>	524859	100

Source: [http://ts.hssonline.gov.za/ReportServer/KZ/ABC\\_Statistics-Live/SubsidiesApproved](http://ts.hssonline.gov.za/ReportServer/KZ/ABC_Statistics-Live/SubsidiesApproved)  
Report Date: 08/05/2010

The institutional and project-linked subsidies intended to develop housing for households who find formal housing both scarce and expensive relative to their low wage levels. At least 70 percent of households in South Africa earning below R3,500 per month do not qualify for credit from the formal banking sector, and can only realise their housing needs through the various subsidy schemes available since 1994 (Department of Human Settlements, 2010). Of those that have inadequate shelter, at least 40 percent earn below R1,500 per month (ibid). Since most Blacks were denied homeownership during Apartheid, the government assumed that most households would prefer freehold tenure. Hence, the post-1994 government concentrated its housing delivery effort on households earning up to R1,500 per month which inadvertently disadvantaged those earning between R1,501-R3,500 per month.

Households earning between R1,501-R3,500 per month were disadvantaged by the post-1994 subsidy mechanism based on a sliding income scale. The government believed these households could augment their incomes with end-user finance to access a housing product, but regrettably most were increasingly trapped in the housing credit gap. The fact that this target group qualified for a partial subsidy and struggled to access end-user finance made developers prefer to package projects for those earning below R1,500, who qualified for a full subsidy. Consequently, the lower-income group with the highest subsidy benefit became a target for housing developers who wanted to derive the maximum benefit therefrom. As a result of the project-linked subsidies' income sliding scale, most households earning R1,501-R3,500, who qualified for both project-linked and institutional subsidies, became disadvantaged and inadvertently left to be accommodated through other means, in particular the institutional subsidy that, for reasons to be explored in this research, was not delivering the expected level of housing output.

Inadvertently leaving households earning R1,501-R3,500 to be accommodated through the institutional subsidy meant that social housing had a sizable threshold population whose effective demand should have stimulated supply. Efforts by national and local governments to stimulate social housing supply in designated Restructuring Zones<sup>1</sup> and the Urban Development Zone<sup>2</sup> through the provision of incentives like the Urban Renewal Tax Incentive<sup>3</sup> and the Social Housing Restructuring Capital Grant<sup>4</sup> to augment the institutional subsidy have not stimulated significant housing output. Incentives of the Urban Development Zone shown on Map 1.1 on page 4 have not tempted property owners of abandoned commercial buildings to convert them to social flats. Despite all these incentives, the social housing sector has only managed to deliver just under 35,000 units nationally since 1996 (Rust, 2006). This is quite baffling especially when one takes into consideration that the project-linked subsidy has managed to deliver upwards of two million units since its launch in 1994 (Rust, 2006). One then wonders: Why is

---

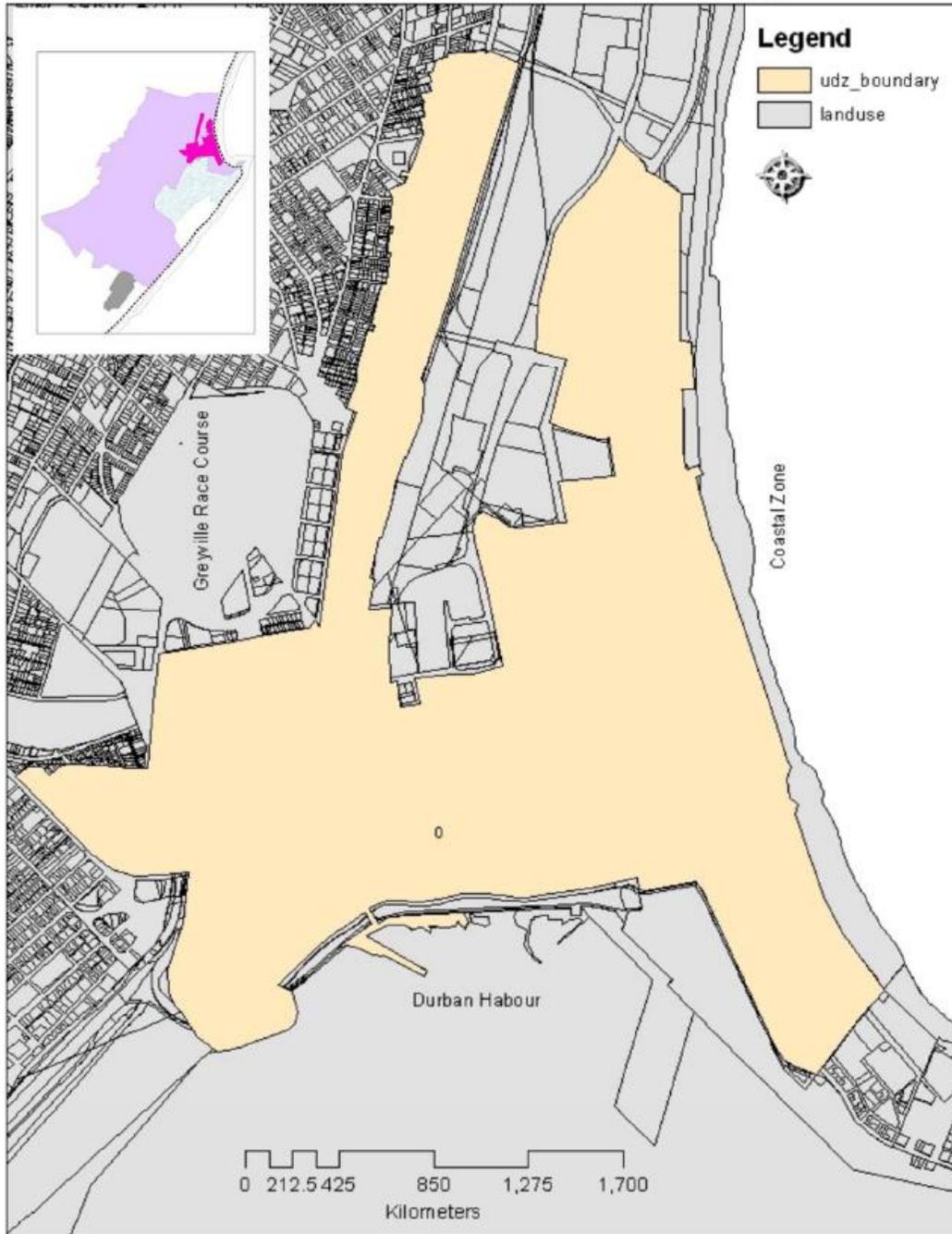
<sup>1</sup> Restructuring Zones are geographic areas primarily for housing purposes identified for targeted investment based on a need for social, spatial and economic restructuring of areas specifically provided for in a local government IDP and agreed and aligned to provincial priorities (Department of Human Settlements, 2010). These zones seek to achieve: Spatial restructuring by bringing lower-income people into areas where there are major economic opportunities and from which they would otherwise be excluded to marginal areas because of the dynamics of the land market on the one hand and the effects of the land-use planning instruments on the other; Social restructuring by promoting a mix of race and class; and Economic restructuring by promoting spatial access to economic opportunity and promoting job creation through the multiplier effect accruing from building medium density housing stock (Smit, 2005). Once a social housing project is earmarked for development, the national and provincial governments provide a dual funding: the Restructuring Capital Grant and the institutional subsidy respectively to offset high development costs associated with building in inner city areas where land values are very high.

<sup>2</sup> The Urban Development Zones seek to encourage private-sector development of social housing through the Urban Renewal Tax Incentive. In eThekweni Municipality, the Urban Development Zone area approved by Council and published in Gazette No. 27077 consists of the greater CBD. It covers the area bounded by Bell Street to the south through to Shepstone Rd, Victoria Embankment, Alexandra Street, Berea Road, Carters Avenue, Canongate Road, Warwick Avenue, Centenary Road, Carlisle Road, First Avenue, Stamford Hill Road, Croydon Road, Walter Gilbert Road, Cobham Road, Old Fort Road, NMR Avenue, Somtseu Road, Stanger Street, Argyle Road, NMR Avenue and Walter Gilbert Road in the north (eThekweni Municipality, 2010).

<sup>3</sup> The Urban Renewal Tax Incentive initiated in 2003 permits property owners and developers to write-off building costs against the social rental income of revamped abandoned buildings in designated Urban Development Zones.

<sup>4</sup> The Social Housing Restructuring Capital Grant seeks to provide affordable rental shelter that contributes to the spatial, social and economic restructuring of cities suffering from the persistence of racial and class segregation and the increasing dislocation of poor people from places of economic opportunity (Department of Human Settlements, 2010).

Map 1.1: Urban Development Zone in eThekweni Municipality, 2010



Source: Created from the GIS Database of eThekweni Municipality, 2010.

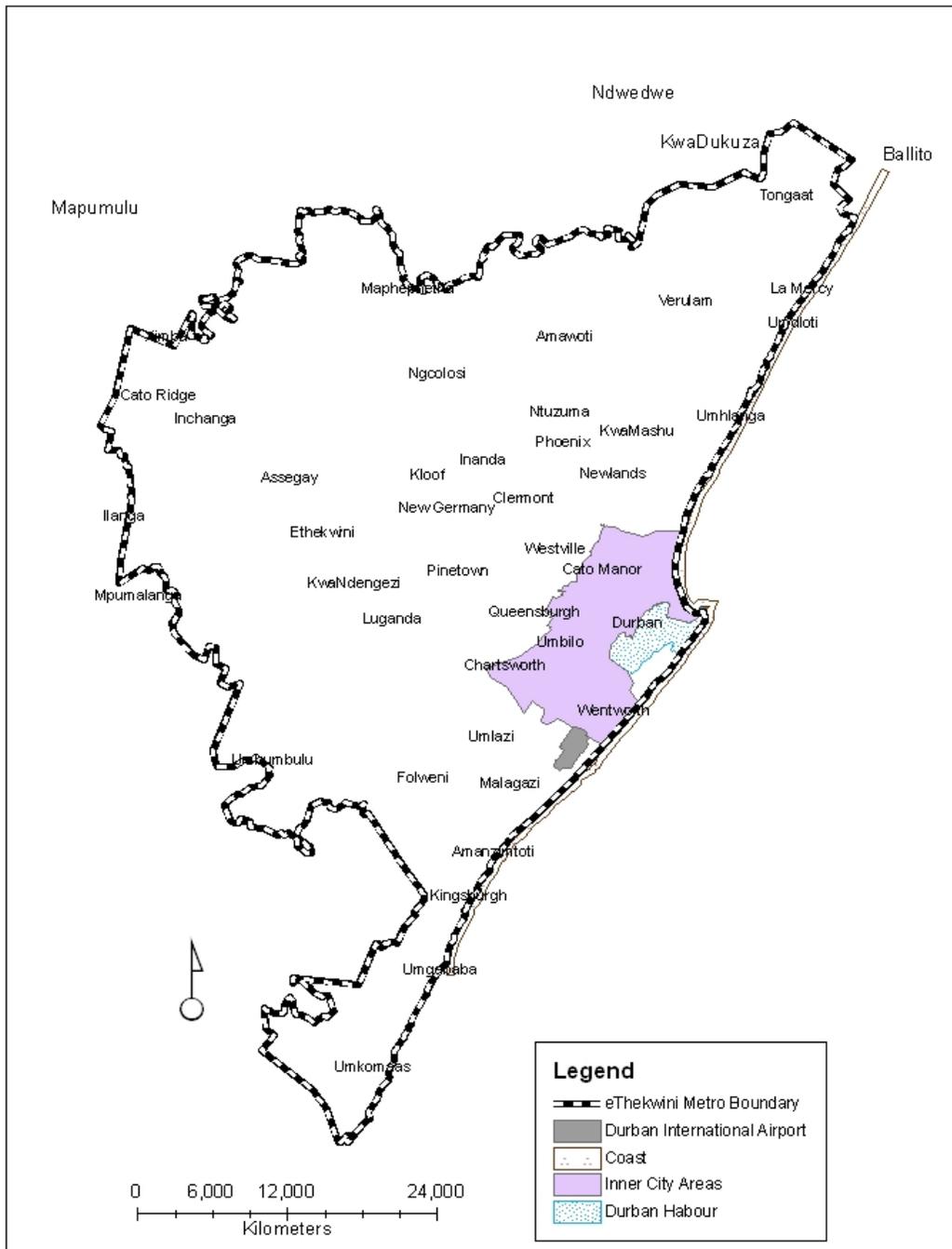
there such a mismatch in quantities of housing delivered by both institutional and project-linked subsidy mechanisms? Why is the institutional subsidy scheme lagging behind in funding housing development compared to other subsidy mechanisms? Could it be that its lethargic development is due to social housing institutional inertia or institutional deficit? Against this backdrop, this research seeks to understand the institutional framework put in place for social housing development with a view to assessing its potential role in yielding an overarching institutional framework likely to alleviate *ad hoc* policy making and implementation.

### **1.3 Motivation of the study**

Housing the urban poor is one of the major challenges facing post Apartheid South Africa. Since 1994, the institutional subsidy, targeted at developing assisted rental housing, has persistently and continuously failed to reach considerable portions of low-income households, earning between R1,501-R3,500 (Department of Human Settlements, 2010). Factors contributing to this failure undoubtedly include institutional inertia arising from the *ad hoc* and silo process in policy making and implementation. Post-1994, the situation was compounded by the urban population boom that followed on the heels of legislation allowing freedom to choose where to reside. The situation was further compounded by a laissez-faire housing market, in which formal housing increasingly became more scarce and expensive relative to wage levels. The housing shortage left low-income households with limited options and they had to find niches for themselves in extra-legal settlements or cheaper alternatives in overcrowded flats in inner-city areas shown on Map 1.2 on page 6. Such a housing background legitimises a need for synchronised and assertive policy making that has been lacking in the social sector. This research seeks to assess the disjuncture in institutional arrangements for social housing and propose ways to reinvigorate social housing delivery. Social housing is a very important facet of the housing sector especially in cities facing large-scale housing shortages and poverty for it provides an affordable rental option convenient to those whom homeownership is not a viable option.

In such a society that continues to be beset by large-scale inadequate housing driven by poverty, race and other forms of inequality, there is a clear need to study why the social housing sector is failing to deliver the required housing output. This research intends to achieve precisely this, by critically evaluating current institutional arrangements for social housing and their contribution to inadequate social housing delivery. This study would not only attempt to highlight institutional deficits in the social housing sector, but also attempt to provide an insight into how *ad hoc* policy making and implementation has constrained social housing supply. Having noticed that social housing, a very important facet of the housing sector is not functioning well, this study would attempt to suggest practical solutions to institutional deficits that

Map 1.2: Inner City Areas in eThekweni Municipality, 2010



Source: Created from the GIS Database of eThekweni Municipality, 2010.

affect social housing delivery. To achieve this mammoth task, this study would be guided by the objectives listed below.

#### **1.4 *The Objectives of this study are to:***

- Establish what institutional arrangements at National, Provincial and Municipal levels are in place, that facilitate the development of social housing in South Africa;
- Evaluate how the eThekweni Municipality operates within the current institutional framework for social housing; and
- Make some recommendations for better institutional arrangements for the delivery of social housing in South Africa in general and eThekweni Municipality specifically.

#### **1.5 *Key Research Question:***

How have institutional arrangements at National, Provincial and Municipal level hampered social housing development in eThekweni Municipality?

##### **1.5.1 *Subsidiary Questions***

- What institutional arrangements would create an enabling environment for social housing delivery?
- How has institutional inertia constrained the development of social housing?
- Why have institutions for social housing not delivered rental housing to satisfy the latent demand in eThekweni Municipality?
- Would the Restructuring Zone and the Urban Development Zone initiatives by the national government assist eThekweni Municipality to deliver more social housing? and
- What are the institutional challenges faced by the eThekweni Municipality in implementing the Social Housing Policy and what are the key ideas towards redressing these challenges?

#### **1.6 *Research Methodology***

##### **1.6.1 *Selection of the Case Study***

The study examined the institutional framework for social housing development to assess whether the slow development of social housing is due to institutional inertia. It further examined the potential role

that the institutional framework can play in yielding an overarching institutional arrangement that would alleviate *ad hoc* policy making and implementation in the social housing sector. To achieve this, the research used the case study of eThekweni Municipality, chosen because the researcher is based in and familiar with Durban, thus making it easier to select and locate informants involved in social housing in the metropolitan.

In analysing the extent to which institutional arrangements have constrained social housing development in South Africa, within eThekweni metropolitan, the research focused specifically on inner city areas where it is ideal to locate social housing. Selection of the case study was influenced by reasons grounded in spatial economics. Its selection deliberately considered that social housing is most needed in areas shown on Map 1.3 where employment opportunities are greatest. Ties between work-place and residence are very crucial, especially in areas where access to employment opportunities, transport and urban opportunities, and facilities are greatest but formal housing is both scarce and dear relative to wage levels of the predominantly short term contract workers. For instance, pilot surveys done by the researcher revealed that many poor households, unable to own homes, have resorted to squatting in townships<sup>5</sup> or extra-legal settlements<sup>6</sup> close to the industrial and commercial areas as there is a shortage of social housing for workers near work places in inner city areas<sup>7</sup>. The fact that private landlords in these areas are deliberately overcrowding their flats with poor workers to gain from economies of scale leaves one to assume that social housing already has a threshold population with effective demand. The value of these inner city areas lies in their location within the Restructuring Zones and Urban Redevelopment Zones set to regenerate and restructure Durban's society through social housing. These Zones reinforce the notion that social housing should be juxtaposed with industry and commerce to reduce economic hardships by bringing people close to employment opportunities. So this research would assess why institutional arrangements for social housing are failing to deliver adequate housing in this ideal location.

---

<sup>5</sup> In South Africa, the term township is often misconceived as the (often underdeveloped) urban living areas that, under Apartheid, were reserved for non-whites and usually built on the periphery of towns and cities but in this dissertation it is correctly used in reference to a settlement which has the status and powers of a unit of local government.

<sup>6</sup> In areas such as Khayalitssha, Bayhead 1 and 2, Peace Valley, Dakota Beach, Pilgrims X, and Uganda in South Durban Basin; Kenedy 12 by Springfield Industrial Park; Siyathuthuka in Kenville; Old and New Dunbar, Umkhumbane Civic, and Nsimbini in Wiggins; Cato Crest in Cato Manor.

<sup>7</sup> Inner city areas include townships such as Springfield Flats, Springfield, Sydenham, Sherwood Sparks, South Beach, CBD, Point, Beach, Stanford Hill, AK, North Beach Front, North Beach, Old Fort, Durban Beach Front, Morningside, Windermere, Essenwood, Greyville, Cator Manor, Ridgeview, Umkumbaan, Wiggins, Bonela, Waterval Park, Westridge, Musgrave, Maydon Wharf, Congellar, Warwick, Esplanade, Glenmore, Umbilo, Glenwood and Bulwer.



## **Background to the Case Study**

As shown on Maps 1.4 and 1.5 on pages 11 eThekweni is a coastal Metropolitan within the province of KwaZulu-Natal on the east coast of South Africa. The city of Durban has a population of 3.5 million of which 80 percent live within eThekweni Municipality (Statistics South Africa, 2010). Durban's population constitute over a third of the population of KwaZulu-Natal (Statistics South Africa, 2010). The Municipality covers 2,300km<sup>2</sup> which constitute 1.4 percent of the total area of the Province of KwaZulu-Natal (Statistics South Africa, 2006). About 35 percent of the Municipal area is urban in character and contains 60 percent of the province's output, employment and income (Statistics South Africa, 2006). In South Africa, KwaZulu-Natal is the second most important economic complex after Gauteng, accounting for 15 percent of national output, 14 percent of household income and 11 percent of national employment (Statistics South Africa, 2006). Being the economic heartbeat of KwaZulu-Natal and having the largest and most important harbour in South Africa, eThekweni has attracted huge volumes of immigrant workers into the province. Regrettably, the metropolitan is characterised by high levels of unemployment which was at 35.5 percent in 2006 and poverty, and by the historical marginalisation of the poor (Statistics South Africa, 2006). Since more than a third of the population is unemployed, the housing backlog in the Municipality has grown to approximately 222,000 with most of them existing in informal settlements, backyard shacks, overcrowded in formal townships or homeless (eThekweni Municipality, 2008).

Owing to the country's legacy of Apartheid, rapid urbanisation and population increases coupled with socio-economic inequalities have spurred overcrowding in formal houses and spontaneous settlements in and around formal townships<sup>8</sup> juxtaposed with industrial and commercial activities in the study area (Breetze, 2009; McCarthy, 1991). Overcrowding and increasing shack populations in the back yards and on open spaces in formal townships are an indication that formal housing for working class households is in short supply. Despite well-intended efforts to provide housing to the poor in inner city areas, the inequalities and inefficiencies of the urban space economy have lingered on and appear to be hindering the development of social housing as institutional arrangements thereof are failing to deliver social housing.

### **1.6.2 Data Collection**

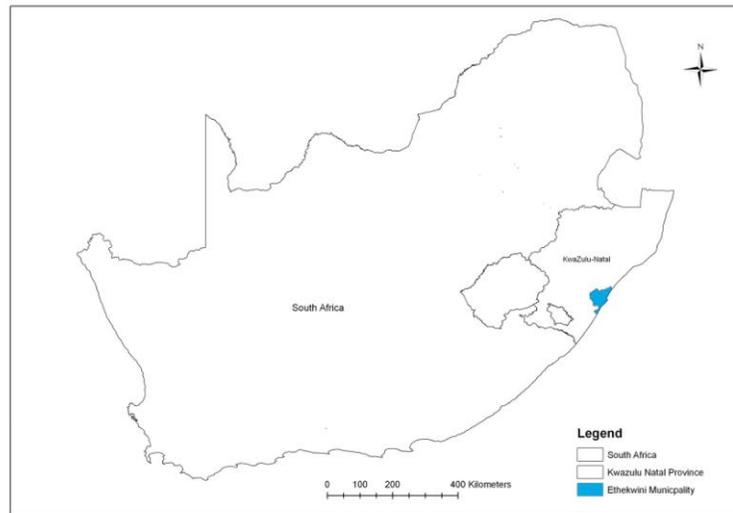
#### **Collection of Primary Data**

Primary data for this research was obtained directly from first-hand respondents through semi-structured

---

<sup>8</sup> For example, in townships such as Umlazi, Kenville, Springfield, Wiggins, and Cato Manor.

**Map 1.4: Location of KwaZulu-Natal in South Africa**



Source: Cartographic Unit, Geography Department School of Environmental Science, University of KwaZulu-Natal.

**Map 1.5: Location of eThekweni Municipality in KwaZulu-Natal Province**



Source: Cartographic Unit, Geography Department School of Environmental Science, University of KwaZulu-Natal.

interviews and observation. The information was gathered to answer the question: why are institutions for social housing not delivering the required output to satisfy the latent demand in eThekweni Municipality? Having chosen the case study, the researcher did not physically visit all parts of eThekweni Municipality but used officials from various organisations in the social housing sector who have worked in the area for a number of years and have made a contribution to social housing development. Hence, purposive sampling was used to select interviewees who provided wide-ranging information on institutional arrangements for social housing in eThekweni Municipality. Their personal experiences and observations made during their interaction in the social housing terrain offered this dissertation objectivity of practical experience that safeguarded the researcher from making novice and subjective conclusions. The primary data, and its sources shown in Table 1.2 on page 13, were collected through semi-structured interviews (see Appendices 1-5 for interview schedules) with the following interviewees: KwaZulu-Natal Departments of Human Settlements and Land Affairs, eThekweni Housing Department, First Metro Housing Company, National Housing Finance Corporation, Amalinda Social Housing Company, the Social Housing Foundation, and the Trust for Urban Housing Finance shown in Table 1.4 on page 16.

