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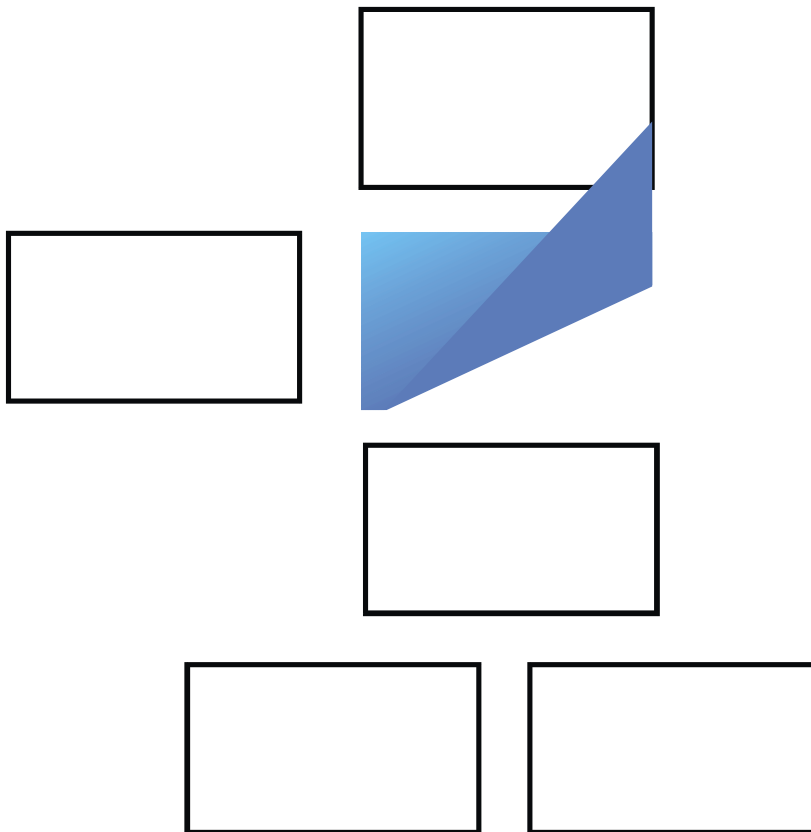
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## 1. INTRODUCTION

The Western Cape, along with the other provinces, has embarked on the preparation of a multi-year provincial housing plan. Phase 1 of the plan's preparation involved the undertaking of a Housing Situational Analysis and Demand Assessment for the W Cape.

This report, Volume 5 of the Western Cape Provincial Housing Plan (WCPHP), summarises the various issues identified in the different modules of the situational analysis, and outlines the implications for the preparation of the WCPHP.



Collectively these issues and implications serve as informants to the formulation of appropriate W Cape housing strategies.

The various housing issues that the WCPHP needs to address, as identified in the Situational Analysis and Housing Demand Assessment, are set out in the sections which follow.

## 2. HOUSING POLICY REVIEW : ISSUES AND IMPLICATIONS

In the review of the overall housing policy environment (see Volume 6 Module A) undertaken as part of the Situational Analysis, various issues that impact on the formulation of the Western Cape Provincial Housing Plan (WCPHP) were raised. Towards the alignment of the WCPHP with national, provincial and local policy initiatives, in the sections below the key policy issues identified in the Situational Analysis are summarised and the implications of these issues are highlighted in italics.

### i. Devolution of Housing Functions and Powers

In terms of the constitution housing is a concurrent responsibility of national and provincial government. The Housing Act (Act 107 of 1997) introduced a new paradigm to housing governance in South Africa by devolving housing functions to the lowest possible sphere (i.e. closest to the people). To this end local authorities are now tasked with pursuing the delivery of housing. Provision is also made in the Act for the accreditation of municipalities to administer national housing programmes

*By implication the WCPHP needs to spell out the new role and responsibilities of municipalities in pursuing housing delivery. Specific attention needs to be given to the relationship between the Provincial Department of Housing (PDH) and Category A, and C municipalities. Furthermore the WCPHP also needs to provide guidance on how the delivery capacity of municipalities will be built-up, including the possibility of their accreditation.*

*In consultation with W Cape local authorities in the course of undertaking the Situation Analysis, many expressed the opinion that local government had been given an unfunded housing mandate. It is important that the WCPHP gives specific attention to addressing this vexed issue.*

### ii. Uncertainty over the Restructuring of Local Government

The WCPHP is being formulated at a time of fundamental restructuring of the local government system in South Africa. Areas of jurisdiction for new Category A (i.e. metro), B and C (i.e. district) municipalities have recently been demarcated, but their respective powers and functions are still undefined. The current uncertainty pervading the local government arena complicates the preparation of the WCPHP.

*By implication the WCPHP needs to assist in clarifying the specific housing responsibilities for the different categories of new municipalities and explain how they are to interrelate with each other on housing matters. The WCPHP should also give attention to harnessing the housing capacities of the old local government system, and incrementally building the housing delivery capacity of new local authorities.*

### iii. Constitutional Rights and Responsibilities

The Constitution grants everyone a right of access to adequate housing. Adequate housing is measured in terms of certain core factors including legal security of tenure, the availability of services, materials, facilities and infrastructure, affordability, accessibility and location. The Constitutional Court's ruling in the so-called 'Grootboom' case provides insight into the meaning and scope of the State's obligations in terms of fulfilling this right (i.e. Section 26(2) stipulates that "the state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right").

The Court ruled that the state's responsibilities in terms of this section include the obligation to devise, fund, implement and supervise measures to provide relief to those in desperate housing need. At the time of the Court's ruling national housing policy and programmes did not specifically include reference to addressing the plight of those in desperate need.

*By implication the WCPHP needs to incorporate specific measures geared at relieving the plight of those in a crisis housing situation. Provision for those in desperate need should form part of the suite of provincial housing delivery programmes, budgetary allocation needs to be made for this purpose and implementation arrangements need to be specified.*

*Faced with housing needs that exceed available resources, the WCPHP also needs to put forward strategies on how the progressive realisation of housing rights will be achieved in the province.*

### iv. New National Housing Policy Thrusts

The National Department of Housing (NDH) has embarked on a process to formulate a new housing strategy. Although the new strategic directions coming out of this process are not yet incorporated into the National Housing Code, there are nonetheless useful informants to the WCPHP emerging from this process. In their assessment of housing performance since 1994 the NDH conclude that the full spectrum of housing needs have not been met in the most economic, efficient and effective manner possible. New national housing policy thrusts identified in NDH's "Draft Housing Strategy for the New Millennium" are as follows:

- ❑ A **shift from quantity to quality** of housing delivery, inclusive of the introduction of quality control measures (e.g. National Home Builders Registration Council).
- ❑ Less reliance on state subsidies, which tend to promote dependency, and greater **emphasis on savings and sweat equity** contributions by prospective home owners.
- ❑ Less emphasis on ownership and more attention to **alternative forms of tenure** (e.g. rent to buy).
- ❑ Promotion of the concept of **social housing**, in terms of which the National Presidential Job Summit Project on Housing has been initiated parallel to the National Housing Subsidy Programme in order to inform the establishment of rental housing policy.

- ❑ More attention to realising a sufficient **rural/urban balance** in housing delivery, avoiding the proliferation of urban sprawl, and ensuring holistic **integrated development**.

*The WCPHP needs to align itself with both national and provincial priorities. By implication the WCPHP needs to respond to these new emerging national housing policy directions, as well as inform new policy and strategy formulation based on lessons learnt from best practise in the W Cape. There is thus scope in the WCPHP to challenge and/or elaborate on these new directions in housing policy.*

#### v. **Housing and the W Cape's Provincial Strategic Plan**

As part of the W Cape government's Provincial Strategic Plan formulation process, housing delivery performance in the province was reviewed. This review highlighted the following housing issues:

- ❑ As was identified nationally, the provincial review also expressed a concern with the past emphasis on the quantity of housing delivery and the concomitant neglect of the quality of the living environment that was established. The past delivery approach of 'one size fits all' is seen as distorting the housing market. In the Provincial Strategic Plan housing is identified as a key component of the W Cape's strategic priority given to 'wellness'.

