

PROVINCIAL HOUSING PLAN

Western Cape

Situational Analysis

Reference Module D

Capacity and Constraints
Institutional

MODULE D1:

PUBLIC SECTOR

MODULE D1.1: PROVINCIAL AUTHORITY

1. INTRODUCTION

1.1 Role and Responsibility

The following role and responsibilities of the Provincial Authority (PA) are outlined in the National Housing Code:

- (i) Provincial Government must create an enabling framework, by doing everything in its power to promote and facilitate the provision of adequate housing in its province within the framework of the National Housing Policy, after consultation with the provincial organizations representing municipalities.

- (ii) Specific functions identified include:
 - Provincial policy determination;
 - Provincial legislation to effect delivery;
 - Housing development co-ordination;
 - Municipal intervention on non-performance;
 - Multi-year plan preparation;
 - Municipal accreditation; and
 - Provincial legislative accountability.

1.2 Overview of Housing Involvement and Performance to Date

1.2.1 Current Involvement

The Western Cape Provincial Administration, through its Chief Directorates of Housing, Planning and Local Government is actively involved in all aspects of housing delivery in the province, including:

- (i) Determining housing need through co-ordination of the IDP process at provincial level.
- (ii) Receiving, processing and allocating housing subsidies (PHDB).
- (iii) Management of WCHDB assets (e.g. housing).
- (iv) Providing technical support to local authorities.
- (v) Monitoring housing projects employing PHDB funds.
- (vi) Liaison with other state and provincial departments (e.g. Department of Land Affairs) on housing related aspects.

1.2.2 Interface Partners

- (i) National Housing Department (NHD)

The PA operates within national policy (i.e. National Housing Plan) and legislation (The National Housing Act, 1997 (Act 107 of 1997)). Provincial housing legislation is embodied in the Western Cape Housing Development Act, 1999 (Act 6 of 1999). While several aspects of housing (e.g. norms and standards) are nationally formulated, the PA can legislate to accommodate provincial variations, on condition that consistency with national legislation is maintained.

Current national / provincial interface issues include:

- Provincial relationship with Constitution and Housing Act regarding delivery responsibilities, with the Constitution outlining housing as a concurrent national and provincial responsibility, and the Housing Act specifying roles for municipalities.
 - A national shift in housing budget allocations away from urban to rural, to the disbenefit of the Western Cape.
 - National requirement for PA to submit a breakdown of budgets for different programmes.
- (ii) Provincial Housing Development Board (PHDB)

Pending amendments to the National Housing Act will lead to demise of the Provincial Housing Development Board (PHDB), with the MEC retaining full responsibility and accountability for housing.

(iii) Category C and B Municipalities

The current interface between the PA and local authorities is to be rationalized given the introduction of the proposed housing procurement measures. While this system is still under debate, it is based on the prioritization model, is needs driven, requires the local authority to have undertaken an IDP, and considers local economic potential and historical subsidy allocations.

Current issues pertaining to the PA – Local Authority interface / relationship include:

- ❑ Level of accreditation outside the CMA.
- ❑ Future relationship between Category B and C municipalities vis a vis housing, given that district municipalities currently have no jurisdiction over Category B municipalities.
- ❑ Role of Category C municipalities in terms of accreditation (e.g. superbody) and their role in housing fund allocation to Category B municipalities, given their function of IDP co-ordination.

(iv) Department of Land Affairs

In future, the Department of Land Affairs will focus on land reform, with the PHDB being responsible for top structures. Implications arising include:

- ❑ This reorientation will result in additional subsidy applications from rural dwellers, including farm workers who have largely been omitted from the housing equation to date;
- ❑ Similarly, the introduction of the Rural Subsidy for areas where tenure cannot be secured (e.g. mission / church settlements), will result in additional subsidy demand.

1.2.3 Performance to Date

While no performance appraisal has been conducted to date, it can be concluded that the housing delivery process has been product orientated to date focusing mainly on addressing the housing backlog. This is reflected in the delivery of 120 000 units based on a given target of 114 000 units. However, little or no attention has been given to the monitoring and evaluation of the quality of the product and the built environment created, with no given guidelines or indicators in place for such monitoring.

1.3 Organizational Structure and Systems Employed

1.3.1 Organizational Structure

Within the PA, the housing portfolio resides within the Department of Planning, Local Government and Housing, with the department comprising three directorates, namely: Chief Directorate Housing, Chief Directorate Planning and Local Government.

Housing is facilitated by the following three directorates within the Chief Directorate Housing:

(i) Professional and Technical Services, responsible for:

- Technical support; and
- Monitoring.

(ii) Housing Settlement, responsible for:

- Monitoring settlement dynamics (e.g. migration, upgrading, rural areas); and
- Management of PHDB assets.

(iii) Housing Management, responsible for:

- PHDB operations and management including receiving and approving housing subsidy applications, allocation of subsidies, issuing of development contracts and management of housing.

1.3.2 Systems Employed

The housing system employed has been primarily based on a reactive process which, given a lack of vision and strategic planning, has resulted in the following shortcomings:

(i) Subsidy allocations in response to applications with no spatial and socio-economic need considerations, often resulting in unbalanced geographic allocations (e.g. George versus Metropolitan Cape Town).

- (ii) A lack of integrated development, especially pertaining to inter-departmental provision of community and economic facilities (e.g. schools, clinics).
- (iii) Poor product quality given the absence of a “builders register”
- (iv) An emphasis on an individual product based delivery, with little promotion of community based housing processes.
- (v) Neglect of rural, especially farm worker, housing needs.

1.4 Institutional Capacity Issues

The structure of the Chief Directorate Housing will adequately address its functions once a full staff compliment is achieved. The current 70% staffing level results from the timeous selection and appointment process, as opposed to a shortage of funds.

The capacity of the Chief Directorate is subject to the following external threats and internal weaknesses.

- (i) External threats including:
 - Lack of funding;
 - In-migration and the lack of a migration policy;
 - Lack of suitable housing land;
 - Different attitudes and opinions regarding housing delivery processes;
 - Political interference and lack of political will; and
 - Lack of local authority capacity and the threat of subsidy implementation to the viability of local authorities given their present unfunded housing mandates.
- (ii) Internal weaknesses including:
 - Lack of capacity in terms of establishing full staff compliment;
 - Uncertainty regarding the transfer of PHDB assets to local authorities and the impact thereof on the staff compliment;
 - Uncertainty regarding accreditation;

- Shortage of specific skills within the Directorate; and
- Lack of appropriate staff training and empowerment.

Additionally, the following critical blockages to improving delivery are identified:

- Lack of suitable land
- Declining budget (i.e. for subsidies);
- Lack of supplementary funds (e.g. for beneficiary capacity building);
- Staff shortages at all levels;
- Political interference at local authority level;
- Incorrect distribution / allocation of budget;
- Lack of political will;
- Inadequate focus on areas where priorities are faced with the biggest blockages (e.g. Metro areas); and
- Lack of a strategic vision.

1.5 Housing Delivery Issues

Key housing delivery issues faced by the Department are as follows:

- (i) The staff shortage in the Chief Directorate Housing restricts capacity.
- (ii) No regular strategic planning by the Chief Directorate Housing given a past focus on meeting delivery targets.
- (iii) No performance appraisal system being in place.
- (iv) Past delivery has been driven by reaching a target number of houses. This has distorted the housing market and led to product quality problems.
- (v) Uncertainty over who is responsible for co-ordinating IDP's within PA (Chief Directorate Planning or Local Government), and whether they have the capacity for this task.
- (vi) Current undefined role of housing in an integrated development strategy for Western Cape.
- (vii) The relationship between Category B & C municipalities being undefined, and uncertainty over accreditation.
- (viii) Viability of municipalities being under threat due to non-payment by beneficiaries given low levels of affordability.

- (ix) The Western Cape, being an urbanized province, loses out on national priority given to rural development.
- (x) Uncertainty over transferral of PHDB assets to local authorities.

1.6 Implications / Informants for the Multi-year PHP

The multi-year plan needs to address the following:

- (i) The formulation of a vision for housing in the Western Cape.
- (ii) The need to be strategic in housing delivery, with housing forming an integral part of the PA's integrated development strategy.
- (iii) PA departmental priorities need to be determined collectively (i.e. housing, education, health), in order to synchronize housing and community facility budgeting and development.
- (iv) Need for a housing prioritization model based on appropriate criteria, including:
 - Need;
 - Implementation capacity;
 - Economic growth potential and employment opportunities; and
 - Historic budgetary allocations.
- (v) The need for a provincial housing programme targeted at the indigent (e.g. Grootboom judgement).
- (vi) The need for a weighting of individual versus community based housing delivery systems, as well as rental being considered as a housing option.
- (vii) The need for an emphasis on both urban and rural housing needs.
- (viii) Need for quality control and registration of builders.
- (ix) Need to delegate housing delivery functions to the lower levels of government (i.e. local authorities).

MODULE D1:

PUBLIC SECTOR

MODULE D1.2: MUNICIPAL SECTOR

D1.2A: CATEGORY A MUNICIPALITIES

1. ROLE AND RESPONSIBILITY

Prior to the local government elections in December 2000 the Cape Metropolitan Council (CMC) were responsible for facilitating the provision of housing, bulk infrastructure and land for housing. Housing development includes responsibility for:

- a. Facilitation, development and co-ordination of an urbanisation strategy as part of an integrated metropolitan wide spatial framework.
- b. Development of housing policy in respect of bulk infrastructure standards, cost recovery strategies, funding and subsidisation policies for housing development and the provision of a metropolitan wide housing information service.
- c. Facilitation of land identification, including conflict resolution.
- d. Acquisition of land for future release for housing (Land Banking).
- e. Provision and prioritisation of resources towards the provision of bulk infrastructure for housing development.

Prior to the December 2000 local government elections the Metropolitan Local Councils (MLC's), on the other hand, facilitated the provision of housing development and in some cases developed and managed housing projects and schemes. Their responsibilities included:

- a. Development of local housing strategy in respect of housing product, quality and standards, as well as tenure.

- b. Provision of resources towards the acquisition of land and the provision of reticulation infrastructure for housing.
- c. Provision of project services for public sector housing development, including:
 - Project management
 - Resources pooling, including PHDB applications
 - Project planning
 - Design
 - Construction
 - Site allocation
- d. Development, provision and operation of Housing Service Centres.
- e. Provision of housing administration services, including:
 - Letting of public housing, including rent collection, administration and maintenance of rental stock
 - Tenant services and facilities
 - Selling of public housing stock.

In terms of the new local government dispensation the Constitution does not allocate specific housing responsibilities to local government, nor does the Municipal Structures Act. The new national Housing Code states that “ every municipality, as part of its process of integrated development planning, must take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to ensure that the right to have access to adequate housing is realised on a progressive basis”. The Code defines the functions attributable to this role as:

- Health and safety
- Efficient services
- Housing delivery goals
- Land for housing
- Public environment
- Conflict resolution

- Land use
- Housing development

Section 9(1) of the Housing Act (Act 107 of 1997) is the most explicit in defining local government's role in housing. From interviews conducted with municipal officials throughout the W Cape, local government accepts its co-responsibility with national and provincial government for housing but are of the opinion that local government has an unfunded housing mandate.

2. OVERVIEW OF HOUSING INVOLVEMENT TO DATE

Whilst the erstwhile CMC and 6 MLC's in the Cape Metropolitan Area (CMA) operated as equal partners within the framework set out above, the ability of the CMC to actually co-ordinate housing delivery between the 6 MLC's never occurred. In practise each MLC had its own approach to the administration of housing, housing projects and dealing with squatters.

In recent years the CMC concentrated on the following housing activities:

- establishing a metropolitan housing information base inclusive of a GIS based land identification system;
- housing research related to implications of local government's housing responsibilities, migration, affordability and norms and standards; and
- introducing a bulk link infrastructure financing programme and the Accelerated Managed Land Settlement Programme (AMLSP).

The 6 former MLC's in the CMA undertook a variety of housing activities in recent years, inclusive of the following:

- The establishment of a Housing Utility Company by the Cape Town MLC inclusive of the introduction of incentives to encourage savings by beneficiaries and a R5 000 top-up subsidy by the local authority.
- The establishment of micro loan facilities to serve the needs of target beneficiaries.
- The development of 'greenfields' subsidy housing projects with the local authority serving as developer and/or entering into a joint venture with the private sector.

- Informal settlement removal programmes complimented with the provision of replacement formal housing.

The housing initiatives of the former CMC and MLC's had mixed success. In the lead-up to the Unicity all parties collaborated in a Housing Functional Task Group to share experiences, learn lessons from the successes and failures, and carry out strategic planning of improved housing delivery in the Unicity.

3. ORGANISATIONAL STRUCTURE AND SYSTEMS EMPLOYED

In the previous dispensation the CMC adopted a flat organisational structure encompassing portfolios of research, communications and programme administration. An outsourcing policy was adopted to compliment in-house capacity. Housing was a sub-directorate in the Department of Spatial Planning, Housing and Environmental Management.

Each MLC adopted different organisational arrangements for housing, all characterised by large in-house departments to administer council housing stock. The costs of housing administration are not recouped in housing rentals, and the resultant financing of this deficit out of the rates and reserve accounts undermines the housing delivery capacity of local government.

The housing organisational structure and systems in the new metropolitan municipality are currently being investigated by the Unicity Housing Task Team.

4. INSTITUTIONAL CAPACITY ISSUES

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

- Lack of clarity of the role of politicians has lead 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.

The Housing Task Team is investigating applying for the accreditation of the Unicity as provided for in the Housing Act. It is also considering the centralisation of metropolitan housing policy and strategy. On the other hand decentralisation of the administration and maintenance of council rental housing stock is under consideration. Local multi-functional task teams for the upgrading of informal settlements are also under consideration, as is the determination of urban management priorities (i.e. co-ordination of social services provision).

Towards improving housing delivery in the Unicity the Task Team envisage unifying all staff operational in housing through the amalgamation process. Both centralised and decentralised management systems are envisaged to operate as business units.

Financial concerns identified by the Unicity 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

5. HOUSING DELIVERY ISSUES

Equity

- 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. A standard approach will need to be devised in the Unicity.
- 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.

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.
- The absence of a source of low income housing land acquisition finance erodes the quality of product that can be delivered.

Demand

- Mismatch between demand and subsidies available for housing
- No differentiation in housing products being delivered in line with the different needs of the customer groups (i.e. programmes tailored to the needs of backyard shack dwellers, residents of informal settlements, those living in overcrowded conditions, etc)
- Need for specific programme tailored to the needs of the indigent.
- Inadequate attention to the Peoples Housing Process and too much focus on the product delivered
- Supply and not demand driven delivery systems.

MODULE D1:

PUBLIC SECTOR

MODULE D1.2: MUNICIPAL SECTOR

MODULE 1.2B: CATEGORY B MUNICIPALITIES

1. ROLE AND RESPONSIBILITIES

To date Category B municipalities have identified their role as one of facilitating a housing environment, as opposed to actual housing delivery. In their opinion delivery functions and responsibilities are now being delegated to municipalities in terms of an unfunded mandate. The results of this they see as follows:

- (i) Their role and responsibilities being unclear and aggravated by the advent of Category B and C municipalities.
- (ii) Municipalities often not having the expertise and capacity to deal with housing issues (e.g. eviction of farm workers).
- (iii) Municipalities having taken on a housing financing role (i.e. infrastructure), with little or no capital redemption occurring due to:
 - Low levels of services consumption (e.g. water).
 - Non-payment of service charges.
 - Lower tariff structures given low levels of consumer affordability.
- (iv) Management of rental housing, with some municipalities managing and maintaining over 1000 rental units.
- (v) “Managing” privately owned housing stock given that municipalities are directly associated with all subsidy projects and perceived as the responsible party for complaints over maintenance aspects.