### **The Interview Process**

A list of interviewees was drawn and the researcher contacted the interviewees telephonically or through the email and arranged the date, time and venue of the interview. The researcher used semi-structured interviews that were conversational in nature. Each interview interrogated experiences and professional views of the interviewees allowing the researcher to explore issues in greater depth revealing multilayered information that could not be revealed through more structured interview methods and questionnaires (Valentine, 1997). The semi-structured interviews revealed unexpected but interesting issues about development trends in the social housing sector and allowed interviewees to describe, clarify and elaborate on institutional arrangements for social housing.

Semi-structured interviews afforded the researcher flexibility in the questioning process, allowing the interviewer to determine the wording of the questions, clarify the terms that were unclear, change the order in which the questions were presented, and to probe for additional information and detail (Nachmias & Nachmias, 1996). The flexible nature of the interviews created a special rapport that gave the interviewer control over the interview situation to allow the respondents to answer certain questions before they were asked subsequent questions (Nachmias & Nachmias, 1996). Interviewing the respondents in different locations ensured that the interview was conducted in a private environment denying respondents the chance to consult each other before the interview.

**Table 1.2: Objectives, Research Questions, Data Sources and Analytical Methods Used in the Study**

<i>Objective</i>	<i>Research Sub-Question</i>	<i>Theme</i>	<i>Primary Source</i>	<i>Research Tool</i>	<i>Secondary Source</i>	<i>Method of Data Analysis</i>
Evaluate how the eThekweni Municipality operates within the current institutional framework.	What institutional arrangements would create an enabling environment for social housing delivery?	Availability of affordable land; level of funding; level of integrated planning and cooperation; affordability of rentals based on income level; community participation in planning and management	Public planners: eThekweni Municipality.	Semi-structured interviews and observations	National, Provincial, Local Government policies and legislations; National Government Gazette; Corporate reports.	Thematic analysis
	How has institutional deficit constrained the development of social housing?	Availability of affordable land; level of funding; level of integrated planning and cooperation; affordability of rentals based on income level; community	Public planners: KwaZulu-Natal Department of Human Settlements			
Establish what institutional arrangements at National, Provincial and Municipal levels are in place, that facilitates the development of social housing in eThekweni Municipality.	Why have institutions for social housing not delivered rental housing to satisfy the latent demand in eThekweni Municipality?	Availability of affordable land; level of funding; level of integrated planning and cooperation.	Public planners: KwaZulu-Natal Department of Land Affairs			
	Would the Restructuring Zone initiative assist eThekweni Municipality to deliver more social housing?	Availability of affordable land; level of funding; level of integrated planning and cooperation; affordability of rentals based on income level; community participation in planning and management	Section 21 Companies: SOHCO, First Metro, Social Housing Foundation.			
	What are the institutional challenges faced by the eThekweni Municipality in implementing the Social Housing Policy and what are the key ideas towards redressing these challenges?	Level of funding; level of integrated planning and cooperation	Wholesale financial lender <sup>9</sup> : National Housing Finance Corporation			

Source: Researcher's own creation

<sup>9</sup> Wholesale financial lender like the National Housing Finance Corporation lend to retail financial institutions like Banks, Building Societies, Mortgage Societies, Employer Finance and Life Insurance Companies.

**Table 1.3: Actors and their Roles, Data sources and Methods of Interrogation Used in the Study**

<i>Actors</i>	<i>Role in the Municipality</i>	<i>Source of Information</i>	<i>Method of Interrogation</i>
KwaZulu-Natal Department of Human Settlements (KZN DoHS)	Administers the social housing programme; Provides institutional subsidies for social housing development; Partakes in policy and legislation review.	Interview with planners in the housing policy section of the KZN DoHS; Department website and Annual Reports	Extent of Support given to social housing projects; Level of cooperation with other stakeholders in the sector; Institutional challenges faced by the sector.
eThekweni Municipality Housing Department	Facilitates and develops social housing; Funds and manages social housing through First Metro Housing Company; Facilitate access to land; Facilitate access to municipal infrastructure.	Interview with the Manager of Social Housing	Achievements in delivery of social housing; Institutional challenges faced by the sector; Level of cooperation with other stakeholders in the sector.
First Metro Housing Company (FMHC)	Develops and manages social housing in the municipality.	Interview with the Financial Controller; FMHC Website and Annual Reports	Achievements in delivery of social housing; Level of cooperation with other stakeholders; Institutional challenges faced by the sector.
Amalinda Social Housing Company (SOHCO)	Develops social housing using both public and private funding.	Interview with the Financial Director.	Achievements in delivery of social housing; Level of cooperation with other stakeholders; Institutional challenges faced by the sector.
National Housing Finance Corporation (NHFC)	Provides wholesale and retail service finance to private and public entities; Guarantor in low-to-middle-income housing finance market; Involved in policy development	Interviews with official from NHFC; NHFC Website and Annual Reports	Extent of Support given to social Housing projects; Level of cooperation with other stakeholders in the provision of social housing; Institutional challenges faced by the sector.
Social Housing Foundation (SHF)	Provides technical support to social housing companies; Develops and builds capacity for social housing companies; develops policy framework for the social sector.	Interview with official in SHF; SHF Website and Annual Reports, Research documents	Extent of technical support given to social housing companies; Level of cooperation with other stakeholders in the sector; Institutional challenges faced by the sector.
Trust for Urban Housing Finance (TUHF)	Provides short-and-medium-term bridging finance loans for low-income housing	Interviews with official from TUHF	Extent of Support given to social Housing projects; Level of cooperation with other stakeholders in the provision of social housing; Institutional challenges faced by the sector.
KZN Department of Land Affairs (DoLA)	Facilitate land redistribution and planning. Control both the registration of deeds and the survey of land.	Interview with spatial planners in DoLA; Annual Reports	Extent of financial support to social housing projects; Level of cooperation with other stakeholders in the sector; Institutional challenges faced by the sector.

Source: Researcher's own creation

Regardless of the advantages noted above, the researcher was aware that personal interviews have shortcomings: time costs, interviewer bias, and lack of anonymity (Nachmias & Nachmias, 1996). Lack of anonymity of face-to-face interviews could have influenced some interviewees to give answers that they considered socially appropriate or withhold some information they considered 'sensitive'. The interviewees from provincial and local government felt uncomfortable to release 'sensitive' information being mooted on current institutional strategies since it was considered to have high political overtones. Despite these disadvantages the semi-structured interviews remained potent tools that revealed unexpected but interesting issues on institutional arrangements for social housing, which actors in the sector perceived to be constraining the effectiveness social housing delivery.

### **The Role of the Researcher in the Interview**

The role of the researcher in the interviewing process was primarily to explain the purpose of the study and guarantee that the interview was confidential. Their views and opinions were personal and not considered the official opinion of the office they represented. If any misconceptions arose, the interviewer had to correct any misconceptions about the research and elaborate on its intended objectives.

### **Collection of Secondary Data**

Research on existing international and local literature on institutional arrangements for social housing was gathered from data collected over a long time. The research had to trace the evolution of the institutional arrangements for social housing and secondary data became the main source of important information since primary sources on their own could not be exhaustive or give a historical background thereof. Thus secondary and primary datum complemented each other in this research.

## **1.7 Data Analysis**

Institutional arrangements for social housing were analysed using the same themes along which the enquiry was carried out. This approach made it easy to identify and analyse themes emerging from the data gathered on the institutional arrangements for social housing. Thematic approach was deliberately used in this analysis because it is compatible with the constructionist paradigm within housing alluded to earlier (Braun & Clarke, 2006). Its flexibility makes it essential for analysing institutional arrangements for social housing in eThekweni Municipality. The thematic analysis was done in phases listed below.

### 1.7.1 Phases of Thematic Analysis

#### Phase 1: Familiarising With the Data

The researcher would transcribe data, read and re-read the data, note down initial ideas to familiarise with the data at hand.

#### Phase 2: Generating Initial Codes

To generate initial codes, the researcher coded interesting features of the data in a systematic fashion across the entire data set, collating data relevant to each code. The exercise involved the creation and application of codes<sup>10</sup> to data being analysed: an interview transcript, field notes, observations, etc, to produce a record of the things that have been noticed (Kitchen & Tate, 2000; Kelle & Seidel, 1995). Once the record has been produced, focused attention was paid to that record to identify relevant themes emerging from there.

#### Phase 3: Searching for Themes

This phase involved collating the codes into potential themes, gathering all data relevant to each potential theme. Themes<sup>11</sup> are identified by “*bringing together components or fragments of ideas or experiences, which often are meaningless when viewed alone*” (Leininger, 1985: 60). The idea is to develop these themes and to work out how they relate to each other within the data. The most important themes that address the research question were selected from all the potential themes. Using literature review as a basis for structuring my analysis, this research used the following themes: land delivery, government responsibility for housing, rent-income sliding scale, subsidy take up, housing typology, housing cost yard stick, governance and management. The selected themes provided a rich thematic description and accurate reflection of the entire data set.

Themes that emerged from the informants were pieced together to form a comprehensive picture of how they perceive, describe, clarify and elaborate on institutional arrangements for social housing. Even in cases where they express different ideas on institutions for social housing the coherence of these ideas only materialised when they were pieced together to make an argument. It should be noted that each theme had a sub-themes that were further explored to make data analysis more specific and accurate.

---

<sup>10</sup> Coding refers to the grouping together of different instances of datum under a theme that can enable them to be regarded as ‘of the same type’.

<sup>11</sup> A theme captures something important about the data in relation to the research question, and represents some level of patterned response or meaning within the data set (Braun & Clarke, 2006: 7).

#### **Phase 4: Reviewing Themes**

When reviewing the themes the researcher checked if the themes worked in relation to the coded extracts and the entire data set to generate a thematic ‘map’ of the analysis.

#### **Phase 5: Defining and Naming Themes**

The researcher defined and named themes as an ongoing analysis to refine the specifics of each theme, and generating clear definitions and names for each theme.

#### **Phase 6: Producing the Report**

This phase was the final opportunity for analysis where compelling extract examples and their analysis was done while relating back the analysis to the research question. Therefrom, the researcher built a valid argument for choosing themes that allowed him to make inferences from information gathered from the interview. The analysis at this stage required the researcher to examine data collected to make some sense out of each institution for social housing, look for patterns and relationships within institutions for social housing.

### **1.8 *Ethical Issues in this Research***

The research considered all ethical issues pertaining to human research which include informed consent, confidentiality, and emotional safety. The researcher made sure that all the participants were aware that participating in this research was voluntary and could withdraw from the research when they wish. In cases where the participants preferred to remain anonymous, confidentiality was ensured by giving participants pseudonyms. Permission to conduct the research was also obtained from the University of KwaZulu-Natal’s higher degrees committee.

### **1.9 *Structure of the Study***

This research contributes to the knowledge gap by reviewing the institutional framework for social housing development to assess whether its slow development is due to institutional inertia or deficit. Chapter 1 gives the background/ context to the research problem, definition of research question, justification of research topic, research approach of dissertation, limitations and key assumptions and contribution to be made by the research. This chapter outlines the research methodology employed and the summary of the research. Chapter 2 outlines the conceptual framework of the research. Chapter 3 reviews the history of social housing in England while Chapter 4 focuses on South Africa, emphasis

placed on institutional arrangements for social housing. Chapter 5 outlines the research findings and their analysis and concludes by making recommendations based on the research findings. Chapter 6 provides a summary of the whole research: results obtained, recommendations, and suggestions that may make institutional arrangements for social housing more effective in South Africa and eThekweni Municipality in particular.

### **1.10 Chapter Summary**

In South Africa, institutional arrangements for social housing that control, regulate, and subsidise the production, consumption, financing, distribution, and location of social housing in urban areas have failed to deliver to the poor. Failure to deliver social housing could be a result of severe institutional inertia caused by institutional power struggles in the post-1994 era. This chapter explored the methodology used in this research to gather data that helped construct a concrete argument and conclusion. This data was analysed using the thematic approach – deliberately used in this analysis because it is compatible with the constructionist paradigm discussed in Chapter 2. To understand the evolution of the institutional arrangements for social housing there was need to trace their ideological and historical roots together with the social, economic and political facets affecting their development. These would be covered in Chapters 2 to 6.

## **2 Chapter Two: Conceptual Framework**

### **2.1 Introduction**

This chapter places social housing within the broader conceptual framework of communitarian and constructionist approaches. The conceptual framework attempts to connect to all aspects of inquiry – problem definition, purpose of research, literature review, and methodology – to advance a coherent argument. From the onset, the chapter outlines communitarian and constructionist theories that were utilised in this research to construct the framework for analysis. The chapter concludes by defining key concepts in the research topic to set the context in which this research is undertaken.

### **2.2 The Broad Theoretical Context for Social Housing**

#### **2.2.1 Communitarianism**

The social housing movement which seeks to provide housing for-all-by-all has its roots deeply embedded in communitarianism. This theory postulates that an awareness of social disparities growing out of economic inequality and racial discrimination has seen the national government bear responsibility for tending to those of limited means (Bennett, 1998). Communitarianism informs government's social duty to fund social housing for those whom homeownership is not a viable option due to poverty. This influence was evident in the post-war years in Europe, from 1945-1975 when social balance and social justice in society had to be achieved through social reconstruction and redistribution of housing after most houses were completely destroyed or damaged by war, leaving most people homeless. However, by 1980, the planning ideologies of the post-war years had mostly lost their credibility as focus shifted from the ethos of the social housing movement to the more pragmatic issue of how the delivery of social housing was to be realised. Hence, the spotlight increasingly focused on the institutional framework for social housing delivery rather than on its ethos. The focus on institutional arrangements brought a new challenge that Communitarianist theory did not anticipate. This theory only acknowledges the roots of social housing, but does not give a theoretical framework to analyse institutional arrangements for social housing development and how institutional inertia can hinder the delivery of social housing. Hence, this research used the theoretical framework of the Constructionist theory as a basis for analysing the institutional arrangements for social housing.

## 2.2.2 Constructionism

The analysis of the institutional setup for social housing is informed by Constructionist theory propounded by Foucault in 1980. Foucault propounded that there are power dynamics between housing institutions and within organisations (Hastings, 2000). The argument advanced by Foucault was that a network of institutional power relations affects housing delivery. In making this claim, Foucault argues that society and social policy are malleable and subject to institutional power struggles that offer a basis from which to understand the contexts and processes of housing (Jacobs & Manzi, 2000). Foucault further contends that institutional frameworks for housing are hierarchies in which the exercise of power over resources is linear and bound by institutional and organisational constraints within a context of interpersonal interaction. Such views help explain why the institutional framework for social housing in South Africa is linear and not structured like a web where lateral institutional relations at all levels are realised.

Foucault's narrow construction of institutional arrangements for housing as hierarchies has been criticised by later constructionists like Jacobs and Manzi (2000), who consider the character of institutional arrangements for social housing to be both vertical and lateral, with an interdependent relationship. In light of this, inadequate shelter in South Africa according to the constructionist perspective should be viewed not as primarily an issue relating to limited supply and excessive demand, but as reflective of the underlying institutional power struggles arising from the *ad hoc* and silo process of implementing policies. As a result, institutions for social housing tend to contradict each other in their attempts to deliver social housing.

The constructionist theory is particularly useful for exploring institutional conflicts where different actors vie with each other for control. In the housing terrain, such conflicts result in actors resorting to "*negotiating, bargaining and boundary maintenance behaviour*" (Jacobs & Manzi, 2000) in defining their work, which might result in institutional inertia. This dynamic, though it enables institutions to exercise considerable autonomy, may in the longer term undermine the effectiveness of housing institutions. To guard against institutional inertia, contemporary initiatives have made use of constructionist theories in analysing 'partnership' arrangements in the housing sector dominated by institutional conflict. This research concurs with this theory and seeks to use it to shape and advance a tripartite investigation: the multi-levels of the institutions for social housing, the linkages between them, and the manner in which they interact in order to develop social housing. Hence, this theory informs the understanding of the complexities of institutional conflicts by providing a way to disentangle complex institutional processes within social housing.

### **2.2.3 Neoliberalism**

During the last quarter-century housing policies of the western capitalist world shifted from social redistributive ideologies of communitarianism towards market-based housing development strategies (Lofchie, 1997). These market-based housing development strategies have been adopted by developing countries and have been instrumental in shaping housing policy, especially in South Africa post-1994. Peterson et al. (1991) contends that neoliberal housing approaches are central mechanism for achieving national housing development but Rust (2006) disagrees since 45 percent of households in South Africa earn below R3,500 per month and can only realise their housing needs through the various subsidy schemes. Despite the need to adopt socially redistributive economic approaches, the post-1994 South African government adopted neoliberal economic approaches that have had wide-reaching implications on the ideologies and practices shaping the social housing movement. As a result, the neoliberal economic strategies have subordinated and reduced the role of the public-sector in social housing provision and gave the private-sector a central role in the initiation, part-funding, development, and management of social housing with the aid of subsidies and grants (Tonkin, 2008; Rochlin, 2005). The dominance of macroeconomic policies in urban management and governance within local governments led to the formulation of ‘public-private partnerships’ in the provision of social housing that are struggling to deliver the required social housing output. The typically neoliberal attitude that ‘privatisation’ of social housing provision would ultimately increase social housing delivery has failed to deliver the required social housing output due to reduced public funding. Therefore, this research agrees with Rochlin that financial institutions ideologically contradict the vertical and lateral character of social housing institutions propounded by constructionist because their liberalism drives them to operate in silo to the detriment of social housing.

### **2.2.4 Social Housing**

In the European and American context the concept of social housing is mostly used to define housing provided and operated by local authorities and housing associations or registered social landlords, and extended to cover housing managed by these bodies, regardless of ownership (Reeves, 2005). In South Africa, social housing is conceptualised differently from the European concept as a result of the specific political, social and economic inequalities created by the Apartheid legacy of segregation and disadvantage against non white races. The Apartheid legacy left many poor households unable to afford individual homeownership and in need of social rental accommodation. Hence, social housing is defined

as a rental or co-operative housing option (that excludes immediate individual ownership) for low-income persons, at a level of scale and built form which requires institutional management and which is provided by accredited social housing companies or in accredited social housing projects in designated Restructuring Zones (Department of Human Settlements, 2010; Department of Housing, 2006).

In most countries, social housing is a specific form of housing funded, built or designated for the purpose of providing an integrated package of housing and support often for a specific client group (Reeves, 2005; Edgar et al, 2000). Social housing is now defined by the aim, degree, and focus of the provided support, (Edgar et al, 2000) whose aim, like in the South African context, is to (re-)integrate people into the community and the formal housing market. In South Africa, social intervention in social housing delivery involves two key dimensions: the existence of institutional arrangements for funding this provision; and the existence of organisations for providing and managing social rented accommodation. Each of these dimensions shapes the nature of the provision, its responsiveness to individual needs and the outcomes achieved.

The social housing model in both Europe and South Africa differ markedly in ownership and management. In Europe, social housing is characterised by several institutional arrangements: government ownership and management, rent-setting policies insensitive to demand, usually when the sector is small and catering for those left out by the housing market (Priemus, 2003; Ravertz, 2001). In some North-Western European countries, the sector operates like a 'social market' where institutional arrangements favour non- government ownership by landlords not motivated by profit, and rents are set below-market level but tend to be inconsistent to demand, and allocation extends access to a more diverse income group (Tsenkova & Turner, 2004). The social housing model in South Africa is markedly different from the one in Europe which has evolved over decades. Locally, the government plays a limited role in ownership and management, and rent setting but is heavily involved in mobilising funding.

The social housing model in both Europe and South Africa might have differences in ownership and management but they both sought to develop shelter those who could not afford to own a house. Over the decades as this social sector evolved, provision of social housing became focused on a specific client group who could afford to pay monthly rentals. In Europe, the social sector is exclusively directed towards supplying uncrowded, well built homes on secure tenancies at below-market rents to primarily working class people (Harloe, 1995). Similarly, in South Africa the target market is in the upper tier of the low-income group earning between R1,501-R3,500 per month. In both Europe and South Africa, therefore, the provision of social housing became a collective public service provided by the government. However, collective housing provision could only be made possible by institutional arrangements that

could guide, control and regulate housing provision. So what type of institutions would spearhead this housing movement in South Africa?

### 2.2.5 Making Sense of Institutions

What is an institution? Any effort to evaluate institutions is confronted with this question immediately because the use of the term institution has become widespread but without unanimity in the definition of this concept (Hodgson, 2006). The misconception that arose from this concept meaning so many things to many people required this research to clarify its meaning. Institutions are the formal and informal rules (statute law, common law, regulations, norms of behavior, conventions, self-imposed codes of conduct) of a society or the humanly-devised prescriptions that structure human interaction and material resources (Hodgson, 2006; Scott, 2001; Jepperson, 1991; North, 1990). Giddens (1984) and Zucker (1977) consider institutions as reflective of the more enduring features of social life that are transmitted across generations to give ‘solidity’ to social systems across time and space. In the social housing sector, these institutions<sup>12</sup> confer a set of property rights or a set of arrangements to actors within the sector for interdependent decision-making in reciprocal and joint efforts to deliver social housing (Hodgson, 2006; Schmid, 1978; Ostrom, 1976).

The fact that institutions tend to be transmitted across generations means that they can be transmitted in time by various conveyances and instantiated in multiple media operating at national and local government, and interpersonal levels (Scott, 2001). These institutional carriers vary in the process they employ to transmit their messages. So which institutional carriers transmit messages in housing? The institutional carriers of housing institutions are the regulative systems (policies, legislations, rules and by-laws), normative systems, and cultural-cognitive systems that form a continuum moving “*from the conscious to the unconscious, from the legally enforced to the taken for granted*” (Hoffman 1997: 36). The three systems contribute, in interdependent and mutually reinforcing ways, to a powerful institutional framework for social housing, one that encapsulates and exhibits the celebrated strength and resilience of these structures. But what does each of the three systems contribute to the institutional framework for social housing?

The regulative system is widely considered to have established rules in an attempt to influence future behavior (Scott, 2001). The regulative character of institutions arose to monitor the behaviour of

---

<sup>12</sup> Institutions are not organisations and it is necessary at this stage to clarify the difference. According to Hoffman (1997) organisations, too, specify the constraints that structure human interaction inside the organisation but in addition they are action groups. They are composed of groups of individuals bound by a common purpose to achieve objectives. They include political bodies (political parties, a city council, a regulatory agency); economic bodies (firms, trade unions, family farms, cooperatives); social bodies (churches, clubs, athletic associations); and educational bodies (schools, colleges, vocational training centers).

individuals and firms in the housing and land markets where contending interests are more common and require explicit rules to preserve order. In the social housing sector, both the actor and institutional structure, although distinct, are thus connected, mutually interact, and are interdependent (Hodgson, 2006; North, 1990; Commons, 1934). However, for the regulative authority of institutions to be effective, they must be legitimised by society's norms and values. So norms and values both confer and limit the amount of power of and resources available to actors in the social housing sector so that actors can remain accountable for social housing delivery. Hence, the regulative and normative pillars of institutions are mutually reinforcing.

The normative pillar emphasises that institutions for social housing must have a prescriptive, evaluative, and obligatory dimension based on social values and norms. The values and norms that South African society holds dear help define the goals or objectives of social housing institutions that specify legitimate means to pursue social housing provision (Scott, 2001). In South Africa, values of decent housing are conceptions of the preferred human settlements, the building design and building material standards to which adequate housing can be compared and assessed. It should be noted though that these values and norms apply only to selected types of actors in the social housing sector (Hodgson, 2006). This exclusive selection of actors gives rise to selected roles that confer rights, privileges, duties, licenses, and mandates to developers of social housing. If these actors do not deliver adequate social housing, society has to ask why. If it is because of incompetence of social housing companies, legislated penalties must be meted. If they have not been given adequate resources then the institutions constraining delivery must be reviewed. In reviewing such institutions, it is important to assess whether society's norms and values have been upheld or have they changed with the passage of time.