*By implication the WCPHP needs to put in place strategies and programmes that ensure the establishment of healthy and sustainable living environments. As was identified in the Provincial Strategic Plan, this requires close alignment between housing and complimentary investment initiatives (e.g. social facilities).*

- ❑ The housing subsidy scheme as introduced nationally originally **overlooked the role of local government** in housing delivery, which resulted in W Cape local government scaling down their housing capacity in the period 1994 - 1998.

*As pointed out above, the WCPHP needs to give explicit attention to bolstering the housing delivery capacity of local authorities.*

- ❑ As there are no definite statistics with regard to housing needs in the W Cape, housing delivery in the W Cape has largely been **reactive** to date. The process has been lead by developers and housing developments have **not taken place in priority areas** (i.e. the Cape Metropolitan Area has not received its equitable allocation of subsidies to date).

*The WCPHP needs to establish the basis of a systematic process of housing needs determination in the W Cape, the segmentation of the market, and strategies for the equitable allocation of subsidies.*

- ❑ By 1999 local government in the W Cape was sufficiently geared to proceed with housing delivery, but at this stage the Board had already **allocated its available funds**.

*As part of the WCPHP equitable allocation strategies need to be put in place as well as a basis for prioritisation in the allocation of scarce resources.*

- ❑ Prior commitments by the Board and the decision by the national Minister to **reduce the province's allocation** (given the new national funding bias to rural areas) means that the **W Cape cannot approve any new housing projects until the year 2003.**

*The WCPHP needs to incorporate strategies for the province to procure its equitable allocation of national housing subsidies, as well as strategies for the leverage of additional funds to address the housing challenge.*

- ❑ In terms of the new Housing Act, the Provincial Strategic Plan proposes that local governments should also have responsibility for **identifying the priority** status of various projects in their area.

*Accordingly, as part of the WCPHP, the options of provincial and/or local authority prioritisation of projects needs to be explored and resolved.*

- ❑ Unpaid rates and service charges are undermining the **viability** of W Cape local government and the **sustainability** of the housing subsidy programme. Many beneficiaries of the one-off housing capital subsidy cannot afford the recurrent costs of running a home.

*As identified in the Provincial Strategic Plan, an issue that needs to be addressed in the WCPHP is the distinction between those unwilling and those unable to pay. This is part of the bigger issue of the state's housing responsibilities to the very poor.*

*Other housing priorities identified in the Provincial Strategic Plan, that need to be addressed in the WCPHP, are as follows:*

- ❑ *Appropriate technology to ensure sustainable development.*
- ❑ *Lobbying mechanisms to utilise linkages and funding.*
- ❑ *Alternative forms of housing.*
- ❑ *Research into health, social, land, community needs, accessibility of services and environmental issues relating to housing provision.*
- ❑ *Sustainable basic infrastructure and services provision.*

## **vi. New Procurement Policy**

As of 1 July 2001 a new procurement regime will be introduced under the national Housing Subsidy Scheme for projects classified as "greenfield" developments. In accordance with this new procurement policy:

- ❑ The role of housing developer will be fulfilled by municipalities;
- ❑ Projects will be undertaken on land selected and approved in terms of IDP processes;

- ❑ In each phase of the project a procurement compliant process will apply;
- ❑ As implementation model municipalities will be able to choose between either 'outsourcing' the entire project, or taking responsibility for stages of the project, or employing local community contractors to undertake the total development or phases thereof.

*The implications of the new procurement policy for the WCPHP are onerous, and include the following:*

- ❑ *Housing needs determination, land identification and prioritisation will need to be synchronised with the local authority IDP processes.*
- ❑ *The PDH will need to strengthen its current capacity in order to:*
  - *evaluate and approve land identified by municipalities for housing projects;*
  - *monitor the land procurement procedures of municipalities where they do not have suitable housing land and have to call for land availability proposals;*
  - *fund the land procurement procedure if the municipality does not have the resources for this;*
  - *reserve funding for housing sites approved;*
  - *fund and evaluate geo-technical investigations into the suitability of housing land;*
  - *approve and fund detailed project applications; and*
  - *manage progress payments to projects.*
- ❑ *Where housing land has to be acquired this will be financed from the subsidy, thereby reducing the amount available for the top-structure.*

### 3. HOUSING DEMOGRAPHICS ANALYSIS & AIDS IMPACT ASSESSMENT : ISSUES AND IMPLICATIONS

Focusing on those in the lower income groups who might qualify for state assisted housing, key issues identified in the Housing Demographics Analysis and AIDS Impact Assessment (see Volume 6 Module B) are summarized below. Furthermore the implications of these issues for the preparation of the W Cape's 5-year housing development plan are set-out in italics.

#### i. Mismatch Between Housing Subsidy Eligibility and Availability

Of the 1996 W Cape population of some 4 million, 57,3% (564 878 households) were recorded as earning incomes of less than R3500 per month. Population projections indicate that an additional 20 000 households per annum of new household formation in the W Cape will earn less than R3500 per month. If all existing households in the province who meet the household income subsidy criteria were to apply and qualify for a housing subsidy, at the W Cape's current annual subsidy allocation it would take over 30 years to meet this demand. If new household formation is taken into account and the province's subsidy allocation remains constant, then there is no chance of ever providing all with a subsidy.

*The implications of this mismatch between subsidy eligibility and availability are profound. Some of the considerations the WCPHP will need to give attention to are as follows:*

- ❑ *Reducing dependency on subsidies and introducing other funding sources to address housing needs (e.g. pursuing the sweat equity and savings strategies put forward in the NDH's draft strategy for the new millennium).*
- ❑ *Strategies for the W Cape to procure larger allocations from the national subsidy.*
- ❑ *Redefining what constitutes access to adequate housing and formulating strategies that align available finances with the progressive realization of housing rights.*

#### ii. W Cape Highly Urbanised

In terms of the Statistics SA definition of 'urban', the W Cape is 89% urbanised (95% of Blacks and 85% of Coloureds). About 65% of all people in the Province live in the Cape Metropolitan Area (CMA). The 7 major towns in the province (i.e. Paarl, George, Worcester, Stellenbosch, Oudtshoorn, West Coast Peninsula and Mossel Bay) accommodate an additional 12% of the population.

*The WCPHP will need to give attention to the applicability of the current definitions of 'urban' and 'non-urban', given that outside of the metro most settlements in the W Cape are dependent on the rural economy. Notwithstanding this, it is clear that state assisted housing in the W Cape needs to give emphasis to addressing urban housing needs. Furthermore the WCPHP must ensure that the metro begins receiving its equitable share of subsidy allocations.*



### iii. Unique Demographic Characteristics of Subsidy Market

There are distinctive demographic characteristics to the W Cape housing subsidy market. 29% of W Cape households earning less than R3500 per month are of the Black population group, 55% of the Coloured group and 16% of the White group. Women head a high proportion of households: 33% for the Province as a whole and 37% in the CMA. These households display a poverty rate double those headed by males.

Statistics for 1998 show that 13,3% of Black household expenditure goes to housing and electricity, and 23,7% in the case of Coloured households. According to research results, most households in the R0 - 1500 income bracket cannot afford current service charges.

*The WCPHP needs to incorporate housing delivery programmes that are tailored to the unique demographic characteristics of the customer base. This implies the need for customer segmentation and the development of housing programmes that are informed by the aspirations and affordability of different customer segments. Special attention needs to be given to ensuring the financial sustainability of housing delivery programmes targeted at the very poor (i.e. those earning less than R1500 per month).*

### iv. Inadequate Housing

Outside the CMA, there is little accurate information available on the size and quality of the provincial housing stock. There is also no generally accepted definition of what constitutes adequate housing. Based on census information, in 1996 16,5% of dwellings in the W Cape consisted of informal structures, including backyard shacks. The highest proportions occurred in the CMA (19,2%), South Cape (18,7%), Winelands (14,6%) and Overberg (11,2%), coinciding with those areas that absorb the largest proportion of in-migration. This is also true for the larger towns situated in these regions.

In terms of overcrowding the number of people per dwelling equals 4,1 for formal dwellings (excluding backyard dwellers) and 3,7 for informal dwellings. Compared with a much lower average household size of (3,4) for the country as a whole, this is probably indicative of the level of overcrowding in the Province, particularly in formal dwellings.