However, all municipalities acknowledge that housing is a “personal municipal function” requiring local consultation and capacity. In the event of municipalities being more directly responsible for housing, the following is required:

- (i) A mandate accompanied by adequate funds and infrastructure.
- (ii) Municipalities being directed by the provincial department regarding their role and responsibility.

- (iii) A clearly defined provincial housing delivery policy, which identifies role players and their responsibilities.

The recently released national Housing Code identifies the role of municipalities as follows:

- (i) Municipalities must pursue the delivery of housing.
- (ii) Every municipality must take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to ensure that the housing right as set out in Section 26 of the Constitution is realised.
- (iii) Municipalities will actively pursue the development of housing by addressing issues of land, services and infrastructure provision, and by creating an enabling environment for housing development in their area of jurisdiction.
- (iv) Every municipality, as part of its integrated development planning, must take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to ensure that the right to have access to adequate housing is realised on progressive basis.

Similar to District Municipalities (Category C), Category B municipalities engage in the IDP process and the preparation of associated plans and strategies, with the identification of housing needs being an integral part thereof.

2. OVERVIEW OF HOUSING INVOLVEMENT TO DATE

2.1 Current Involvement

Each of the seven largest former urban municipalities in the Western Cape Province have been actively involved in housing over the past 6-year period, with the degree of involvement being characterised by the following:

- (i) Housing delivery being mainly project-based, with up to 1000-5000 units being facilitated by individual municipalities over the past 4-year period, and individual housing projects comprising 400-2000 units.
- (ii) A limited provision of housing through “community” or “self-help” delivery processes (e.g. Worcester, Beaufort West), with the total delivery and extent of individual projects being significantly less than project-based schemes (e.g. Worcester 709 units, Beaufort West 715 units).

- (iii) Facilitation of other subsidies e.g. IDT subsidy, hostel upgrade and discount subsidy (e.g. 2000 units disposed of by George Municipality).
- (iv) Administration and maintenance of rental stock (e.g. 3300 units in Worcester).
- (v) Accommodation of farm workers in housing projects, but with no specific priority being afforded to this housing need.

2.2 Interface Partners

Given that housing projects to date have been predominantly urban based, the PHDB has been the municipalities main interface partner. Engagement with the Department of Land Affairs has been restricted to ad-hoc projects, inclusive of the purchase of land or the settlement of new farmers (e.g. commonage usage currently being explored by Worcester Municipality). Other common interface parties included CMIP and NER.

Regarding the performance of partners in the housing process, the following critique was raised by several municipalities:

- (i) While the majority of municipalities enjoyed an efficient service from the PHDB, a decrease in efficiency over the past 6-month period was noted, especially pertaining to the administration of applications, misplaced applications and correspondence, and poor communication regarding the status of projects / applications.
- (ii) Problematic communication, correspondence and progress with PWD regarding state land transfers.
- (iii) Cumbersome and time consuming application procedures and documentation required by CMIP.
- (iv) In the majority of instances, little or no contact occurs between Category B and C municipalities regarding housing issues.

2.3 Performance to Date

The performance of municipalities in facilitating housing is directly related to the delivery process employed, with the following being noted:

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- (i) Certain municipalities (e.g. Stellenbosch, George, West Coast Peninsula) have achieved significant housing delivery (e.g. 4000-5000 units in a 4-year period). This they attributable to:
- Outsourcing the entire process (e.g. project managers, professional consultancy team, tenders).
 - Employing a project-based delivery system.
- (ii) Other municipalities (e.g. Worcester, Beaufort West) have achieved lower delivery rates (e.g. 500-700 units in a 4-year period) due to:
- The employment of “community based”, “social” or “self-help” housing processes.
 - Being less reliant on outsourcing, with housing “divisions or departments” within the municipality playing a larger role in managing and administering housing projects.

While the former approach (i.e. project-based / outsourcing) has received performance accolades and contributed to the approval of additional subsidies, the latter approach is criticised given its slow tempo of delivery and relatively “high” construction failure rate (e.g. 20% in certain projects).

However, the following opinion was strongly expressed by “housing” staff in several municipalities, including those employing a project-based delivery system:

- (i) Project based schemes concentrated on numbers of product, with little or no consideration for dwelling quality, homeowner assimilation and quality of the living environment.
- (ii) The cost of outsourcing (e.g. project management, professional teams) is impacting significantly and increasingly on the subsidy amount, with resultant dwelling quality and size reductions.
- (iii) The benefits / advantages of “community based” or “self-help” projects (e.g. ownership pride, employment, individual dwelling character, personal achievement) are often overshadowed by problems and failures experienced in such schemes.
- (iv) A preference for the project-based delivery system by the majority of municipalities, given their mandate to deliver housing and not actually facilitate enabling housing environments.

3. ORGANISATIONAL STRUCTURE AND SYSTEMS EMPLOYED

3.1 Organisational Structure

In the majority of instances, housing administration traditionally resides within the Treasury Department under the management of the Town Treasurer or Secretary.

However, subsequent to the introduction of housing subsidy projects, housing project facilitation has tended to shift to the Engineering Department. The Engineers Department is usually responsible for the management and co-ordination of a municipal project team comprising an extension of relative line functions, as well as the appointment of additional capacity and expertise through outsourcing.

Several municipalities (e.g. Mosselbay, Stellenbosch, Worcester and Beaufort West) have established dedicated housing divisions, directorates or departments residing under the Town Clerk, Town Treasurer or Town Secretary. In certain instances, such directorates / divisions are involved in “community based” housing delivery processes (e.g. Worcester), while other (e.g. Stellenbosch) form part of the project team or, as in the case of Mossel Bay, are concerned only with the facilitation of top structures.

Some municipalities are investigating the establishment of autonomous or separate housing directorates (e.g. West Coast Peninsula) in order to more optimally incorporate tasks currently undertaken by each line function, and to place more emphasis on the qualitative, as opposed to quantitative, housing needs.

Regarding organisational structure, the following opinions were raised:

- (i) Municipalities are divided regarding the establishment of separate or autonomous housing directorates, with municipalities employing “engineering led” housing delivery processes (e.g. outsourcing, project management) favouring the use of a project team comprising an extension of the line functions. Municipalities involved in, or favouring community based delivery processes, favour dedicated or autonomous departments.
- (ii) In certain instances, the functioning of housing directorates is questioned by the relevant staff given their lack of status, no budgetary provision and often only token involvement in housing projects.

- (iii) Category B municipalities are divided in their opinion regarding the future role of Category C municipalities in housing facilitation and delivery, with the following being noted:
- ❑ The majority agree that District Municipalities (DMs) should have some housing co-ordination function, but that this should be purely of a planning nature.
 - ❑ Others are of the opinion that DMs involvement will represent another layer of government that will delay the housing process and escalate cost structures.
- (iv) Category B municipalities envisage that the allocation of the municipal bulk service functions to DMs will complicate the housing delivery process.

3.1 Systems Employed

Similar to DMs, Category B municipalities identify housing needs through both planning processes (e.g. spatial and sectoral plans) and community needs (i.e. IDP process). In all municipalities, project teams comprising the various line functions and housing departments (i.e. where they exist) are responsible for housing project identification and formulation.

However, the system employed to deliver housing differs, with municipalities choosing between:

- (i) Project based delivery systems (e.g. George) with a strong emphasis on outsourcing for capacity and expertise. This approach is favoured by engineering orientated municipalities, which do not favour “self-help” or “community-based” housing delivery given their concern with the slow delivery of such systems, and the difficulty in technically managing such systems. Such systems are usually highly reliant on outsourced project management and comprise a limited number of tenders / contractors (i.e. normally two; civil works and top-structure).
- (ii) “Community based” or “self-help” delivery processes (e.g. Worcester) place a strong emphasis on local community contractor and homeowner involvement, with less reliance on outsourcing and a more “hands-on” involvement of municipal staff in the housing delivery process. Project managers are usually appointed to facilitate individual housing projects, with community based contractors and homeowners being responsible for construction.

4. INSTITUTIONAL CAPACITY ISSUES

Generally Category B municipalities believe that they have adequate capacity and expertise, as well as a comprehensive understanding of housing needs given the implementation of the IDP process and the compilation of spatial plans and sectoral strategies (e.g. housing).

However, the following capacity and expertise constraints are identified:

- (i) The majority of municipalities require additional capacity and expertise in order to address housing (e.g. rural settlements, farm worker housing) in their newly acquired rural areas of jurisdiction.
- (ii) None of the municipalities have any experience in PPP's.
- (iii) Housing need determination, project formulation and housing management in several smaller municipalities is currently undertaken by DMs on an agency basis.
- (iv) Additional capacity (i.e. staff and funding) is required for capacity building of:
 - New homeowners regarding ownership responsibilities.
 - Community leaders involved in the housing process.
- (v) 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.
- (vi) The absence of housing officials (e.g. complaints, information, etc) in rural towns and settlements will be exacerbated through the new local authority consolidation process.

5. HOUSING DELIVERY ISSUES

Municipalities identified the following issues and constraints to housing delivery:

- (i) Insufficient Funding

Insufficient funding is cited as the major constraint to the housing delivery process, with the following negative issues being noted:

- The subsidy amount 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 being unsustainable given poor levels of capital redemption on municipal investments (e.g. link services) and the continued employment of intergovernmental transfers to address non-payments of service charges. Municipalities expressed the fear that the continuation of the current delivery process could lead to the bankrupting of smaller and medium sized municipalities.
- ❑ No funding being available for timeous land acquisition, thereby jeopardising cost effective development programming and development (e.g. forward planning, bulk services installation).
- ❑ No funding for essential housing delivery components, for example capacity building of prospective homeowners.
- ❑ A further entrenchment of an “efficient” product-orientated process, with little or no scope for exploring “community-based” delivery systems, given their additional funding demands (e.g. community capacity building).

(ii) Lack of Home Owner Responsibility

The lack of understanding of beneficiaries of their home ownership responsibilities is identified as a fundamental constraint to the sustainability of the housing process, with specific reference to:

- ❑ 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).

(iii) Lack of Programming in Housing Delivery

The current ad hoc subsidy allocation process is not cost effective and conducive to timeous land acquisition, bulk services provision, continuity of employment and skills training programmes, and maintaining credibility with communities.

(iv) Selling or Disposal of Dwellings

The housing process is being threatened by the increasing disposal of subsidy-acquired dwellings by beneficiaries, given the following:

- ❑ Selling of dwellings obtained through dual acquisition as a result of co-habitation.
- ❑ Sales to other family members to obtain capital.
- ❑ Loss of dwelling through liabilities, (e.g. gambling, liquor or drug debts) and the emergence of landlords (e.g. drugs merchants, loan sharks).
- ❑ Inability to pay levies, insurance and maintain dwellings, given little or no employment opportunities.

(v) Other issues and constraints identified by municipalities are:

- ❑ 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 (i.e. municipal) politisation of default management (i.e. non-payment).
- ❑ Current lack of a system of accreditation of builders is problematic, especially within “community-based” delivery projects.
- ❑ Vacant unserviced erven in towns as a result of the inability to secure loans for top structures given site servicing costs during employment of IDT (R75000) subsidies.
- ❑ PHDB and provincial departments have not been instrumental in endorsing urban structuring through subsidy project approval, with little or no attention being given to:
 - Urban integration (e.g. access to employment) and densification (e.g. access to facilities, reduction of travelling costs).
 - Fostering integration of various cultural and economic communities.

➤ Facilitating improved living environments.

- ❑ The majority of approved housing projects do not facilitate a housing process, but rather focus on an end product, with no scope for dwelling expansion due to erf size, roof design and poor siting of the initial structure.
- ❑ Unsatisfactory delays in the transfer of state land from PWD to municipalities is impacting negatively on housing delivery programmes.

6. IMPLICATIONS FOR THE MULTI-YEAR PHP

- (i) Need for a provincial housing policy / plan and a clearly defined and funded housing mandate identifying the role and functions of Category B municipalities.
- (ii) Housing delivery facilitation is deemed a Category B municipal function, with Category C municipalities being responsible for district housing co-ordination at a planning level.
- (iii) Unsustainability of the current housing delivery system and negative economic impact on municipalities, given:
 - ❑ Insufficient funding.
 - ❑ Low levels of capital redemption on municipal investment in housing projects.
 - ❑ Lack of capacity building programmes for beneficiaries.
- (iv) Split of Category B and C municipal functions (e.g. bulk services) will complicate housing delivery process.
- (v) Municipalities are divided on rental as a housing delivery mechanism.
- (vi) Little support for “community-based” and “self-help” housing delivery systems.
- (vii) Municipalities are divided regarding the establishment of designated housing divisions, with a preference for outsourcing for additional capacity and expertise.
- (viii) Ad hoc allocation of subsidies is not cost effective and conducive to development programming.
- (ix) Escalating cost of outsourcing for professional services.
- (x) Need for:
 - ❑ Employment of a “Combined Services Model” to evaluate economic feasibility and sustainability of housing projects.
 - ❑ A system of accreditation of builders (i.e. both parent company and sub-contractors).
 - ❑ A national credit control mechanism.
 - ❑ More stringent dwelling acquisition and selling controls.
- (xi) Little or no contact between Category B municipalities and DMs regarding housing.
- (xii) No municipal PPP experience and involvement.

- (xiii) Need for additional municipal expertise and capacity to address housing in newly acquired rural areas.
- (xiv) Inadequate presence of housing officials in smaller towns and rural settlements will be exacerbated through consolidation.
- (xv) Need to rationalise vacant serviced sites resulting from IDT subsidies.
- (xvi) Need to streamline state-land transfer and improve channels of communication between municipalities and PWD.
- (xvii) Need to improve PHDB communication and their administration of housing project applications.
- (xviii) PHDB and provincial department to include the following as mandatory requirements of subsidy approval:
 - Integration of communities.
 - Establishment of improved living environments.
 - Densification and urban integration.
 - Facilitation of housing development (e.g. dwelling expansion).
- (xix) Facilitation of a housing process as opposed to a product, with an equitable emphasis on quality and quantity of deliverables.
- (xx) Need to rationalise current subsidy income qualifying categories and increase funding to facilitate improved quality and size of structures, capacity building of beneficiaries, etc.

MODULE D1:

PUBLIC SECTOR

MODULE D1.2: MUNICIPAL SECTOR

D1.2C: CATEGORY C MUNICIPALITIES

1. ROLE AND RESPONSIBILITIES

While Category C, or District Municipalities (DM's), acknowledge that housing delivery is a provincial and national function, all DM's have become involved in housing delivery / management in their areas of jurisdiction, with such involvement including:

- (i) Facilitating rural housing projects (i.e. farm workers, rural settlements) and urban housing projects (i.e. in municipal areas managed by DM's on an agency basis).
- (ii) Subsidising on-site services to facilitate improved top structures (i.e. extent and quality).
- (iii) Subsidising bulk and link services or augmenting CMIP funding.
- (iv) Providing subsidies for the improvement of water supply and sewerage systems for farm worker dwellings on farms.
- (v) Acquisition of land for the settlement of evicted farm workers.
- (vi) Undertaking planning (e.g. IDP process and compilation of Spatial Plans) in order to inform and direct settlement and housing provision in rural and urban areas, including the following principles / strategies:
 - Densification of towns.
 - Formulation of rural strategies (e.g. hamlets), with pilot projects to address housing needs in rural areas (e.g. rural settlements, "on- and off-farm worker housing).
 - Short-term strategies for the acquisition of land and its rudimentary servicing to accommodate farm evictions.
- (vii) Initiation of housing projects and project management.
- (viii) Administration of housing projects and service provision.
- (ix) Administration and maintenance of rental housing stock.