The cultural-cognitive pillar links rules, norms, and cultural beliefs with the meaning and value of a house in a society. This pillar acknowledges that a house provides a platform for dignified human existence and for conducting socio-economic activities (Scott, 2001). Hence, the meaning of a house arises from its social and economic value in society and how it interacts with other land-use activities within a human settlement. Therefore, the place that social housing occupies in society is determined by the cultural frameworks in which social interests are defined and classified, argued, negotiated, and fought out as human efforts are made to provide decent accommodation to the poor (Berger & Luckmann, 1967). The culture of collective shelter provision finds articulation through institutions for social housing whose relevance is reflected in their ability to deliver adequate social housing. If institutions for social housing are not delivering adequate social housing could the reason be that they have limited control over critical resources required to produce social accommodation?

Institutions that have no control of material resources in any conception of social structures are devoid of inequalities of power (Scott, 2001). So institutions for social housing despite setting the rules and norms, if they are to be effective, must be backed with sanctioning power derived from possessing adequate financial and land resources that give them authority and legitimacy to use them in the development of social housing. With the authority and legitimacy derived from possessing power, institutions for social housing have the capacity to control, prohibit and constrain behavior, support and empower construction activities and actors in the sector by defining legal, moral and cultural boundaries, setting off legitimate from illegitimate activities by providing guidelines, and resources for delivering social housing.

## **2.2.6 Framework for Evaluating Institutional Arrangements for Social Housing**

The discussion contained in 2.2.5 focused entirely on defining institutions but it is pertinent to provide the framework used in this research to evaluate institutional arrangements for social housing that influence and determine subsidy allocations, and their utilisation. Indeed, the social housing sector in South Africa is constrained by neoliberal land and economic policies. In this context, it becomes even more important for the social housing sector to: evaluate underlying institutional processes and incentives, identify weaknesses in institutional arrangements, and support institutional reform that can result in improved funding and delivery of social housing on a sustained basis.

This research used a normative framework for evaluating institutional arrangements. This approach analyses the principles of institutional arrangements for social housing to see how different policy objectives have constrained the delivery of social housing. Hence, choices available to institutional arrangements for social housing often make them operate in conflict, and inadvertently compromise the delivery of social housing. The researcher in adopting this approach considered two things. First, most production of social housing and its management is carried out within a particular institution organised according to internal working rules, which at the same time operates within a larger set of financial and land-use institutions. Second, these institutions define the powers, responsibilities, rights, and liabilities of those affected by or involved in the productive process of social housing. This institutional analysis answers the question: How do contradicting institutions in the social housing sector constrain the outcomes of a productive process of social housing? What difference do institutional arrangements make? In concurring with Fisher (1983) this research adapted Fisher's framework for evaluating institutions and used the framework in Diagram 2.1 on page 27 to evaluate the institutional arrangements for social housing. The framework adopted for this research further compared outcomes as well as the institutional decision-making and productive processes against social value of the principles of the institutional

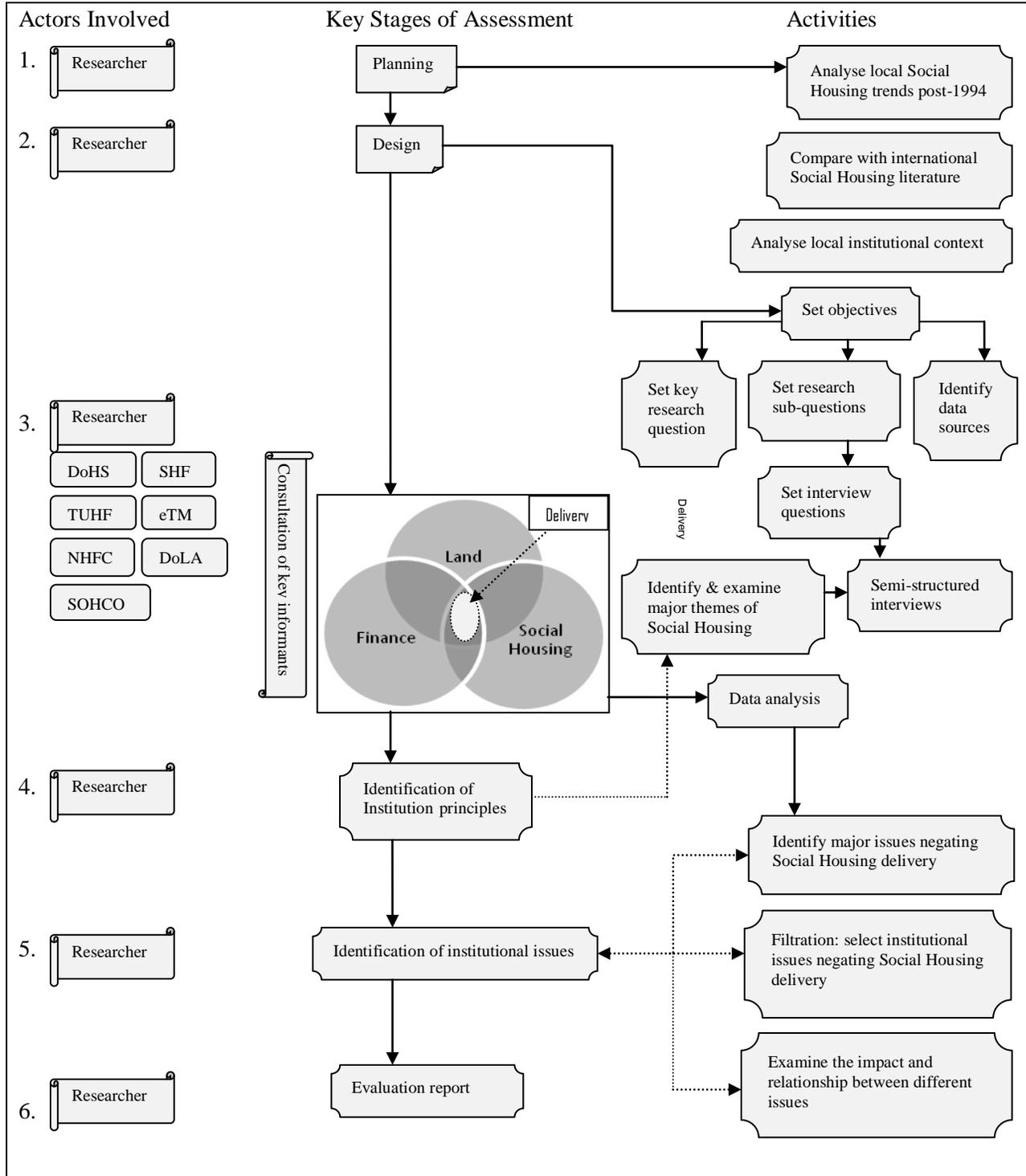
arrangements for social housing. As depicted in the diagram this framework details the actors involved at each stage of assessment and the activities undertaken to help inform the researcher how institutional inertia has constrained social housing delivery in eThekweni Municipality. One of the key stages of assessment depicted in the diagram involves identifying the principles of institutional arrangements for social housing, which are discussed below.

The social housing policy sought to promote the spatial and socio-economic integration of low-income households by locating social housing in existing inner-city areas to create high density human settlements located in strategic areas to counter urban fragmentation and sprawl (Department of Housing, 2006). Regrettably, social housing has failed to either locate the poor in strategic inner city areas or develop units at high densities. The subsidy availed by the government was inadequate to purchase land in the inner city or to fund the high-rise developments necessary to satisfy the latent demand for social housing. To circumvent land and funding problems hindering social housing delivery, the economic and land policies should complement the social housing policy by increasing funding and lowering land prices to facilitate social housing development.

The integrated development planning of social housing alluded to above had to be facilitated and supported by all spheres of government whose roles and responsibilities should be clear to ensure efficient use of resources and prevent unnecessary duplication of roles (Department of Housing, 2006). Cooperation between all spheres of government and coordination of resources utilisation between and within all levels of government including different government departments was vital for the delivery of social housing (ibid). The Department of Housing (2004) in the Breaking New Ground policy acknowledges that lack of funding and poor alignment of budgets and priorities between government departments had constrained the delivery of affordable well located land for low-income housing in inner city areas.

Shortages of affordable land for social housing delivery have been perpetuating despite the land policy stressing the need to establish cooperative partnerships between the government and private and non-governmental sectors in releasing land for development (Department of Land Affairs, 1997). The land policy presumed an active land market where the poor are given priority access to well located land for the provision of shelter (ibid). Regrettably, this presumption was inaccurate since the poor are incapacitated to participate, without government support, in the urban land market. Hence, the poor remain barred from the urban land market since land owners are unwilling to release their land at below

**Diagram 2.1: Framework for Assessing Institutional Arrangement for Social Housing in eThekweni Municipality**



Source: Adopted from Fisher (1983) and modified by the researcher to make the framework relevant to this research.

market rates. As a result, social landlords cannot afford to purchase inner city land at open market rates and still maintain social housing affordable to low-income households. Despite the policy giving all levels of government the mandate to overcome constraints (financial and human resources shortages, lack of stakeholder cooperation, high land transaction costs and lack of access to financial services) which may hamper equitable access to well located land, the poor still remain marginalised from the urban land market.

The social housing policy supports economic integration of low-income households in inner city areas that are close to job opportunities, markets and transport (Department of Housing, 2006). This noble intention to integrate the poor in the city has remained a struggle due to ‘boomerang effects’ of the land market which continue to ‘shovel the poor out of the city’ back to peripheral areas that the Apartheid government forced them to reside in. Most land in South Africa, particularly in eThekweni Municipality, is privately owned and highly priced beyond what the government can afford to provide social housing to the majority poor (eThekweni Municipality, 2007; Ntsebeza & Hall, 2007; Drimie, 2004; Hall, 2004).

Socio-economic integration of low-to-middle-income households in inner city areas could be achieved by providing social housing opportunities across a wide range of incomes. The social housing policy required middle-income households earning R7,500 per month to pay more rentals to subsidise low-income households earning R1,501-R2,500 per month (Department of Housing, 2006). This policy arrangement has caused so much consternation among middle-income households who pay more for a unit of equal size to those they are cross subsidising. To achieve a balanced income mix using cross subsidisation has proved a challenge for social landlords because they consider the lower end of the target market unviable. Inadvertently, households earning R1,501-R2,500 per month are increasingly marginalised from the social housing programme.

The social housing policy requires the government, social landlords and tenants to accept their roles and responsibilities as defined Social Housing Act No. 16 of 2008, in the Rental Housing Act No. 2007, and in the Cooperatives Act No. 91 of 1998. Effectiveness of social housing delivery depend both on mutual respect for the rights of tenants and social landlords, and the speedy resolution of rental conflicts that may arise (Department of Housing, 2006). Miscommunication in the past between social landlords and tenants caused rent boycotts in eThekweni Municipality (Westrich and Shayamoya) that put the financial viability of social housing at risk. Hence, the above institutions had not clarified the contractual obligations of the government, social landlords and tenants required to maintain the viability of social housing provision. Currently the institutional arrangements are liable to manipulation by misguided politicians who incite residents to boycott paying rentals jeopardising the social housing delivery programme. The above

institutions did not outline clear and definite roles and responsibilities of different government departments in the economic and social sectors that social housing transcends. The lack of clarity in the social policy in this regard absolved other government departments from the responsibility of participating in the provision of social housing.

The social housing policy sought to promote the creation of viable social housing companies able to deliver adequate social housing output to satisfy the latent demand on the market (Department of Housing, 2006). However, the limited institutional subsidy and grants received from the government are not adequate to cover the high transaction costs of land and construction costs while maintaining social rentals affordable for social housing companies to repay debts. As a result, social housing companies have not delivered social housing at the scale that is required to satisfy the huge demand for social rented accommodation. Hence, social housing has failed to respond to the demand on the market.

The social housing policy anticipated and acknowledged that the government had a limited budget and would require assistance from the private-sector to augment its efforts in social housing provision. Hence, the policy sought to subsidise social housing to a level that would attract private-sector investment and participation in the social housing sector to deliver social housing in huge quantities (Department of Housing, 2006; 2004). Anticipating that the private-sector might be reluctant to do business in the social housing sector, the government provided incentives to private developers to build social housing in Restructuring Zones and Urban Development Zones (ibid). However, the limited financial support provided by the government is inadequate to deliver social housing en masse to satisfy the huge demand for social housing. The shift in economic policy direction away from a Keynesian inspired Reconstruction and Development Programme (RDP) towards the stringent neoliberal Growth, Employment and Redistribution macroeconomic policy led to a reduction in social expenditure by the government (Koelble, 2004). The neoliberal macroeconomic policy adopted since 1996 reflects government's acceptance that it could not compete with the market for the provision of housing and placed the responsibility on individuals. The reduced government role in funding housing provision significantly limited the institutional subsidy.

### **2.2.7 Characteristics of successful institutions**

The benchmark used to measure the level of effectiveness of institutional arrangements for social housing considered these characteristics: letter of the law, spirit of the law, sanctions, side effects, performance, and fallibility.

### **2.2.7.1 Letter of the Law**

An institution must provide directions for human behaviour through written instructions commonly known as the *'letter of the law'*. The letter of the law conveys the purpose or intent of the spirit of the law.

### **2.2.7.2 Spirit of the Law**

The *'spirit of the law'* is contained within the *'letter of the law'* and conveys the purpose or intent whose meaning should be clear and understandable (Barley & Tolbert, 1997). For any given legislation, the *'spirit of the law'* is the hoped-for change or benefit that the legislation would produce, as predicted by the legislature. Therefore, the *'spirit of the law'* must be consistent and in line with and interact with other legislations in the institutional arrangements for social housing (Leone & Carroll, 2010). In other words, law may be ineffective if its meaning is ambiguous. Since the *'spirit of the law'* is the reason for the existence of legislation, the *'letter of the law'* is subordinate to the problem-solving intent of the legislation. For any given legislation to be effective it must be acceptable and necessary to the majority in society (Campbell, 1990). If the majority of the members of society perceive a particular legislation to be unjust, then the legislation ceases to be effective (ibid). To be effective, legislation must be stable with a degree of permanence to instill confidence in it (Leone & Carroll, 2010). People and social landlords need stable and enforceable conditions when they make decisions about their futures knowing that sanctions of legislation guarantee a stable social housing sector.

### **2.2.7.3 Sanctions**

Legislations for social housing are the forcible means by which the national government delivers social housing. To encourage social housing actors to comply with the legislation, social housing legislations have mechanisms of enforcement or authorised coercions, restrictions and prohibitions (the 'carrot or stick'), that are applied to accomplish the spirit and intent of institutions for social housing (Campbell, 1990). Social housing subsidies and grants are the mechanisms used by the government to incentivise social landlords to deliver social housing. Failure to deliver in an incentivised environment may not necessarily mean that the social housing policy has failed. The reason might be that some institutions in the land and economic sectors that social housing transcend have failed to command action that regulate the behaviour of actors in those sectors to facilitate the delivery of social housing en mass (Tenner, 1997). Failure by the land and economic policies to compliment the efforts of the social housing policy has produced side effects.

#### **2.2.7.4 Side Effects**

The positive or negative consequences of social housing legislations are judged by the impact the legislations have on alleviating social housing shortages in inner city areas. The parameters used in this research to measure the side effects of social housing legislations are the quality and quantity and location of social housing units delivered. The assessment of legislations for social housing could be considered successful if they produced a positive, unexpected benefit (delivering a significant output of social housing units) (Tenner, 1997; Merton, 1936). Since it was established at the beginning of this research that social housing legislations have failed to deliver the anticipated output, this research focused on evaluating why their impact was negative, and an unexpected detriment to the desired effect of the social housing policy. Once it had been established that the institutional arrangements for social housing had a perverse effect, contrary to what was originally intended, it would be concluded that they had performed poorly and had failed.

#### **2.2.7.5 Performance**

Effective social housing legislations should be useful in facilitating the actions of social landlords to perform all of the tasks and duties required to deliver social housing (Campbell, 1990). Successful social housing institutions effectively release land and financial resources for social housing development instead of merely possessing and withholding them for speculative reasons (Barley & Tolbert, 1997). Since institutional arrangements for social housing impose restrictions and produce unwanted '*side effects*', their performance would be determined by their ability to deliver adequate shelter. The performance of these legislations was, simply, the measure of their problem-solving benefit minus the measured sum of their restrictions and '*side effects*' (Tenner, 1997). If the net benefit (benefit minus restrictions and side effects) is positive, the institutional arrangements for social housing are useful but if the net benefit is zero or negative, they are useless and detrimental (Campbell, 1990). Institutional arrangements for social housing are only valid if their net benefit is positive. To be effective they have to possess norms of behaviour, conventions, and codes of conduct that are necessary for good performance.

#### **2.2.7.6 Fallibility**

Legislation with design defects contradicts other legislations for social housing which produces unacceptable '*side effects*'. Contradictions in legislation are signs that some legislation in the institutional arrangements was not able to adapt to and anticipate future societal changes. Such loopholes must be covered if the legislation is to be effective in delivering social housing. Fortunately, legislations, like

every other human-made product, may be amended or repealed when they are detrimental. Failure to deliver adequate social housing would indicate that the institutional arrangements have failed.

In most cases, social housing companies are unfairly blamed for the failure but they can only deliver social housing with the resources legally provided by the government. Therefore, legislation confers power and resources to social housing companies to develop social housing. So what is the link between social housing companies and institutions? Having already defined institutions, this research needs to define social housing companies to shed more light on how they fit in the institutional arrangement for social housing.

## **2.2.8 Social Housing Companies**

Social Housing Companies (SHCs) differ across countries due to specific political, social and economic circumstances of each country. These specific circumstances became the foundation of SHCs that has been transmitted across generations in both time and space. In Europe, since the days of the Industrial Revolution up until the post-war era when social housing development reached its zenith, SHCs have been influencing the production, distribution, and consumption of social housing (Malpass, 2005). SHCs are not short-term vehicles for providing housing to a specified market segment, but provide and distribute social housing in a flexible market cognisant of historical and social factors as well (ibid). In South Africa, SHCs are commonly referred to as Section 21 Companies; more similar to the housing associations<sup>13</sup> in Europe that deliver and manage social housing. In KwaZulu-Natal there are 4 Section 21 Companies for social housing: First Metro Housing Company, SOHCO Amalinda Housing, eThekweni Housing Association, and Msunduzi Housing Association. Only Msunduzi Housing Association is based outside of eThekweni Municipality. In this research First Metro Housing Company and SOHCO Amalinda Housing were used as part of the key informants involved in social housing delivery in the metropolitan.

The SHCs alluded to above are legal entities established primarily to develop and manage social housing stock funded through subsidies and grants specified in the social housing policy (Department of Housing, 2006). To augment the social housing grants provided by the national and provincial governments, these companies also make use of institutional subsidies, private donations and personal funding to deliver social housing. Within the institutional arrangements for social housing, social housing companies are

---

<sup>13</sup> A housing association is a society, body of trustees or company established for the purposes of, or among whose objects or powers are included those of providing, constructing, improving or managing or facilitating or encouraging the construction or improvement of, housing accommodation, and which does not trade for profit or whose constitution or rules prohibit the issue of capital with interest or dividend exceeding such rate as may be prescribed by the Treasury, whether with or without differentiation between share and loan capital (Malpass, 2000b)

responsible for developing and managing social housing stock and as a result, they have become direct providers of social tenure in the housing sector.

### **2.3 Chapter Summary**

This chapter outlined the conceptual framework used in this research presenting a preferred approach to analysing the institutional arrangements for social rented housing. The conceptual framework attempted to connect to all aspects of inquiry to advance an objective argument that gives coherence to this empirical inquiry. From the outset, the chapter outlined communitarian, constructionist and neoliberal theories that help explain the transformation of institutional arrangements for social housing in the last two centuries. The social housing movement shifted its focus from social redistribution of housing resources to focus on market-based allocation of housing to the poor. During this transition, institutional arrangements for social housing came into focus as housing provision focused on how to deliver instead of why they had to deliver social housing. The chapter concluded by outlining the framework and characteristics of institutions to set the context in which their assessment was undertaken in this research.

The assessment process began by reviewing the institutional arrangements for social housing in Britain – outlined in Chapter 3 – to draw lessons that South Africa can learn from. The chronic nature of housing shortages experienced in British cities immediately after the end of World War II such as the massive displacement of citizens, the huge housing backlog, and the mushrooming of slums are similar problems that South Africa is currently facing. The historic legacy of Apartheid of systematic segregation, displacement of and denying people of colour the right to own property in urban areas created a massive housing backlog and slums in post-Apartheid cities. How Britain managed to alleviate its housing shortages through the development of social housing is a lesson South Africa can learn from. Chapter 3 provides a detailed account of the evolution of institutional arrangements for social housing in Britain and how they became essential in alleviating housing shortages and poverty.

## **3 Chapter Three: Institutional Arrangements for Social Housing Development in Britain**

### **3.1 Introduction**

Institutional inertia is largely absent from policy and academic debates and is rarely conceptualised as a problem hindering the development of social housing (Forest & Murie, 1991). Drawing on available literature on social housing in England immediately after the end of World War II, this chapter explicates the link between social housing and the institutional arrangement context within which it exists. This chapter focuses solely on the social housing experience in England and ignores social housing developments in other countries for this reason. The chronic nature of housing shortages in Britain after the war mirror similar traits that are being experienced currently in South Africa. The massive displacement of civilians<sup>14</sup> and the destruction of most of the housing stock during World War II created massive housing shortages in British cities and gave impetus to the mushrooming of slums. The massive displacement of citizens, the huge housing backlog, and the mushrooming of slums in British cities at the time, are similar problems that South Africa is currently facing. The historic legacy of Apartheid of systematic segregation, displacement of and denying people of colour the right to own property in urban areas created a massive housing backlog and slums in post-Apartheid cities. How Britain managed to alleviate its housing shortages through the development of social housing is a lesson South Africa can learn from. Hence, this chapter considers the nature and emergence of institutional arrangements for social housing provision in Britain and how they became essential in alleviating housing shortages and poverty.

The chapter shows how institutional arrangements in the late 19<sup>th</sup> century and the 20<sup>th</sup> century, born out of market failure in providing affordable housing, were instrumental in shaping social housing as an alternative tenure option (Burke, 1981). Failure to provide affordable housing is a product of the fundamental changes in the modern capitalist society that have rendered social and material needs and inequalities more salient in contemporary cities. Since social housing in post-war Britain was born out of market failure in providing affordable housing it is pertinent to trace how this social movement has progressed over the years to influence the social housing movement in South Africa. Therefore, this chapter reviews such global efforts in the provision of social housing and assesses how they influenced social housing provision locally.

---

<sup>14</sup> During World War II, Britain experienced massive civilian displacement as efforts were made to save the population in urban areas or in areas expected to be military targets of aerial bombing and seaborne invasion. As a result, more than 3.5 million civilians were moved to rural areas thought to be less at risk prior to the Battle of Britain (Ravertz, 2001).

### **3.2 The Evolution of Institutional Arrangements**

In Britain, social housing began in the late 19<sup>th</sup> century during the Industrial Revolution and peaked in the mid-20<sup>th</sup> century especially post World War I<sup>15</sup> and World War II (Lévy-Vroelant & Reinprecht, 2008; Khatun, 2006; Cope, 1999). During this time Britain experienced socio-economic transformations in industrial and financial organisation, technological development, labour relations, and increasing population that brought with it tremendous urban expansion. This immense urban expansion occurred without any formal town planning resulting in appalling conditions caused by juxtaposing dwellings and heavy polluting industry without considering the location and orientation of buildings, or whether they have adequate ventilation, drainage, refuse collection, and reticulated water (Burke, 1981). Bad housing conditions were by no means new, but the extent of the problem and the social and health threats that this industrial expansion posed forced the government to enact legislative measures to try to contain the situation.