*Available information on inadequate housing underscores the need for the WCPHP to extend beyond strategies for new house building. The WCPHP needs to give attention to defining what constitutes adequate housing and developing a data base of the provincial housing stock. This will assist in refining information on inadequate housing and informing appropriate strategies for dwelling upgrading.*

### v. Substantial Migration into W Cape

Based on 1996 census figures, net migration into the W Cape from the rest of the country is estimated at 55 800 per year, mainly work seekers from the E Cape whose economy lags behind that of the W Cape. This estimate excludes illegal foreign migrants who also seek accommodation in the lower income housing market, particularly. Most Africans coming to the W Cape settle in the CMA

(73%), whilst most Coloured migrants (62%) settle in areas outside the CMA.

*The issue of migration, which accentuates the magnitude of the housing challenge in the W Cape, needs to be incorporated into the WCPHP's strategy as a motivation for the procurement of an equitable share of the national housing subsidy.*

**vi. AIDS**

The prevalence of AIDS in the Western Cape is the lowest of all provinces (7,1%), but grew the fastest (at 36,5%) between 1998 and 1999. It is expected that the provincial infection rate may level out at half the projected national rate. Most HIV infections take place in the most fertile age groups. Deaths due to AIDS are expected to equal 'normal' deaths in the CMA by 2009, at a level of 29 000 per year.

*The vexed issue of AIDS needs to be addressed in the WCPHP, specifically its impact on poverty and strategies on how to accommodate more single parent households, orphans and destitute people.*

#### 4. HOUSING DEMAND ASSESSMENT : ISSUES AND IMPLICATIONS

In the assessment of housing demand in the W Cape (see Volume 6 Module C) undertaken as part of the Situational Analysis, various issues that impact on the formulation of the Western Cape Provincial Housing Plan (WCPHP) were raised. In the sections below the key issues identified in the Housing Demand Assessment are summarised and the implications of these issues are highlighted in italics.

##### i. Scant Information on Provincial Housing Needs

To date little attention has been given to investigating the housing needs of Western Cape communities. Whilst supply sided housing matters have been relatively well researched, the same cannot be said of housing demand considerations.

*In order to align housing delivery to the needs of customers, the WCPHP needs to ensure that an ongoing programme of market research is instituted. A customer focused approach is needed as basis for equitable resource allocation and the refinement and updating of provincial housing delivery programmes.*

##### ii. Uncertainty Over What is Acceptable Housing

The absence of a widely accepted definition of what constitutes adequate housing in the W Cape gives rise to various estimates of the scale the provincial housing backlog. Housing demand is most commonly quoted as a specific number of houses that need to be built. The evidence considered in the Demand Assessment Module highlights that there are a range of housing needs that need to be addressed in the province. The past approach to housing delivery of 'one size fits all' is clearly inappropriate and unsustainable in the W Cape.

*As benchmark to the WCPHP's introduction of a research programme for the determination of customer housing needs, is the adoption of an acceptable definition of what constitutes adequate housing.*

##### iii. Metropolitan Housing Demand Profile

Available information indicates that housing demand in the Cape Metropolitan Area stands at 220 000, or 71% of W Cape demand. The profile of metro customer groups to be served by the WCPHP is as follows:

- **78 000 families living in shacks in informal settlements**, predominantly Africans, with the majority earning below R1500 per month. Most current housing and services programmes are unaffordable to this group. Their housing needs include: security of tenure in localities accessible to job opportunities; basic engineering services; access to basic health, educational and recreational facilities; and improved forms of shelter.

- ❑ **51 000 families living in overcrowded conditions in formal housing areas.** Predominantly Coloured households, most of who prefer to remain living in the neighbourhoods they are familiar with. This customer group has greater affordability than squatter communities. Most cannot raise formal housing loans and some make use of the informal micro-loan industry. Their housing needs centre around formal accommodation, with freehold or rental tenure, preferably in proximity to current neighbourhoods.
- ❑ **61 000 families living in backyard shacks in formal housing areas.** This customer segment comprises African and Coloured families, with greater relatively affordability amongst the latter group. Housing needs vary ranging from the upgrading and/or extension of current dwellings, to alternate housing with freehold or rental market.
- ❑ **23 000 shacks on serviced sites in formal housing areas.** Predominantly African with limited affordability. The housing needs of this customer group include transfer of ownership to the occupants, and improvements to the quality and size of their shelter.

*The WCPHP needs to ensure that the largest customer base in the province, metro Cape Town, begins receiving its equitable share of subsidy allocations. Moreover a range of metro housing delivery programmes need to be promoted, each in line with the housing needs and affordability of the different customer groups. The WCPHP also needs to make provision for building the capacity necessary to co-ordinate and implement such an integrated metropolitan housing delivery programme.*

#### iv. **Housing Demand in Towns**

Outside the Cape Metropolitan Area housing demand in the major and minor towns of the province is estimated at 75 100 households, or some 24% of W Cape demand. This customer group comprises those families living in overcrowded conditions and those living in shacks in the towns of the province. Additional research into the demographics and housing needs of these customers is required, as has been done in the CMA. This customer group comprises mainly Coloured and African families of low affordability. Their housing needs vary depending on income, locality and the current conditions they are living under.

*The WCPHP needs to give attention to the introduction of a provincial programme that standardises procedures for the determination of housing needs. Such a programme needs to be linked to the municipal IDP processes. On the basis of this information provincial housing delivery programmes can be tailored to meet the specific needs of those living in towns. In addition measures can be taken to strengthen the capacity of local authorities to implement these programmes.*

#### v. **Rural Demand**

The rural customers that the WCPHP should serve are an under researched group that can be segmented into those residing in rural settlements, on farms, or on plantations and Nature Reserves. Rural demand in the W Cape is estimated at

some 15 000 households, or 5% of W Cape total demand. Previously rural communities were the target beneficiaries of Department of Land Affairs (DLA) land restitution and redistribution programmes. Whilst these DLA programmes used to incorporate a housing component, policy has changed in recent years and provision for addressing rural housing needs now needs to come out of the provincial housing budget.

The security of tenure of the rural poor is particularly vulnerable, and evictions from farms are widespread throughout the province. The rural market comprises mainly Coloured families, most of whom receive 'in-natura' income as part of their remuneration package which limits their choice in where they live. The housing needs of this customer group include improved security of tenure, access to basic engineering services and community facilities, and improved shelter.

*Rural housing delivery needs to form an integral part of the WCPHP, notwithstanding the relatively small size of this customer group. How to overcome the relative inaccessibility of these customers needs to be addressed in the plan. In addition, specific programmes need to be introduced that are geared to the unique and varied rural living conditions and housing needs.*

### **Other Implications**

*A unique category of customers the PHP needs to cater for are those households whose income is below the poverty datum line of some R1 100 per month (i.e. the very poor). Their extremely limited affordability means that most current subsidy housing projects are unsuitable to their requirements. A policy for dealing with the housing needs of the **indigent** is required in the WCPHP. These vulnerable households are located throughout the province and a large proportion of very poor households are headed up by females. specific assistance needs to be targeted as part of the PHP.*

*Given a continuation of current of modes of housing delivery, for the WCPHP to address current backlogs as well the projected growth in demand over the period 2001 – 2006, then some R7.2 billion in housing subsidies are needed – an estimated shortfall of some R6 billion. The W Cape's current annual allocation of national housing subsidies will not even cover the increase in demand due to population growth. By implication the WCPHP needs to give attention to procuring additional sources of finance, as well as put in strategies for the progressive realisation of housing rights over the longer term. This necessitates a re-examination of current modes of delivery.*

## **5. PROVINCIAL CAPACITY AND CONSTRAINTS ANALYSIS : ISSUES AND IMPLICATIONS**

In the assessment of the capacity of provincial government and the housing constraints they face (see Volume 6 Module D) undertaken as part of the Situational Analysis, various issues that impact on the formulation of the Western Cape Provincial Housing Plan (WCPHP) were raised. In the sections below the key issues identified in the Provincial Capacity and Constraints Analysis are summarised and the implications of these issues are highlighted in italics.