2. OVERVIEW OF HOUSING INVOLVEMENT AND PERFORMANCE TO DATE

2.1 Current Involvement

All the DM's have been actively involved in housing delivery over the past 6-year period, with such involvement being characterised by:

- Housing projects being predominantly rural (e.g. rural settlements), with individual projects comprising some 200-400 units. Housing projects in urban areas are restricted to towns managed by DM's on an agency basis (e.g. Dyselsdorp).
- Tenure upgrading schemes (e.g. Safcol forestry worker accommodation).
- Rural housing projects to address farm evictions.

2.2 Interface Partners

Given the rural character of the projects, the main interface partner has been the Department of Land Affairs, with PHDB involvement being restricted to urban agency managed areas. With the exception of the Winelands District Council, no PPP's have been initiated by DM's. The Winelands District Council, however, is involved in several such partnerships (e.g. with Safcol and Anglo American Properties), as well as having identified and involved a regional development body, the Winelands Regional Development Council, as a district role player in governance (e.g. social and economic). Other common interface partners include CMIP, the Department of Water Affairs and Forestry and the Department of Agriculture. It is however noted, that little or no liaison takes place between DMs and Category B Municipalities regarding housing need determination and provision.

2.3 Performance to Date

DMs report a satisfactory record of housing delivery to date, with such success being ascribed to:

- (i) Past involvement in extensive "self-help" housing projects.

- (ii) Intensive rural involvement (e.g. health services, planning consultation) and a historical relationship with rural settlement communities and the farming community regarding housing delivery.
- (iii) Their experience in district planning and co-ordination (e.g. IDP's).

However, this performance is often negatively impacted upon by little or no contact with Category B municipalities, and not being timeously informed by the Department of Land Affairs of projects being undertaken in their area of jurisdiction.

Performance is improving as awareness of housing issues and demand increases through the IDP process, as well as through specific rural housing and settlement initiatives (e.g. the Winelands District Council's hamlet strategy and the Overberg District Council's farm worker project involving some 1500 families within the Bredasdorp-Swellendam area).

3. ORGANISATIONAL STRUCTURE AND SYSTEMS EMPLOYED

3.1 Organisational Structure

None of the DMs have an organisational structure dedicated to housing delivery. Tasks and responsibilities relating to housing are executed as an extension of existing line functions (e.g. town planning, engineering, etc.), and through outsourcing (e.g. appointment of consultants, project managers, etc.). While some DMs have considered the establishment of a separate housing structure, future uncertainty of their role in housing has delayed them making this decision.

3.2 Systems Employed

Housing needs are identified through either planning processes (e.g. IDPs, spatial plan / settlement strategy) or community needs (i.e. accommodating farm workers who have been evicted). Thereafter, a project team comprising appropriate line functions, with or without outsourcing assistance, is responsible for project formulation, community participation, the submission of project / funding applications and obtaining approval. After securing housing / services funding, housing delivery is facilitated through the tender process and the appointment of project managers. Currently no DMs employ "self-help" housing delivery systems. Depending on the nature of the housing project, a working relationship exists with either the Department of Land Affairs or the PHDB.

4. INSTITUTIONAL CAPACITY ISSUES

The majority of DMs are of the opinion that they either have sufficient capacity and expertise, or the ability to increase that capacity given past experience in extensive self-help housing projects. Furthermore, their capacity to deal with housing can be expanded through:

- (i) Outsourcing through the employment of consultants and experts.
- (ii) The cross-pollination of expertise and task sharing that occurs through public / private partnerships.
- (iii) The future use of Category B municipalities' expertise and capacity (i.e. task sharing).

However, the following capacity constraints are identified:

- (i) Staff shortages to deal with increasing farm evictions.
- (ii) Need for staff to facilitate capacity building of new homeowners.
- (iii) Capacity constraints resulting from ad hoc housing project implementation due to no programming of the release of subsidies and poor co-ordination of housing subsidy and CMIP fund allocations.

5. HOUSING DELIVERY ISSUES

Issues or constraints to optimum housing delivery include:

- (i) Lack of District Co-ordination in Housing Delivery

All DMs identify the lack of a framework for integrated development between local authorities and the absence of a prescribed relationship between Category C and B municipalities (i.e. Article 14 of the Municipal Systems Act) as the 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 projects on a timeous basis.

Both national and provincial housing legislation does not allow DMs to use own funds to acquire land. In the past DMs have utilised regional services levies for this purpose given their housing obligation in terms of the Constitution.

(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.

This is especially applicable in the rural environment due to:

- ❑ Shrinking rural economies, for example Murraysburg where 220 subsidies have been approved, but only 80 employment opportunities exist and 3000 registered voters reside.

- ❑ Cessation of settlement functions, for example Leeu Gamka where 130 persons were previously employed in rail transport, or Nelspoort which was established to support a tuberculosis hospital.

(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). This is a priority given significant rural housing shortfalls (e.g. 4200 units in the Overberg District).
- 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.

6. IMPLICATIONS FOR THE MULTI-YEAR PHP

- (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, with an ad hoc approach to housing provision continuing.
- (ii) DMs identify the need for housing delivery programming and for co-ordination of needs on a district level by DMs as:
 - DMs will be responsible for IDP co-ordination, and housing currently features as the dominant development need in the IDP process.
 - Co-ordination is important in order to achieve a desired and planned settlement network, as opposed to ad hoc housing applications / approvals / developments which often result in unbalanced in-migration, ad hoc housing projects and subsequent associated settlement development, and housing in localities not having employment opportunities.
- (iii) 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.
- (iv) DMs are of the opinion that they could serve as a suitable platform for co-ordinating social and economic development programmes for their districts, both complimentary and essential to the housing process.

- (v) 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.
- (vi) Regarding the capacity of the DMs to undertake the proposed co-ordination role and to achieve “accreditation” in the future, their position is as follows:
 - ❑ DMs will not acquire their “own” or increased capacity, but rather draw in category B capacity and expertise. Furthermore, outsourcing could supplement capacity and expertise requirements.
 - ❑ Duplication of capacity / expertise should be avoided, rather making use collaborative efforts (e.g. with B municipalities and public / private partnerships).
- (vii) Some DMs are of the opinion that subsequent to consolidation, certain Category B municipalities will not be capable of managing and delivering housing in rural areas, given their lack of interest, capacity and expertise.
- (viii) All DMs recognise housing delivery as a Category B municipality role, with DMs responsible for district housing co-ordination and provincial liaison. Furthermore, the majority of DMs are interested in gearing up for accreditation.
- (ix) DMs are of the opinion that Category B municipalities need to urgently address the housing needs of farm workers and Province needs to instruct such municipalities accordingly.
- (x) DMs identify the need for the Extension of Security of Tenure Act (ESTA) to be applied more rigidly on order to curb farm evictions and more optimally utilise suitable existing “on-farm” worker housing.
- (xi) DMs suggest public endorsement of housing projects at various stages of planning to be a criteria of subsidy approval.
- (xii) DMs identified the need for sources of finance for land acquisition.

ANNEXURE A AUTHORITY INTERVIEWS

In order to inform the Capacity and Constraints Analysis (Module D3), interviews were conducted with Category B (i.e. largest 7 municipalities) and Category C Municipalities in order to assess the following relating to housing delivery in their area of jurisdiction:

- (i) Role and responsibility.
- (ii) Housing involvement and performance to date.
- (iii) Organisational structure and systems employed.
- (iv) Institutional capacity issues.
- (v) Housing delivery issues.
- (vi) Implications for a Multi-year PHP.

Interviews were conducted with the following authorities (refer attendance registers):

(i) Category C Municipalities	(ii) Category B Municipalities
<ul style="list-style-type: none"><input type="checkbox"/> Winelands District Council<input type="checkbox"/> Overberg District Council<input type="checkbox"/> Klein-Karoo District Council<input type="checkbox"/> South Cape District Council<input type="checkbox"/> Sentrale Karoo District Council	<ul style="list-style-type: none"><input type="checkbox"/> Stellenbosch Municipality<input type="checkbox"/> Worcester Municipality<input type="checkbox"/> George Municipality<input type="checkbox"/> Oudtshoorn Municipality<input type="checkbox"/> Mosselbay Municipality<input type="checkbox"/> West Coast Peninsula Municipality<input type="checkbox"/> Beaufort West Municipality (on their request).

The Breede River and West Coast District Councils, and Paarl Municipality declined the invitation for any interviews.

Record of attendance at interviews:

Winelands District Council			
Name	Title	Directorate / Department	Telephone/Fax/E-mail
G.O. Hubbe	C.E.O		
P.G. Mons	Head: Town Planning	Town Planning and Building Control	021-8872900 021-8872271 peter@bolanddc.co.za
D. Carolissen	Housing Officer	Engineering	021-8872900 021-8872271 wyland@adept.co.za
Overberg District Council			
W. A. du Toit	Asst. Direkteur Omgewingsontwikkeling	Omgewingsontwikkeling	028-4251157 028-4251014
Erik Oosthuizen	Senior Town and Regional Planner	Omgewingsontwikkeling	028-4251157 028-4251014 mattheeh@xsinet.co.za

Klein Karoo District Council			
Pat Wagenaar	Hoof Admin Beampte	Administrasie	044-2722241 044-2792667
Gerhard OuO	Rampbeheer Omgewingsgesondheid Beampte	Omgewingsgesondheid	044-2722241 044-2722667 noodroep@mweb.co.za
George Hendrikse	Senior Omgewingsgesondheid Beampte	Omgewingsgesondheid	044-2722241
Desmond Paulse	Omgewingsgesondheid Beampte	Omgewingsgesondheid	044-2722241

Gevan Juthe	Behuising Bestuurder	HDM: KKDR	044-2722241 044-2722667 0823815490
South Cape District Council			
S van der Merwe	Assistant Direkoraat Omgewingsgesondheid	Gesondheid	044-8031300 044-8741041 faan@scdc.co.za
H Hill	Deputy Director: Planning	Planning and Economic Development	044-8031300 044-8746626 henry@scdc.co.za
S. de Kock	Urban and Regional Planner	Planning and Economic Development	044-8031300 044-8746626 stefan@scdc.co.za
Sentrale Karoo District Council			
J.R. van der Merwe			023-4171160 023-4143675 jrvdm@internext.co.za
Freddie Klaaste	Snr Housing Officer	Health	023-4152121 023-4152811
Danie Ngondo	Housing Officer	Health	023-4152121 023-4152811
Stellenbosch Municipality			
Keith Ford	Head: Housing	Town Secretary	021-8088529 021-8088574
Leon de Villiers	Deputy Treasurer	Treasury	021-8088529 021-8088574
Lester van Stavel	Housing Manager	Town Secretary	021-8088121 021-8088492
Grant Cloete	Senior Admin Officer: Housing	Town Secretary	021-8088128 021-8088492
Francois van Dalen	Projekbestuurder	Stad Ing. Departement	021-8088312 021-8088315
Deon Carstens	Head: Planning and Development	Dept. Planning and Development	021-8088366 021-8088313 DeonC@stb.wcape.gov.za

Eddie Delpont	Stadsingenieur	Stad Ingenieur. Departement	021-8088301 021-8088315 delpont@new.co.za
Leon Fourie	Bestuurder: GOP		021-8088743 021-8088313 leonf@stb.wcape.gov.za

Worcester Municipality			
Jan A Visagie	Senior Stadsbeplanner	Stadsingenieur	023-3482600 023-3473671 jvisagie@worcmun.org.za
M Cronje	Hoof: Boubeheer	Stadsingenieur	023-3482640 023-3473671
JC Oosthuizen	Ass. Stadtesourier	Stadtesourier	023-3482669 023-3472599 coosthuizen@worcmun.org.za
Gavin Greenhalgh	Head: Housing Development & Projects	Town Secretary	023-3482620 023-3473671 ggreenhalgh@worcmun.org.za
George Municipality			
PN Nyuka	Director Community Services	Community Services	044-8019192 044-8019196 Louisa@george.org.za
MD de Beer	Chief Housing	Community Services	044-8019192 044-8019196
GE Koen	Chief Accountant	Treasury	044-8019144
HW Mutasah	Deputy: Electrical	Electricity	044-8743917 044-8743936 grghwm@mweb.co.za
MC Calitz	Snr Townplanner	Admin	044-8019182
B Redelinghuys	Ass. Town Engineer	Town Engineer	044-8019353 044-8733862
Oudtshoorn Municipality			

Corrie Greeff	D/ESI	Elektrisiteit	ESI@oudtmun.co.za
Boet Vermaak	Ass SI (Siviel)	Stadsingenieur	044-2722221
CF van der Mescht	Hoof: Behuising	Administrasie	044-2722221 044-2791812
BJ Eastes	Stads en Streeksbeplanner	Administrasie	044-2722221 044-2721812
RC Plaatjies	Behuisingbeampte	Administrasie	044-2722221
A Bekker	Dir. Admin	Administrasie	044-2722221
L Meiring	Sen Rekenmeester	Finansies	044-2722221
Mosselbay Municipality			
Johan van Zyl	Deputy Town Secretary	Town Secretary	044-6912215 044-6911912
Rober Mdoda	Housing Official	Town Secretary	044-6931507 044-6931507
PRC Matwa	Chief: Housing	Town Secretary	044-6912215
R Mamase	Housing Official	Town Secretary	044-6912215
R Pienaar	Admin Ass Housing	Town Secretary	044-6931507
LE Seconds	Admin Ass Housing	Town Secretary	0144-6912215 044-6911912
West Coast Peninsula Municipality			
JP de Klerk	Uitvoerende Hoof/Stadsklerk		022-7017097 022-7135666 mun@saldanhabay.co.za
FJ Maritz	Stadstesourier	Tesourie	022-7017032 022-7131749
MJW Victor	Stadsingenieur	Stadsingenieur	022-7017052 022-7131749
Daan Visser	Stadsbeplanner	Stadsbeplanning & Boubeheer	022-7017051 022-7151518 daanv@saldanhabay.co.za

MODULE D2:

PRIVATE SECTOR

1. INTRODUCTION

The research was undertaken to determine the capacity of the private sector developers involved in housing development for the lower income group, namely families earning R3 500.00 per month or less.

Consultations were held with a large number of Local Authorities and Developers (see Annexure 2) in the three main regions of the Province of the Western Cape, namely the Central area of the Province, Southern Cape and Metropolitan Cape Town.

2. SCOPE

The key issues related to the development of housing by the private sector are centered round the following questions.

- Who are the private sector developers in housing delivery?
- What sector of the market do they serve?
- What is their capacity to deliver?
- What was their performance to date?
- What constraints or blockages do they face in the housing delivery process?

- What do they see as the scope to improve the private sector role in housing delivery?
- What segments of the market are not suitable for private sector delivery?
- What do the private sector see as the key housing delivery issues to be addressed?