#### **1870-1917**

The enacted legislative measures, intended to address social and health threats, had two main concerns they had to address. Firstly, the government was concerned with public health, and more especially from the devastating mortality of the cholera epidemics that raged during the 19<sup>th</sup> century that had to be contained (Ravetz, 2001; Burke, 1981; Swenarton, 1981). To contain the unsanitary conditions, the government enacted the Artisans' and Labourers' Dwellings Act of 1868 which emphasised the introduction of piped water and drainage, slum clearance and demolition (Swenarton, 1981). Regrettably, this increased housing shortages and the very conditions of overcrowding it sought to assuage. 'Shoveling out the poor' became common in cities that were facing overcrowding and immigration resulting in unsatisfactory building being demolished and occupants forced to move elsewhere (Burke, 1981). Subsequently, the Artisans' and Labourers' Dwellings Improvement Act of 1875 empowered local authorities to clear entire areas but were required, in doing so, to provide new housing in replacement (Swenarton, 1981). The 'sanitary idea' these legislations sought to uphold managed to establish the concept of minimum standards<sup>16</sup> that still plays a major part in determining policy even in other countries

---

<sup>15</sup> The sense of euphoria that gripped Britain post World War I heralded a new era for social housing. For example, the Working Classes Act of 1890 laid the first tentative steps towards the creation of council housing and encouraged local authorities to improve the housing in their area. However, it was the enactment of the Housing and Town Planning Act of 1919 and the Housing Act of 1930, which promulgated that councils be provided with subsidies to enable them to build housing en masse in areas of high housing need: massive slum clearance and demolition of poor quality housing to build new houses for the people living there (Khatun, 2006).

<sup>16</sup> The 1875 legislation detailed minimum standards and procedures relating to the interior arrangements of houses, ventilations of rooms, paving and drainage of premises, an adequate water supply for water closets, the structure of floors, hearths and staircases, the height of rooms, the identification of dwellings fit for human habitation and the construction, use and repair of houses (Forrest & Murie, 1988).

today. In South Africa, the concept of minimum standards was used to set the minimum size of a social rental unit. The institutional subsidy based on the average cost of constructing a 40m<sup>2</sup> unit – the minimum size of a house the government is willing to subsidise. Regrettably, the subsidy allocation based on the housing cost yardstick is inadequate to cover land and construction costs resulting in social housing shortages in South African cities.

The second concern the legislations had to address was market failure in providing affordable housing (Burke, 1981). Once the concept of minimum standards had begun to be established it was inevitable that the government had to intervene in the housing market to alleviate shortages of low-income shelter. The market had failed to provide accommodation with adequate space, ventilation, water and drainage for the majority of the working people because of the irreconcilable gap between the need to obtain a return on investment and the level of rents that people on low incomes could afford to pay (Burke, 1981). Hence, regulating the housing market has become, over the decades, a key element of local and national welfare policies that have their roots in the almshouses<sup>17</sup>.

Government intervention in the housing sector intended to complement efforts initiated by almshouses and provide social housing at scale to low-income households. Hence, by 1890 housing policy emerged as a separate response to urban health problems because social and economic changes had reached a point where there was a need to devise new ways of tackling the problem of housing for some sections of the poor in the emergent industrial society (Malpass, 2000b). Therefore, the developments in local government, especially the creation of the London County Council in 1889, and the passage of the Housing of the Working Class Act 1890, signaled the beginning of the emergence of local authorities as serious rivals to the voluntary sector in the provision of housing (Malpass, 2000b; Swenarton, 1981). Regrettably, during the 19<sup>th</sup> century neither unfettered market forces nor the active involvement of the government in housing was able to remove the link between poverty and poor housing (Malpass, 2000a). This failure created the space within which various forms of voluntary housing organisation sought to make some impact.

The inability by the government to remove the link between poverty and poor housing forced it to enact the Housing and Town Planning Act of 1909. The government was concerned with the rising cost of building and high interest rates since the 1890s. Building costs had risen by 20 percent and open market interest rates had doubled which consequently increased rentals while real income remained stagnant. The Act of 1909 extended and improved the conditions under which local authorities could borrow money

---

<sup>17</sup> Almshouses were providers of decent, well-managed housing at rents within the reach of the poor that operated up to 1890. They are the original foundation on which the modern housing associations concept is built on (Malpass, 2000b).

from the Public Works Loans Board. The most substantial changes made by this Act were the simplified procedure for the compulsory purchase of land and to increase (from half to two-thirds) the proportion of the initial capital that the PWLB could loan to a public utility society (Swenarton, 1981). Of note is that this Act amalgamated two Bills: Housing and Town Planning to give a semblance of a coherent policy on housing and urban development by adding a town planning section to the housing clauses. This move sowed the seed of integrated institutional arrangements for housing and urban development planning. Regrettably, in South Africa the institutional arrangements for social housing have been operating in silo due to contradicting policy mandates such that these institutional arrangements have failed to integrate the social and economic sectors that social housing transcends.

The integrated institutional arrangements were enacted at a time when government was still reluctant to envisage a permanent role in housing. Legislation was permissive and unsupported by government subsidies. As a result by 1914 only 24,000 dwellings had been built by local authorities (Forrest & Murie, 1988). Even though the rate of building had increased in years 1912-14, but without subsidy to bring rents within the reach of low-income households council housing provision made little real impact on extra-legal settlers. The social housing shortages were made worse by the advent of war. At the time, social housing supply stagnated and latent demand increased when some properties were destroyed by war.

### **3.2.1 The Inter-war Period**

#### **1918-1949**

Britain entered World War I with the property market in a particularly depressed state (Malpass, 2005). During the time, construction of new housing ceased and shortages of accommodation increased housing demand (Harloe et al, 1974). Landlords exploited these market forces by raising rents by up to 23 percent, risking rent boycotts by tenants (Dickens, 1981). Fearing the housing crisis could escalate into a civil unrest spearheaded by working-class action the government passed the Rent and Mortgage Restriction Act of 1915 to contain the sharply rising rentals (Englander 1983; Swenarton, 1981; Burnett, 1978). This Act was a large step towards support for social housing and in effect fixed rents at the levels existing at the outbreak of war. Regrettably, the post-war circumstances of rapid inflation and acute housing shortage in a rent controlled housing sector forced speculative builders to shy away from building low-cost housing at uneconomic rents, especially when the government was unwilling to provide financial subsidies (Forrest & Murie, 1988; Daunton 1987; Burke, 1981). Compounding the situation were rocketing costs of labour and building materials which increased the cost of new construction so sharply that the market mechanisms could not produce the rapid upsurge in supply required after the Armistice

(Malpass, 2005; Burke, 1981; Burnett, 1978). This resulted in the mushrooming of slums associated with population growth, migration and rapid industrialisation.

In response to the housing shortages and the mushrooming of slums, the government enacted the Housing and Town Planning Act of 1919 which empowered local authorities to clear slums and build subsidised low-income housing (Burnett, 1978). These efforts were concretised by the Housing (Additional Powers) Act of 1920 which subsidised social housing by £150-£160 if it was not exceeding 950ft<sup>2</sup> (Burnett, 1978). These houses were generally smaller, cheaper by cutting down on what were regarded as inessentials<sup>18</sup>. Regrettably, economic fluctuations soon led the Act into trouble as it failed to deliver the target of 500,000 houses within three years and less than half were completed (Malpass, 2005). Ultimately, it was replaced by the Housing Act of 1923. The Act of 1923 reduced housing subsidies and placed greater emphasis on the private-sector to deliver housing. In total the Act yielded 438,000 houses over its 6 years of life, 363,000 by private enterprise and only 75,000 by local authorities (Burnett, 1978).

Rolling back the role of the government in housing delivery did not lessen the housing shortages as anticipated. Hence, the 1923 Act was replaced by the Housing Act of 1924 which restored local authorities as housing providers, and encouraged them to greater activity by availing higher subsidies (Burnett, 1978). Of all the 2,459,000 houses built in Britain between 1919 and 1934, this Act contributed one-third of the housing stock of which only 31 percent was built by local authorities, and the rest was built by the private-sector (Malpass, 2005; Burnett, 1978). Housing built by the private-sector only a quarter had the assistance of a subsidy (ibid). The need which had been identified in 1919 for a greater increase in social housing had not, therefore, been met.

Inability to meet social housing requirements meant that slums continued to mushroom. To curb the growth of slums the government enacted the Housing Act of 1930 which introduced a subsidy for slum clearance related to the numbers of people displaced and rehoused (Burnett, 1978). As a result, between 1932 and 1939 dwellings built in slum clearance programmes rose from 2,400 to 74,000 (Forrest & Murie, 1988).

### **3.2.2 The Post-war Period**

#### **1950-1980**

It was after the Second World War that the real drive to build social housing began. Britain emerged from

---

<sup>18</sup> The 1923 Act cut down on separate rear access, which had been provided in earlier schemes; required building plans to be redesigned and incorporate an internal passageway through the house to avoid unnecessary passing through the living-room or the parlour; required a fixed bath to be placed in the bathroom; introduced economies in construction by the use of cheaper drainage systems, reduced joinery sizes, reduction in roof pitch and smaller structural timber sizes, while external garden walls were replaced by posts and wire (Burnett, 1978).

the war with totally destroyed and badly damaged housing that was no longer habitable (Khatun, 2006; Ravetz, 2001; Burke, 1981). Changes were needed in the housing sector to meet the needs generated by post-war economic growth the government enacted institutional arrangements that saw social housing being planned, regulated, and controlled in a way that could curb the speculative tendencies of the market. The post-war housing drive did not only empower local authorities to compulsorily purchase and requisition property, but increased subsidies both for new building and for slum clearance, (Burke, 1981; Duclaud-Williams, 1978).

In the post-war era, the government faced land shortages and increasing demand forced land prices to skyrocket (Duclaud-Williams, 1978). High land prices forced developers to shun the social housing sector and resulted in the mushrooming of slums. To counter the massive housing shortages the government raised the subsidy levels under Housing Act of 1952 and the Housing Subsidies Act of 1956, to encourage private developers to come into the sector (Forrest & Murie, 1988; Burke, 1981). The need to increase densities of social housing development units increased construction costs that were not covered by the limited subsidy. The government had adopted a neoliberal housing policy that encouraged homeownership (Burke, 1981). The neoliberal housing policy signaled the beginning of the decline in the social housing sector. The government reduced social housing subsidies and left local authorities to access housing finance from the open market (Forrest & Murie, 1988; Burke, 1981; Duclaud-Williams, 1978).

The realistic rents ethos was reflected in the most important British policy innovation: the Housing (Finance) Act of 1967. This Act was without doubt the most important piece of post-war legislation since it broke with long standing traditions of housing policy and left a permanent imprint on national policy. The Act of 1967 attempted to reduce the impact of uncertainty about interest rates on house-building by revising the subsidy system. This Act's fundamental departure viewed social housing not as a special category of housing that needed financial assistance but considered that subsidies were to be based not on their status as social tenants but on their incomes in relation to the rent which they paid (Duclaud-Williams, 1978). This laid the groundwork for the cost yardstick based on the building costs per bedspace system. The cost yardstick reduced building costs by adopting the minimum standards in housing design (Forrest & Murie, 1988). These changes reflected developments in social and economic policy and the government felt obliged to reduce funding for social housing. The more market-oriented housing strategy became the hallmark of the 1980s housing policy which drastically reduced social housing in favour of homeownership (Cole & Furbey, 1994).

## 1981-2000

The social and economic transformation of Britain necessitated a reduction in the social sector growth. Rising income levels of workers made subsidising social housing an unnecessary waste (Burke, 1981). Although Britain supported the growth of homeownership since the 1950s, it was the rise of Margaret Thatcher to power that made homeownership the dominant theme of housing policy throughout the 1980s (Malpass, 2005; Cole & Furbey, 1994). The Right-to-Buy scheme was an unprecedented flagship policy introduced in the Housing Act of 1980 in conjunction with the Tenants' Rights Act of 1980<sup>19</sup> (Malpass, 2005). The Right-to-Buy legislation accelerated the decline of the social housing sector, but the Housing Act of 1988 and the Local Government and Housing Act of 1989 sealed the fate of local authorities and forced them to relinquish their role as developers in favour of enabling via housing associations and private companies (Malpass, 2005). Local authorities began to build increasingly fewer homes, concentrating instead on transferring purchased stock of under 6 million to sitting tenants (Cole & Furbey, 1994; Burke, 1981).

A reduction in social expenditure resulted in subsidies to local authorities being cut by 31 percent in the first 6 years of the Thatcher Government, compared to an increase in subsidies to owner-occupiers of 212 percent (Cole & Furbey, 1994). The withdrawal of subsidies to local authorities created viability problems for social landlords leaving most struggling to manage their housing stock (Forrest & Murie, 1988). In response, the government enacted the Housing and Planning Act of 1986 which gave councils the option to transfer all, or part, of their housing stock Registered Social Landlords (RSLs). This policy maneuver reduced council owned properties from 40 percent to 20 percent of the housing stock (Burke, 1981). As a result, the market-oriented housing strategy in Britain – the hallmark of Thatcherite policy – managed to liberalise a congealed housing system while reinforcing entrenched social and economic divisions (Cole & Furbey, 1994; Forrest & Murie, 1988). The lesson learnt from this approach increasingly demonstrated the limitations of a housing strategy reliant almost entirely on the expansion of a single tenure – homeownership – as a means of strengthening market ideals and principles.

The history of institutional arrangements for social housing presented above have shed more light on how institutions can evolve and adapt to suit circumstances at a particular time to deliver social housing. These institutions have been transmitted across generations, time and space representing a set of arrangements

---

<sup>19</sup> The Housing Act of 1980 and the Tenants' Rights Act of 1980 encouraged tenants of more than 3 years standing to be given the right to buy at a sliding discount from the open market value starting at 33 percent and rising to 50 percent for people who had been tenants for 20 years or more. The Housing and Building Control Act of 1984 reduced the qualifying period to 2 years and the sliding discount to start at 32 percent and rising to 60 percent. The discount was raised still further to 70 percent after just 15 years for flat dwellers in 1986 (Malpass, 2005; Cole & Furbey, 1994).

for interdependent decision-making and joint efforts to deliver social housing. So what can be learnt from this experience?

### **3.3 *Lessons from the British experience***

The lessons South Africa can learn from the British experience are numerous. The most important of all is that pursuing a housing strategy reliant almost entirely on the expansion of a single tenure – homeownership – would reinforce entrenched social and economic divisions that result in increased social polarisation and segregation. This would be out of sync with the post-1994 housing strategy which seeks to alleviate the Apartheid legacy of disadvantage and segregation by socially and economically integrating the poor into the city. Post-1994, the South African government imposed homeownership on low-income households who were not given a choice of alternative tenure options. A conducive environment for social housing to prosper was not expressly provided at the onset of the subsidy mechanisms since the institutional arrangements for social housing were enacted after the sector had already been operating. At present, homeownership is the tenure most delivered, with social housing lagging behind. To guard against repeating the British experience of over-delivering homeownership at the expense of social tenure, South Africa needs to increase the delivery of social housing to reduce social polarisation and segregation of low-income households.

Just like in Britain, the delivery of social housing in South Africa is subsidised by the government. The adoption of neoliberal economic policies in both countries reduced public spending in the social sector as both governments preferred homeownership to social rental tenure. In South Africa, the government imposed homeownership on low-income households through project-linked ‘starter’ housing that beneficiaries had to develop incrementally when in some cases they would have preferred social rental tenure. Hence, the general housing policy adopted post-1994 is considered by housing analysts to be neoliberal as it requires the government to provide opportunities to allow people to provide housing for themselves. However, the British experience has shown that the government cannot successfully impose homeownership at the detriment of social rental tenure as this would perpetuate social polarisation and segregation.

The income levels of the majority of workers in South Africa cannot support the growth of homeownership. So a neoliberal economic policy which advocates for an explicit economic strategy to reduce the reliance on consumer credit has adversely affected the private housing market. Similar to what occurred in Britain, housing construction in the private-sector has been adversely affected forcing most mortgagees and aspiring home owners to prefer rental tenure. Private developers shun the low-income

market because it offers limited returns on investment so they prefer to develop up-market residences. As a result, housing property prices or rental in the private market are expensive. Therefore, home seekers in the private market have been ushered towards social housing, which has put pressure on a sector already struggling to deliver social housing to its target market.

Rolling back the role of the government in housing delivery does not lessen the housing shortages for low-income households. Britain after World War II faced enormous housing shortages similar to what post-Apartheid South Africa is facing. To alleviate homelessness and the frustrations of failing to deliver social housing en masse, the British restored local authorities as housing providers, and encouraged them to greater activity by availing higher subsidies. They complimented their efforts by providing incentives to encourage more private-sector actors to do business in the sector. Social housing growth is only fostered by subsidy and South Africa, just like Britain, should increase its subsidy levels to increase social housing output. In South Africa, it is difficult to achieve a significant increase in the subsidy levels given the limited budget and the huge number of people who are in need of subsidised housing.

Britain in the 1960s opened avenues for much greater private-sector involvement in social housing through policy support for housing associations. Policy support allowed housing associations to receive subsidies for provision of social housing, established the modern framework for their operation and launched their rapid and still-increasing role in Britain. South Africa needs to learn two things in order to translate this system to suit local circumstances. A legal framework needs to be put in place that would enable social housing companies to develop social housing in a commercial way, but subject to government prudential regulation. The British system for the partial privatisation of social housing delivery worked because the banking system was willing and able to lend to housing associations for social housing development on a long-term basis. In South Africa, retail funding support from the banking sector has limited chances of success given the historical reluctance by banks to fund low-income housing development. Even the Financial Services Charter signed between the government and the banking industry has failed to mobilise funding for low-income housing development. What South Africa needs to learn is how to adapt the limited funding available to facilitate the delivery of social housing en masse.

### **3.4 Chapter Summary**

As stated in the introduction, this chapter set out to forge a link between social housing and the institutional arrangement context in which it exists. It considered the nature and emergence of institutional arrangements for social housing in Britain and how they became essential to the alleviation

of homelessness and poverty. The way the institutional arrangements for social housing were structured, in particular how they allowed the direct provision and management of social housing by local government set the British housing system apart from the rest of the capitalist world, (Khatun, 2006). The municipal dominance of British social housing set a pattern that developing countries like South Africa are still learning from. The discussion of 3.3 has highlighted lessons that South Africa can adopt from the British experience to improve social housing locally. The evolution of social housing in South Africa is explored in Chapter 4, which details why the institutional arrangements for social housing have not managed to deliver adequate social housing output.

## **4 Chapter Four: Social Housing Development in South Africa**

### **4.1 Introduction**

Perhaps in an ideal world, governments would learn from the experiences of others. What has worked well or badly in one place can be repeated or avoided in another. Of course, one place is different from another so modifications to institutional arrangements for social housing are usually necessary. When South Africa adopted its current social housing policy in 2006, there was a lot of international experience to learn from and try to reinvent locally. Despite experience being the best teacher; South Africa is still muddling through to deliver social housing (Tonkin, 2008).

This chapter considers the nature and emergence of institutional arrangements for social housing provision and management and how they have become essential to alleviating housing shortages. These institutions adopted for a variety of economic, political, ideological, and historical reasons, are failing to provide social housing to the majority poor. Hence, the social housing industry in South Africa is small and yet to gather momentum to adapt to new political dispensation, latent demand and economic forces. The implementation of various legislations for social housing has not affected the physical appearance and spatial structure of South African cities, the economic well-being of households, and their social environments (Tonkin, 2008). A look at the historical background of social housing in South Africa and land ownership, financial mechanisms and managements systems that have shaped it would probably some light on the troubled housing sector.

### **4.2 Historical background**

In the post-world war years many governments in developing countries took steps to address the housing problems which were emerging as a result of rapid urbanisation, growing urban poverty and dilapidated housing stock force (Watson & McCarthy, 1998). Faced with such housing problems many governments embarked on social housing development whose rentals were held down by rent control legislation. The social housing movement in South Africa, in as much as it has been shaped by the historical Apartheid legacy, has also been influenced by international trends alluded to in Chapter 3. Following on the heels of international developments in the sector, “*social housing was first introduced in South Africa in the 1920s to address white working class poverty*” (Fish, 2003).

In South Africa, the provision of social housing was closely tied to objectives of political and economic control of the African labour force (Watson & McCarthy, 1998) taking on a particular form and intensity, linked to the apartheid project. The Native Urban Areas Act of 1923 disenfranchised Africans of their right to permanent residence and withheld their right to freehold in urban areas (Wilkinson, 1984). Such legislated manoeuvres by the government were intended to closely monitor the influx of Africans from the 'homelands', by restricting them in publicly provided formal urban townships (Watson & McCarthy, 1998). Regrettably, in the 1970s and 1980s the government withdrew from publicly provided rental housing.

Since the provision of social housing during Colonial and Apartheid days was intended to address white working class poverty (Fish, 2003) it intentionally segregated against non white races in the Colonial and Apartheid days. The Apartheid legacy of disadvantage created urban areas that had nearly half of all households in the country with monthly incomes below the minimum household subsistence level with many of those households living in substandard shelter (Wilkinson, 1998; Department of Housing, 1994). Therefore, it guaranteed that endemic poverty would handicap the majority poor Africans from participating in the formal housing market. Housing shortages among the poor became rife and needed government intervention to provide people with decent and affordable housing.

After the demise of Apartheid, the post-1994 government in its quest to alleviate shelter shortages concentrated efforts on providing housing for poor households earning below R3,500 per month. Within this institutional arrangement, the social housing sector became a product of a series of policy interventions which began in 1994 with the introduction of the institutional subsidy<sup>20</sup> mechanism as part of the government's national housing subsidy scheme. While a few social housing developers had been operating outside the official subsidy system prior to the date, there was no social housing sector in existence at the time (Huchzermeyer, 2000). With the introduction of the institutional subsidy mechanism, government began to explicitly promote rental as a tenure form (Lollo, 2007). Social housing was a departure from the provision of individual ownership which was the dominant form of tenure being provided at the time.

In the period between 1995 and 2000 policy developments sought to normalise the market by removing rent control legislation and replacing it with legislation that could cultivate a relationship between landlords and tenants (Huchzermeyer, 2000). Financial mechanisms were put in place to provide funding required by social housing companies to cover their pre-establishment and establishment costs, and

---

<sup>20</sup> The Institutional Subsidy catered for households earning between R1,501 - R3,500 per month.

development costs (Rust, 2006). However, many of these companies were still in their infancy and experienced teething problems like shortage of finance, technical expertise and experience. In light of these problems, the government introduced the National Housing Finance Corporation (NHFC) in 1996 to provide the emerging sector with financial support. The introduction of the Social Housing Foundation (SHF) in 1997 was a significant intervention as it offered technical expertise and capacity in a sector that was still a novice at delivering social housing (Rust, 2006). All these efforts were cemented with the promulgation of The Rental Housing Act of 1999 which was the first broad-based legislation to regulate the sector.

Efforts to create an enabling environment for the operation of the sector were not an immediate success; it struggled with a variety of challenges in the first few years (Rust, 2006). Certainly, delivery numbers were not what had been expected. Even by 2002, approved institutional subsidies across the country were 24,181 compared with a total subsidy delivery of just over 1.5 million (Department of Housing, 2002). Similarly in eThekweni Municipality, Institutional subsidies approved at the time were 14,506 compared with 158,646 Project-linked subsidies (Department of Human Settlements, 2010).