### **i. Re-orientation of Strategic Focus of Provincial Department of Housing**

The Chief Directorate Housing acknowledge that their previous focus on delivering a target number of houses achieved the intended results, but gave rise to distortions in the low income housing market and lead to quality problems. They recognise the need for improved quality control, more emphasis on peoples housing processes, the promotion of rental housing as an option, and the need to put special measures in place to cater for the special needs of the indigent.

*The introduction of multi-year provincial housing plans brings with it the opportunity to re-orientate departmental strategy and introduce a housing delivery performance appraisal system. Furthermore the WCPHP's preparation represents an opportunity to make housing an integral part of the Provincial Strategic Plan. This requires aligning housing delivery with the delivery strategies of other provincial departments, and assisting local authorities to use the Integrated Development Plan (IDP) process as a means of determining local housing priorities.*

### **ii. Staff Shortages Restrict Departmental Capacity**

Staff shortages in the Chief Directorate Housing, due to a freeze on vacant posts, seriously restricts the department's capacity.

The WCPHP needs to re-define the roles and responsibilities of the Provincial Department of Housing (PHD), and put in place programmes for building the required capacity to carry out these functions. A new local authority dispensation and the introduction of a new procurement policy carries with it the additional requirement for the PDH to assist in building the housing capacity of municipalities in the W Cape.

### **iii. Financial Viability of Local Authorities Under Threat**

The PDH recognise the financial threat facing municipalities due to non-payment by many housing subsidy beneficiaries of rates and service charges.

*As part of the WCPHP it will be necessary to re-evaluate the affordability of current housing delivery programmes, particularly their impact on municipal finances. The relationship between Category B and C municipalities needs to be addressed in the plan and accreditation strategies put in place. Furthermore uncertainty over the transferral of PHDB assets to local authorities need to be addressed in the WCPHP.*

## 6. METROPOLITAN CAPACITY & CONSTRAINTS ANALYSIS : ISSUES AND IMPLICATIONS

### i. Constraints to Metropolitan Housing Governance

The Unicity Housing Task Team identified the following weaknesses of the current housing governance arrangements:

- ❑ Lack of clarity of the role of politicians has led to excessive interference in projects.
- ❑ Vocal but no financial commitment to housing by the national and provincial levels of government creates problems at the local level.
- ❑ Funders and beneficiaries never get to confront each other and officials are caught in the middle.
- ❑ Unpredictability in funding flows compromises longer term financial planning.
- ❑ Housing is highly politicised, complex and patronage based.
- ❑ Poor co-ordination between line function ministries.

*In response to these challenges the City of Cape Town, a Category A municipality, is well advanced in its strategic planning for housing delivery. The WCPHP needs to build on this initiative, facilitate the rationalisation of housing delivery between different City of Cape Town administrations, and give support in the event that the Unicity applies for accreditation.*

### ii. Financial Constraints

Financial constraints to metro housing delivery identified by the Unicity Housing Task Team include the following:

- ❑ Under recovery of rentals
- ❑ Unpredictability of housing financial allocations to CMA
- ❑ Mismatch between expectations and monies available
- ❑ Under-recovery and non-recovery of rate and service charges in new state assisted housing projects
- ❑ Redirection of subsidies to rural areas
- ❑ Lack of re-allocations of subsidies from non-performing projects to performing ones
- ❑ No provision of finance for land acquisition

*It is necessary that the WCPHP formulates strategies to address these pressing financial issues which are fundamental to the viability of W Cape municipalities.*

### iii. High Cost of Housing Land

CMA public housing land will be used up in 18 months time. The fixing of the Urban Edge has curtailed new housing land supply and will push up the price of available land. CMA housing land is ten times more expensive than comparative land in other metro areas. Furthermore, the absence of a source of low income housing land acquisition finance erodes the quality of product that can be delivered.

*In light of the new procurement policy the WCPHP needs give attention to formulating strategies for the acquisition of land by municipalities, with specific attention to dealing with the high cost of land acquisition in the CMA.*

#### **iv. Inequities in Metro Housing Delivery**

The Unicity Housing Task Team identify the following inequities in metro housing delivery:

- ❑ Achieving equity in housing delivery in the CMA is complicated by the past practise of municipalities making different contributions out of their own funds to new housing, resulting in different products being delivered.
- ❑ Inequality between housing projects that are cross-subsidised (e.g. Marconi Beam) and those that are not.
- ❑ Inequity between the recurring benefit received by existing council tenants in completed dwellings and beneficiaries of new starter houses.
- ❑ Priority given to addressing the needs of squatters whereas those who have been on official waiting lists feel that they are being discriminated against.

*The WCPHP needs to assist in resolving these issues and ensure that a consistent approach is adopted throughout the W Cape.*



## 7. CAPACITY & CONSTRAINTS ANALYSIS OF CATEGORY B MUNICIPALITIES : ISSUES AND IMPLICATIONS

### i. Capacity and Expertise Constraints :

Category B municipalities in the W Cape are faced with the following capacity constraints:

- ❑ The majority of municipalities require additional capacity and expertise in order to address housing in their newly acquired rural areas of jurisdiction.
- ❑ None of the municipalities have any experience in Public Private Partnerships.
- ❑ Housing need determination, project formulation and housing management in several smaller municipalities is currently undertaken by District Municipalities on an agency basis.
- ❑ Additional capacity (i.e. staff and funding) is required for capacity building of new homeowners regarding ownership responsibilities, and community leaders involved in the housing process.
- ❑ Where separate housing departments have been established, such structures report staffing and capacity constraints, especially where “community-based” delivery systems are employed, given the increased demands of such systems on municipal staff and budgets.
- ❑ The absence of housing officials (e.g. complaints, information, etc) in rural towns and settlements will be exacerbated though the new local authority consolidation process.

*Towards the resolution of these issues, the WCPHP needs to develop strategies and programmes to support the building of the capacity of the new Category B municipalities, with particular attention to carrying out their new rural housing responsibilities.*

### ii. Insufficient Funding

Insufficient funding is cited by W Cape municipalities as the major constraint to the housing delivery process. They identified the following financial issues:

- ❑ The **housing subsidy is too small**, resulting in:
  - A decrease in construction and material quality resulting in maintenance and repair demands on municipalities who are deemed to be the responsible party.
  - A negative impact on the construction industry and its labour force, with up to 98% of contractors going bankrupt subsequent to project completion.
  - Province criticising municipalities for supplying excessive service and infrastructure levels, while municipalities need to optimise the use of existing bulk services and facilities (e.g. sewerage treatment works) through the use of compatible domestic service levels (e.g. waterborne sewage).
  - The cost of outsourcing professional services is eroding the size and quality of product delivered.

- ❑ The current delivery process is financially unsustainable given **poor levels of capital redemption on municipal investments** (e.g. link services) and the continued **reliance on intergovernmental transfers** to make up for **non-payment of service charges**. Municipalities are concerned that the continuation of the current delivery process could lead to the bankrupting of smaller and medium sized municipalities.
- ❑ No funding is available for timeous **land acquisition**, thereby jeopardising cost effective development programming.
- ❑ No funding for essential community housing delivery capacity building .
- ❑ A further entrenchment of an “efficient” product-orientated housing delivery process, with little or no scope for exploring “community-based” delivery systems, given their additional funding demands.

### iii. **Lack of Home Owner Responsibility**

The lack of understanding by housing subsidy beneficiaries of their home ownership responsibilities is identified by municipalities as a fundamental constraint to the sustainability of the housing process. Consumer education is needed on the following subjects:

- ❑ Dwelling maintenance and homeowners insurance.
- ❑ Payment of levies / service charges.
- ❑ Use of consumer services (e.g. water, solid waste removal).
- ❑ Use of infrastructure (e.g. toilets).

### iv. **Lack of Programming in Housing Delivery**

Municipalities report that the current ad hoc subsidy allocation process is not cost effective, nor is it conducive to timeous land acquisition, bulk services provision, continuity of employment and skills training programmes, and maintaining credibility with communities.

### v. **Selling or Disposal of Dwellings**

Municipalities report that the housing process is being threatened by the increasing disposal of subsidy-acquired dwellings by beneficiaries, either because the costs of running the new home is unaffordable, or to raise capital to settle outstanding debt.