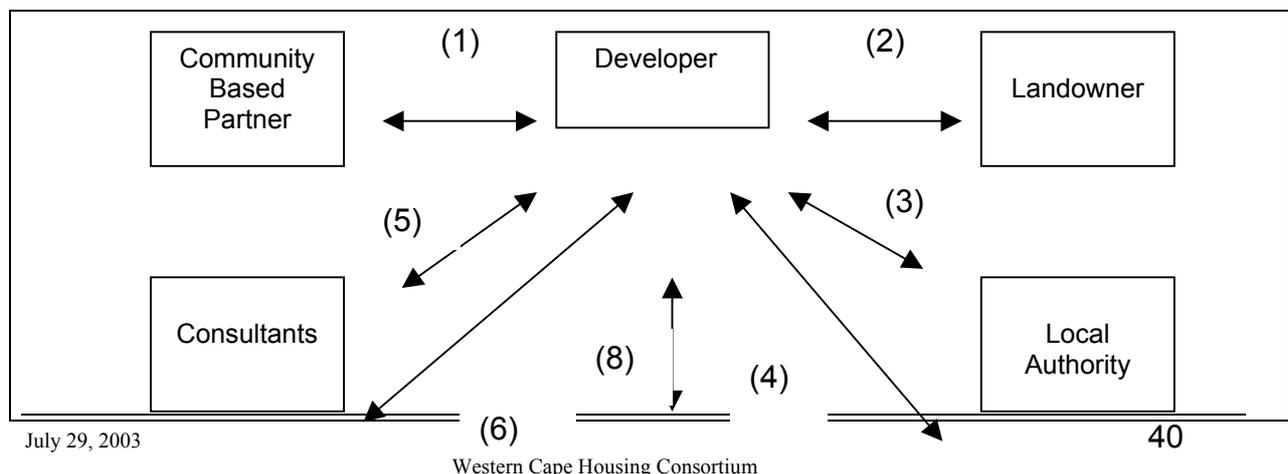
3. PRIVATE SECTOR DEVELOPERS

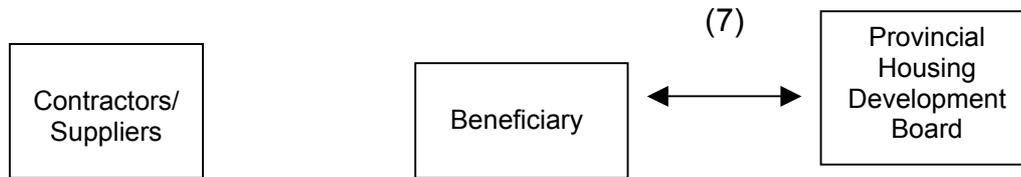
Large and small developers/ building contractors are involved in the housing delivery process throughout the Province. There has been a tendency in recent months for contracting companies to reposition themselves and source other forms of work as funds for new housing projects are not available due to financial constraints. There are some companies that have left the low cost housing market. Housing Projects approved by the Provincial Housing Development Board vary in size from twenty houses to 1 500 units. There has however been a tendency of late for the approval of projects not larger than 250 units, which has a serious impact on the economies of scale of delivery, ultimate affordability and value for money.

Emerging developers from the previously disadvantaged group have been allocated smaller projects by the PHDB mainly in the Integrated Serviced Land Projects.

In all low-income housing developments there are a number of important linkages between various role-players and stakeholders, as can be seen in the diagram below.

4. STAKEHOLDER RELATIONSHIPS





Agreements

1. Social Compact between the community based partner and developer.
2. Land Availability Agreement or Purchase / Disposal Agreement between the landowner and developer.
3. Services Agreement between the developer and the local authority.
4. Subsidy Agreement between the Provincial Housing Development Board and the Developer.
5. Letter of Appointment to the consultants (town planner, land surveyor, conveyancer, engineer, etc) appointed by the developer.
6. Standard Construction/Supply Agreement for the construction of serviced sites and top structures, issued in both the land servicing and the building operation processes.
7. Subsidy Application to the Provincial Housing Development Board.
8. Deed of Sale between the developer and beneficiary.

It is important to note that blockages often occur if there is no clear communication between the relevant parties and if the various organisations do not have a full understanding of contract documentation that has to be put in place.

In project linked housing developments it has been found that the social compact agreement is often the most difficult document to conclude, as there are often lengthy negotiations between the various stakeholders who are all eager to safeguard their own particular requirements and needs. As illustrated in the above diagram, Organisations such as Civic Associations, Rate Payers Associations (1.) and Beneficiary groupings (8.) often do not understand the complete development picture, thus the utmost care and time should be taken to explain the implications and detailed process of housing development to all parties involved.

5. MARKETS SERVED

The larger development companies and section 21 companies serve both the lower-income community financed by the PHDB, as well as the middle and high income housing market which is financed by the private sector financial institutions.

Emerging contractors are solely dependent on the government subsidy market unless they have been appointed as sub-contractors to well-established companies involved in upper income housing.

6. CAPACITY OF DEVELOPERS

The medium and large established developers are able to gear up to deliver 2 000 units per year or more, if it were needed.

Emerging Contractors from the previously disadvantaged sector do not always have structures in place as well as the working capital to fund housing construction at scale. The Provincial Housing Development Board draw down payment is only made on completion and certification of hand-over of the housing unit, thereby putting greater pressure on developers to fund the entire construction process.

7. BLOCKAGES AND CONSTRAINTS IN THE DELIVERY PROCESS

The main constraint facing the private sector is the lack of funds allocated by the PHDB.

Another major problem is the fact that persons who have possession of title deeds sell their properties without the necessary documentation, or going through the correct legal channels. This leads to the problem that once a project is approved and these families make application for top structures they are unable to access the funds, as they do not legally own the property and the original owner cannot be traced.

The subsidy application forms are too complicated for the prospective beneficiary community to understand, this leads to unnecessary delays in the beneficiary approval process. The forms should be simplified and/ or be translated into the local language. Alternatively there should be a permanent education programme available on television.

The research undertaken has shown that the actual housing construction process has few blockages or constraints. There is however a number of blockages which occur in the administrative and approval processes linked to the housing development process.

The developer is responsible for the design and drafting of house plans as well as obtaining approval from the Local Authority. In the lower-income subsidy housing market there are limited housing options or freedom of choice by the beneficiary and therefore approval processes are relatively fast.

Reports from developers have been positive regarding Local Authority Plan approval procedures in most local areas. It must be noted that the speed at which plan approval and agreement on specifications for the housing units to be constructed, varied from Local Authority to Local Authority. The approach and the understanding of the officials concerned were very important.

In the larger development projects, the developers will call for tenders from building contractors. In most projects it is mandatory that local labour and sub-contractors be used from the previously disadvantaged community. Very stringent quality control is necessary as inexperienced builders do not always provide the workmanship and quality accepted by Local Authorities (i.e. Kalkfontein housing project). This has an impact as sometimes work has to be redone. The cost is to the Developers/Contractors accounts. It has also been found that inexperienced sub contractors are unable to correctly read building plans and this has an impact on the building process and can cause delays. Basic training of sub contractors is often ongoing with extra supervision being provided in large building contracts.

Previously disadvantaged and emerging contractors are mainly used in the larger projects as sub-contractors. The exception has been in the City of Cape Town and Tygerberg area (iSLP projects) where these contractors, having a proven track record, have succeeded in winning the main contracts for themselves (i.e. B&M Homes), and are delivering reasonably good quality housing at medium scale.

After a successful builder has been chosen, and approvals granted within the limited budgets, demonstration show-houses are erected. This is a very important marketing exercise, as size and type of housing unit showing finishes, is required in order to demonstrate to the beneficiary community exactly what will be built in the development.

Housing construction within the Cape Metropolitan area is fairly straightforward. In each of the larger projects, namely West Bank, Delft and Browns Farm, approximately 150 housing units are handed over every month in each project.

The compilation and submission of claims by the developer, and payment made by PAWC are made within the norm of 21 days. In the case of Consolidation projects, payments are made to an Accounts Administrator appointed by the PHDB, and payments are made to the developer in strict accordance with the rules and regulations as set out by the PHDB. All houses are inspected by the PAWC in Consolidation Housing.

Housing construction in the Metro area does not experience major blockages or delays in the actual building process, as a rule, but construction can be delayed due to beneficiary approval lists not being issued in accordance with agreed programmes.

Building materials suppliers not delivering building material to schedule as per agreed contract sometimes causes slight delays in the construction process and can impact on the handover rate.

Consolidation project housing has not experienced any delays in the building process as normal management principles have been applied. The exception has been where an inexperienced developer/contractor (i.e. Philippi Builders Association) has offered large houses in excess of what is sustainable and economically viable to build for the entire project. In this case, the first builder built only a dozen houses, before disappearing. A second building team had to be employed, which is struggling to build housing units as promised.

The National Home Builders Registration Council will shortly be directly involved with standards relating to low income housing as legislated during the past session of Parliament. To date no projects have cover from the NHBRC. The effect of an additional authority involved in the low income housing delivery process remains to be seen.

7. VIABILITY FOR PRIVATE SECTOR PARTICIPATION

There is very little scope for profit in the low-cost housing sector with the low subsidy amount available. The only way that the large private companies can be encouraged to become involved would be if projects of scale are to be built. Even then there could be major problems if there is unrest in a specific community.

It is the opinion of certain Local Authorities that the Provincial Housing Development Board should commit funds to a three-year plan in order that large projects can be planned and developed. Economies of scale are extremely important for the continued profitability of private sector companies and therefore in the major centres of the Province contracts of at least 5 000 houses should be let at any one time. Furthermore private sector companies are concerned about the interference at political level. Expectations are often created by inexperienced councillors making promises to their electorate without a thorough knowledge of the development process. Any disruption, political or otherwise in the building process can lead to bankruptcy of the contractors and builders involved.

8. MARKET PROSPECTS

With the low profit available in the low cost market and the uncertainty because of the major impact of community involvement, the building of the houses in subsidy projects is not suitable for the very large private sector firms.

Most developers raised serious concerns regarding future profitability in low-income housing projects, if the status quo is to remain with increased inflation, more companies will withdraw from the market.

9. KEY HOUSING DELIVERY ISSUES

Having reviewed the low-cost housing development market, various important issues were raised. The most frequent points influencing the housing delivery process are:

- Establishment of the Project:

Delays were experienced with provisional Local Authority approval of projects. Closer liaison is required between the Local Authority officials, consultants and the developers (the developer may also be the Local Authority). Time frames and programmes need to be agreed upon.

- Evaluation and approval by the PHDB:

Evaluation processes by various PAWC Departments are often too long. Project submissions sometimes miss closing dates of the PHDB agendas.

- Township establishment:

There is a delay in obtaining clearance certificates. Documents referring to land transferred from PAWC to Local Authorities go missing. Original Deeds have been lost. There are delays in obtaining new certified copies of title deeds.

- Social Compact:

There are delays in obtaining consensus by all role players. A signed Social Compact agreement is a PHDB prerequisite. The completion of subsidy forms and their approvals should be speeded up. Subsidy forms should be simplified.

Developers are often forced by certain communities to provide the largest floor area with little regard for quality of product. The relevant Authorities need to take a stand on the viable and sustainable product to be delivered by the developing contractor.

Private sector companies view low-cost housing as a high-risk venture.

- Beneficiary approval:

There are delays in obtaining beneficiary approval lists from the PHDB.

- Approval of Land Servicing and House Standards:

Local Authority approval process on finalisation of servicing and building standards is slow. Sometimes there is a lack of co-ordination between the Project Manager and the officials of Council. The acquisition of affordable land is important in order to provide more funds for the top structure.

- Funding;

The lack of enough funds on a continuous basis is a main concern for Local Authorities in order to plan for housing development. Further concerns were raised regarding the high cost of civil services with consequent reduced portion of the subsidy for the top structure.

D Town Planning Layouts, etc. →

E Township Establishment →

Prepare re-zoning/subdivision application
Submit application to Local Authority
Advertising of application / public participation
Local Authority approval process #

F Land Surveying →

Collate base information
Outside figure survey
Preliminary calculations
Fieldwork
Prepare draft General Pan (GP)
Submit GP to Surveyor General
Initial Examination of GP
Advise amendments/corrections
Amend/correct GP and re-submit
Final examination of GP
Approval advice for GP

G Preparation of Conditions of Establishment →

Draft conditions of establishment
Approval of conditions of establishment

Preparation of application
Advertising of removal of restrictions/
court order
Advising Deeds Office

H ***Compliance with Conditions of Establishment*** →

I ***Opening Township Register*** →

Drafting of application
 Submission of approved GP to Deed Office
 Lodge Documents at Deeds Office
 Conveyance procedures
 Registerable erf

J ***Progress drawdown*** →

Prepare progress drawdown P2
 Submit drawdown documents to PHDB
 Processing of documents at PHDB
 Pay-out process

NOTE: # Indicates blockage areas in the Development process

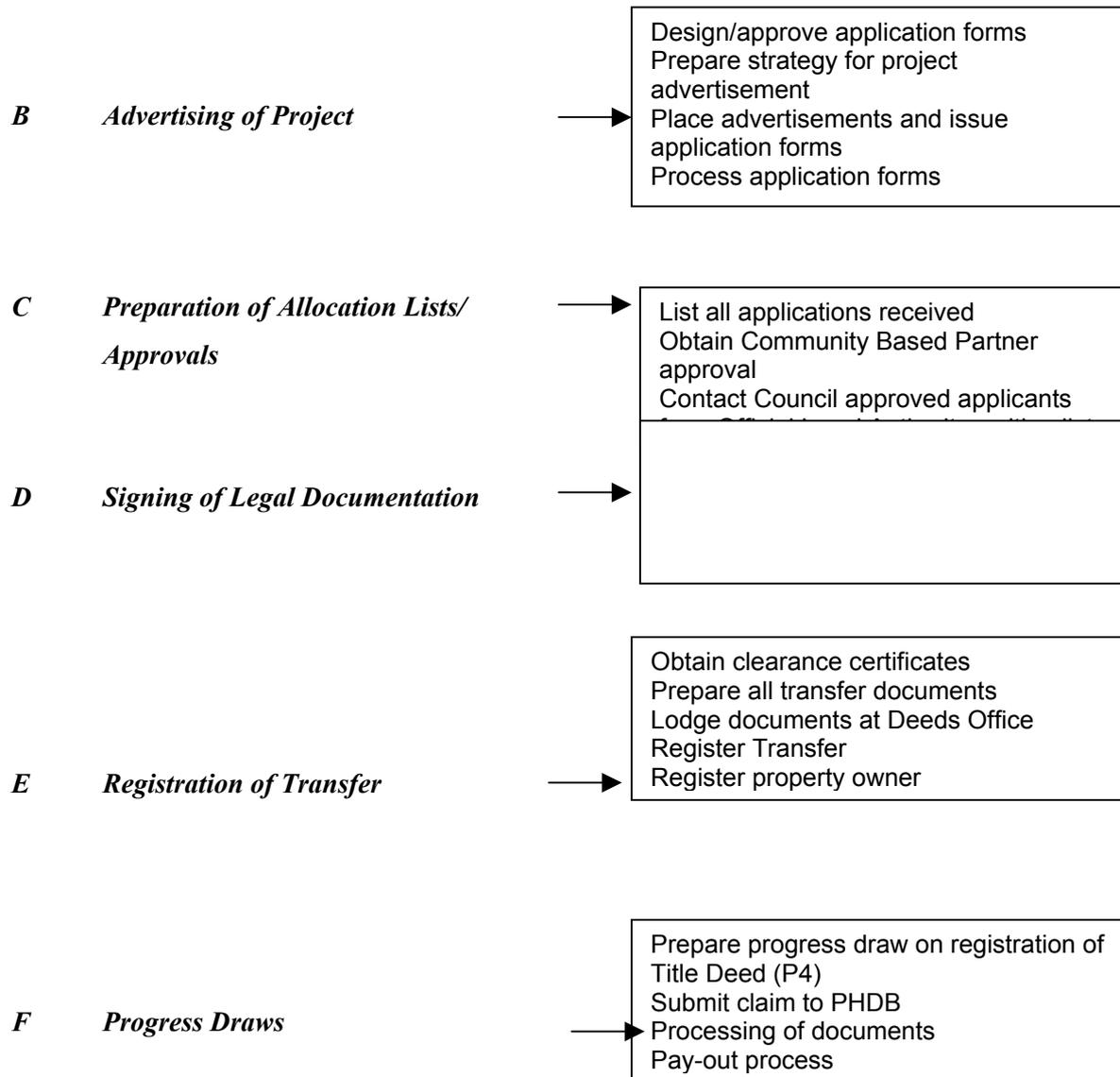
Payment drawdowns:

- P1 = engineering design
- P2 = town planning and land surveying
- P3 = servicing and land costs
- P4 = registration of transfer
- P5 = house construction

2. SALES ADMINISTRATION

A ***Preparation of Allocation Procedure*** →

Define principles for allocation
 Obtain Community Based Partner approval
 Set up allocation procedures #



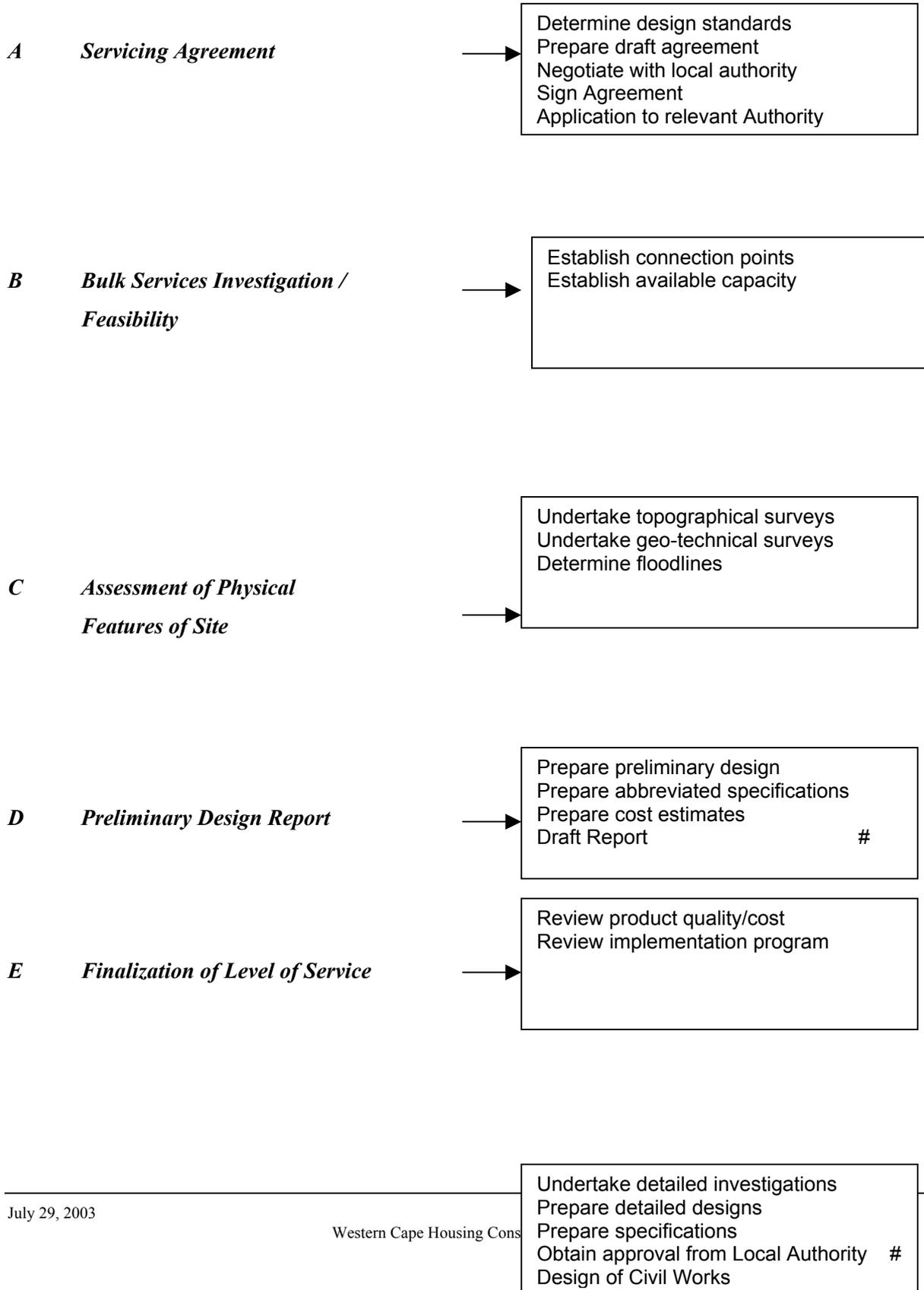
NOTE: # Indicates blockage areas in the Development process

Payment drawdowns:

- P1 = engineering design
- P2 = town planning and land surveying
- P3 = servicing and land costs
- P4 = registration of transfer

P5 = house construction

3. LAND SERVICING



F ***Detail Design and Specification*** →

G ***Tender Process and Award*** →

Call for tenders/issue documents
Evaluate tenders
Tender report
Review / approve tender
Tender award

H ***Completion of Contractual
Requirements*** →

Approve insurances
Approve guarantees
Determine completion date(s)
Set up communication procedure

I ***Construction of Services*** →

Construction of first phase
Construction of electricity reticulation
Approve construction
Measurement of completed work
Interim certification
Resolve claims and extra work

J ***Completion / hand-over Process*** →

Arrange completion inspection
Accept hand-over in terms of contract
Hand over completed work to Local
Authority
Local Authority to create Municipal
system
Serviced erf

K *Progress drawdowns*



Prepare progress drawdown P1
Submit claim to PHDB
Processing of documents at PHDB
Pay-out process
Prepare progress drawdown P3
Submit to PHDB
Processing of documents at PHDB
Payout process

NOTE: # Indicates blockage areas in the Development process

Payment drawdowns:

- P1 = engineering design
- P2 = town planning and land surveying
- P3 = servicing and land costs
- P4 = registration of transfer
- P5 = house construction

4. HOUSE CONSTRUCTION

A *Preliminary Design Report*

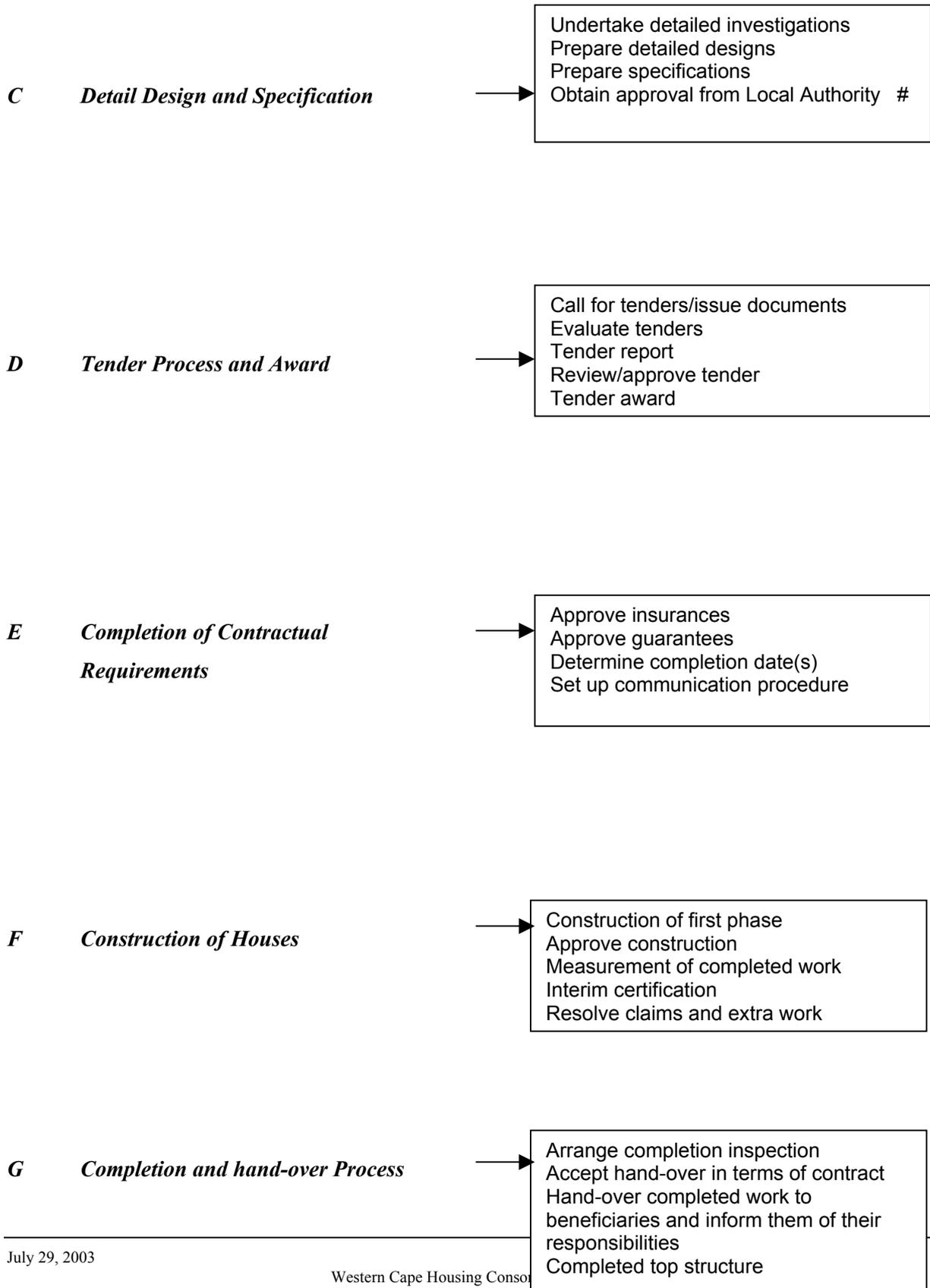


Prepare preliminary design
Prepare abbreviated specifications
Prepare cost estimates
Draft report
Approval by Local Authority /
Community based partner

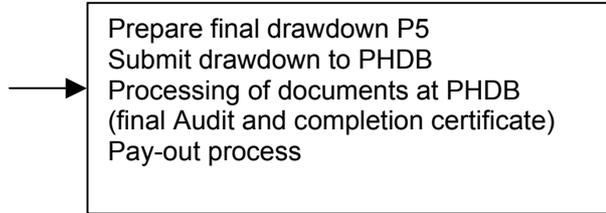
B *Finalization of Product*



Review product quality/cost
Review implementation program



H Final drawdown



NOTE: # Indicates blockage areas in the Development process

Payment drawdowns:

- P1 = engineering design
- P2 = town planning and land surveying
- P3 = servicing and land costs
- P4 = registration of transfer
- P5 = house construction

WESTEN CAPE PROJECT DEVELOPERS

ANNEXURE 2

<u>Description</u>	<u>Name</u>
Individual Subsidies	City Of Tygerberg
Klipfontein Communal Pt - 518 Units - 15% Geotech	Audux Development Trust
Fisantekraal 1319 : 15% Geotech	Tygerberg Tlc
City Of Tygerberg: Khayelitsha: Makukhanye: 279	Makukhanye Peoples Housing Association
Nuwerus 50 Units - 15% Geotech	Bitterfontein\Nuwerus TLC
Khayelitsha: Ncedolwethu: Site B: 300	Tygerberg Tlc
Kuilsriver Highbury 1156 Inst. Subsidies	Power Developments
City Of Tygerberg Khayelitsha Ncedulwethu 300	Ncedulwethu Housing Association

Crossroads Fase 3.2 549 Units	PAWC
Knysna Hornlee 404 Units - 15% Geotech Top	Knysna Municipality
Khayelitsha Sinako 200 Units - 15% Geotech	Sinakho Ukuzenzela Housing Project
Blaauwberg Atlantis 800 Units - 15% Geotech	Blaauwberg Municipality
Philippi Browns Farm Phases 3 & 4-1100-15%	Africon
Heintz Park Phase 2- 64 Units-15&	Africon
Lower Crossroads-con-15%-johndev	John Dev Dev
Heintz Park-100-15%- Heldsinger	Helsinger & Sons
Heinz Park: 100 Consol: Marnol/delftcon:	Marnol Projects/delftcon
Klipheuwel 131 Units 15% Geotech	Winelands District Council
Lower Crossroads: 100 Consol: Marnol:	Marnol Dev
City Of Cape Town - 1400	Cape Town City Council
Blue Downs (r16000)	PAWC
Blue Downs Blue Berry Hill 1700 - 15% Geo	Power Developments
City Of Tygerberg: Elsie River: Phase 1: 275	City Of Tygerberg
Driftsands -consolidation-432-islp	PAWC
Lower Crossroads : The Hague Builders 40 Con Subs	Cape Town City Council
South Peninsula: Imizamo Yethu: 526	South Peninsula
Worcester Avain Park 339 dwellings	Worcester Municipality
Tambo Square 650 dwellings	Cape Utility Homes
Avain Park 32 dwellings (APL Cartons)	A..P.L Cartons
St Helena Bay 24 dwellings	T C A
Plettenberg Bay Hillview 1014 dwellings	Plettenberg Bay Municipality
Mossel Bay Kwanonkwaba 1300 dwellings	Newhco East
Prince Alfred Hamlet 33 dwellings	T C A
Khayelitsha 2536 consolidation subsidies	Build for Africa
De Doorns 157 dwellings	De Doorns Municipality
Gugulethu Millers Camp 104 dwellings	Ikapa Municipality
Gugulethu KTC Phase 2 383 dwellings	Ikapa Municipality
Avain Park 5 dwellings (Noord Boland Co)	Noord Boland Landbou Co Pty Ltd
Plettenberg Bay New Horizons 216 dwellings	Plettenberg Bay Municipality
Tulbagh 551 units	Tulbagh Municipality
Masiphumelele 803 dwellings (communicare)	Communicare
Ceres Bella Vista 900 dwellings	Ceres Municipality
Ceres N'duli 209 dwellings	Ceres Municipality