Inferring from the statistics above it suffices to conclude that there is conviction in society that owner-occupation is the route to go. The fact that households earning between R1,501-R3,500 qualified for a partial subsidy and struggled to access end-user finance made developers prefer to package projects for those earning below R1,500, who qualified for a full subsidy. Developers seeking to derive maximum benefit from the subsidies utilised project-linked subsidies more compared to institutional subsidies, which left the social housing sector battling to satisfy the latent demand social housing on the market. Similarly, in other countries it is not by chance that governments have given up on social housing, sacrificing it on the altar of owner-occupation. Failure of the social housing sector in other countries has led Gilbert (2003) to insist that under no circumstances must the government become a landlord especially in the South African context. In post-1994 South Africa, housing policy, legislation and practice is predominantly focused on individual ownership, despite the development of financial and legal vehicles for alternative tenure delivery (Fish, 2003). Some of the reasons for this are the historical dispossession of legal access to land, shelter, and property rights for the majority of South Africans under Apartheid, and the need to reduce the huge backlog which resulted in large-scale housing development, using mainly the project-linked subsidy. For the vast majority of South Africans, especially those who were previously denied homeownership, individual ownership is the best-known option, as it is also seen as a form of 'righting the wrongs' of the past (Fish, 2003).

The approach to focus on homeownership has not been uncontested. In a review of housing policy in South Africa, Rakodi (1999) and UN-HABITAT (1999) concluded that the social housing market has been neglected and its policies need to be assessed and reconsidered to remove biases against non-owners. In support of social housing (Daunton, 1987) believes that homeownership is not suitable for everyone due to a number of reasons that are both historical and current. South Africa should learn from the British experience where the government later recognised the need to have a housing policy that balances various tenure options by encouraging private landlords to create more rental accommodation (Gilbert, 2003). Until very recently, South Africa appeared not to have learned that lesson. As a result, Gilbert (2003) claims that up to that point rental housing in South Africa had failed to house the poorer parts of the population with limited or no access to homeownership in a formal dwelling. Maybe the shortcomings might be in the institutional framework for social housing and a brief analysis thereof might shed some more light.

#### **4.3 Definition of Social Housing in South Africa**

The social housing policy defines social housing as “*a housing option for low-to-medium income persons that is provided by housing institutions, and that excludes immediate individual ownership*” (Department of Housing, 2006: 4). This is not a policy weakness as other options have been created within the housing subsidy scheme to accommodate such needs. The social housing option, however, does allow for collective forms of ownership, on condition that the persons involved and being housed through collective ownership, are fully aware, understand and subscribe to these forms of collective ownership options (ibid). However, the conversion of these rental schemes into ownership options is not excluded, but would only become viable options in the long term (10-15 years), and would be based on feasibility studies confirming the sustainability of such a conversion scheme and that of the social housing company<sup>21</sup> concerned.

The social housing company referred to in this definition is a legal entity established with the primary objective of developing and managing housing stock that has been funded through the institutional subsidy (Department of Housing, 2006). These social housing companies are expected to have proven financial and operational sustainability over time and are not short-term vehicles for providing housing to a specified market segment. The housing stock they develop can be owned by the housing company, or it

---

<sup>21</sup> In the interest of trying not to create confusion, Social Housing Institutions will be referred as social housing companies. This study is evaluating institutional arrangements and does not wish to cause confusion by referring to organisations as institutions. This research acknowledges that there is a thin line that separates the two but would prefer to refer to policies and legislations as institutions, and organisations that deliver social housing as companies – which they are.

can be owned collectively by a grouping of residents, but in instances where public funding has been utilised Section 21 companies are not entitled to sell-off their stock.

Social housing is considered both a strategy to diversify tenure options, and a catalyst in urban regeneration and integration processes. Housing practitioners and policy makers, therefore, should promote social housing that improves the quality of life and the integration of communities by providing affordable, high standard, housing to regenerate inner city areas (Social Housing Foundation, 2010).

Social housing was conceived to alleviate housing problems for those whom homeownership is not a viable option. The reality of their relative poverty made homeownership a dream beyond their reach resulting in social housing becoming implicitly targeted at households earning a secure income of between R1,501-R3,500 per month, formally or informally, to be able to afford rental accommodation. Hence, social housing has been limited to specific income groups that provide effective demand to satisfy viability objectives of social housing companies.

This means that social housing is not about the provision of affordable rental housing for the very poor, but for those who can pay a rental token. Social housing options provided through such should promote a mix of income and race among beneficiaries whose household income is below R7,500 per month. *“Income mix prescriptions for individual projects will specify desired percentages of participants for different income categories within this broad band and ensure a good spread across the range R1,500–R7,500”* (Department of Housing, 2006).

Local government has a critical role to play in helping to ensure the development of social housing: a vital tenure option for addressing South Africa’s severe housing crisis (Department of Housing, 2006). A prime task of municipalities is to create the right local conditions for social housing companies to establish themselves, survive and flourish. Any municipal efforts promoting social housing development, however, must have a broader objective than just facilitating the development of dwelling units. Social housing policy, and indeed all housing policy, must also aim for greater social and economic integration of the poor and should be fundamentally linked to efforts to improve local infrastructure and service delivery.

Social housing is provided within the gambit of public-private partnerships. In eThekweni Municipality, for instance, First Housing Metro, works with a variety of partners such as the European Union, Durban Rotterdam Housing Project, National Housing Finance Corporation, the Social Housing Foundation, and The Trust for Urban Housing Finance (TUHF) in an effort to deliver social housing. These organisations offer flexible finance aimed at providing short and medium-term loans to property entrepreneurs looking

to purchase or revitalise dilapidated residential rental buildings within South Africa's inner cities into quality yet affordable rental stock. TUHF, for instance, offers the bridging finance loans that are competitively priced and quickly available to applicants who seek to provide decent accommodation to low income households. Without these partners, the government would struggle to deliver and manage social housing projects due to a number of factors other than red-tape.

#### **4.4 Factors Affecting the Development of Social Housing**

In South Africa, social housing development is greatly affected by the availability of land and finance. Land ownership, value, and use rights are unequal, with a growing disparity between small, wealthy, landowning elites, and the mass of the urban poor (Zetter, 1974). In urban areas in South Africa, there is less public control over land, since markets dominated by private landowners withhold land supply and price it beyond the reach of low-income households. Under such circumstances the 'willing-seller and willing-buyer' tenet in the land policy is ineffectual in assisting the landless to acquire land for housing development. Hence, the neoliberal land policy's reluctance to support land expropriation hinders the availability of affordable land for social housing.

Financial delivery mechanisms for social housing developed under South Africa's economic and housing policies – with their emphasis on credit access by social housing developers and assumption of formal employment – do not benefit the ever-increasing target market. Baumann (2003) notes that South Africa's neoliberal economic policy has had an overall negative impact on the spatial, economic and social integration of South African human settlements because it does not intent housing subsidies as the primary mechanism to deliver houses to the poor. Instead subsidies are seen as a temporary measure, pending the growth of the economy and the trickle-down of resources to the poor, as well as reform of the housing finance markets (Baumann, 2003). Scaling down of government social expenditure is in direct contrast to the huge latent demand for housing. Clearly, the neoliberal economic and land policies are in direct conflict with the socially redistributionist social housing policy. The three policies crucial for social housing delivery have become highly polarised with the economic and land policies in one camp supporting market oriented principles to development, while the social housing policy is on the extreme left advocating for social redistribution of housing resources. This conflicting institutional arrangement has stalled development of the social housing sector. To understand how the land ownership and subsidy mechanisms have constrained social housing delivery, it is important to make reference to the institutional framework for social rental housing.

## **4.5 Institutional Arrangements for Social Housing Development**

### **4.5.1 Social Housing Policy in South Africa**

Housing strategists realised that a significant demand for rental housing existed, and that the current housing policy, which focused on home-ownership, was not satisfying the latent demand for social housing (Watson & McCarthy, 1998). The decision to implement a social housing policy by the post-1994 government was born out of the realisation that the huge housing problem would only be alleviated if there are alternative tenure options including social housing. The social housing policy seeks to develop housing in well located land at higher densities to address the increasing demand for rental housing in urban areas (Department of Housing, 2006). The creation of sustainable human settlements is envisaged to be realised by integrating public and private-sector funding sources to produce quality units and output that satisfies the latent demand in inner city areas (Department of Housing, 2006).

The social housing policy sought to facilitate the establishment of social housing companies in a sector regulated by various institutions. The government realised that social housing emerged and was operating in a sector without a guiding policy (Department of Housing, 2006), resulting in most social housing projects being implemented on a pilot basis, with funding support from various international donors. Regrettably, this support was limited and finite, and the government and Section 21 companies realised that alternative funding sources had to be provided for the sector. By 2006, only limited private-sector support and funding had been brought into the sector, largely due to a lack of a defined policy and regulatory environment. Hence, the social housing policy sought to establish a mechanism to create an enabling environment for the development, delivery and maintenance of social housing opportunities at scale with the aid of strong institutional frameworks (Department of Housing, 2006). In order to achieve this, the institutional framework for social housing had to foster robust synergies between various developers delivering social housing at scale.

Delivering social housing at scale can only be realised through private-public partnerships. Budgetary constraints faced by both the government and social housing companies made them realise that they cannot do it alone and they need to involve the private-sector in developing social rented housing (Department of Housing, 2006). Hence, this policy sought to establish a new funding framework for the sector to ensure that social housing companies are adequately funded to promote growth in the sector.

The social housing policy sought to promote regeneration of inner city areas through social housing which is strategically located close to economic opportunities which would promote socio-economic

integration of the poor in cities (Department of Housing, 2006). Locating social housing in specific, defined urban localities close to economic opportunities would not only provide the poor with access to accommodation, but with economic access. The construction of complete (as opposed to incremental) homes would create employment opportunities for the local construction industry. Social housing is also intended as a tool to revitalise important economic areas which are lagging or underperforming. However, the strategic location of social housing would depend on the availability of land and its price. Regrettably, the neoliberal land policy promotes market oriented land pricing which puts land beyond the reach of social housing developers. The land policy has not managed to deliver cheap and strategically located land close to economic opportunities for social housing development.

#### **4.5.2 Significance of Land for Social Housing Development**

The Vancouver Habitat Conference in 1976 approved radical and extensive government intervention in land markets, recognising that land is a pre-eminent issue in the provision of low-income housing needs (Zetter, 1984). Yet many housing programmes still underestimate or avoid altogether the politically and technically complex question of land. The struggle of access to land for the urban poor is a critical issue hindering the development of social housing and exacerbating existing socio-economic inequalities (Tonkin, 2008). Therefore, the government needs to intervene in the land and property markets to ensure that they work for the poor and increase the provision of higher-density housing in strategic locations (Tonkin, 2008).

Social housing has never become more than a relatively short and fragile pillar of the modern welfare state, because of the specific form of property which it constitutes. Other social services like education and health involve rights not to 'things' but rights to a personal service deriving from the legal relations which exist between the consumer and the supplier of the service (Reeve, 1986). Social housing, however, bears rights deriving from the tenant's relationship to a thing, the dwelling and the land on which it is built. In law, housing constitutes real property as opposed to personal property, characterised by its attachment to the land with the tangibility, geographical fixity and relative security which this implies (Reeve, 1986).

Real property in land is instrumental in structuring social relations and conferring liberty through the possession of private property in land with relatively absolute rights over use and disposal (Ratcliffe, 1976). This ideology was at the heart of the Colonial and Apartheid land ownership which through segregation conferred virtually all land ownership rights to whites. In this context 70 percent of land in the country was left in the hands of 10 percent of the population (Davies, 1998) but the majority of these

land owners are withholding it for speculative reasons and not willing to sell it at below-market prices. Ratcliffe, (1976) considers it immoral for people to possess land they do not use for speculative reasons as it, inadvertently, helps shovel social housing from strategic inner city areas.

As a factor of production, land is unlike capital and labour in that it exists in the natural order of things (Ratcliffe, 1976). Hence, its location can be identified as a function of social housing production, where its availability, management and allocation are prime determinants in the provision of social housing and the economic performance of a community (ibid). Despite the fact, however, that land is a factor of social housing production, it has been priced using superficial and unrealistic linearly accounted rates that have pushed its cost beyond the reach of low-income housing developers.

Upon the demise of Apartheid, the government had to intervene to redefine the rights of real property. The government considers land as an expedient instrument for increasing social housing production and land tenure institutions must play a large part in locating poor households strategically close to economic opportunities in inner city areas. This does not imply that land tenure institutions exist or exert influence in isolation. It does intimate, however, that the degree and form of land ownership does exercise considerable sway over the scale and distribution of social housing. Regrettably, funding required for land expropriation for social housing development has been limited as government cuts back on social expenditure. As a result of limited funding, social landlords have been unable to purchase land for social housing delivery.

Concern with the degree and form of land distribution and tenure convinced the government to draft a new Land Policy in 1996. Regrettably, the neoliberal ‘willing-seller and willing-buyer’ tenet in this policy has managed to constrain the delivery of land for housing development, especially for social housing. Hence, land-use legislation should be more assertive in prescribing the location of social housing rather than leaving it to market forces to determine where social housing should locate. A look at land-use legislation might shed more light on the challenges social housing is facing in acquiring affordable land for development in inner city areas.

### **4.5.3 Land Policy in South Africa**

Colonial and Apartheid land dispossessions and displacements have caused land ownership inequalities in urban areas. In direct response to land ownership inequalities, the government adopted a new land policy to avail land to the landless through the Land Reform Programme made up of the following sub-programmes: Land Redistribution, Land Restitution and Land Tenure Reform (Department of Land

Affairs, 1998). This research focused only on Land Redistribution<sup>22</sup> crucial for land assembly for the social housing programme. The Land Redistribution programme is vital for social housing delivery as it supposedly provides the poor with access to land for residential and productive uses. The land policy established the Settlement/Land Acquisition Grant to purchase land for housing development (Department of Land Affairs, 1998).

Successful implementation of the land policy depends largely upon voluntary transactions between 'willing-buyers and willing-sellers' (Department of Land Affairs, 1998). The policy sought to balance the needs of each segment of the land market in order to accommodate different land-uses (ibid). All land transactions had to pay a market price based on the land valuation prices in the locality. Social housing was no exception, despite the institutional subsidy being inadequate to purchase highly priced land (Social Housing Foundation, 2005; Rakodi & Leduka, 2003). In cases where the voluntary market transactions failed to avail land for social housing, this policy permits such land to be expropriated as prescribed in the Bill of Rights, Section 25(3) of the Constitution<sup>23</sup>. Regrettably, this policy tool has been underutilised to facilitate the development of social housing on vacant land in inner city areas shown on Map 4.1 on page 54 where private land owners are unwilling to sell their land below-market.

#### **4.5.4 Land Policy and Ethical Choices**

Socio-economic activities take place within a spatial landscape and their growth depends on democratic and progressive institutions that promote the best use of the land and the widest distribution of land ownership (Blomley, 2004). The importance placed on land for development requires that land policy decisions be inherently ethical. Regrettably, in South Africa, ethical decisions on land-use allocation for social housing development are ignored by neoliberal tenets in the land policy, which causes an increase in social housing shortage (Blomley, 2004; Beatley, 1994).

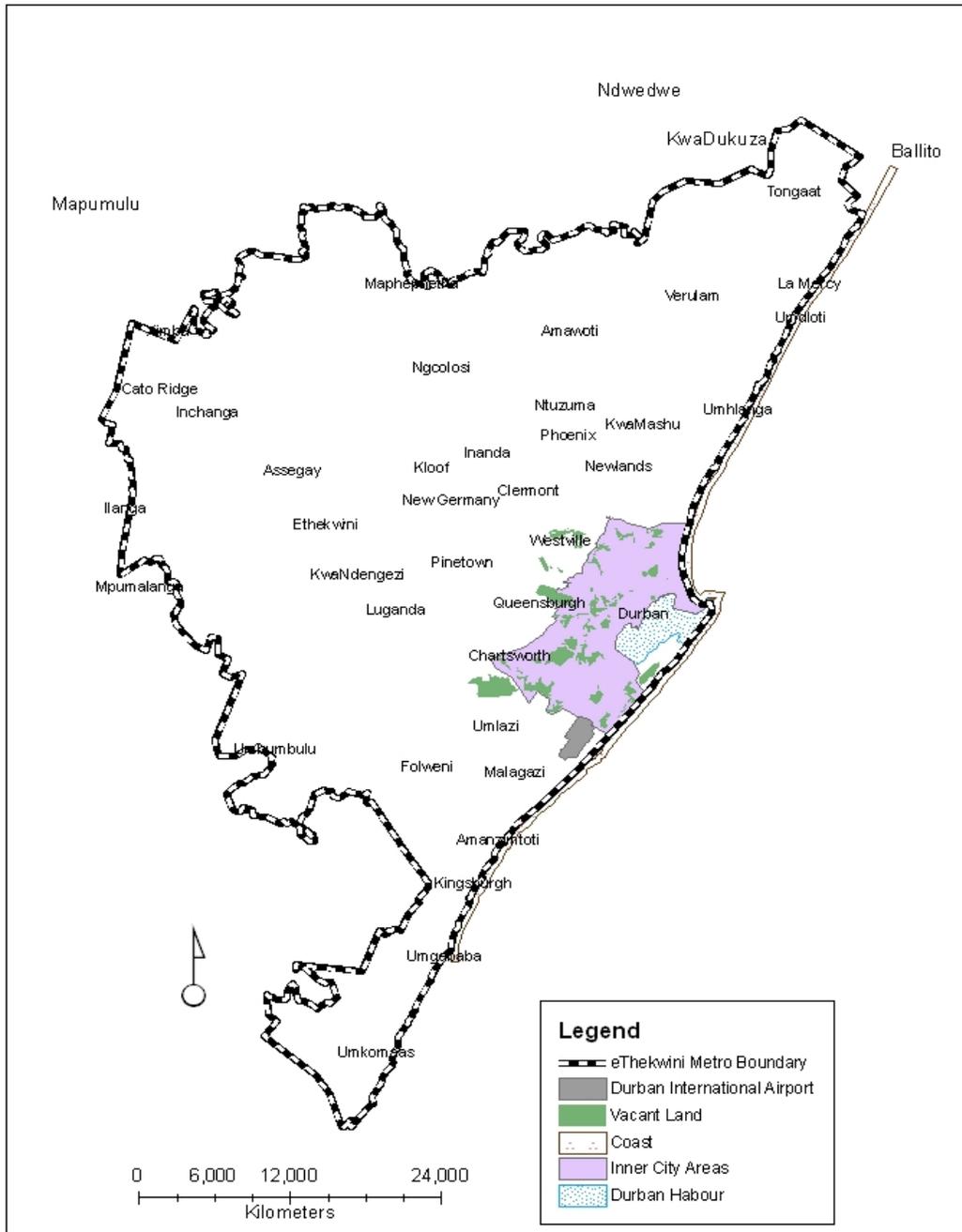
Land-use decisions informed by the land policy have a tremendous impact on the delivery and location of social in South African cities. Land-use decisions ultimately made by individuals occur at different social, governmental, or institutional levels. It is at the institutional level that this research intends to highlight the imperfections in the land policy that are constraining social housing delivery. The land-use decisions

---

<sup>22</sup> Land Redistribution makes it possible for poor and disadvantaged people to buy land with the help of a Settlement/Land Acquisition Grant (South African Land Policy, 1998). Land Redistribution will be achieved through the Provision of Certain Land for Settlement Act, 126 of 1993, which provides for the designation of land for settlement purposes and financial assistance to people acquiring land for settlement support.

<sup>23</sup> Section 25(3) of the Constitution states: the amount of the compensation and the time and manner of payment must be just and equitable, reflecting an equitable balance between the public interest and the interests of those affected, having regard to all relevant circumstances, including: the current use of the property; the history of the acquisition and the use of the property; the market value of the property; the extent of direct state investment and subsidy in the acquisition and beneficial capital improvement of the property; and the purpose of the expropriation (Constitution of the Republic of South Africa, No. 108 of 1996).

**Map 4.1: Vacant Land in Inner City Areas in eThekweni Municipality, 2010**



Source: Created from the GIS Database of eThekweni Municipality, 2010.

that isolated and segregated people on social and economic grounds during Apartheid are in the post-1994 era segregating people based on their ability to pay the highest economic rent for land (Blomley, 2004; Beatley, 1994). Hence, land-use decisions affecting social housing are not trivial, and should be the focus of careful and deliberative thought on the part of policy makers and spatial planners responsible for making or influencing them (Beatley, 1994). Individuals and organisations entrusted to administer land-use legislation must realise that allocating land for social housing development is not optional but imperative. A variety of local officials: elected city council members, appointed planning commissioners, staff planners, typically have some degree of decision-making authority over land-use. Regrettably, decisions they made based on the guidelines of the land policy have curtailed the delivery of social housing in inner city areas because the ways in which the land-use regulations are applied and enforced greatly compromise the delivery of social housing. Hence, this research interrogated planners from the Department of Land Affairs and eThekweni Municipality on why they are failing to influence land-use decision-making that favours allocating land for social housing development in inner city areas. The neoliberal land policy should facilitate land transactions at below-market rates to prevent social housing from being shoved out of the urban landscape. Purchasing land at open-market rates to develop social housing using the current institutional subsidy has not delivered social housing at scale given that the macro-economic policy is advocating for a reduction in social spending by the government.

#### **4.6 Macroeconomic Policy in South Africa**

On attaining independence in 1994, South Africa adopted new economic and social policies to provide low-income households with adequate shelter. The complex nature of the transition to democracy resulted in the government adopting contradictory economic and social policies. The social housing policy sought to provide well-located and affordable social housing funded by government subsidies while the Growth, Employment and Redistribution<sup>24</sup> (GEAR) macroeconomic policy allowed the government to significantly limit social housing subsidies and grants to levels already adopted in the housing policy (Department of Human Settlements, 2009). Regrettably, institutional arrangements for social housing were not adequate to pacify the effect reduced spending was going to have on the sector. Economic hardships that resulted from implementing GEAR limited the ability of the poor to participate in the housing market (COSATU, 2001; Department of Social Welfare, 2000). Consequently, the demand for

---

<sup>24</sup> GEAR was adopted by the Department of Finance in June 1996 as a five year plan aimed at strengthening economic development, broadening of employment, and redistribution of income and socioeconomic opportunities in favour of the poor. The policy intended to achieve by the year 2000: economic growth of 6 percent, inflation below 10 percent, employment growth above the increase in economically active population, deficit on the current account and the balance of payments between 2-3 percent, a ratio of gross domestic savings to GDP of 21.5 percent, improvement in income distribution, relaxation of exchange controls and reduction of the budget deficit to below 4 percent of GDP.

social housing increased exponentially and limited public investment in social housing has increase shortages of social housing in inner city areas.

#### **4.6.1 Funding Mechanisms for Social Housing**

Currently, the Housing Policy Communiqué, Circular No.1/2010 pegs the institutional subsidy for 2010/2011 at R54,206 per unit<sup>25</sup>. The subsidy fluctuates in line with the Bureau for Economic Research Building Cost Index<sup>26</sup> which calculates the rate of inflation on building materials. If the index rises, the subsidy's expected to increase to cover increases in building material costs. For instance, in 2009 the index showed a 4.3 percent decrease in the building cost as the global and local recessions forced building contractors to reduce their profit margins in order to remain competitive. In light of this, the government decided not to increase the subsidy amount for the 2010/2011 financial year (Department of Human Settlements, 2010).

The funding for social housing is provided by the government, through various mechanisms, to established social housing companies and housing associations registered in terms of the Companies Act No 61 of 1973 and the Cooperatives Act No 91 of 1981 respectively (Social Housing Foundation, 2010). Firstly, the government finances social housing through the National Housing Finance Corporation (NHFC). The NHFC was established by the National Department of Housing in 1996, to provide wholesale and retail service finance to private and public organisations developing low-income housing. The NHFC provides long-term project finance to social housing and private rental landlords. The wholesale lender can augment efforts by other financial lenders by providing bridging finance for the development of social rented housing.