### vi. **Other Housing Delivery Constraints Identified by Category C Municipalities:**

- ❑ Municipalities are divided over the question of rental housing given the associated municipal administration and maintenance liability, and that the R0-R800 income category will default on rental. Other municipalities see merit in rental, identifying its role not for the marginal income group, but rather for those who cannot access the full housing subsidy due to their income exceeding certain levels.

- ❑ The lack of a national credit control mechanism leads to local politicisation of default management.
- ❑ Current lack of a system of accreditation of builders is problematic, especially within “community-based” delivery projects.
- ❑ Vacant unserviced erven in towns are a liability to municipalities as a result of the inability to secure finances for top structures on sites previously serviced using IDT subsidies.
- ❑ Municipalities concerned that the PHDB has not been instrumental in endorsing urban restructuring and spatial integration through its approval of subsidy projects.
- ❑ The majority of approved housing projects do not facilitate incremental housing improvements, but rather focus on an end product that often offers little scope for dwelling expansion.
- ❑ Unsatisfactory delays in the transfer of state land from PWD to municipalities is impacting negatively on housing delivery programmes.

#### **Implications for the WCPHP**

- i. Need for WCPHP to clearly define the housing role and functions of Category B municipalities, and their relationship to District Municipalities (Category C). There is a need for additional Category B municipal expertise and capacity to address housing in newly acquired rural areas. Furthermore the WCPHP needs to provide guidelines to municipalities for integrating housing needs determination and prioritisation into the IDP process.*
- ii. Unsustainability of the current housing delivery system necessitates its revision in the WCPHP.*
- iii. WCPHP will need to facilitate the adoption of “community-based” and “self-help” housing delivery systems by Category B municipalities.*
- iv. WCPHP will need to explore capacity building models of establishing a designated municipal housing division, or the outsourcing option.*
- v. WCPHP need to consider the adoption of a “Combined Services Model” to evaluate economic feasibility and sustainability of housing projects, and the introduction of a system for the accreditation of builders by municipalities.*
- vi. More stringent dwelling acquisition and selling controls need to be considered in the WCPHP.*
- vii. The WCPHP needs to give attention to streamlining the transfer of state-land earmarked for housing to municipalities.*
- viii. WCPHP to provide guidance to municipalities on the role of housing in urban renewal.*

## **8. CAPACITY & CONSTRAINTS ANALYSIS OF CATEGORY C MUNICIPALITIES : ISSUES AND IMPLICATIONS**

The majority of District Municipalities (DMs) in the W Cape are of the opinion that they either have sufficient housing delivery capacity and expertise, or the ability to increase their capacity given past experience in extensive self-help housing projects. Their capacity to deal with housing can be expanded through outsourcing, public / private partnerships, or task sharing with Category B municipalities.

However, they identify staff shortages as a serious constraint, especially to deal with increasing farm evictions and to facilitate capacity building of new homeowners. Other housing delivery issues identified by District Municipalities include:

### **i. Lack of District Co-ordination in Housing Delivery**

All DMs identify the absence of a prescribed relationship between Category C and B municipalities (i.e. Article 14 of the Municipal Systems Act) as a major stumbling block confronting housing delivery.

### **ii. Unfunded Housing Mandate**

DMs claim that they operate in terms of an unfunded housing mandate resulting in locally generated funds being employed for land acquisition and bulk services, inter-governmental funds being employed to address non-payments by home owners and the bankrupting of smaller local authorities.

### **iii. Limited Access to Funds for Land Acquisition**

DMs see themselves as being constrained in facilitating housing delivery as they have no access to funds for the acquisition of land, especially private land. This problem results in ad hoc purchases (i.e. when funds are available) and an inability to programme land acquisition, bulk services provision and housing construction.

### **iv. Lack of Consultation between Spheres of Government**

DMs report that a lack of consultation / information from provincial and national departments often negatively impacts on the local authority housing process. In the opinion of Category C municipalities, this lack of compliance with Chapter 3 of the Constitution (i.e. co-operative governance) needs to be urgently addressed. Local authorities feel they need to be informed and / or become partners in provincial or national initiatives (e.g. land reform projects).

### **v. Lack of Funds / Programmes for Economic and Social Development**

National and provincial endeavours are needed to facilitate economic and social development simultaneously with housing development in order for housing to be effective and contribute to the quality of the life. This will require substantial capacity building, training programmes and funding.

## **vi. Public Objections to Low Income Housing Projects**

Currently, such objections halt or hamper the housing process, especially for serviced land projects. This is attributable to a lack of “political” processes and procedures (e.g. public participation) to desensitise housing projects and their impact, and is aggravated by ad hoc housing initiatives. To address this issue a phased buy-in by the public, facilitated through a structured housing management programme comprising clearly defined phases of planning and development, is proposed by DMs.

## **vii. Increasing Farm Evictions**

DMs are confronted by increasing numbers of evictions from farms. An inability to timeously acquire and service land results in ad hoc settlement and increased negative public reaction.

## **viii. Inadequate Planning Funds**

Funds from the Department of Land Affairs are limited to 9% of the Grant amount, which DMs find is inadequate to address the complexities of rural areas. On PHDB projects, planning fees are utilising an increasing and considerable amount of the subsidy, resulting in a reduction of the quality and size of the product.

## **ix. Inadequate IDP Guidelines**

Given that the IDP process is instrumental in determining and co-ordinating housing needs, DMs are of the opinion that appropriate guidelines and instructions regarding the content, methodology and extent of the IDP process should be forthcoming from Province to local authorities. DMs note that in several instances IDP products delivered by consultants vary significantly in content and quality, thereby jeopardising an appropriate housing evaluation.

## **x. Other Housing Delivery Issues Identified by DMs:**

- The need to include rural housing provision in a strategy linked to the IDP (e.g. housing sectoral plan).
- Land claims do not feature significantly as a constraint to housing delivery.
- Transfer of state property (i.e. PWD) is problematic and delays housing project implementation.
- DMs regard rental housing as a management liability.

## **Implications for the WCPHP:**

- i. DMs warn that unless Article 14 of the Municipal Systems Act is in place, neither C nor B municipalities will be able to perform optimally, as envisaged in the WCPHP. DMs identify the need for housing delivery programming and for co-ordination of housing needs on a district level.*

- ii. *The DMs propose that, with the Municipal Systems Act in place, municipalities (C and B) can together determine 5-year housing needs per town (category B). These needs can be co-ordinated by the DM, in consultation with the category B municipalities, into a sectoral plan for housing in the district, with such a plan complimenting the IDP and its Spatial Plan.*
- iii. *DMs are of the opinion that they could serve as a suitable platform for co-ordinating social and economic development programmes within their districts, both complimentary and essential to the housing process.*
- iv. *DMs support “self-help” or “peoples housing process” as an alternative to the current “product-based” delivery system, given the double equity (e.g. employment, housing, participation) embodied in the former.*
- v. *DMs identify the need for the Extension of Security of Tenure Act (ESTA) to be applied more rigidly in order to curb farm evictions and more optimally utilise suitable existing “on-farm” worker housing.*

## **9. PRIVATE SECTOR CAPACITY AND CONSTRAINTS ANALYSIS : ISSUES AND IMPLICATIONS**

In the assessment of the capacity of the private sector housing developers and the constraints they face (see Volume 6 Module D) undertaken as part of the Situational Analysis, various issues that impact on the formulation of the Western Cape Provincial Housing Plan (WCPHP) were raised. In the sections below the key issues identified in the Private Sector Capacity and Constraints Analysis are summarised and the implications of these issues are highlighted in italics.

### **i. Delays in the Approval of Projects:**

Costly delays are experienced by developers with provisional local authority approval of projects, and in the adjudication of project proposals by the PHDB and Provincial Departments.

### **ii. Delays in Township Establishment:**

Developers report delays in obtaining clearance certificates and that documents referring to land transferred from PA:WC to Local Authorities go missing. Original Deeds have been lost. There are delays in obtaining new certified copies of title deeds.

### **iii. Protracted Social Compact Processes:**

Developers report delays in obtaining consensus from all role players as a signed Social Compact agreement is a PHDB prerequisite. Developers report that they are often forced by certain communities to provide the largest floor area with little regard for quality of product. There also report delays in obtaining beneficiary approval lists from the PHDB.