George Thembalethu 400 dwellings	S.A. Housing Trust
Mfuleni 540 dwellings	Mfuleni Municipality
Wolseley 707 dwellings	Wolseley Municipality
Calitzdorp 200 dwellings	Calitzdorp Municipality
Milnerton De Noon 1000 dwellings	Milnerton Municipality
Oudtshoorn 915 dwellings (Power Construction)	Power Developments
Transnet Kleinvlei 322 dwellings	Transnet
Firgrove Donald Cook Farm 243 dwellings	Cape Utility Homes
Doring Bay 210 dwellings	Doring Bay Housing Trust
Avian Park 11 dwellings (Premier Foods)	Premier Foods
Avian Park 34 dwellings (Worcester Minarils)	Worcester Minirels
Gans Bay 500 dwellings	Gansbay Municipality
Gansbay 112 consolidation subsidies	Gansbay Municipality
De Rust Municipality 86 dwellings	De Rust Municipality
St Helena Bay 19 dwellings	T C A
Montagu 389 dwellings	Montagu Municipality
Bredasdorp 70 dwellings	Bredasdorp Municipality
Hermanus 283 dwellings	Hermanus Municipality
Hermanus 460 consolidation subsidies	Hermanus Municipality
Marconi Beam 1005 units	Milnerton Municipality
Villiersdorp 52 dwellings	Villiersdorp TLC
George Thembalethu 1000 dwellings	Thembalethu Development Trust
Saldanha Bay 26 existing dwellings	Sea Harvest Corporation
Riebeeck Kasteel 160 dwellings	Malmesbury TLC
Heidelberg Diepkloof 412 dwellings	Heidelberg TLC
Ashton 85 Subsidies for Langeberg Employees	Langebaan Food International
Wellington Carterville 2 1068 subsidies	Wellington TLC
Stellenbosch Cloetesville 106 subsidies	Stellenbosch TLC
Bonnievale Mountain View 623 subsidies	Bonnievale TLC
St Helena Bay Steenberg Cove 242 subsidies	Newhco Western Cape
Prince Alfred Hamlet 140 subsidies	Prince Alfred Municipality
Atlantis 565 units	Atlantis Transitional Metropolitan Substructure
Paarl Dal Josafat 760 dwellings	Newhco Western Cape
Wellington Chatsworth 150 subsidies	Kortjon Properties
Beaufort West 1172 subsidies	Beaufort West TLC
Beaufort West 415 consolidation subsidies	Beaufort West TLC

St Helena Bay 20 dwellings	T C A
GREYTON 136 UNITS	Greyton TLC
Blanco: George 74 units	De Rus Committee
Prince Albert noord eind 233 units	Prince Albert TLC
Porterville Monte Bertha 282 units	Porterville TLC
STILL BAY 141 + 8 UNITS	Stilbay TLC
Riversdale 493 units	Riversdale Municipality
Albertinia 426 units	Albertinia TLC
Ceres 6 units	T C A
Mooreesburg 77 units	Mooreesburg TLC
Greyton Heuwelkroon 29 consolidation subsidy	Greyton TLC
RIEBEECK WEST KOINONIA HOUSING PROJECT: 169 UNITS	Malmesbury TLC
Gouda: 250 units	Tulbagh Municipality
Sir Lowry 's Pass 633 units	Communicare
Paarl Mbekweni 835 units	Asla Devco
Dysselsdorp 380 units	Asla Devco
Buffelsjachtsbaai 29 units	Overberg RSC
Mossel Bay Airfield Area 263 units	Mossel Bay Municipality
Mossel Bay 529 units - incorrect do not use!!!	Mossel Bay Municipality
Delft 2000 units	PAWC
Barrydale 141 subsidies	Barrydale Municipality
Great Brak River 232 units	Great Brak River TLC
Bellville 561 units	Bellville TLC
Heidelberg 280 units	Heidelberg TLC
Beaufort West : Transnet Barracks project	Transnet
ST HELENA BAY 511 UNITS	West Coast Peninsula TLC
Hopefield 113 units	Hopefield Municipality
Mooreesburg Kliprand 48 units	West Coast Regional Services Council
PATERNOSTER 160 DWELLINGS	West Coast Peninsula TLC
Saldanha: Daizville\White City 1000 units	West Coast Peninsula TLC
Vredenburg Louwville 920dwellings	West Coast Peninsula TLC
Struis Bay North 150 dwellings	Struis Bay TLC
MARRAYSBURG 250 DWELLINGS	Murraysburg TLC
Darling 271 dwellings - increased to 483	Asla Devco

Clanwilliam 265 dwellings	Clanwilliam TLC
Ceres Op Die Berg 139 units	Bree River Regional Services Council
Ashton north west extension 234 units	Ashton TLC
Lawaaikamp 508 dwellings	George Municipality
Victoria Mxengi 203 dwellings	Victoria Mxengi Housing Trust
Ladismith 478 units	Ladismith Municipality
Stanford 388 units	Asla Devco
Helderberg TLC Tarentaalplaas 1015 units	T C A
Buffelsjagriver 200 dwellings	Overberg RSC
Carterville : 200 Consolidation Subsidies	Wellington TLC
Jood se Kamp 974 units	Knysna Municipality
Grabouw 250 units	Grabouw TLC
LAINSBURG 320 UNITS	Lainsburg TLC
Kleinvlei 330 units	Blue Downs TLC
Kayamandi 2000 units	Stellenbosch municipality
Athlone 179 units	Cape Town City Council
Plettenberg Bay Hillview 556 units	Plettenberg Bay Municipality
Ceres op die Berg	Bree River Regional Services council
Kliprand 48 units	West Coast Peninsula TLC
Suurbraak 148 units	Suurbraak TLC
Citrusdal TLC	Citrusdal Municipality
Vredenburgongegund 322 units	West Coast Peninsula TLC
Hermanus : 350 units	Hermanus Municipality
Suurbraak Consolidations 27 Units	Suurbraak TLC
Heinz Park individual consolidation subsidies	Build for Africa
ISLP Weltevrede Valley 2000 units	PAWC
VREDENDAL NORTH 609 UNITS	Vredendal Municipality
KNYSNA HORNLEE 96 UNITS	Knysna Municipality
Mossel Bay JCC 529-307 units uTshani Fund	Mossel Bay Municipality
Riversonderend 200 units	Riversonderend Municipality
Mossel Bay airfield 263 units	Mossel Bay Municipality
Kommetjie 486 consolidation units	Ocean View Development Trust
Napier 146 units	Napier Municipality
Leeu-gamka 170 units	Central Karoo District Council
Delft South 2000 units	PAWC

Graafwater 144 project linked subsidies	Graafwater Municipality
Kuilsriver Sarepta Kalkfontein 1358 units	Joint Venture Developers
Piketberg:510 Project Linked Subsidies	Asla Devco
Pacaltsdorp: Andersonsville ext 13:932 units	George Municipality
Stellenbosch Klappmuts 402 units	Stellenbosch TLC
Blackheath: Happy Valley 719 units	Power Developments
Overberg Regional Services Council: Buffelsjag 30	Overberg RSC
Velddrift Noordhoek 397 units	Velddrift Municipality
Uniondale 201 units	Asla Devco
Elands Bay 229 units	Asla Devco
Ashton : Zolani : 369units	Ashton TLC
Vanrhynsdorp : Maskamsig : 48 units	VAN RHYNSDORP TLC
Plettenberg Bay Greenvalley 213 units	Plettenberg Bay Municipality
Mossel Bay Civic Park:198 units	D'ALMEIDA CIVIC ASS.+ MOSSEL BAY TLC
Individual subsidies	PAWC
Ladismith Zoar 600 units	ZOAR TLC
Durbanville:quadraplegic: 14 Institutional Subs:	Quadriplegic Association
Ashton A Street 85 units	Ashton TLC
Worcester: Zwelethema 550 Consolidation subsidies	Worcester Municipality
Wellington 14 units	Wellington TLC
Macasser Individual consolidation subsidies	PAWC
INDIVIUAL CONSOLIDATION PROJECTS	PAWC
KLAPMUTS 428 UNITS	Stellenbosch municipality
KLEINMOND 201 UNITS	Newhco Western Cape
BREDASDORP 500 UNITS	Bredasdorp Municipality
KLAWER 213 UNITS	KLAWER MUN
HAARLEM 212 UNITS	HAARLEM TLC
GRABOUW 1273 UNITS	Grabouw TLC
ROBERTSON 816 UNITS	ROBERTSON TLC
George: Golden Valley/blanco (386)	George Municipality
ASHTON KARPAD DEV	Ashton TLC
HARARE IND CON SUB	PAWC
THEMBALETHU PHASE 2 - 2001 UNITS	Power Developments
George Thembaletu 520	George Municipality

Malmesbury Tlc: Riverlands: 36 Proj. Link. Subs.	Malmesbury TLC
HERBERTSDALE - 66	Herbertsdale TLC
LAMBERTS BAY TLC	LAMBERTS BAY
HOOKHOUSE5	HOOKHOUSE 5
SLANGRIVIER 327 UNITS	SLANGRIVIER TLC
ABBOTSDALE 295	Malmesbury TLC
BLOEKOMBOS 1823	Power Developments
CALEDON	CALEDON MUN
Knysna 2002	S. Colarossi Civil (pty) Ltd
Malmesbury Tlc: RIVERLANDS 226	Malmesbury TLC
BOTRIVIER 250	BOTRIVIER TLC
ILINGELETHU	Malmesbury TLC
KALBASKRAAL 180 UNITS	Malmesbury TLC
BETTYS BAY 35	KLEINMOND TLC
WORCESTER 107 SELF BUILD PROJECT TO IND. SUBS.	Worcester Municipality
SWELLENDAM 242 SELFHELP	SWELLENDAM MUN
MALMESBURY SAAMSTAAN 222	Malmesbury TLC
Athlone: Vygieskraal (100): 15% Geotech	Cape Town Municipality
Bonteheuwel (152): 15% Geotech	Small Builders Development Services
PHILLIPPI EAST 3900 ISLP	PAWC
SOUTHERN DELFT TOWNS 3;4;5;6	PAWC
CROSSROADS PHASES 3 AND 5	PAWC
CROSSROADS PHASE 4	PAWC
WELTEVREDEN VALLEY PHASES 3;4	PAWC
Mitchells Plain: Silver City (365): 15% Geotech	Cape Town Municipality
PHILLIPPI WEST BROWNS FARM	PAWC
CONSOLIDATIONS-Hopkins	
Knysna Khayaletu South 460 Units - 15% Geotech	Knysna Municipality
Vanwyksdorp 90 Units - 15% Geotech	Vanwyksdorp Munisipaliteit
Blaauwberg Mamre 550 Units - 15% Geotech	Blaauwberg Municipality
Atlantis Ext.12: 800 Inst. Subsidies	Housing Association Of Blaauwberg
GOURITSMOND 25	Gouritzmond Ooorgangraad
PHILLIPI BROWNS FARM 250 CONS / DAVIDS	PAWC
KYLEMORE 236 UNITS 15% GEOTECH	Stellenbosch municipality
HOUT BAY 71 UNITS	SOUTH AFRICAN SEA PRODUCTS

Stellenbosch Klapmuts 322	Stellenbosch TLC
GEORGE ROSEMOOR 52	George Municipality
MCGREGOR 43 UNITS	MCGREGOR MUNICIPALITY
Franschhoek: Mooiwater (1000) 15% Geo	Newhco Western Cape
George Thembalethu 697 Con Subs	George Municipality
Tambo Square 267	Cape Town City Council
Plettenberg Bay New Horizons 322 Units	Plettenberg Bay Municipality
Wellington: Or Tambo Village (872) 15% Geo	Asla Devco
Sedgefield Mun	Sedgefield Mun
Nomzamo 1820	Helderberg Mun
Bredasdorp Waenhuiskrantz 30	Bredasdorp Municipality
Helderberg Mun.: Strand: Sercor: 413 Pr. Li. Subs.	Audux Development Trust
Hawston 350	Hermanus Municipality
Lutzville 330 Units 15% Geotech	Asla Devco
Worcester Avian Park 350 15% Geotech	Worcester Municipality
Paarl Fairyland 439 Units - 15% Geotech Top	Paarl Municipality
Oostenberg Municipality: West Bank: 5 147 (16 000)	Oostenberg Mun
Mitchells Plain Montrose Park 341 -15% Top	Tygerberg Tlc
Khayelitsha Greenpoint 398 - 15 Top	Tygerberg Tlc
Wesbank-5147	Oostenberg Mun
Vredenburg Witteklip 1200 - 15% Geotech	West Coast Peninsula TLC
Guguletu Ktc Utshani Fund Consolidation	PAWC
Swellendam 397 Units- 10% Geotech	SWELLENDAM MUN
Elsies River Eureka 271 Units - 15% Geotech	Tygerberg Tlc
Darling 300 Units - 15% Geotech	Asla Devco
Genadendal 430 Units : 15% Geotech	Urban Project Team
City Of Tygerberg : Khayelitsha Town 3.1 - 2309	City Of Tygerberg
Khayelitsha Individual Consolidations	PAWC
Blue Downs Individual Imports (R15000)	PAWC
Dunoon 1331 Units - 15% Geotech	Power Developments
Saron -600-15%	Saron Mun
Kraaifontein: Bloekombos: Ph2 (2590)	Power Developments
Grassy Park League Of Friends Of The Blind 102	League Of Friends Of The Blind (lofob)
Genadendal 430 Units: 15% Geotech	Genadendal Transitional Local Council
Lavender Hill East-818-15%	South Peninsula

Philippi Browns Farm -marnol- Consol	Marnol Dev
Westlake-700-15%	Power Developments
Mfuleni-1381-15%	Tygerberg Tlc
Phillippi Browns Farm Phase3 Con Hopkins	PAWC
Merweville-76-15%	Central Karoo District Council
Steenvliet Touwsrivier-270	Steenvliet Touwsriver
Mitchells Plain Westridge Heights 302-15%	Junard Prop Dev
KHAYELITSHA MASITHEMBANE-220-15%	Masithembane Peoples Housing Ass
Homeless And Squatter Peoples Ass-200-15%	Homeless And Squatter Peoples Housing -200 - 15%
Masithandaze Housing Ass -224-15%	Masithandaze Housing Ass
Masitandaze Ikhwesi Housing 300-15%	Masithandazi-inkhwesi
Ktc Nyanga	Helsing & Sons
Nomzamo-sanco 2529 Units - 15% Geotech	Asla Devco
Grabouw: Slangpark (813)	Grabouw TLC
South Pen. Mun.: Phumlani: 209 : Ex Soa:	Build for Africa
George Touwsranten 99 - 10% Geotech	Wilderness Mun
Gordons Bay Temperance Town 58 Units - 15% Geotech	Helderberg Mun
Hermanus: Zwelihle (1578)	Masikane Developments
Ladismith-347-15%	Ladismith Municipality
Redelinghuys 71 - 15% Geotech	West Coast Regional Services Council
Ebenhaeser 411 - 15 % Geotech	Asla Devco
Klaarstroom-28-15%	Central Karoo District Council
Vrygrond 1638-15%	Ubuntu Home Builders
Wellington: Gansstraat: 16	Wellington Municipality
Lavender Hill-61-15%	South Peninsula
Ktc Nyanga- Bergstedt-100	Bergstedt Construction
Ktc Nyanga -john Watson-100	John Watson
Masimanyane -Philippi Browns-cons Subs-15%-123	Masimanyane Housing Project
Phillippi Browns Farm- Ushani Fund- Con Subs	PAWC
Ktc Nyanga-marnol	Marnol Dev
Ktc Millerscamp 1&2 Bergstedt 80 Units - 15% Geote	Bergstedt Construction
Ktc Nyanga 1&2a Bergstedt 100 Units - 15% Geotech	Bergstedt Construction
City Of Cape Town Nobuhle Hostels	Cooperative Housing Foundation
Philippi Browns Farm Johndev Phase 4 Transfers	John Dev Dev

Bellville South 561 - 15% Geotech	Bellville TLC
Plettenberg Baai Kwanokuthla 962 - 15% Geotech	Plettenberg Bay Municipality
Bitterfontein 90 Units - 0% Geotech	Bitterfontein\Nuwerus TLC
St Helena Bay - Stompneusbaai 20 Units -0% Geotech	PAWC
City Of Cape Town: 10 000 Inst. Subsidies	Cape Town Community Housing Company

MODULE D3:

NON GOVERNMENTAL ORGANISATION SECTOR

1. INTRODUCTION

This report reviews the capacity and constraints of non-governmental organisations (NGOs) and community-based organisations (CBOs) with regard to housing delivery in the Western Cape. NGOs and CBOs are collectively known by a variety of terms such as civil society and the voluntary sector, and NGOs often operate in support of CBOs, and some CBOs can potentially develop into NGOs themselves.