Secondly, the government finances social housing through the National Urban Reconstruction and Housing Agency (NURCHA). This agency was established in 1994 as a development finance institution that provides between 70 percent and 95 percent of the bridging finance loan support to social housing developers (Social Housing Foundation, 2010). NURCHA is a section 21 company funded by the South African Government in partnership with the Soros Economic Development Foundation, various overseas donors and other commercial lenders.

---

<sup>25</sup> The provincial government provides R52, 427 while the social housing company contributes R2,479 of the R54,206 institutional subsidy.

<sup>26</sup> The BER Building Cost Index was developed in 1966 by Mr. Doug Brook, to analyse the bills of quantities of actual accepted tenders in both the private and public sectors. The BER BCI reflects the ex ante output prices of building contractors and includes builders' input costs (labour, materials, plant and fuel), their profit mark-ups and allowances for contingencies. It should be pointed out that movements in this index are sensitive to fluctuations in the business cycle depending on the degree of competition in tendering. For instance, tendering competition intensifies during economic recessions – building contractors are obliged to trim their profit margins in times of slack building demand, and vice versa in growth phases in the economy. The BER BCI is compiled by analysing current price movements of 22 selected representative cost components that are common to all buildings relative to the prevailing base prices in April 1970.

Thirdly, the government facilitates social housing development through the Housing Institution Development Fund (HIDF). The HIDF was established in 1998 by the NHFC as the primary credit financier in the social housing sector. It provides working capital finance for start-up, capacity building and project finance for the first social housing project of a social housing developer (Social Housing Foundation, 2010).

The mammoth challenge facing the government is to accelerate social housing delivery in the climate of fiscal restraint. Currently, the government provides incentives to attract private-sector involvement in social housing development (Social Housing Foundation, 2010). Regrettably, the social housing sector has not delivered adequate social housing output despite the existence of several public and private financial sources. Maybe the available loans are not affordable to social housing companies. So is the problem with financial markets that offer unaffordable credit and not the institutions that govern them? It might be safe to lay the blame on financial markets but if social housing delivery is to improve, financial institutions must innovate and facilitate the availability of affordable loans. It is acknowledged that this is difficult to achieve given the historic reluctance of financial institutions to do business in the low-income market. However, at some point the government has to consider several options that need to be implemented to increase social housing delivery. For instance, the Social Housing Act No. 16 of 2008 introduced strategies in funding and land acquisition to facilitate the delivery of social housing. This Act sought to subsidise the price of land for social housing projects rather than let market forces determine the price (Department of Housing, 2008). Hence, municipalities have to acquire inner city land for social housing which was reserved in the Municipal Integrated Development Plans.

#### **4.7 Restructuring of Local Government: Effect on Social Housing**

In many aspects the system introduced by the 1947 Country Planning Act had ‘stood the test of time’ and had to be restructured on the turn of the millennium. The planning system before 2005 was out-of-date, narrowly focused on land-use management and rarely capable of delivering social housing. The restructuring of Local Government that began in the year 2000 reorganised planning and management structures, and redefined intergovernmental relations at all spheres of government. The continuous restructuring brought institutional changes through the Local Government: Municipal Systems Act No. 32 of 2000, Local Government: Municipal Structures Act No. 33 of 2000, Intergovernmental Relations Framework Act No. 13 of 2005, and Local Government: Demarcation Act No. 27 of 1998. These Acts, particularly Act No.32 of 2000, transformed how urban areas were strategically planned and managed: it advocated that social housing should integrate economic, social and spatial dimensions that shape the

urban landscape (Department of Local Government, 2000). As a result, social housing had to be strategically provided through spatial zoning tools like Land-use Management plans.

The restructuring of Local Government institutional setup in 2005 compelled municipalities to promote strategic spatial planning cognisant of the socio-economic activities that occur within that space. According to section 36 of Act No.32 of 2000 a “*municipality must give effect to its integrated development plan and conduct its [land-use planning] affairs in a manner which is consistent with its integrated development plan*” that guides land-use management system for the municipality (Department of Local Government, 2000). The Land-use Management (LUM) system was closely linked to the budget and resources available. As a result, the plan-led LUM system inadvertently constrained social housing because the plan-led LUMs focused more on the process of land management instead of actually delivering land for social housing development (eThekweni Municipality, 2007). The LUM process has not balanced the need to protect powerful vested interests of land owners with the need to deliver land for housing the homeless poor. Hence, the LUM proposals for low-income housing, given the entrenched attitudes they challenge, threaten to assume the dimensions of the undeliverable since they are being undermined by the neoliberal interests in land and financial machinations.

The Local Government restructuring ushered in 2000 set up co-operative government to micro manage development at a local scale. The Local Government Municipal Systems Act No. 32 of 2000 and the Intergovernmental Relations Framework Act No. 13 of 2005 mandate all spheres of government to co-operate, share resources and integrate their actions in the provision of services, the alleviation of poverty and the development of people (Department of Local Government, 2005; 2000). In the spirit of these Acts the Departments of Land Affairs, Human Settlements, and Economic Development must co-operate and mutually assist each other in the delivery of social housing. Regrettably, co-operative government is difficult to achieve since different departments in the social and economic sectors that social housing transcend are guided by different policies that are often contradictory. Such institutional contradiction and lack of cooperation has greatly affected the development of social housing in inner city areas.

#### **4.8 Location of Social Housing in South African Cities**

It has taken time for the government to consider locating low-income housing in inner city areas despite the prohibitive high land costs. Tonkin (2008) contends that the shortage of affordable land has handicapped the delivery of social housing in South Africa. Increasing demand for inner city areas forces land values to skyrocket beyond the reach of social housing developers. Most have no option but to build in isolated pockets of land far from places of employment. Map 4.2 on page 60 shows that most housing

development funded by government subsidies since 1994 in eThekweni Municipality are located in peripheral areas which are cheaper to acquire and assemble for low-income housing development (Cross, 2008; Spiegel et al., 1996). Hence, the delivery of social housing for a rapidly growing and mobile urban population within inner city areas and other locations close to employment opportunities is increasingly becoming a more difficult since land allocation has been *ad hoc* at best. So which locations are ideal to locate social housing?

#### **4.9 Ideal Locations for Social Housing in eThekweni Municipality**

Location is the most notable aspect affecting social housing but it receives the least public attention. This research contends that locating social housing in areas shown on Map 4.3 on page 61 fulfils the intention of the social housing policy of promoting economic usage of scarce land by building viable and sustainable high density housing where people walk to work. So accepting responsibility for locational decisions is to admit the need for conscientious application of what might otherwise be regulated by a variety of unchecked forces like land invasions and squatting in overcrowded inner city rental housing. By advocating for a specific location for social housing, this research concurs with Brooks (1972) in dispelling the idea, so widely and uncritically held, that cities are a kind of grand accident, beyond the control of the human will, and that they respond only to some immutable law. Hence, this study contends that human will can redress effectively the Apartheid legacy of economic segregation if social housing is delivered in inner city areas close to economic opportunities. In Europe, social housing is normally juxtaposed with industry and commerce and if South Africa effectively implemented this approach it would lessen economic hardships of low-income households (Kemeny, 1995).

Most commercial activities have traditionally been concentrated in the inner city areas of eThekweni Municipality. But, many of the old constraints on location have changed and the pull of the centre on commercial activities is diminishing. Modernisation in transport now allows much commerce to disperse to suburban areas and out-of-town business centres like Gateway Business Park. The ‘footloose’ nature of modern commercial activity encourages firms to move out of and abandon commercial buildings in the Central Business District affected by traffic congestion, crime, noise and air pollution. Efforts to convert these buildings to house social tenants are gathering momentum in eThekweni Municipality. The Municipality has a conversion policy to revamp abandoned buildings within Urban Development Zones<sup>27</sup>

---

<sup>27</sup> In eThekweni Municipality, the Urban Development Zone area approved by Council and published in Gazette No. 27077, consists of the greater CBD. It covers the area bounded by Bell Street to the south through to Shepstone Rd, Victoria Embankment, Alexandra Street, Berea Road, Carters Avenue, Canongate Road, Warwick Avenue, Centenary Road, Carlisle Road, First Avenue, Stamford Hill Road, Croydon Road, Walter Gilbert Road, Cobham Road, Old Fort Road, NMR Avenue, Somtseu Road, Stanger Street, Argyle Road, NMR Avenue and Walter Gilbert Road in the north (eThekweni Municipality, 2010).





using the Urban Renewal Tax Incentive (s13quat) of Act No. 45 of 2003. The Income Tax Act No.58 of 1962 amended by the Revenues Law Amendment Act No.45 of 2003 now permits property owners and developers to write-off building costs against the income of renovated commercial buildings in the promulgated UDZ areas. The accelerated depreciation allowance incentive is directed at property owners and potential investors in economically depressed inner city areas. In the case of refurbishments, 20 percent of refurbishment costs can be deducted over five years, while in the case of new developments 20 percent of the costs of construction can be deducted in the first year with a further 5 percent each year for the subsequent 16 years (Social Housing Foundation, 2008). The incentive would motivate property owners to convert their buildings into social housing flats or entice private developers to construct new social housing in inner city areas that are in decay. This incentive is envisaged to revive inner city areas, create more jobs and attract more people to live and work in these areas. Hence, the incentive supports the housing policy by encouraging private investments in affordable rental housing in the inner city.

Developers building social housing in Restructuring Zones would benefit from dual funding incentives: the institutional subsidy and the Social Housing Restructuring Capital Grant for urban restructuring areas if they locate social housing in Restructuring Zones within inner city areas. Such incentives are not enjoyed in social housing projects outside of designated zones, where only the existing institutional subsidy would apply. Restructuring Zones' financial incentives seek to encourage private-sector development of social housing projects to access the benefits of the Urban Development Zones.

Most strands of dialogue by urban analysts still revolve around ways to bring the excluded poor into the city with affordable shelter in livelihoods-accessible locations (Cross, 2008). Parnell (2008) has pointed out that post-apartheid planning for social housing delivery should focus on integrating the poor in the core city areas with location advantage. With the unfolding of more complete and accurate perspectives on how housing delivery interacts with poverty and with economic activity, renewed stress has come onto delivering social housing within the subsidy in better-located areas (Cross, 2008).

Land in the inner city zone is scarce and expensive, and the identification and release processes of land for social housing have proved to be a challenge. Hence, it becomes crucial for social housing planners to focus on spatial location of land allowing access to the job market and urban amenities if they are to use housing to alleviate poverty (South African Cities Network, 2006; Huchzermeyer, 1994). The essential link between residential location and access to work and to livelihoods in general by low-income communities is broadly accepted although it has met considerable hurdles at implementation level (Huchzermeyer, 2006). In eThekweni Municipality, this link may be cemented by developing social housing in the Restructuring Zones and Urban Development Zones within inner city areas, where most

industrial and commercial activities are concentrated. To achieve this, it would require institutional arrangements for social housing to integrate efforts to deliver land that is affordable to social landlords.

#### **4.10 Chapter Summary**

This chapter defined social housing in context of South Africa and gave its historical background. It further analysed land ownership, financial mechanisms and managements systems that have shaped and are critical to social housing delivery. The chapter outlined how social housing development was greatly hampered by the limited supply of affordable land and finance. It outlined how the land policy was ineffectual in assisting social landlords to acquire land for social housing development. The ineffectiveness of land-use legislation to avail land to the poor has been in part due to the macroeconomic policy reducing government's social expenditure. Baumann (2003) notes that South Africa's neoliberal economic policy has had an overall negative impact on the spatial, economic and social integration of South African human settlements because it does not intent housing subsidies as the primary mechanism to deliver houses to the poor. The chapter concluded by identifying where social housing is situated and where it might be ideal to locate. It remains to be confirmed through research findings whether land and financial mechanisms are contributing to the slow delivery of social housing. The empirical research findings on the assessment of institutional arrangements for social housing are analysed and presented in chapter 5.

## **5 Chapter Five: Presentation and Analysis of Research Findings**

### **5.1 Introduction**

This Chapter details the empirical research findings of the assessment of institutional arrangements for social housing. First of all, it was surmised in Chapter 1 and 4 that institutional arrangements for social housing that control, regulate, and subsidise the production, consumption, financing, distribution, and location of social housing in urban areas could be failing to deliver to the poor. It was also surmised in Chapter 1 and 4 that failure to deliver social housing could be a result of severe institutional inertia caused by institutional power struggles in the post-1994 era. The research findings and analysis would shed more light on how the neoliberal principles of the land and finance institutions might be directly contradicting the social redistributive principles of the social housing policy.

It was also surmised in Chapter 4 that social housing could be delivered in inner city areas where employment opportunities are greatest so that low-income households could not only reduce transport costs to and from work, but use the resulting savings towards purchasing their own housing. In eThekweni Municipality, locating low-income households in inner city areas might prove to be difficult since the neoliberal land policy might be failing to expropriate land for low-income housing near places of employment.

The discussion of the funding mechanisms for social housing has stressed that the challenge facing the government is to accelerate social housing delivery in the climate of fiscal restraint. Despite the existence of several public and private financial sources the social housing sector has struggled to deliver adequate social housing output. Therefore, it was also surmised in Chapter 4 that the problem was not the financial markets that offer unaffordable credit but the institutions that govern them. The research findings and analysis would shed light on how the macroeconomic policy has significantly reduced social expenditure by the government, which advertently limited the budget available for social housing development.

The research findings and analysis would shed light on how the contradictions and power struggles between the social, land and financial institutions might have created institutional inertia in the social housing sector and also hindered the delivery of social housing in inner city areas. The chasm between them might have left an institutional vacuum that could be hindering the delivery of social housing. The presentation of research findings begins by assessing the institutions for social housing.

## **5.2 Findings: Assessment of Social Housing Institutions**

There are many common themes that emerged from the interviews but only the most important themes that address the research question were selected from all the potential themes. The most important themes identified from the interviews were: affordability of land, rent payment scheme, and public and private funding. From these themes a valid argument was constructed citing the institutional challenges that are constraining the growth of the social housing sector. The themes identified during the unraveling of institutional arrangements for social housing were instrumental in informing the recommendations proposed in discussion 5.3.

### **5.2.1 Unravelling Institutional Arrangements for Social Housing**

The assessment of institutional arrangements for social housing focused on social housing legislation and the connection it ought to have with land-use planning and financial legislations. The social housing sector is regulated by various pieces of legislation broadly comprising the following: housing, social housing and rental housing legislation and regulations; land legislation; financial legislation; section 21 and cooperatives legislation; and provincial and local government regulations. These institutional arrangements intended to increase the delivery of well-located social housing using public-private partnerships that respect market fundamentals and the need to provide social housing to the poor. All key informants pointed out that the move by the government to abandon the supply-centred model of social housing delivery to a demand-centred model driven by the needs of the beneficiaries has not worked. The demand-centred strategy only works if the institutional arrangements for social housing are synchronised to share the risk of delivering housing at below-market cost. Regrettably, the institutional arrangements regulating this sector are not synchronised because the planning and strategic budgeting processes of line ministries are disjointed and consistently undermine integrated development planning processes. The interviewees indicated that ad hoc planning and poor delivery resulted from institutional arrangements for social housing that absolved financial and land-use institutions from ‘sharing’ the responsibility of delivering social housing when in fact they control the resources needed to develop social housing. Therefore, it was concluded that the *‘performance’* of institutions for social housing was poor because they have not delivered social housing at scale, but rather managed to produce unwanted *‘side effects’*. As Campbell (1990) noted that institutional arrangements that produce a net benefit (benefit minus restrictions and side effects) that is negative are useless and detrimental to social housing delivery. It is evident that the legislation for social housing was not synchronised and had not adapted to trends in the social housing sector. As a result, social housing companies have failed to deliver social housing at scale but they can only deliver if adequate resources are provided by the government.

## 5.2.2 Understanding Institutional Inertia in Social Housing

One of the central achievements of the democratic government since 1994 was to consolidate the provision of institutional subsidies. The interviewees regretted that despite this achievement, the government did not shift its focus away from general problems confronting social housing: meeting the growing latent demand for social housing, dealing with the limited funding, difficulties in stimulating new building activity, the lack of long term maintenance, and so on. Many of the problems have origins in trends and pressures ‘external’ to the sector, such as the economic policy limiting social expenditure, or the land policy failing to deliver affordable land for social housing development. Instead, government housing policies during the past decade simply blamed the unique legacy of Apartheid and never took responsibility that the shortage of social housing had been perpetuated by the contradiction in institutional arrangements for social housing. The disjointed institutions for social housing reflects the underlying institutional power struggles arising from the *ad hoc* and silo process of developing and implementing policies.

Territorial power struggles between land and financial legislations on one hand and social housing legislation on the other for control of limited resources needed to develop social housing have caused institutional inertia in the social housing sector. Their failure to cooperate in the integration of land and financial resources has left actors in the sector operating in silo when planning and budgeting resources for their line ministries. *Ad hoc* planning and resource allocation caused by contradicting policies have rendered social housing legislation powerless as it has no control over economic and land resources. Without power of possession social housing legislation cannot sanction the utilisation of these resources for social housing delivery. The interviewees agree that common ground has not been reached between social housing, land and financial sectors to synchronise their policy objectives so that the ‘*spirit of the law*’ is consistent and in line with other legislations in the institutional arrangements for social housing.

## 5.2.3 Impact of Neoliberalism on Public and Private Funding

According to the respondents from eThekweni Municipality, FMHC, NHFC, SOHCO, and the KZN DoHS the neoliberal economic policy has reduced social spending by government making the institutional subsidy inadequate to cover land and social housing development costs. Social housing legislation requires social housing companies to provide multi-storey housing solutions to maximise land utilisation and increase housing density. Regrettably, multi-storey housing normally encounter unforeseen geotechnical conditions and are expensive to construct. The limited subsidy is inadequate to cover such

expenses which leave social housing companies facing viability problems. SOHCO argues that the additional allowance for unforeseen geotechnical conditions provided to other housing development programmes should not exclude social housing. The KZN DoHS disagrees on the grounds that social housing companies are required to cover the additional costs through bridging finance since they would eventually own the asset. Granted, eventually they would own the property but the local government counters the argument by the KZN DoHS arguing that the funding provided by the national and provincial governments of R180,175 per unit (R54,560 + R125,615 – institutional subsidy and capital restructuring grant) fell far too short of the average total building cost of R275,000-R350,000 per unit.

The informant from SOHCO was convinced that if social housing companies are to seek more than half the bridging finance from the open market then the cost of capital outlay would outweigh the marginal returns. Social housing legislation does not specifically mention that social landlords have to seek half of the funding from private financiers. Inadvertently, social landlords are left with no choice but to increase the rentals beyond the reach of poor households contrary to what the social housing policy intended. Consequently, social landlords would struggle to have regular tenants to recoup rentals from to service loan repayments. According to KZN DoHS, the financial challenges faced by social landlords have forced the government to elevate the monthly income bands for the target market for social housing to an income ceiling of R7,500 to raise the level of rentals paid to landlords and assist in debt recovery. This research contends that if the social housing subsidies and grants – the sanctioned mechanisms – used by the government to incentivise social landlords to deliver social housing are inadequate then the institutional arrangements are not allocating adequate resources. The informant from SOHCO considers it rather naïve of the government to set unrealistic targets through the Outcomes 8 of 80,000 units to be delivered in 4 years when the allocated budget can only deliver 1,200 units per annum. Successful social housing institutions effectively release land and financial resources for social housing development instead of merely possessing and withholding them to reduce the budget deficit (Barley & Tolbert, 1997). If the government intended to reduce social expenditure then the costs of other factors of housing production like land had to be held constant so that social housing would not suffer from the side effects of reduced funding.

Interviewees from the SHF, FMHC, NHFC and SOHCO consider public and private funding mechanisms to be relatively inflexible to allow people to move between different types of tenure as their financial circumstances permit. According to them this problem manifests in two ways. First, a huge funding gap exists in the private-sector that the government tried to fill with individual grants but due to limited opportunities at higher tiers of the housing ladder, high-income earners resort to social housing, which ordinarily, they do not qualify for. Second, tenants in the public-sector whose household income

increased beyond the qualifying limit set by the policy are reluctant to move out of social housing because there are limited opportunities at higher tiers of the housing ladder. This research regrets the reluctance by the private-sector financial market to offer credit to low-to-middle-income earners leaves most trapped in the housing credit gap and unable to satisfy their housing needs. The ‘spirit’ of financial legislation is not consistent with and not interacting with other legislations in the institutional arrangements for social housing. The financial legislation is holding back people who intend to move up the property ladder. Financial legislation has failed to command action that forces the financial markets to lend to the low-to-middle-income housing market. The ‘*side effects*’ of such failure have increasingly put pressure on social housing to accommodate even those who ordinarily do not qualify for social housing.

A plethora of problems are associated with subsidies disbursement. SOHCO and FMHC noted that once subsidies were approved projects were stalling at implementation stage because red-tape at provincial level was causing delays of 4-6 months for finance to be disbursed to social housing companies. When asked about this problem, the DoHS revealed that the problem was a result of two things. First, the DoHS was facing critical shortages of human resources with knowledge of housing development and project management. Second, the Social Housing Act: Regulations that provide specific funding by-laws of the ‘*letter of the law*’ were by this date still at draft stage and DoHS staff unaware of the timeframe the funds ought to be disbursed. More than two years have passed since the Social Housing Act No. 16 of 2008 was passed but the relevant regulations meant to accompany the legislation are yet to be promulgated by this date. Therefore, this research contends that the *ad hoc* process of drafting legislation was creating unnecessary institutional vacuum to the detriment of the social housing finance disbursement process. Any delays in project implementation would – due to the ratchet effect of inflation – increase both capital and operational costs of social landlords. Despite the KZN DoHS facing critical shortages of human resources it is unacceptable for social housing companies to incur additional time and financial costs due to indecision because the ‘*letter of the law*’ did not provide written instructions to sanction KZN DoHS staff to disburse approved subsidies within a specific timeframe. Therefore, poor project management could be the primary cause of under-expenditure and irregular cash flow of the subsidy and grants.

## **5.2.4 Impact of Restructuring and Urban Development Zones**

### **5.2.4.1 Affordability of Land**

All interviewees agreed that the availability of affordable land in inner city areas for social housing was limited. Officials from the KZN DoHS, DoLA, SOHCO, FMHC SHF and eThekweni Municipality

concluded that financial incentives have failed to stimulate significant social housing output in the Restructuring Zones<sup>28</sup> shown on Map 5.1 on page 70 because the financial incentives are inadequate to purchase highly priced land in these zones. The interviewees considered the neoliberal land policy had not complemented the social housing policy by availing land at below-market rates to aid social housing delivery. Land legislation had not sanctioned land expropriation because the *'spirit of the law'* promoted neoliberal land market fundamentals. Therefore, institutional arrangements for social housing have failed because they do not have the sanctioning power to deliver affordable land for social housing delivery.