### **iv. Approval of Land Servicing and House Standards:**

Local Authority approval process on finalisation of servicing and building standards is reportedly slow, sometimes due to a lack of co-ordination between the Project Manager and the officials of Council.

### **Implications for the WCPHP**

*In accordance with the new procurement policy, the WCPHP needs to re-assess the role of private developers in housing subsidy projects. Steps must be taken to remove the identified bottlenecks to the housing delivery process, be they incurred by private sector or municipal housing developers.*

## **10. NGO SECTOR CAPACITY & CONSTRAINTS ANALYSIS : ISSUES AND IMPLICATIONS**

In the assessment of the capacity of the non- governmental (NGO) housing sector and the constraints they face (see Volume 6 Module D) undertaken as part of the Situational Analysis, various issues that impact on the formulation of the Western Cape Provincial Housing Plan (WCPHP) were raised. In the sections below the key issues identified in the NGO Sector Capacity and Constraints Analysis are summarised and the implications of these issues are highlighted in italics.

### **i. Delays in Accessing Subsidies**

Delays in processing and approving subsidy applications (especially for consolidation projects), and the declining provincial housing budget, are the main constraints preventing NGOs and their community partners from achieving the housing delivery rates of which they are capable.

### **ii. Limited Affordable and Accessible Land for Greenfield Projects**

The difficulty of accessing affordable vacant land in the Cape Metropolitan Area and delays in township establishment and getting planning approval means that housing NGOs have to concentrate on consolidation projects rather than greenfield projects. This means that the greatest housing need, i.e. landless households in informal settlements and backyard shacks, is not able to be effectively addressed by NGOs.

### **iii. Lack of Funding for Integrated Development**

NGOs generally have a strong commitment to integrated development and to creating sustainable communities rather than merely building houses. The difficulties of obtaining funding for other components of integrated development, such as job creation and public spaces and recreation facilities, means that it is difficult to turn housing projects into integrated living environments. There are a few funding sources for other components of integrated development, such as the Local Economic Development Fund in the Department of Provincial and Local Government, but these are relatively small.

### **iv. Limitations of the Subsidy Amount and Available Credit**

It is extremely difficult to provide adequate housing with only the subsidy amount and whatever savings and loan the household can afford to add to the subsidy amount. The end product produced by using the subsidy amount alone is unlikely to satisfy anybody's needs or expectations.

Adequate housing is usually only possible where additional subsidies are put into the housing or infrastructure. Even getting access to credit to supplement housing subsidies is a huge problem for poor households, and this lack of housing credit for poor households has forced housing NGOs such as People's Dialogue, DAG and Habitat for Humanity to start up their own housing loan schemes.



**v. High Norms and Standards**

Housing NGOs report that norms, standards and regulations for subsidised housing are too high and hinder housing delivery by increasing costs.

**vi. Lack of Peoples Housing Process Support Capacity**

The Provincial Department of Housing, local authorities and the People's Housing Partnership Trust (PHPT) lack sufficient capacity to provide adequate support to facilitate the initiation and implementation of Peoples Housing Process projects.

**Implications for the WCPHP**

*The WCPHP needs to give attention to the role of NGOs and CBOs, and the People's Housing process. Community based housing delivery supported by NGOs, and within the context of integrated development, is seen by NGOs as an important way in which the housing needs of the poor can be effectively addressed. NGOs report that People's Housing Process projects result in better quality end-products and higher levels of beneficiary satisfaction, and projects in which beneficiaries assume greater responsibility for providing for their own housing needs also empower communities to be more self-reliant and greatly facilitate future housing consolidation processes.*

*Accordingly the WCPH needs to give attention to the following:*

- Greater information dissemination to communities on housing options and how to access housing.*
- Upfront allocation of consolidation subsidies to approved non-profit organisations*
- Streamlining of subsidy processing and approval for community -based greenfield projects.*
- Ensuring the release of affordable land suitable for subsidised housing is essential. Suitable land release systems, programmes and policies need to be put in place.*
- Greater integration of funding sources to ensure that housing goes hand in hand with community facilities, public spaces, job creation, in order to be able to ensure integrated development.*
- Ring fencing of subsidies for community-managed PHP projects supported by NGOs. Community managed non-profit housing delivery needs to be treated differently from for-profit delivery by large contractors. People's Housing Process projects (and social housing projects) should not need to compete against private sector mass contractor delivery for subsidies.*
- Reduced norms and standards for housing that are more appropriate to the context and to the needs of people. For households who get access to mortgage finance for housing, a higher standard of building regulations is appropriate. For households unable to supplement their housing subsidies, higher standards can be a hindrance and lower standards can be more suitable, as long as they meet minimum health and safety requirements.*
- Support to NGOs to be become involved in the provision of rental social housing.*
- Policies to facilitate special needs housing, e.g. for the aged and people with HIV/AIDS.*

## 11. COMMUNITY SECTOR CAPACITY & CONSTRAINTS ANALYSIS : ISSUES AND IMPLICATIONS

In the assessment of the housing capacity of communities and the constraints they face (see Volume 6 Module D) undertaken as part of the Situational Analysis, various issues that impact on the formulation of the Western Cape Provincial Housing Plan (WCPHP) were raised. In the sections below the key issues identified in the Community Sector Capacity and Constraints Analysis are summarised and the implications of these issues are highlighted in italics.

### i. Lack of Access to Information

Community organisations lack access to information about how to access housing. NGOs often end up having to provide information about the government housing subsidy scheme and other housing-related issues. There is a need for increased dissemination of information about housing subsidies and about how people can go about obtaining access to housing.

### ii. Lack of Capacity

Communities require support, and the NGO sector is too small to adequately deal with the demand. The following types of community training courses are needed:

- ❑ Leadership Course for committee members
- ❑ Housing Support Centre Course for HSC staff members and alternates (25 days, including practical construction training): roles and responsibilities of roleplayers in the People's Housing Process, communication skills, general administration skills, financial administration skills, VAT administration, beneficiary administration, plans and house design, materials ordering and control procedures, construction monitoring and management, quality control.

### iii. Delays in the Processing and Approval of Subsidies

Extended delays in the processing and approval of subsidies can have a devastating effect on the cohesiveness and morale of community organisations involved in housing delivery, and can easily derail People's Housing Process projects.

### iv. Conflict

Conflict within or between community organisations can hinder housing delivery. Conflict is inherent in development, however (especially where there are long delays), and needs to be effectively managed. By providing community organisations with effective "organisational development" (OD) support and conflict resolution advice, conflict can be controlled.

### v. Lack of Integrated Development

The lack of integrated development has a severe effect on communities. Housing alone, if not accompanied by job creation, community building and the provision of functioning community facilities can have more disadvantages than advantages.

## **vi. The Inappropriateness of Formal Systems**

Housing delivery results in the formalisation of communities and households that previously largely lived in informal settlements and backyard shacks. This formalisation involves the application of regulations and procedures, many of which relate to tenure and the responsibilities that go with it, e.g. the need to follow formal transfer processes and pay rates. Unfortunately, the South African land registration and transfer system is not suited to the needs of the majority of people in the country, and as a result most properties that are sold are not formally transferred. Similarly, the housing subsidy scheme is providing ownership to large numbers of poor households, but the majority of these households are unable to afford the costs of ownership (i.e. rates and service charges). In addition, many of the building regulations and zoning regulations which may be applied in new housing projects restrict the consolidation and economic development of the area.

## **vii. Subsidy Design**

The qualification criteria for housing subsidies exclude many people, e.g. single people or owners of serviced sites who earn more than R1500 p.m. The subsidy amount is also uniform for all sizes of households, and is not suited to people with special needs, e.g. the aged and people with HIV/AIDS (who require housing with lifetime use rights and who need to live together, e.g. in a cluster complex, to ensure the efficient provision of care). It is difficult to get a house of adequate size and quality on an adequately serviced site without substantially supplementing the subsidy with savings, loans and additional subsidies.

## **viii. Little encouragement for savers**

Although the Department of Housing and the National Urban Reconstruction and Housing Agency (NURCHA) have launched the National Housing Savings Scheme, there is generally little incentive to encourage households to save up to supplement their housing subsidies to be able to afford a better quality house at the outset (apart from the Cape Town Community Housing Company's savings scheme).