First of all, the background to the NGO sector is looked at. Second, NGOs in the housing and development sector in the Western Cape are looked at. Third, key capacity issues are looked at, namely staffing and funding. Fourth, the background of the community sector is looked at and the different types of community organisation are reviewed. The housing delivery constraints for the NGO and community sectors are then discussed. Finally, the implications for the Provincial Housing Plan are looked at.

Annexure 3 is a list of the main housing, community development and capacity building NGOs in the Western Cape. Appendix B has additional information on the Development Action Group, Homeless People's Federation/People's Dialogue and the Guguletu Community Development Corporation. Appendices C and D are a review of the segmentation of housing

demand and a discussion of some of the impacts of new housing projects on community cohesion, social support networks and informal economic activity.

2. THE NGO SECTOR

2.1 Background to the NGO sector

In some parts of the world, the terms "NGO" and "CBO" can be used almost interchangeably, but in South Africa the term "NGO" is usually used to refer to non-profit organisations which provide some sort of professional service for community groups or some other target group.

Non-profit welfare and charity organisations have a long history in South Africa, but the real growth of the NGO movement occurred during the 1980s. Voluntary organisations were formed to support community groups in their struggle against the apartheid state, and many of these subsequently obtained access to foreign funding, which was fairly readily available at the time, and began employing fulltime staff. Many of these NGOs were closely linked with the anti-apartheid struggle.

For these NGOs, after 1990 the emphasis shifted away from resistance to the state to development, and the South African National NGO Coalition (SANGOCO) was formed in 1995. There have recently been changes in the legislative environment for NGOs. The Non Profit Organisations Act is intended to regulate NGOs (on a voluntary basis) and could potentially be a vehicle for providing tax benefits for NGOs.

There are a variety of different types of NGOs. Typical roles they can play include:

- Education, training and capacity building
- Research and policy advocacy
- Project implementation, e.g. housing projects, job creation initiatives

2.2 Development NGOs in the Western Cape

There are a large number of development NGOs in the Western Cape (see Appendix A). There are only three housing-specific NGOs in the Western Cape, however: the Development Action Group (DAG), People's Dialogue and Habitat for Humanity (see Appendix A, and for additional information on DAG and the Homeless People's Federation/People's Dialogue see Appendix B). Until recently, there were also two others: Umzamo Development Project,

which was involved in hostel redevelopment in Langa, Guguletu and Nyanga, and the Co-operative Housing Foundation (CHF), which had been involved in providing technical support to housing projects at Gariep, Riebeek-Kasteel and a hostel redevelopment project at Epping. Umzamo went into liquidation due to financial difficulties and CHF closed down their Western Cape branch to focus on the Eastern Cape, where there was perceived to be a greater need.

There are superficial similarities between all three housing NGOs currently active in the Western Cape. Their projects are all community-managed and rely on the People's Housing Process approach, with the NGO providing capacity building and technical advice and support to community organisations. All three housing NGOs have, of necessity, become involved in mobilizing savings for housing and granting housing loans (People's Dialogue via its uTshani Fund and DAG via its Kuyasa Fund).

These 3 NGOs have, in the 1995-2000 period, facilitated the delivery of over 5000 houses, and are currently involved in projects that could deliver at least another 6000 houses. What makes these figures impressive is that they were achieved in a period of "gearing up" capacity and while piloting innovative models of housing delivery, and these delivery rates are capable of increasing rapidly. The People's Housing Process approach used by these NGOs has meant that the houses are usually bigger, better and more suited to individual households' needs than the "RDP houses" provided by contractors in mass housing projects have been. Some community controlled projects have run into problems where the CBO was split by internal conflict or where the CBO was not provided with appropriate support, but the involvement of NGOs has, on the whole, shown that community managed development is capable of better meeting housing needs than other models of housing delivery. The capacity built up by training of community members and the establishment of housing support centres needs to be continued to be used, however.

The capacity of the NGO sector to be involved in housing delivery is not currently being fully utilised due to delays in getting subsidy applications processed and approved and delays in getting access to land and getting planning approval for greenfield projects. The full delivery capacity of the NGO sector is probably at least twice what it has achieved so far, and this could be increased even more if the housing delivery context was more conducive to the involvement of NGOs.

The main difference between the 3 housing NGOs in the Western Cape is that People's Dialogue and Habitat for Humanity work only with membership groups who belong to a specific organisation and follow specific rules, whereas DAG works with a variety of community organisations on a request basis. For all NGOs the main criteria for choosing target communities relate to need, the existence of an accountable community organisation and willingness to participate (apart from the technical and financial feasibility of the project).

There are a large number of other NGOs that are not specifically involved in housing delivery but their work may sometimes involve them in housing-related issues. For example, the Legal Resources Centre (LRC) and Surplus Peoples Project (SPP) support communities in struggles for land. There are also a large number of NGOs involved in broader community development and the capacity building of CBOs who may interact with the housing delivery process from time to time.

A distinct type of non-profit housing developer has been the housing utility companies. The Housing Act of 1966 and Income Tax Act of 1962 made special provision for "housing utility companies", which were exempted from income tax. Housing utility companies that have been active in the Western Cape include Communicare, Newhco and Cape Development Homes. They are aimed at the lower end of the market and are driven by altruistic motives, but the projects they are involved in are similar to that of private developers.

2.3 Key capacity issues

The development NGO sector in the Western Cape represents a valuable resource, with over 600 staff members (although less than 10% work for housing-specific NGOs) and the housing utility companies have at least a further 300 staff members. It is difficult to estimate the total amount of foreign grant funding to development NGOs in the Western Cape, but it is probably over R70 million per year. Due to the fact that they are grant funded and are small, flexible organisations, NGOs are able to undertake risky, complex development projects targeted at the very poor, which the public and private sectors are not usually able to do. NGOs also are usually better able to work with community-based organisations to facilitate development projects than the public or private sectors. To a greater or lesser extent all NGOs involved in housing and community development have links with communities, ranging from People's Dialogue being the support arm to a formal federation of community organisations to DAG having formal or informal relationships with a number of individual community organisations.

These relationships have often developed over a number of years. Many NGO employees also come from a community activist background.

NGOs can therefore fulfill a vital role in supporting and facilitating communities to participate in housing and development projects with a range of other actors. The Development Action Group, for example, has provided capacity building to communities and packaged projects, which were subsequently managed by private sector companies or local authorities.

2.3.1 Staffing issues

The nature of NGOs means that staff members have a wide variety of work experiences and there is a strong emphasis on staff development. Staff members are therefore able to rapidly gain experience and skills. Many of these skills are unique, such as the ability to work with communities and to reach the poor. More rigid, bureaucratic organisations, such as local government, are unable to effectively do this.

One of the main problems for many NGOs is high staff turnover. For experienced and skilled staff, salaries and benefits in the NGO sector are generally much less than for the private or public sector. The uncertain funding environment also means that NGO sector employment is perceived as being more unstable. After 1994 there was an exodus of NGO staff to government. This has slowed down, and NGOs have been able to recruit new staff, but staff turnover remains a problem.

Some NGOs have a staff turnover of up to 40% per year, often including management. In a small organisation of 10-20 people this can have a serious impact.

2.3.2 Funding issues

The existence of the NGO sector depends upon the availability of grant funding from foreign donors. Generally, more than 80% of income of most NGOs comes from foreign donor organisations, with cost recovery for services rendered as the next most significant source of income. Funding from the government and from South African donors is relatively negligible. The dependency of NGOs on grant funding enables them to be innovative and participatory and work with the poor, which the private sector is generally unable to do. On the other hand, the dependency on grant funding makes the NGO sector vulnerable to policy shifts by foreign donors.

(i) Foreign donors

The three main types of foreign donor organisations which fund NGOs are:

- Foreign governments (via Government aid agencies, embassies or the European Union)
- Church funders
- Philanthropic foundations

Major foreign government or government funded aid agencies include:

- Austrian Development Co-operation
- Canadian International Development Agency (CIDA)
- European Union
- Humanistic Institute for Overseas Development (HIVOS), Netherlands
- Komitee Zuidelike Afrika (KZA), Netherlands
- Netherlands Organisation for International Development Co-operation (Novib)
- Netherlands Institute for Southern Africa (NIZA)
- Royal Netherlands Embassy
- Royal Norwegian Embassy
- Swedish International Development Agency (SIDA)
- USAID, USA

Major church-based funders include:

- Bilance/Cordaid, Germany
- Broederlijk Delen, Belgium
- Catholic Committee Against Hunger and For Development (CCFD), France
- Catholic Fund for Overseas Development (CAFOD), Britain
- Evangelische Zentrastelle für Entwicklungshilfe (EZE), Germany
- DanChurchAid
- Interchurch Organisation for Development Co-operation (ICCO), Netherlands
- Misereor, Germany
- Norwegian Church Aid

Major philanthropic foundations include:

- Ford Foundation, USA
- WK Kellogg Foundation, USA

- CS Mott Foundation, USA
- Open Society Foundation, USA

The funding context for NGOs, especially in the Western Cape, is becoming increasingly difficult because of the following reasons:

- Gradual reduction of funding to South Africa in line with shifting priorities (e.g. increased aid to Eastern Europe or other African countries)
- For the funding that is still directed to South Africa there has been a shift of funding from the South African NGO sector to the government post-1994
- Many funders are allocating increased funds to projects in less developed provinces such as the Eastern Cape, Northern Province and KwaZulu-Natal, and away from provinces such as the Western Cape, which are perceived as being more developed.
- Delays in approving funding for NGOs can result in cash flow problems. Many NGOs that have closed down have done so because of cash flow problems relating to delays in receiving approved funding rather than a lack of funding.
- Funders generally do not want NGOs to use funding to build up reserves. Funders require NGOs to recover more and more of their income from fees. This could ultimately result in some NGOs becoming more like consultancy firms than non-profit development organisations.

(ii) Local donors

South Africa is very undeveloped with regard to corporate social investment. Liberty Life, Nedcor and Anglo-American/De Beers are the only significant local funders. Local funding is currently virtually negligible for NGOs involved in housing in the Western Cape.

The main reason for this is that SA does not have a tax system sympathetic to NGOs. Only certain “religious, charitable and educational institutions” are exempt from income tax and VAT and donations tax. Many development NGOs are not tax exempt.

In terms of the Katz Commission’s recommendations, tax exemption is proposed for “public benefit organisations”. A public benefit activity is provisionally defined as including “upliftment and development of indigent and disadvantaged communities”, “public policy and advocacy”, “education” and “skills training”. Public benefit

organisations will need to be registered as a Non-Profit Organisation in terms of the Non Profit Organisations Act.

(iii) Government funding

The Transitional National Development Trust (TNDT) was established by the government in 1995 as a transitional measure to channel funds to NGOs. The TNDT was replaced by the National Development Agency (NDA) in 1999, but the NDA is not yet fully operational. Foreign donors are increasingly channeling funds through the NDA rather than directly to NGOs. This is problematic, as the government has proved to be ineffective in disbursing funds to NGOs (for example, the Department of Welfare's poverty alleviation funds). The TNDT was able to fund only 7% of all applications it received from NGOs, and less than 1% of its funding went to urban development NGOs (the bulk of it went to education and training, health and rural development NGOs). The TNDT also took extremely long to process proposals and was erratic in making payments.

3. NGO HOUSING DELIVERY CONSTRAINTS

3.1 Access to subsidies

Delays in processing and approving subsidy applications, 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.

NGOs involved in consolidation subsidy projects and other types of projects have to put together subsidy applications (and often need to resubmit them) and wait for approval, which can delay projects for years and can cause enormous problems for the community organisation. The one exception is where Peoples Dialogue/Homeless People's Federation have a special arrangement with the Provincial Housing Board for consolidation subsidies, which enables them to achieve good delivery rates (although even here, the capacity is estimated to be at least 2 times greater than the subsidy allocation). For all greenfields projects and for non Peoples Dialogue/Homeless Peoples Federation consolidation projects, the difficulties and delays in having subsidy applications processed and approved are severely constraining the ability of NGOs to contribute to housing delivery. The issuing of title deeds can also cause major delays with consolidation projects.

Delays in obtaining housing subsidies can have a particularly severe effect on small organisations. The existence of housing NGOs can depend upon having a steady stream of subsidies for housing project work, and any delays can jeopardise the very existence of a housing NGO.

3.2 Release of 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. As examples, DAG spent more than two years negotiating for land for the Netreg backyard shack dwellers in Bonteheuwel and People's Dialogue spent two years before getting "in principle" approval for the VukuZenzele project in Philippi.

3.3 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.

3.4 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, for example, the Cape Town Community Housing Company is able to

provide a better product by adding on an additional grant of R5000 to the subsidy, savings and loan. 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.

3.5 Norms and standards

Norms, standards and regulations for subsidised housing are too high and hinder housing delivery by increasing costs. For example, a recent resolution was that all roof sheeting for PHP projects must comply with SABS 934, which is of a very high standard. This could result in roofing costs almost doubling.

3.6 Lack of PHP 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 PHP projects.

4. IMPLICATIONS

NGOs and CBOs, and the People's Housing process, 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 the only way in which the housing needs of the poor can be effectively addressed. 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.

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 NGO and community sectors need to be nurtured by the following:

- There needs to be greater information dissemination to communities on housing options and how to access housing.
- There should be upfront allocation of consolidation subsidies to approved non-profit organisations (as is currently the case with Peoples Dialogue/Homeless Peoples Federation).
- There needs to be 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.

- There needs to be 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.
- There should 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.
- There should be 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.
- There should be support to NGOs to be become involved in the provision of rental social housing, as the experience of COPE and BESG in Johannesburg and Durban suggests that NGOs are best able to play this role.
- There need to be policies to facilitate special needs housing, e.g. for the aged and people with HIV/AIDS.

ANNEXURE 3: HOUSING, COMMUNITY DEVELOPMENT AND CAPACITY BUILDING NGOs IN THE WESTERN CAPE

Abalimi Bezekhaya

97 Lower Main Road

Observatory

Tel: (021) 447-1256

Fax: (021) 447-1256

They were established in 1983 and have 10 staff members. They are primarily an environmental and urban agriculture NGO. They have urban agriculture projects in Macassar, Philippi, Khayelitsha and Guguletu and they run the Cape Flats Tree Programme. They are also interested in sustainable urban development.

Abbeyfield Society of South Africa

12A Wolmunster Road

Rosebank

Tel: (021) 689-3252

Fax: (021) 689-3252

Involved in the building and management of old-age/retirement homes. They have projects in Rondebosch, Claremont and Guguletu. They have a staff of 3, plus 150 volunteers, and were established in 1987.

Alternative Information Development Centre (AIDC)

14 John Street
Mowbray
Tel: (021) 685-1565/6
Fax: (021) 685-1645

They undertake development-related and information technology training, and work mainly with trade unions. They were established in 1996 and have 14 staff members.