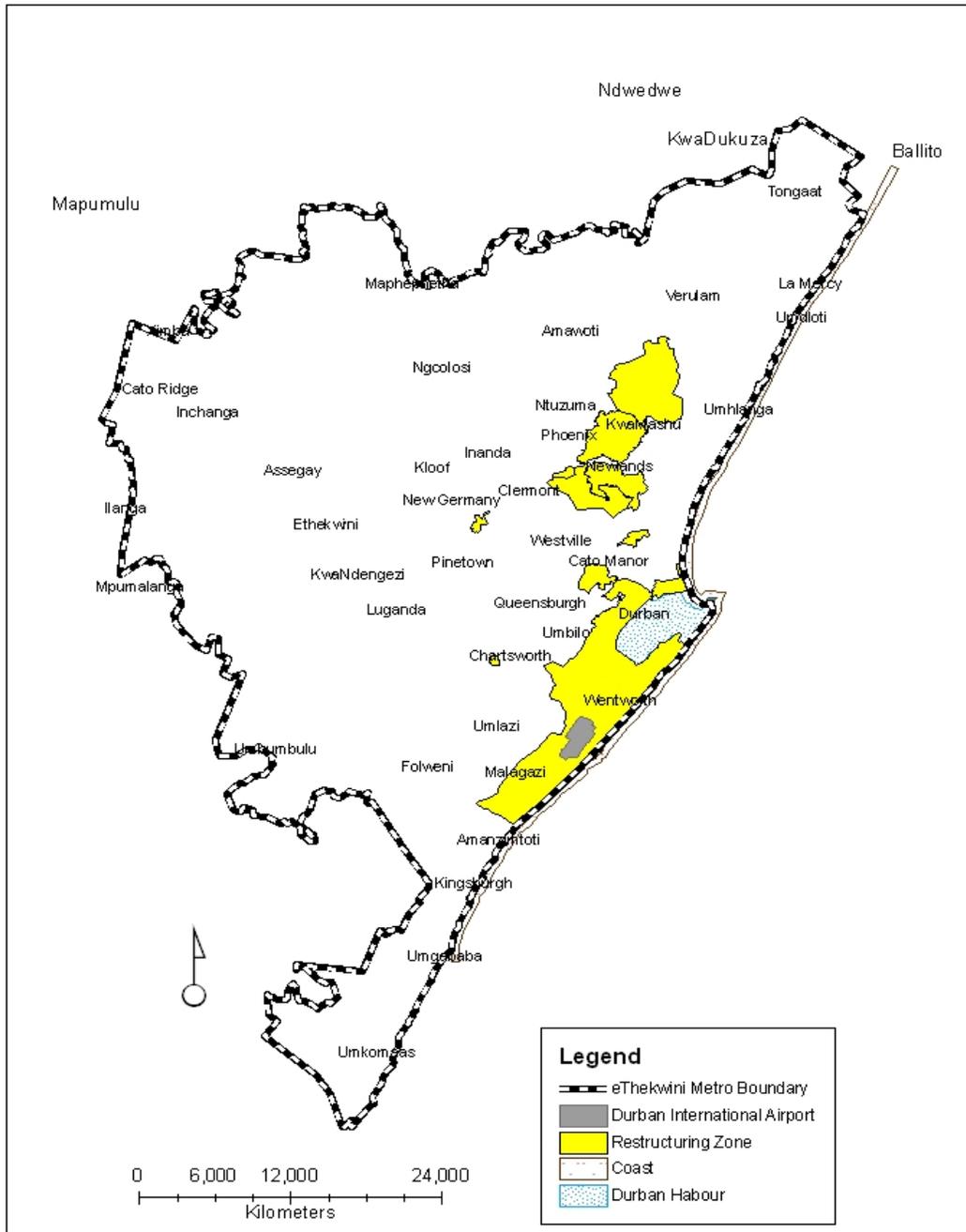
The official from the DoLA agreed that the land policy had failed to facilitate land transactions at affordable rates in these Zones because land legislation had not resolved land claim disputes between landowners, developers and the landless poor. Privately owned land in these Zones was subjected to opportunistic land invasions by homeless people who took advantage of loopholes in land legislation to invade land owned by absentee landowners. After residing on the land for some years the land invaders later claim the right to reside on the land arguing that the Interim Protection of Informal Land Rights Act No. 31 of 1996 protects people with insecure tenure from losing their rights to, and interest in, land pending long-term land tenure reform. Failure by land legislation to resolve these land disputes have created an impasse where neither the landowner nor the land invaders can win outright unless they both compromise. The law governing land property forbids any development on land that is contested and in the end social housing loses out on an opportunity to locate in strategic inner city areas. As a result institutions for social housing fail to promote economic usage of scarce land to create viable and sustainable high density housing where people walk to work.

The interviewee from eThekweni Municipality contends that the neoliberal economic policy has reduced funding to the municipality in a bid to reduce government social expenditure. As a result, the Local Government: Municipal Financial Management Act No. 56 of 2003 restricts eThekweni Municipality from purchasing land at open market rates if the intention was to release the land to social landlords at below-market rates. Act No. 56 of 2003 sanctions the municipality to sell purchased land at open market rates to avoid overstressing municipal financial resources. Therefore, this researcher is convinced that the Municipality would not release land in inner city areas – at below-market rates to social landlords – because it was legally sanctioned by the Act to refrain from increasing the budget deficit. As a result, social housing is denied access to strategic land in inner city areas because it cannot afford to pay open market rates thereof. Social housing could place hope in the Housing Development Agency – mandated to

---

<sup>28</sup> Social housing was developed in Restructuring Zones in the Durban CBD, Beach, South Durban Basin, Springfield, Pinetown CBD, Greater Cato Manor, KwaMashu town center and surrounds, Cornobla, Bridge City, Phoenix, Newlands, and Chatsworth.

**Map 5.1: Restructuring Zones in eThekweni Municipality, 2010**



Source: Created from the GIS Database of eThekweni Municipality, 2010.

expropriate land for housing development – but the Agency does not have the capacity to deliver on this mandate.

#### **5.2.4.2 Affordability of Rentals**

Interviewees from eThekweni Municipality, SOHCO, and FMHC consider financial incentives for Restructuring Zones and UDZs to be constraining social housing development in inner city areas contrary to the intentions of the social housing policy. Within these Zones the social housing policy intended to develop affordable high density housing to rejuvenate depressed inner city areas like the Point and Albert Park precincts. Instead, the Zones have produced negative side effects contrary to what the policy intended. The backwash effect of urban renewal projects like the Durban Point Waterfront, among others, has increased property prices of surrounding properties where poor households reside. The consequences of the backwash effect are twofold. First, social landlords who intend to renovate the dilapidating buildings for social housing cannot afford to pay the rising property prices resulting from urban rejuvenation. Second, tenants who were renting from private landlords are displaced by high rentals resulting from the ratchet effect of property price hikes. In the end they resort to social housing which puts pressure on an already struggling social housing sector. Therefore, the institutional arrangements for social housing through the Restructuring Zones and UDZs have not alleviated social housing shortages but have instead made the problem worse for low-income households.

#### **5.2.4.3 Rent Payment Scheme**

The SHF noted that the notorious culture of rent boycotts instigated by misguided politicians was crippling the social housing sector. The rent boycotts – in the Westrich and Shayamoya social housing projects – have scared the private-sector from doing business in the social housing sector. This researcher regrets that the *'letter of the law'* had not provided directions or written instructions to social housing companies on how to deal with rent boycotts. The Social Housing Act: Regulations have not been enacted and cannot sanction social tenants to comply with rent payment. Irrespective of making financial losses; social landlords are reluctant to evict defaulting tenants lest they be accused of denying tenants their constitutional right to decent shelter. As a result social housing companies are facing viability problems hindering the delivery of social housing en masse. In this regard, the Social Housing Act No. 16 of 2008 has failed to perform since it does not prescribe the norms of behaviour, conventions, and codes of conduct that are necessary to regulate the actors in the sector.

The informant from SOHCO pointed out that after noticing that rent payment based on income levels was causing unrest among tenants. Tenants who earn more income and pay more rentals were unhappy that they rent units of the same size with tenants who earn less income and pay less rentals. As a result, they have boycotted paying rentals arguing that cross subsidising rentals of tenants already subsidised by the government was unfair. This problem was an unwanted '*side effect*' of the social housing policy sanctioning that rent payable by tenants must be 33.3 percent of gross monthly income (Department of Housing, 2006). According to the informant, SOHCO has in response to this problem, built social housing units of different sizes to accommodate different income levels. Tenants who earn higher incomes and pay more rentals reside in bigger units.

Drawing on this study's findings, it is argued that institutional inertia has constrained the development of social housing in inner city areas. These findings grant some validity to the claims that institutional power struggles over the control of land and financial resources have constrained the development of social housing. Failure to deliver adequate social housing output might convince those who have always been skeptical of the viability of this tenure option to consider its abandonment. Certainly, abandoning social housing development would have disastrous consequences because social housing plays a crucial role in alleviating housing shortages and poverty. Therefore, the government has to address the institutional challenges facing the social housing sector to improve delivery. The discussion in 5.3 provides some ideas that might help improve social housing delivery in eThekweni Municipality and South Africa in general.

### **5.3 Recommendations Based on Research Findings**

#### **5.3.1 Integrated Institutional Arrangements**

The researcher argues that the delivery of adequate social housing failed as a result of polarised institutions for social housing. Land, financial and social housing legislation contradict each other on planning and utilisation of resources needed for social housing delivery. The delivery of social housing en masse depends on legislation integrating the planning and adequate supply of land and finance. The government tried to endorse integrated development planning to facilitate relatively low budget housing projects without success. Without a comprehensive institutional framework encompassing clear strategies, policies, procedures, and partnership arrangements with other sectors of the economy the approval of social housing projects and allocation of land, funding and other resources would continue occurring on an *ad hoc* basis with related time and financial inefficiencies. Given the multiplicity and difference of

interests in government departments, private-sector, and political parties vis-à-vis the limited resources available for housing development, it is difficult to see how such a parsimonious and relatively permissive approach could ever achieve significant social housing delivery when the IDP process is unable to navigate and reconcile the plural interests in the institutional arrangements for social housing. Therefore, it is important for policy makers to synchronise the diverse interests in the institutional arrangements for social housing to alleviate pluralism currently hindering social housing delivery. Somerville and Sprigings (2005) suggest that housing policy can be synchronised in two different ways: first, it can be subsumed within or merely be an adjunct to another policy; second, housing policy makers and practitioners can partner policy makers and practitioners in other sectors to deliver wider policy aims and objectives. This researcher concurs with Somerville and Sprigings' second suggestion and believes that social housing policy makers and practitioners should partner policy makers and practitioners in the land and financial sectors to deliver wider policy objectives that are consistent and in line with and interact with other legislations within the institutional arrangements for social housing. The synchronised policy objectives would form an integral part of the legislation that would regulate development in inner city areas. This research, therefore, recommends the adoption of a supra-institution that integrates social housing, land and economic policies into one policy that supersedes the constituent policies whenever social housing projects are earmarked in Restructuring Zones and Urban Development Zones. All the other policies in these Zones would be read in conjunction with the 'new' policy. This proposed legislation would:

- apply throughout the Republic to all actors in the housing, land and economic sectors operating within the Restructuring Zones and Urban Development Zones;
- apply alongside all other appropriate and relevant considerations of activities taking place within these Zones, including the State's responsibility to respect, protect, promote and fulfil the housing right in Chapter 2 of the Constitution;
- serve as the general framework within which planning, management and implementation of housing projects must be formulated;
- serve as guidelines by reference to which any actor in the housing, land and economic sectors must exercise any function when taking any decision in terms of social housing delivery; and
- guide the interpretation, administration and implementation of and any other law concerned with the protection or management of resources required for social housing delivery.

The effectiveness of the proposed legislation in delivering affordable land and adequate financial resources for social housing development relies on the meaning of its intent that should be clear and understandable, consistent and in line with other legislations within the institutional arrangements for

social housing. Without a common purpose and intent the institutional arrangements for social housing would not deliver affordable land for social housing delivery.

### **5.3.2 Efficient Land Release**

The legacy of spatial segregation in South Africa makes it imperative for social housing to promote socio-economic integration of low-income households in inner city areas. Currently, the government has failed to locate social housing close to economic opportunities because land is unaffordable in Restructuring Zones within inner city areas. The land policy might guide land transfer transactions but has no control of how the land under the jurisdiction of a municipality is to be used. That responsibility in guiding land-use decisions lies with the local government. Therefore, this research recommends that eThekweni Municipality can use Land-use Schemes to deny planning consent to any future developments other than social housing being proposed in open spaces within the Restructuring Zones and Urban Development Zone. Developments other than social housing proposed in these open spaces might be permitted under special consent if the material considerations are compelling. The by-laws of Land-use Schemes regulating development in the Restructuring Zones and the Urban Development Zone should compel private land owners to develop social housing using subsidies and grants. If they are unwilling they would be compelled to sell the land at below-market rates to the local authority.

Social housing provision in inner city locations needs to be linked to the ‘banking’ of suitably located land. Funding for strategically located land in inner city areas can be sourced in two ways. First, a land fund must be created that can be used by municipalities to immediately purchase and ‘bank’ land in inner city locations for social housing. Second, municipalities can use revenue generated from land taxation on industrial and commercial activities or on vacant land not being utilised. Land that is not being utilised might be held by owners for speculative reasons. If land owners of inner city land remain committed to holding on to their land for speculative reasons, the Municipality could permit them to do so but only in peri-urban locations where demand for land for social housing is not high. To incentivise land owners to consider exchanging their land in inner city areas in favour of land in peri-urban locations, the Municipality would charge Land tax at a declining scale from the city centre towards peri-urban locations. Under this tax incentive, vacant land in inner city areas would be taxed heavily so that speculative land holders would be coerced into developing their land. When they lodge planning applications with the Municipality, they would then be advised to consider developing their land for social housing or sell it to the Municipality at below-market rates if they do not wish to be social landlords.

Once the land has been pooled and banked, the Municipality could then establish partnerships with social housing companies through a transparent and accountable process, and land parcels in the Restructuring Zones be allocated to these partners in ways compliant with the Municipal Finance Management Act. It should be emphasised that these partnerships need to be subject to appropriate monitoring and performance management mechanisms, need to be regularly reviewed, and should be open to the inclusion of new partners at any time allowing the sector to replenish with diverse partners. It is anticipated that these instruments would help the government to explore both the ‘carrot’ of Restructuring Zone incentives and ‘stick’ of Land-use Schemes to coerce land owners in inner city areas to release land for social housing.

### **5.3.3 Increased Subsidy Allocation**

This research has advocated that the delivery of social housing depended on the availability of adequate funding. It is acknowledged that the government does not have the financial resources to deliver social housing without assistance from the private-sector. Since 1994, the government has embraced neoliberal policies that call on restrained government spending. Stone (2003) advocated in the United States that the cost of housing provision should be passed on to the consumer by setting up a National Housing Trust Fund similar to the National Highway Trust Fund (NHTF). Stone (2003) advocated for the NHTF to be capitalised from taxes on motor fuels which are then used as public capital grants for highway construction. The funding system is designed to assist the government to raise money from beneficiaries of the public utilities provided but still maintain the budget deficit very low. In adopting a similar approach, this research recommends that the government finance social housing by setting up a Social Housing Trust Fund (SHTF) structured similarly to the public and quasi-public trust funds in United States like the Social Security Trust Fund. The SHTF would be funded not from general revenues and would not be subject to annual appropriations. Rather, this trust fund would be capitalised through a dedicated revenue stream, specifically a payroll tax paid equally by employers and employees. This fund would be entirely distinct from personal income taxes and business taxes. The money generated by the trust fund might be leveraged to borrow greater amounts for social housing from the financial markets, using the trust fund income stream for debt service.

## **5.4 Chapter Summary**

The research findings revealed that institutional inertia, limited finance, shortage of affordable land, and rent payment boycotts are hindering the delivery of social housing at scale. In light of the shortcomings in

institutional arrangements for social housing, this chapter recommended for the adoption of a supra-institution that integrates social housing, land and economic policies into one policy that supersedes the constituent policies whenever social housing projects are earmarked in Restructuring Zones and Urban Development Zones. All the other policies in these Zones would be read in conjunction with the ‘new’ policy. This proposed legislation would: apply throughout the Republic to all actors in the housing, land and economic sectors operating within the Restructuring Zones and Urban Development Zones; apply alongside all other appropriate and relevant considerations of activities taking place within these Zones; serve as the general framework within which planning, management and implementation of housing projects must be formulated; serve as guidelines by reference to which any actor in the housing, land and economic sectors must exercise any function when taking any decision in terms of social housing delivery; guide the interpretation, administration and implementation of and any other law concerned with the protection or management of resources required for social housing delivery. The précis of the research that reflected on the research analysis and areas of future research is provided in Chapter 6.

## 6 Chapter Six: Research Conclusion

### 6.1 Introduction

The research used the case study of eThekweni Municipality to evaluate the institutional arrangements for social housing. The research assessed why the institutional subsidy was lagging behind in funding housing development compared to other subsidy mechanisms. The assessment of institutional arrangements for social housing sought to assess whether the lethargic development of social housing was caused by institutional inertia. Through the case study of eThekweni municipality the research managed to reveal why social housing had not responded to latent demand for social housing. Therefore, the research recommended that social housing, land, and economic policies synchronise their objectives to alleviate *ad hoc* planning and budgeting of resources needed for social housing delivery in inner city areas. The assessment highlighted the potential role a supra-institution was to play to alleviate *ad hoc* policy making and implementation.

### 6.2 Reflecting on the Analysis

This research established that the institutional setup for social housing is linear and without linkages for mutual cooperation in the delivery of social housing. This confirms Foucault's argument that institutional frameworks for housing are hierarchies in which the exercise of power over resources is linear and bound by institutional and organisational constraints. Linear institutions for social housing have been criticised in this research for causing *ad hoc* planning and budgeting of resources for social housing development. A more prudent approach to improved social housing delivery would consider adopting both vertical and lateral, and interdependent institutional arrangements for social housing. The linear institutional arrangements for social housing have resulted in institutions with competing claims rarely directed towards consistent and unified social housing delivery. Therefore, institutional arrangements for social housing have to be structured like a web that synchronise the diverse interests within the institutional arrangements to alleviate pluralism currently hindering social housing delivery. The webbed institutional arrangements for social housing would allow social housing actors to define their roles to achieve '*negotiated order*' and reconcile competing and diverse interests within the institutional arrangement for social housing so that it becomes comprehensive, encompassing clear strategies, procedures, and partnership arrangements with other sectors of the economy.

### **6.3 Areas of Further Research**

Financial and time constraints provided the main limitations to the research process. More time and financial resources could enhance research of institutional arrangements by allowing:

- The expansion of the geographical area of study to include nearby metropolitans like Msunduzi.
- The incorporation of intensive local socio-economic analysis of livelihood strategies that low-income households undertake to a living, in order to provide sustainable social housing reflective of the elasticity of their demand.
- The intensification of the discussion of how political and economic structures have influenced the actions of social housing actors.

Furthermore, the qualitative or interpretive methodology used restricted this research to what informants were willing to express subject to the interpretation of the researcher. This was an inevitable limitation of this research since factors constraining the delivery of social housing are subject to debate.

### **6.4 Research Conclusion**

The case study of eThekweni Municipality revealed that institutional arrangements for social housing are struggling to provide the anticipated housing output due to institutional power struggles caused by the silo effect in social, land and economic policy implementation. The study has revealed that disjointed institutions have contributed to inadequate shelter whose shortage should be viewed not as primarily an issue relating to limited supply and excessive demand, but as reflective of the underlying institutional power struggles arising from the *ad hoc* and silo process of implementing policies. Therefore, institutions for social housing tend to represent competing claims resulting from policy contradictions. It is crucial for policy makers to join up institutional arrangements and practices across different social and economic sectors that social housing transcends. Common ground must be found between the social housing, land, and economic policies through a supra-institution that would bridge the chasm between them. South Africa, regardless of its orientation towards free markets must restructure the institutional arrangements for social housing so that they can be able to control, regulate, and subsidise the production, consumption, financing, distribution, and location of social housing in inner city areas. The social housing sector has the potential to contribute significantly towards urban renewal, restructuring of the Apartheid city, poverty alleviation and meeting critical housing needs, especially for poor people who work in well-located areas.

## 7 References

- BARLEY, S.R., and TOLBERT, P.S., 1997. *Institutionalisation and Structuration: Studying the Links between Action and Institution*, *Organisation Studies* 1997, 18/1 pg 93-117.
- BAUMANN, T., 2003. *Housing Policy and Poverty in South Africa*. IN KHAN, F., and THRING, P., 2003. *Housing Policy and Practice in Post-Apartheid South Africa*, Heinemann Publishers (Pty) Ltd, Sandown.
- BEATLEY, T., 1994. *Ethical Land-use: Principles of Policy and Planning*, John Hopkins University Press, USA.
- BENNETT, L., 1998. *Do We Really Wish To Live In A Communitarian City?: Communitarian Thinking And The Redevelopment Of Chicago's Cabrini-Green Public Housing Complex*, *Journal Of Urban Affairs*, Volume 20, Number 2, pages 99-116, JAI Press Inc.
- BLOMLEY, N., 2004. *Unsettling the City: Urban Land and the Politics of Property*, Routledge, New York.
- BROOKS, M.E., 1972. *Lower Income Housing: The Planner's Response*, Report No. 282 July-August 1972, Planning Advisory Service, American Society of Planning Officials, Chicago.
- BURKE, G., 1981. *Housing and Social Justice: The Role of Policy in British Housing*, Longman Group Limited, Essex.
- Campbell, H., 1990. *Black's Law Dictionary*, 6th edition., West Publishing, St. Paul.
- CLAPHAM, D., HEGEDUS, J., KINTREA, K., TOSICS, I., and KAY, H., 1996. *Housing Privatization in Eastern Europe*. Westport, CT., Greenwood Press.
- COLE, I., and FURBEY, R., 1994. *The Eclipse of Council Housing*, Routledge, London.
- COPE, H., 1999 second edition. *Housing Associations: The Policy and Practice of Registered Social Landlords*, Macmillan Press Ltd, London.
- DAUNTON, M.J., 1987. *A Property Owning Democracy? Housing in Britain*. London: Faber & Faber.
- DAVIES, C., 1998. *'Land management in an informal settlement in East London'*, unpublished masters dissertation, Department of Surveying and Mapping, University of Natal, Durban.
- DEWAR, D., 2002. *The Relevance of the Compact City Approach* IN JENKS, M., and BURGESS R., *Compact Cities: Sustainable Urban Forms for Developing Countries*, Taylor and Francis, New York.
- DEWAR, D., 1992. *Urbanization and the South African city: a manifesto for change.*, IN SMITH, D. M., *The Apartheid City and Beyond*. London., Routledge.
- DRIMIE, S., (2004). *The South African Land Question: 2004 and Beyond*, Seminar on Land Reform in Southern Africa, Harare Zimbabwe.

EDGAR, B., DOHERTY, J., and MINA-COULL, A., 2000. *Support and Housing in Europe: Tackling Social Exclusion in the European Union*, The Policy Press, Bristol, UK.

ELIOTT, T. 2007. *A Theoretical and policy content: Settlement making and township development Performance qualities of integrated human settlements*. IN HOUSING, S. A. D. O. Pretoria.

ENG, T., KONG L. 1997. *Public Housing in Singapore: Interpreting 'Quality' in the 1990s*. Urban Studies, 34, 441- 452.

ETHEKWINI MUNICIPALITY., 2010. *Urban Development Zones*,  
[http://www.durban.gov.za/durban/invest/economic-development/investment/overview/tax\\_zones](http://www.durban.gov.za/durban/invest/economic-development/investment/overview/tax_zones)

ETHEKWINI MUNICIPALITY., 2007. *Housing and Densification Strategy Durban*, EThekwini Municipality.

FISH, M., 2003. *Social Housing* IN KHAN, F., and THRING, P., 2003. *Housing Policy and Practice in Post-Apartheid South Africa*, Heinemann Publishers (Pty) Ltd, Sandown.

FISHER, P.S., 1983. *The Role of the Public-sector in Local Development Finance: Evaluating Alternative Institutional Arrangements*, Journal of Economic Issues, Vol. 17, No. 1 (Mar., 1983), pp. 133-153, Association for Evolutionary Economics.