## **Implications for the WCPHP**

*The WCPHP needs to re-examine the role of NGOs, CBOs, and the People's Housing Process. They have the ability to play a far greater role in housing delivery if provided with greater support. Community based housing delivery supported by NGOs, and within the context of integrated development, is an important way in which the housing needs of the poor can be effectively addressed. People's Housing Process projects can result in better quality end-products and higher levels of beneficiary satisfaction, and projects in which beneficiaries assume greater responsibility for providing for their own housing needs also empower communities to be more self-reliant and greatly facilitate future housing consolidation processes.*

*Communities that organise themselves to take responsibility for meeting their own housing needs via People's Housing Process projects should therefore be strongly supported. The WCPHP should give attention to nurturing the NGO and community sectors along the lines as set out above in the implications of the NGO sector capacity and constraints analysis.*

## **12. ASSESSMENT OF LAND AVAILABILITY : ISSUES AND IMPLICATIONS**

In the assessment of the availability of housing land in the W Cape (see Volume 6 Module E) undertaken as part of the Situational Analysis, various issues that impact on housing delivery were raised. In the sections below the key issues identified in the Land Availability Assessment are summarised and the implications of these issues are highlighted in italics.

### **i. Insufficient Public Participation and Consultation**

*The WCPHP needs to ensure that consultation is streamlined to acceptable time periods and costs. These limits should be based on the perceived impact of the release of the land being considered and the development thereof.*

### **ii. Insufficient and Unclear Guidelines Relating to Proposal Calls**

*The WCPHP needs to give attention to improving the guidelines related to proposal calls. The release of land for housing by means of proposal call cannot be achieved if the document describing the procedures creates uncertainties. Prospective participants are often deterred by too much detail required.*

### **iii. Lack of Co-ordination with the Release of Public Land**

*There is a need to centralise decision making on the release of substantial parcels of land for housing development. Co-operation between the CMC and MLCs and between the MLCs is currently based on a voluntary basis. The Provincial State Land Disposal Committee could fulfil an important role in ensuring that state land is reserved for housing development.*

### **iv. Community and Developer Negotiations**

*It is anticipated that once the details of publicly owned land becomes common knowledge, the CMC or MLCs may be faced increasingly with situations where a developer initiates a development with the support of a beneficiary community without first consulting the land holding authority. This type of exceptional situation can be resolved by way of an advertised negotiation.*

### **v. Release of Land to Section 21 Companies**

*Although Section 21 companies own land suitable for the provision of publicly assisted housing, they tend to steer away from development in this market. There is, however, a standpoint that they could provide better value for money and should therefore be given priority in the allocation of land. This issue needs to be explored in the WCPHP.*

### **vi. Trading of Development Rights**

*There has in the past been some speculation of development agreements with regard to public land allocated to private developers. This normally results in an increase of the price of housing. In order to curtail this practice, the cession of development rights from one developer to another should be prohibited.*

**vii. Termination of Development Agreement or Default by Developer**

*Problems can be minimised or even prevented by giving special attention to the legal terms of the development agreement. An indemnity clause can be included in the agreement in terms whereof a developer, upon withdrawal or cancellation, will have no claim against the authority involved based on anything done to enhance the value of the land.*

**viii. Alienation and Pricing of Serviced Sites after Township Establishment**

*In terms of the prescriptions of the Housing Act it is clear that market value will be the guiding principle in the sale of any land developed in terms of the national housing programme. Allowance should, however, also be made for the release of land on a cost basis if cost (including holding cost such as capitalised interest, maintenance, levies and security) is less than market value.*

### **13. INFRASTRUCTURE AVAILABILITY : ISSUES AND IMPLICATIONS**

In the assessment of the availability of housing infrastructure in the W Cape (see Volume 6 Module E) undertaken as part of the Situational Analysis, various issues that impact on housing delivery were raised. In the sections below the key issues identified in the Infrastructure Availability Assessment are summarised and the implications of these issues are highlighted in italics.

#### **i. Differing Levels of Service**

Service standards and specifications differ significantly for various municipalities within the Western Cape. *Norms need to be established and municipalities who continuously insist on standards which are unaffordably high, should accept financial responsibility for the resultant additional cost.*

#### **ii. Lack of End User Awareness Programmes**

Successful housing development encompasses far more than just the installation of services and the building of houses. *It is essential to implement end user awareness programmes in order to inform beneficiaries on aspects such as the value and function of the services of which they will have the benefit of, the effect of littering on the functionality of these services, why it is important to pay for water, electricity, etc.*

*Such programmes, if implemented successfully, will instill house pride and result in a better neighbourhood in the long term. Failure to do so will on the other hand, result in abuse of services, general degradation of the area and resistance to payment of services.*

#### **iii. Inadequate Maintenance of Services**

Maintenance operations of municipalities have in recent years become very strained due to ever increasing budget limitations. General degradation is evident and in some instances it has resulted in the total collapse of certain services. *Proper maintenance management programmes need to be utilised as these systems will assist authorities to optimise their limited resources.*

#### **iv. Limited Capacity of Existing Bulk Services**

Many bulk services such as sewage treatment works and bulk water supply facilities are operating near capacity limits. Current indications are that little or no growth in capital budgets can be afforded over the next few years. *There is however immediate need for housing development within the service delivery areas of these utilities. The available capacity can in some cases be extended by applying water demand management.*

#### **v. Shortage of Funds**

In order to eradicate the estimated backlog of 300 000 houses for the Western Cape, approximately R124m of CMIP funds are required per annum over the next eight years. The current year allocation to the Western Cape amounts to only R86m and indications are that these allocations will decrease in future. *It is*

*therefore essential that alternative funding options (e.g. BOT's, PPP's, etc) be explored.*

**vi. Poor Synchronization between Infrastructure and Housing Delivery**

*Although this is a guiding principle of CMIP there is still a need for the WCPHP to address improved synchronicity. This also applies to the NER (electricity) and current Local Authority bulk infrastructure funds. Another problem is that the approval processes differ for each of these funds.*

**vii. Lack of Capacity at Local Authority Level**

Many municipalities are not always knowledgeable on different funding sources and how each works. This especially applies to private funding and the claiming back of VAT. In some cases local authorities do not plan their infrastructure requirements properly. Others lack political willpower to address their housing backlog. *As has been highlighted in this report, the WCPHP needs to prioritise the building of capacity amongst W Cape municipalities.*

**viii. Delays arising from Current Environment Legislation**

There is no doubt that current environmental requirements add significant time to the approval process for housing projects. Input cost rates invariably increase each year but the subsidy amount unfortunately remains constant over longer periods. The time lag due to environmental approval processes therefore result in a further devaluation of the subsidy amount. *The WCPH needs to consider streamlining statutory approval processes, yet ensure that environmental considerations are adequately dealt with.*

## 14. ANALYSIS OF FISCAL SUPPLY : ISSUES AND IMPLICATIONS

In the assessment of the availability of fiscal supply to housing in the W Cape (see Volume 6 Module E) undertaken as part of the Situational Analysis, various issues that impact on housing delivery were raised. In the sections below the key issues identified in the Fiscal Supply Analysis are summarised and the implications of these issues are highlighted in italics.

### i. **W Cape's Housing Delivery Performance not Reflected in Subsidy Allocation**

National subsidy allocations are not only based on performance of the provinces. Short term changes in policy emphasis have resulted in over allocation to other provinces at the expense of the Western Cape. Allocations to the Western Cape are declining each year, in spite of excellent delivery in various programmes. *A strategy must be developed for motivating performance based national allocations, however the plan should make increasing use of other funding sources.*

### ii. **Insufficient Funding Co-ordination**

There is insufficient co-ordination between the PHDB, other Western Cape funding departments and the CMC (now Uni-city) in processing funding applications from various sources. *The WCPHP should include a strategy to co-ordinate and design the correct fiscal "cocktail" for each project.*

### iii. **Uncertainties Regarding Local Government Finances**

The full impact of local authority restructuring on their housing budgets and policy cannot be assessed at this stage. Insufficient reliable data is available to assess future capacities and constraints. The WCPHP needs to give attention to a clear *definition of the roles of each authority before the plan can be finalised.*

### iv. **New Role for Housing Institutions**

Housing institutions are set to play a major role in housing delivery. Fiscal support is relatively low key but essential. *Housing institutions have the greatest potential to "gear up" limited fiscal supply, therefore the WCPHP should give attention to facilitating sound institutional projects.*

### v. **Use of Special Operating Accounts**

Appropriate use of municipal Special Operating Accounts needs to be re-enforced. *The WCPHP should ensure the correct inclusion of this resource in appropriate projects.*

### vi. **Insufficient Use of Gearing**

Vast Public land holdings and housing stock can be used to create a funding resource to make up for declining subsidy allocations. *A co-ordinated plan should be implemented based on current and future audits of this vast resource, which should be used to "gear up" the fiscal supply.*



## 15. ANALYSIS OF FINANCIAL SUPPLY : ISSUES AND IMPLICATIONS

In the assessment of the availability of financial supply to housing in the W Cape (see Volume 6 Module E) undertaken as part of the Situational Analysis, various issues that impact on housing delivery were raised. In the sections below the key issues identified in the Financial Supply Analysis are summarised, and the implications of these issues are highlighted in italics.

### i. Greater Reliance on Financial Supply

The importance of the financial supply grows in importance as subsidy allocations to the Western Cape decline. *WCPHP policies must encourage increased involvement by the private sector funders, primarily by providing a basis for secure rentals and/or loan repayments.*

### ii. Unavailability of Mortgage Finance

Mortgage loans played a significant role in the past but are no longer readily available. *As this source is not likely to increase in the short term, the plan should concentrate on other types of private sector funding.*

### iii. Reliance on Informal Micro Loans

Micro loans are expensive, are often not applied to housing and are a potential threat to a beneficiary's retirement provisions. *The WCPHP should give attention to formulating protective policies and guidelines should be developed for beneficiaries.*

### iv. Availability of NHFC Funds

NHFC sourced funds are available and are becoming more accessible through private sector lenders. SHDF funds are also available for Housing Institutions who develop homes for the lower income groups. *The plan should make provision for methods for more efficient access to these funds.*

### v. Unrealised Potential of Employer Financial Support

Employer financial support for subsidy beneficiaries is an important financial resource but because it is uncoordinated, the full potential has not been achieved. *The development of practical guidelines for employers should be considered a priority in the WCPHP.*

### vi. Leveraging Funds Through Housing Institutions

Housing Institutions can access beneficiary funding on behalf of subsidy beneficiaries which would not otherwise be available to individuals. *As this form of funding provides a better housing product than is currently available to subsidy beneficiaries, maximum fiscal efficiency is achieved and the plan should provide incentives for private sector participation.*

## **16. ASSESSMENT OF ENVIRONMENTAL CONSIDERATIONS : ISSUES AND IMPLICATIONS**

In the assessment of environmental considerations related to housing in the W Cape (see Volume 6 Module F) undertaken as part of the Situational Analysis, various issues that impact on housing delivery were raised. In the sections below the key issues identified in the Assessment of Environmental Considerations are summarised, and the implications of these issues are highlighted in italics.

### **i. Better Integrated Settlements**

*Densification and urban infill need to be more actively encouraged to make well situated state land available for low-cost housing development. The National Department of Housing is in the process of introducing a new procurement regime for the selection of land and projects.*

### **ii. Integration of Environmental Considerations Into Decision-Making**

*The lack of a legislative links to locate municipal budget responsibilities under the Integrated Development Planning process, is one of the reasons why housing is not meeting the requirements of integrated development planning. The current process of project submissions leaves Provincial Housing Departments as passive participants in the development process, with no mechanism for pro-actively effecting integrated development. The WCPHP needs to incorporate policies for integrating housing with the municipal IDP process.*

### **iii. Community Empowerment Through Environmental Education**

Community well being and empowerment can be promoted in the housing process through environmental education, the raising of environmental awareness and the sharing of knowledge and experience. *The WCPHP should give attention to promoting the People's Housing Process, which has programmes to assist people in building or organising the building of their homes themselves.*

### **iv. Negative Effects Of Informal Settlements On The Environment**

*From an environmental point of view it may make sense to house those people in more ecologically sensitive areas first. This could, however, also be used as a means of 'jumping the queue' if people actively seek out ecologically sensitive areas. More attention should rather be given in the WCPHP to releasing suitable land for low cost housing development.*

### **v. Water Supply and Sanitation**

*The availability of adequate potable groundwater is a key concern for rural communities. The possibility of turning sewage into grey water for use in cisterns and gardens should be investigated. Low water use devices should be promoted in bathrooms and toilets.*

**vi. Environmentally Sound Housing Delivery**

*Water and energy efficiency, the use of renewable resources and the planting of trees in low cost housing projects need to be promoted. Pilot projects on eco-housing, eco-settlements and 'green houses', which have low energy and resource demands, need investigation.*

## **17. ASSESSMENT OF SOCIAL FACILITIES AVAILABILITY : ISSUES AND IMPLICATIONS**

In the assessment of the availability of social facilities in housing projects in the W Cape (see Volume 6 Module F) undertaken as part of the Situational Analysis, various issues that impact on housing delivery were raised. In the sections below the key issues identified in the Assessment of Social Facilities Availability are summarised, and the implications of these issues are highlighted in italics.

### **i. Decrease in Resource Allocations**

The provision of services is needs driven only - there is limited capacity (financial or personnel) to act proactively. *It becomes apparent that better integration of the use of the available funding is necessary. Better co-ordination between various levels of government is required and between departments (Housing, Health, Welfare, Education, Sport and Recreation etc.) is required.*

### **ii. Inequality in the Distribution of Social Services**

*There is a need for commitment to invest in the areas, particularly rural areas, where the need is the greatest, but people move from these areas to established areas.*

### **iii. No Policy on Linkage between Housing and Social Facility Provision**

*There is a lack of clear policy to outline the provision of social facilities and its relationship with housing provision. The officials interviewed all identified the need for the WCPHP to give attention to a holistic development policy to guide and co-ordinate the provision of social facilities. The decision to transfer the responsibility for primary health care facilities from Provincial to Local Government is, however, regarded as a step towards better integration in the facility provision planning process.*

### **iv. Unrealistic Striving Towards First World Service Standards**

There is, in some cases, an unrealistic striving towards first world standards. *The WCPHP needs to address this issue and make allowance for improvisation as facilities do not always have to be formal and of first world standard.*

## **18. REVIEW OF INFORMATION SYSTEMS MANAGEMENT : ISSUES AND IMPLICATIONS**

In the assessment of housing information systems management in the W Cape (see Volume 6 Module G) undertaken as part of the Situational Analysis, various issues that impact on housing delivery were raised. In the sections below the key issues identified in the Information Systems Management Review are summarised, and the implications of these issues are highlighted in italics.

### **i. Securing Maximum Funds at National Level**

At national level, funds are allocated to provinces according to the criteria of: housing backlog; number of households in the various subsidy bands; ratio of urban to rural areas; and performance. *These criteria should be monitored within the Province to enable the Western Cape to secure the maximum funding possible.*

### **ii. Housing Subsidy Information System Sub-optimal**

*The WCPHP needs to give attention to: addressing the backlog of input data; evaluation of the system; and dissemination of information to facilitate the housing delivery process.*

### **iii. Consolidated Housing Stock Database**

*A provincial database needs to be compiled, possibly using GIS*

### **iv. Delegation of Prioritisation Responsibility**

*The WCPHP needs to explore the options of prioritising at a provincial or district level. If it is decided not to focus prioritisation on a suburb or town level, but rather on a district level, it is important to consider the responsibility and capacity of district councils. Province should provide guidance to prioritisation criteria within district councils should such capacity not exist.*

### **v. Need to Standardise Format of Municipal Data Provision**

Local authorities are constantly supplying data to various organisations. *The WCPHP should investigate the possibility of introducing a single format for record keeping, regarding level of service (infrastructure), financial data and population data on a local authority level. Organisations should then only query this database and thereby remove the burden of contract questionnaire completion from local authorities.*

### **vi. Quantitative versus Qualitative Monitoring**

*At present the information systems in place can only monitor quantitative data, but the strategic shift to improving housing quality highlights the need for the WCPHP to consider the introduction of qualitative monitoring.*