FOREST, R., and MURIE, A., 1991. *Selling the Welfare State: The Privatisation of Public Housing*, Routledge, London.

FRANKLIN, B., and CLAPHAM, D., 1997. *The social construction of housing management*, Housing Studies 12: 7–26.

GIDDENS, A., 1984. *The Constitution of Society*, University of California Press, Berkeley.

GILBERT, A., 2003. *Some Observations on What Might be Done about Rental Housing in South Africa* IN KHAN, F., and THRING, P., 2003. *Housing Policy and Practice in Post-Apartheid South Africa*, Heinemann Publishers (Pty) Ltd, Sandown.

GOODCHILD, B., and COLE, I., 2001. *Social balance and mixed neighbourhoods in Britain since 1979: a review of discourse and practice in social housing*, Environment and Planning D: Society and Space 2001, volume 19, pages 103-121.

GOODLAD, R. 1996. *The Housing Challenge in South Africa*. Urban Studies, 33, 1629-1645.

GROVES, R., 2004. *Challenges facing the provision of affordable housing in African cities*, Housing Finance International, International Union for Housing Finance, XVIII.4, pp 26-31.

HALL, R., (2004). *A Political Economy of Land Reform in South Africa*, Review of African Political Economy, Vol. 31, No. 100, pp. 213-227, Taylor & Francis, Ltd.

HARLOE, M., ISSACHAROFF, R., and MINNS, R., 1974. *The Organization of Housing: Public and Private Enterprise in London*, Heinemann Educational Book Ltd, London.

HASTINGS, A., 2000. *Discourse Analysis: What Does it Offer Housing Studies?* Housing, Theory and Society 2000, Vol 17, No. 3: 131–139.

- HODGSON, G.M., 2006. *What Are Institutions?* Journal of Economic Issues Vol. XL No. 1 March 2006.
- HUCHZERMEYER, M. 2006. *The continuing challenge of informal settlements: an introduction*. IN M HUCHZERMEYER and KARAM, A., 2006. *Informal Settlements: A Perpetual Challenge?* Juta: Cape Town.
- HUCHZERMEYER, M. 2004. *Unlawful Occupation: Informal Settlements and Urban Policy in South Africa and Brazil*. African World Press: Trenton and Asmara.
- HUCHZERMEYER, M. 2001. *Housing for the poor? Negotiated housing policy in South Africa*, Habitat International 25 (2001) 303-331, Pergamon.
- JACOBS, K., and MANZI, T., 2000. *Evaluating the Social Constructionist Paradigm in Housing Research*, Housing, Theory and Society 2000; Vol. 17, No. 1: 35–42, Taylor & Francis.
- JEPPERSON, R.L., 1991. *Institutions, Institutional Effects, and Institutionalisation*. Pp. 143-63 IN POWELL, W.W., and DIMAGGIO, P.J., *The New Institutionalism in Organisational Analysis*, Chicago University Press, Chicago.
- KEMENY, J., 1995. *From Public Housing to the Social Market: Rental Policy in Comparative Perspective*, London, Routledge.
- KOELBLE, T.A., 2004. *Economic Policy in the Post-colony: South Africa between Keynesian Remedies and Neoliberal Pain*, New Political Economy, Vol. 9, No. 1, March 2004, Taylor and Francis Group.
- LEININGER, M.M., 1985. *Ethnography and Ethnonursing: models of Quantitative Data Analysis* IN LEININGER M.M. *Qualitative Research Methods in Nursing*, Crune and Stratton, Ltd, London.
- LEMON, A., 1991. *The Apartheid city*. IN LEMON, A. *Homes Apart*. London, Chapman.
- LEONE, R. and CARROLL, B.W., 2010. *Decentralisation and devolution in Canadian social housing Policy*, Environment and Planning C: Government and Policy 2010, volume 28, pages 389-404.
- LOFCHIE, M.F., 1997. *The Rise and Decline of Urban-Biased Development Policies in Africa*. IN GUGLER, J. (ed.). *Cities in the Developing World: Issues, Theory and Policy*. Oxford University Press, Oxford.
- LUX, M., 2003. *Housing Policy: An End or a New Beginning? Budapest: Local Government Initiative*, Open Society Institute.
- MALPASS, P., 2005. *Housing and the Welfare State: The Development of Housing Policy in Britain*, PALGRAVE MACMILLAN, Hampshire, New York.
- MALPASS, P., 2000a. *Housing Associations and Housing Policy: A Historical Perspective*, MacMillan Press Ltd, London.
- MALPASS, P., 2000b. *The Discontinuous History of Housing Associations in England*, Housing Studies, Vol. 15, No. 2, 195–212, 2000.

- MERTON, R.K., 1936. *The Unanticipated Consequences of Purposive Social Action*, American Sociological Review, Vol 1 Issue 6, Dec 1936, pp. 894–904.
- MURIE, A., 1997. *The Social Rented Sector, Housing and the Welfare State*, Housing Studies; Oct. 97, Vol. 12 Issue 4, p437.
- NORTH, D.C., 1990. *Institutions, Institutional Change, and Economic Performance*, Cambridge University Press, Cambridge.
- NTSEBEZA, L. and HALL, R., (2007). *The Land Question in South Africa: The Challenge of Transformation and Redistribution*, Human Science Research Council, www.hsrcpress.ac.za
- OSTROM, V., 1976. “John R. Commons' Foundations for Policy Analysis.” Journal of Economic Issues 10 (December): 839-57.
- PARNELL, S. 2008. *South Africa's City Regions and the Current Policy Debate*. Paper presented to World Bank Urban Development Workshop 2008. Tshwane/Pretoria. April.
- PAWSON, H. 2006. *Restructuring England's Social Housing Sector Since 1989: Undermining or Underpinning the Fundamentals of Public Housing?* Housing Studies, Vol. 21, No. 5, 767–783, September 2006, Routledge.
- PRIEMUS, H., 2003. *Dutch Housing Associations: Current Developments and Debates*, Housing Studies, Vol. 18, No. 3, 327–351, May 2003, Carfax Publishing.
- QUIGLEY, J.M., RAPHAEL, S., and ROSENTHAL, L.A., 2009. *Measuring Land-use Regulations and their Effects in the Housing Market*. IN GLAESER, E.L., and QUIGLEY, J.M., 2009. Housing markets and the Economy: Risk, Regulation, and Policy, Lincoln Institute of Land Policy, USA.
- RAKODI, C., and LEDUKA, C., 2003. *Informal Land Delivery, Processes in African Cities: Working Paper 1*, the University of Birmingham.
- RATCLIFFE, J., 1976. *Land Policy: An Exploration of the Nature of Land in Society*, Hutchinson and Co Ltd, London.
- RAVERTZ, A., 2001. *Council Housing and Culture: The History of a Social Experiment*, Routledge, London.
- REEVES, P., 2005. *An Introduction to Social Housing*, Elsevier Butterworth-Heinemann, Oxford, second edition.
- ROCHLIN, G.I., 2005. *Networks and the Subversion of Choice*. IN COUTARD et al. (eds.), *Sustaining Urban Networks: the Social Diffusion of Large Technical Systems*. Routledge, London.
- ROGERSON, C. M., 1995. *The employment challenge in a democratic South Africa*.. IN LEMON, A. (Ed.) *The Geography of Change in South Africa*. London, Wiley.
- RUST, 2006.
- SCHMID, A. A., 1978. *Property, Power, and Public Choice*. New York: Praeger.

- SCOTT, W.R., 2001. *Institutions and Organizations, Foundations for Organizational Science*, Sage Publications, California. Second edition.
- SHATKIN, G., 2007. *Global Cities of the South: Emerging Perspectives on Growth and Inequality*. *Cities*, 24 (1), pp. 1-15.
- SMIT, D., 2005. *Restructuring Zones: Guidelines*, Dan Smit Development Capacity.
- SOCIAL HOUSING FOUNDATION, 2010. *Reference Guide: Legislative and Regulatory Environment Affecting Social Housing In South Africa*, Social Housing Foundation, [www.shf.org.za](http://www.shf.org.za).
- SOCIAL HOUSING FOUNDATION., 2008. *Supply and Demand of Rental Accommodation in South Africa*, Houghton, Johannesburg.
- SOCIAL HOUSING FOUNDATION, 2005. *Social housing trends*, Urban sector Network, Social Housing Foundation, Johannesburg. [http://ftp.shf.org.za/0509\\_shf\\_trends.pdf](http://ftp.shf.org.za/0509_shf_trends.pdf) (Accessed on the 18<sup>th</sup> September, 2010).
- SOMERVILLE, P. and SPRIGINGS, N., 2005. *Housing and Social Policy Futures*. IN SOMERVILLE, P. and SPRIGINGS, N., 2005. *Housing and Social Policy: Contemporary Themes and Critical Perspectives*, Routledge, New York.
- SOUTH AFRICAN CITIES NETWORK., 2006. *State of the Cities Report*. SACN, Johannesburg.
- SPIEGEL, A., WILKINSON, P., and WATSON, V., 1996. *Devaluing Diversity? National Housing Policy and African Household Dynamics in Cape Town*, *Urban Forum* 7(1), 1-30.
- STATISTICS SOUTH AFRICA, *Mid-year Population Estimates, 2010*. Statistical Release P0302.
- SWENARTON, M., 1981. *Homes Fit for Heroes: The Politics and Architecture of Early State Housing in Britain*, Heinemann Educational Books Ltd, London.
- TENNER, E., 1997. *Why Things Bite Back: Technology and the Revenge of Unintended Consequences*, Vantage Books.
- THE REPUBLIC OF SOUTH AFRICA., 2010. *eThekwini UDZ map*, Department of National Treasury, Pretoria. [http://www.treasury.gov.za/legislation/mfma/urban/eThikwini\\_small.jpg](http://www.treasury.gov.za/legislation/mfma/urban/eThikwini_small.jpg)
- THE REPUBLIC OF SOUTH AFRICA., 2009. *South African National Housing Code*, Department of Human Settlements, Government Gazette, Pretoria.
- THE REPUBLIC OF SOUTH AFRICA., 2008. *Social Housing Act No. 16 of 2008*, Department of Housing, Government Gazette, Pretoria.
- THE REPUBLIC OF SOUTH AFRICA., 2004. *Breaking New Ground: A Comprehensive Plan for the Development of Sustainable Human Settlements*, Department of Housing, Government Gazette, Pretoria.
- THE REPUBLIC OF SOUTH AFRICA., 2003. *A Social Housing Policy for South Africa: Towards an enabling environment for social housing development*, Department of Housing, Government Gazette, Pretoria.

THE REPUBLIC OF SOUTH AFRICA., 2000. *Local Government Municipal Systems Act No. 32 of 2000*, Department of Local Government, Government Gazette, Pretoria.

THE REPUBLIC OF SOUTH AFRICA., 2000. *National Report on Social Development, 1995-2000*, Department of Social Welfare, Government Gazette, Pretoria.

THE REPUBLIC OF SOUTH AFRICA, 1997. *Housing Act, No. 107 of 1997*, Department of Housing, Government Gazette, Pretoria.

THE REPUBLIC OF SOUTH AFRICA, 1996. *The Constitution of the Republic of South Africa, No. 108 of 1996*, Government Gazette, Pretoria.

THE REPUBLIC OF SOUTH AFRICA, 1996. *Interim Protection of Informal Land Rights Act No. 31 of 1996*, Department of land Affairs, Government Gazette, Pretoria.

THE REPUBLIC OF SOUTH AFRICA, 1993. *Provision of Certain Land for Settlement Act No. 126 of 1993*, Government Gazette, Pretoria.

THURMAN, S., 1999. *An Evaluation of the National Housing Policy in the Western Cape*, Development

THURMAN, S., 1997. 'Umzamo: improving hostel dwellers' accommodation in South Africa,' *Environment and Urbanisation*, 9(2), 43-61.

TIPPLE, A.G., and WILLIS, K.G., 1991. *Housing the Poor in the Developing World: Methods of Analysis, Case Studies and Policy*, Routledge, London.

TOMLINSON, M. R., *South Africa's New Housing Policy: An Assessment of the First Two Years, 1994–96*. *International Journal of Urban and Regional Research*, 22, 137 - 146.

TONKIN, A., 2008. *Sustainable medium-density housing: A resource book*, Development Action Group, Cape Town.

TSENKOVA, S., TURNER, B. 2000. *Housing in Transition and the Transition in Housing: The Experience of Central and Eastern Europe*, Sofia, Kapital Reklama.

TSENKOVA, S., TURNER, B. 2004. *The Future of Social Housing in Eastern Europe: Reforms in Latvia and Ukraine*. *European Journal of Housing Policy*, 4, 133–149.

TUROK, I., 1994. *Urban planning in the transition from Apartheid- Part 1: the legacy of social control*, *Town Planning Review*, 65, 243-259.

UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE, 2003. *Social Housing, Conference Proceedings*, Ministry of Regional Development and Environment. Prague.

UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME (UN-HABITAT), 2003. *Rental Housing: An essential option for the urban poor in developing countries*.

WATSON, V., and McCARTHY, M., 1998. *Rental Housing Policy and the Role of the Household Rental Sector: Evidence from South Africa*, Vol. 22, No. 1 pp. 49-56, 1998, Elsevier Science Ltd, Great Britain.

WILKINSON, P., 1988. *Housing Policy in South Africa*, Pergamon, Great Britain, Habitat Intl Vol 22 No 3 215-229.

WILSON, F., and RAMPHELE, M. 1989. *Uprooting Poverty: The South African Challenge*, London, Norton.

WORDEN, N., 1994. *The Making of Modern South Africa*, Blackwell, Oxford.

ZETTER, R., 1974. *Land Issues in Low-income Housing*. IN PAYNE, G.K., 1974. *Low-Income Housing in the Developing World: The Role of Sites and Services and Settlement Upgrading*, John Wiley & Sons Ltd, New York.

ZUCKER, L.G., 1977. *The Role of Institutionalization in Cultural Persistence*, American Sociological Review 42: 726-43.

## 8 Appendixes

### 8.1 Appendix 1: Key Informant Interview Schedules

#### *Interview Schedule for Section 21 Companies in eThekweni Municipality*

1. As a social housing company where do you fit-in the institutional arrangement for social housing?
2. Are changes needed to the social housing program to improve access to rental housing? If yes, specify what changes are needed?
3. What changes are required to the Social Housing Act, to improve the management of social housing?
4. What creative new ideas could improve the current social housing system?
5. Are you required by legislation to publish the details of your allocation policy, or give applicants any information concerning their priority within the allocation scheme?
6. How long do you keep an applicant on a waiting list?
7. Has the rent-income sliding scale yielded a social mix among your tenants? If so how?
8. Is the institutional subsidy enough to cover development costs of a social housing unit? If not, why?
9. In cases where you encounter more building costs due to unanticipated geotechnical conditions, where do you get additional finance to cover such costs?
10. In the event that you fail to secure this funding, what happens to the projects already under construction?

#### *Interview Schedule for Department of Land Affairs, KwaZulu-Natal*

1. How has land delivery constrained the development of social housing in eThekweni Municipality?
2. The formal land market is known to frustrate the social housing policy and administrative interventions. How can the land policy assist the development of social housing?
3. Are land delivery shortages an institutional failure? If so, how?
4. What institutional measures are being put in place to resolve such huddles?
5. What spatial arrangements will bring the excluded poor into inner city areas?
6. How will the location of social housing in inner city areas promote economic integration?
7. What institutional arrangements could give rise to the integration of the poor in inner city areas close to employment opportunities?
8. The history of legislated urban segregation needs to be addressed as a social and spatial project. How can we reverse the trend of locating the poor on the urban fringes using institutional arrangements?
9. A case exists for improving the ability to assemble land, for instance by relaxing the conditions in which councils can use compulsory purchase powers. What other measures could be used for this purpose?
10. In your opinion, what measures need to be enacted to ameliorate poor delivery of land for social housing?

*Interview Schedule for the Provincial Department of Human Settlements*

1. What specific roles should each of the housing partners play in the delivery of social housing?
2. What changes are needed to the social housing program to improve access to rental housing?
3. What changes are required to the Social Housing Act, to improve the management of social housing?
4. What creative new ideas could improve the current social housing system?
5. If social housing is funded by subsidies and grants, why is it struggling to meet the demand on the market?
6. In your opinion, why is the institutional subsidy utilisation so low compared to the Project-linked subsidy?
7. If the land shortages are forcing social housing developers to build high-rise flats to maximise economic returns, how has this housing typology affected lettings in social housing?
8. How has the allowable building cost per person affected housing typologies?
9. Is the housing delivery role assumed by the government adequate for the delivery of social housing?
10. What responsibility should the state assume to facilitate social housing development?
11. What institutional challenges are you facing in facilitating social housing development?
12. What do you think should be done to address these problems?
13. The national DoHS established the Housing Development Agency to acquire land for low-income housing, how successful has this agency been in increasing the supply of accessible land for social housing delivery in inner city areas?
14. The policy goal of delivering as many units as possible has been constrained by high costs and scarcity of urban land, leading to development of projects on the urban periphery in unfavourable localities. How can planners deliver social housing in the subsidy in inner city areas?
15. How will keeping development costs affordable affect the quality and size of social housing units?
16. How will locating social housing in inner city areas bring socio-economic benefits to the struggling workers?
17. What measures can be put in place to ameliorate problems resulting in disjointed and often contradicting social housing and economic policies?
18. Are the spatial planning processes intended to reverse unequal spatial patterns working? If not, why?
19. How can the state make them work better?
20. Are subsidy mechanisms offering a flexible tenure system to allow people to move between different types of tenure as their financial circumstances permit? If not, why?
21. Is the mortgage finance scheme sustainable?
22. If yes, why are households earning more than R3, 501 per month appropriating for themselves social housing opportunities developed for those whom home ownership is not a viable option?
23. Is it essential to increase the flexibility of the institutional subsidy in order to meet ever more diverse housing needs and requirements? If yes, why?
24. Without a flexible institutional subsidy, do you think many poor people will be trapped in deplorable housing conditions?

***Interview Schedule for eThekweni Municipality Housing Department***

1. What specific roles should each of the housing partners play in the delivery of social housing?
2. What changes are needed to the social housing program to improve access to rental housing?
3. What changes are required to the Social Housing Act, to reduce the regulatory burden and improve the management of social housing?
4. What creative new ideas could improve the current social housing system?
5. If social housing is funded by subsidies and grants, why is it struggling to meet the demand on the market?
6. In your opinion, why is the institutional subsidy utilisation so low compared to the Project-linked subsidy?
7. Has the Local Government institutional restructuring of the early 2000s that brought more autonomy of Central Government in housing planning, contributed to the slow delivery of social housing? If yes, how?
8. How can planners move social housing and people towards existing economic opportunities in inner city areas?
9. How will keeping development costs affordable affect the quality and size of social housing units?
10. How will locating social housing in inner city areas bring socio-economic benefits to the struggling workers in eThekweni Municipality?
11. How can planners proactively institutionalise and direct state investment in social housing and infrastructure in inner city areas?
12. Urban planners are struggling with extreme land market failure. What institutional approaches and mechanisms for land use assembly need to be put in place to deliver social housing?
13. Would you recommend the introduction of designated areas within which planning rules could be relaxed to help attract new social housing investment into inner city areas?
14. How can the planning system 'plan proactively' to harness the concept of Urban Redevelopment Zones and Restructuring Zones through social housing?
15. How can these Zones be used to direct growth industries to the most sustainable sites?
16. The effects of new economic developments competing with housing for space in inner city areas constrain land delivery for social housing. What would you say to the notion that some development proposals should be refused if they undermine social housing opportunities?
17. How can the Inclusionary Housing Policy aid the delivery of social housing?
18. To what extent has this policy been applied in eThekweni Municipality and why?
19. How has land delivery constrained the development of social housing in eThekweni Municipality?
20. Does the Municipality have a policy of revamping abandoned commercial buildings in Durban wards 26 and 27 and converting them into social housing flats? If yes, why is the Municipality not revamping abandoned commercial buildings and converting them into social housing flats?
21. What has been the uptake of the Urban Renewal Tax Incentive towards the conversion of buildings in Urban Development Zones to house social tenants?
22. What are the constraints restricting conversion?
23. Is your focus on Greenfield sites rather than revamping old commercial buildings?

***Interview schedule for the Social Housing Foundation in eThekweni Municipality***

1. What specific roles should each of the housing partners play in the delivery of social housing?
2. What changes are needed to the social housing program to improve access to rental housing?
3. What changes are required to the Social Housing Act, to improve the management of social housing?
4. What creative new ideas could improve the current social housing system?
5. If social housing is funded by subsidies and grants, why is it struggling to meet the demand on the market?
6. In your opinion, why is the institutional subsidy utilisation so low compared to the Project-linked subsidy?
7. If the land shortages are forcing social housing developers to build high-rise flats to maximise economic returns, how has this housing typology affected lettings in social housing?
8. How has the allowable building cost per person affected housing typologies?
9. Is the housing delivery role assumed by the government adequate for the delivery of social housing?
10. What responsibility should the state assume to facilitate social housing development?
11. What institutional challenges are you facing in facilitating social housing development?
12. What do you think should be done to address these problems?
13. The national DoHS established the Housing Development Agency to acquire land for low-income housing, how successful has this agency been in increasing the supply of accessible land for social housing delivery in inner city areas?
14. The policy goal of delivering as many units as possible has been constrained by high costs and scarcity of urban land, leading to development of projects on the urban periphery in unfavourable localities. How can planners deliver social housing in the subsidy in inner city areas?
15. How can the planning system 'plan proactively' to harness the concept of Urban Redevelopment Zones and Restructuring Zones through social housing?
16. How will keeping development costs affordable affect the quality and size of social housing units?
17. How will locating social housing in inner city areas bring socio-economic benefits to the struggling workers?
18. What measures can be put in place to ameliorate problems resulting in disjointed and often contradicting social housing and economic policies?
19. Are the spatial planning processes intended to reverse unequal spatial patterns working? If not, why?
20. How can the state make them work better?
21. Are subsidy mechanisms offering a flexible tenure system to allow people to move between different types of tenure as their financial circumstances permit? If not, why?
22. Is the mortgage finance scheme sustainable? If yes, why are there many cases of downward raiding of social housing by middle-income households?
23. Is it essential to increase the flexibility of the institutional subsidy in order to meet ever more diverse housing needs and requirements? If yes, why?
24. Without a flexible institutional subsidy, do you think many poor people will be trapped in deplorable housing conditions?

***Interview Schedule for Financial Institutions in eThekweni Municipality***

1. In your opinion, why is the institutional subsidy utilisation so low compared to the Project-linked subsidy?
2. Are subsidy mechanisms offering a flexible tenure system to allow people to move between different tenures as their financial circumstances permit? If not, why?
3. If there is no sustainable mortgage financing will higher income groups not resort to appropriating for themselves social housing opportunities developed for those whom home ownership is not a viable option?
4. How essential is it to increase the flexibility of the institutional subsidy in order to meet ever more diverse housing needs and requirements?
5. Without a flexible institutional subsidy, do you think many poor people will be trapped in deplorable housing conditions?
6. Are you facing financial constraints in mobilising financial resources for investment in social housing development? If yes, which ones?
7. Are you facing non financial constraints in mobilising financial resources for investment in social housing development? If yes, which ones?
8. What financial institutional reforms need to be put in place to protect the rights of both lenders and borrowers to enhance access to credit?
9. Do you think the current institutional subsidy is adequate to cover development costs? If yes, why?
10. Would you provide additional funding for unanticipated geotechnical conditions?
11. Do you think the terms of borrowing bridging finance are favourable for social housing development?
12. Do you think that the cost of developing social housing within the current institutional subsidy band is creating an affordability gap?