Association of Law Societies

The Association's "Legal I Service" provides legal advice on payment of a nominal membership fee. Tollfree number: 0800018582

Cape Development Homes

De Beers Avenue
Somerset West
Tel: (021) 852-8867
Fax: (021) 852-8872

Formerly known as Cape Utility Homes. Founded in 1975. Staff of 15 people. Currently busy with low-income housing projects in Guguletu and Paarl (Umbukweni).

Cape Flats Development Association (CAFDA)

Prince Georges Drive
Retreat
Tel: (021) 706-2050/1
Fax: (021) 706-3013

Community development and welfare organisation with 7 community centres on the Cape Flats. They have 65 staff members and were established in 1944.

Catholic Welfare and Development (CWD)

37A Somerset Road
Cape Town
Tel: (021) 425-2095
Fax: (021) 425-4295

CWD is a cluster of community development organisations with a central support team. The CWD Service and Resource Team have a staff of 30. There are 25 different development programmes and affiliates, with more than 220 additional staff members and nearly 300 volunteers. Programmes include: Neighbourhood Old Age Homes (NOAH); Atlantis Community Centre; Masizakhe and Eroma Community Centres, Guguletu; Bonne Esperance home for refugees, Philippi; Valley Development Project, Ocean View and Masiphumelele; and the Civil Education and Training Programme, which strengthens civil society with information capacity building workshops and support for community-based development projects. People's Dialogue and the South African Credit Co-operative League (SACCOL) are some of the now independent organisations which were offshoots of CWD.

Centre for Community Development (CCD)

Aden Avenue
Athlone
Tel: (021) 696-9762
Fax: (021) 696-9763

CCD is a community development organisation especially involved in job creation, mainly in the Mossel Bay area. They have 36 staff members and were established in 1986.

Communicare

Communicare Centre
2 Roggebaai Square
Cape Town
Tel: (021) 421-6008
Fax: (021) 421-6094

They have 275 staff members and were established in 1929. Prior to 1990 they were known as the Housing League. Communicare provides rental accommodation to over 4000 tenants, builds and

manages old age homes and used to fulfill a local authority role in Ruyterwacht, Bishop Lavis and the informal settlements of Wallacedene, Bloekombos and Imizamo Yethu until 1997.

They have a low-income housing department that focuses on subsidised housing. Communicare's Low Income Housing Department aims to assist those who earn below R3500 gross monthly income who did not have access to bond finance. Recent subsidized housing projects include Sun City, Sir Lowry's Pass Village (632 houses), Masiphumelele, Noordhoek (811 serviced sites) and the Montclair rent to buy institutional subsidy project, Mitchells Plain (592 houses). The Masiphumelele project was plagued by problems, mainly because the high cost of the land meant that Communicare could only provide 4m² top structures, compared with the 21m² houses it was able to provide at Sun City. Communicare was subsequently able to assist in the building of houses on 7 of the sites at Masiphumelele. Communicare contributed approximately R1 million of additional funding towards the Masiphumelele and Sun City projects.

Community Development Resource Association (CDRA)

52/54 Francis Street

Woodstock

Tel: (021) 462-3902

Fax: (021) 462-3918

CDRA is involved in the capacity building of NGOs and CBOs. They were established in 1987 and have a staff of 17 people.

Development Action Group (DAG)

101 Lower Main Road

Observatory

Tel: (021) 448-7886

Fax: (021) 447-1987

DAG was founded in 1986 and has 20 staff members. DAG is an affiliate of the Urban Sector Network (USN), which has its national office in Johannesburg.

Working with communities on delivering housing in a way that contributes to an improved quality of life is one of the main emphases of DAG's work, and DAG has facilitated the delivery of almost 2000 houses to date. Past housing projects DAG has been involved in include Erijaville, Casablanca, Joe Slovo Park (Marconi Beam), Masincedisane and Villiersdorp, which together provided housing for over 1300 families. During 1999-2000 DAG worked with nine housing delivery projects involving housing for a further 2833 families:

- HOSHOP consolidation subsidy project, Khayelitsha - 200 (in implementation)
- Masithembane consolidation subsidy project, Khayelitsha - 220 (in implementation)
- Masimanyane consolidation subsidy project, Philippi - 123 (in implementation)
- Masithandaze consolidation subsidy project, Khayelitsha - 224 (in implementation)
- Sinako consolidation subsidy project, Khayelitsha - 200 (in implementation)
- League of the Friends of the Blind (LOFOB) institutional subsidy project, Zeekoevlei (in implementation)
- Masiphumelele consolidation subsidy project, Noordhoek - 457 (planned)
- Makukhanye consolidation subsidy project, Hout Bay - 455 (planned)
- Netreg institutional subsidy project, Bonteheuwel - 152 (planned)
- Tembelihle consolidation subsidy project, Khayelitsha – 200 (planned)
- Siyazama consolidation subsidy project, Khayelitsha – 300 (planned)
- Nomzamo consolidation subsidy project, Khayelitsha – 200 (planned)

Although DAG have concerns over the quality of housing that can be provided with the subsidy amount and with the lack of an integrated approach to development by different government tiers and departments, they have continued to work within the parameters of the Housing Subsidy Scheme in an attempt to implement housing projects that address the needs of communities while simultaneously empowering them. Project teams consist of technical workers and social development workers, and community empowerment and community control of the process are an integral part of DAG's approach to housing delivery.

The Kuyasa Fund is a not-for-profit housing loan subsidiary of DAG. It was established in 1999 to give small housing loans (of less than R10 000) to households in the projects with which DAG is involved. Wholesale finance was obtained from the Urban Sector Network's Opportunity Fund, which is funded by the Swedish International Development Agency (SIDA) and the loans are guaranteed by the National Urban Reconstruction and Housing Agency (NURCHA). The first loan was granted in December 1999 and as of September 2000, it had granted 86 housing loans and had a 100% repayment rate.

Energy and Development Group (EDG)

Cnr Pine and Wattle Roads

Noordhoek

Tel: (021) 789-2920

Fax: (021) 789-2954

EDG is concerned with energy efficient and sustainable housing. They are managing the Urban Sustainable Energy, Environment and Development (Urban SEED) Programme, in which Energy and Environment Advisors are placed at the Development Action Group and the City of Tygerberg. They have 5 staff members and were established in 1992.

Energy and Development Research Centre (EDRC)

Menzies Building

Upper Campus, University of Cape Town

Rondebosch

Tel: (021) 650-3230

Fax: (021) 650-2830

EDRC are concerned mainly with energy issues, such as energy efficient housing. They manage the Rural Sustainable Energy, Environment and Development (Rural SEED) Programme, which has energy and environment advisors placed at organisations which work in rural areas. They have 26 staff members and were established in 1989.

Foundation for Contemporary Research (FCR)

7th Floor Heerengracht Centre

45 Heerengracht

Cape Town

Tel: (021) 418-4173

Fax: (021) 418-4176

FCR are involved in research on governance and local economic development, and in training and capacity building support to CBOs. FCR is an affiliate of the Urban Sector Network (USN), which has its national office in Johannesburg. They have a staff of 12 and were established in 1990.

Guguletu Community Development Corporation (CDC)

Ikhwezi Multi-Purpose Centre

Cnr NY2 and NY3

Guguletu

Tel: (021) 699-1989

Fax: (021) 699-1990

CDC is the implementation arm of the Guguletu RDP Forum. They are involved in a variety of job creation and housing initiatives. They run a housing support centre, have facilitated the building of six energy efficient show houses and have established the Sakhisisizwe Housing to work towards providing 100 houses per year. They have 4 fulltime staff members and were established in 1997.

Habitat for Humanity

State House

Rose Street

Cape Town

Tel: (021) 418-4828

Fax: (021) 418-4827

Habitat for Humanity is an international organisation originating in the United States and founded in 1976. It is not to be confused with the United Nations Centre for Human Settlements, which is also known as Habitat. Habitat for Humanity operates in over 53 countries worldwide and builds 12 000 houses a year. Their ultimate goal is “to eliminate inadequate housing and homelessness from the face of the Earth by building, simple, safe, durable and affordable housing“.

Habitat for Humanity South Africa was started in 1991, with its first project in Alexandria. A National Board was established in 1995 to deal with national policies, but each affiliate is allowed relative autonomy. The national office provides funding, financial management, training and additional expertise to the affiliates. The Western Cape branch is relatively new and has 2 staff members in the Cape Town office and 2 at Khulani. Their only affiliate in the Western Cape is Khulani, Harare, Khayelitsha, where 43 houses have been built. The organisation is intending to grow rapidly. The next affiliate is going to be at Masiphumelele, Noordhoek. Habitat for Humanity is also involved in Worcester and Town 2, Khayelitsha.

Members of each affiliate of Habitat for Humanity elect three committees:

- Affiliate Committee: to run the affiliate and make decisions
- Family Selection Committee: to select participants for the project
- Fundraising Committee: to organise fundraising by blockmaking. 10% of funds raised must be donated to Habitat for Humanity International.

Local people are trained to be the project manager and storekeeper. Most of the building is done by the households themselves, but local builders are hired to do the more skilled building work. Habitat for Humanity has a tradition of families putting 500 hours of “sweat equity”. Volunteers from churches are also used where possible. Households are given loans. Loans are over 10 years and repayments are increased every year in line with the rising price of cement.

Housing Consumer Protection Trust (HCPT)

Benzal House
Barrack Street
Cape Town
Tel: (021) 462-4082
Fax: (021) 465-9448

HCPT has a Housing Advice Office in Cape Town staffed by attorneys and paralegals. Tollfree number: 0800111663

Independent Development Trust (IDT)

63 Church Street
Cape Town
Tel: (021) 423-8030
Fax: (021) 423-4256

The regional office for Western and Northern Cape is in Cape Town. The national head office of the IDT is in Pretoria. The IDT supports development projects for poor communities. It was established in 1990 and is a public institution, but effectively functions as a “quasi non governmental organisation” (or Quango) . The IDT has more than 160 staff members nationally and acts as the project manager of large-scale development projects.

Legal Resources Centre (LRC)

5th Floor, Greenmarket Place

54 Shortmarket Street

Cape Town

Tel: (021) 423-8285

Fax: (021) 423-0935

The LRC is a legal NGO which provides legal support to communities and individuals and promotes the enforcement of human rights via test cases. Their Land, Housing and Development Programme is based in Cape Town, and is involved in assisting communities around struggles for land and housing. The LRC was founded in 1979 and its Cape Town office has 25 staff members. The national office of the LRC is in Johannesburg.

Masifundise Development Organisation

36 Durban Road

Mowbray 7700

Cape Town

Tel: (021) 685-3033

Fax: (021) 685-3087

Masifundise builds the capacity of communities to participate in development, mainly through local economic development (LED) projects. Currently works mainly on the West Coast (St. Helena Bay, Paternoster, etc.) and in the Overberg (e.g. Hermanus). Masifundise is the Western Cape regional affiliate of the Trust for Community Outreach and Education (TCOE), which has its national office in Cape Town.

National Association of Democratic Lawyers (NADEL) Human Rights Research and Advocacy Project

City Centre Building

71 Loop Street

Cape Town

Tel: (021) 423-6309

Fax: (021) 424-3561

NADEL established this project in 1997, and it now has 10 staff members. NADEL undertakes human rights research, information dissemination and capacity building. One of its key focal points is the right of access to adequate housing.

New Housing Company (NEWHCO)

Riverside Centre

Cnr Main and Belmont Roads

Rondebosch

Tel: (021) 686-0220

Fax: (021) 686-0230

The New Housing Company (Newhco) was established in 1990 and they have a staff of 90. They work throughout South Africa. Western Cape projects they are involved in include Dal Josafat, Paarl (760 units), Steenberg Cove (242 units), Franschoek (1000 units), Over Hills, Hangklip (20 units) and KwaNonqaba, Mossel Bay (1300 units).

People's Dialogue on Land and Shelter

Tel: (021) 447-4740

Fax: (021) 447-4741

8 Hamilton Road

Observatory

People's Dialogue is the support arm of the South African Homeless People's Federation. People's Dialogue was established in 1991 as a sub-committee of the Southern African Catholic Development Association (SACDA). People's Dialogue have 11 people in their Cape Town office, which is the national head office. The office of the regional federation is at Victoria Mxenge, Philippi.

People's Dialogue is involved in greenfield projects (using institutional subsidies) at Victoria Mxenge, Philippi (148 units - completed), Vukuzenzele, Philippi (235 units - in implementation), Hazeldean, Philippi (220 units - in implementation), Fisantekraal, Durbanville (250 units - in implementation), Kuyasa, Macassar, Khayelitsha (340 units - in implementation), Ruo Emoh, Mitchells Plain (65 units - planning phase) and they have just purchased land for a further 1500 units in Philippi (Stock Road).

In addition, they are involved in numerous consolidation projects throughout the Western Cape, e.g. in Khayelitsha, Philippi, Stellenbosch, Hout Bay, Knysna, George, Sedgefield, Riversdale, Worcester. People's Dialogue/Homeless people's Federation have a special arrangement with the Provincial

Housing Development Board whereby they get consolidation subsidies upfront without having to submit subsidy applications (they have recently been receiving 1600 subsidies per year in this way).

People's Dialogue/Homeless People's Federation delivered almost 2000 houses in the Western Cape under the housing subsidy scheme 1995- April 2000, and the total figure was estimated to be over 3000 by October 2000.

Resource Action Group (RAG)

2 Salm Way

Nooitgedacht

Tel: (021) 934-4178

NGO involved in community development and skills training in Nooitgedacht and Gatesville. They were established in 1993 and have a staff of 12.

Rural Development Support Programme (RDSP)

Tel: (021) 462-4555

Fax: (021) 465-8338

RDSP works in rural areas of the Southern Cape area and also in the Eastern and Northern Cape. They were established in 1992 and have 7 staff members.

SIM Housing Initiative

Claremont Methodist Church

Tel: (021) 683-2811

This is an outreach programme of the Claremont Methodist Church. They work closely with Habitat for Humanity.

Social Change Assistance Trust (SCAT)

3rd Floor, SCAT House

19 Loop Street

Cape Town

Tel: (021) 418-2575

Fax: (021) 418-6850

SCAT was established in 1986. They work throughout the Western, Eastern and Northern Cape. They provide funding and capacity building to community organisations via the following community offices and centres in the Western Cape: Albertinia Advice Office, Bot Rivier Advice Office, Bredasdorp People's Association, Ceres Advice Office, Genadendal Resource and Advice Office, Haarlem Advice Office, Hex Valley Community Centre (De Doorns), Klawer Advice Office, Macassar Advice Office, Masikhule Advice Office (Worcester), Paarl Advice Office, Prince Albert Advice Office, Riviersonderend Advice and Development Centre, Stellenbosch Advice Office, Swellendam Advice and Development Centre, Tulbagh Advice and Resource Centre, Uniondale Advice Office.

South African Homeless People's Federation (SAHPPF)

Western Cape Federation

Site 146, Victoria Mxenge, Philippi

Tel: (021) 371-5842/4687

Fax: (021) 314-0685

They have 16 staff members and were established in 1992. They are supported by People's Dialogue. More information is given in Appendix B.

Southern Cape Land Committee (SCLC)

George

Tel: (0448) 74-6162

Fax: (0448) 73-5336

Previously known as the Southern Cape Against Land Removals. Supports rural communities in the Southern Cape in struggles for land. Established in 1987.

Surplus People Project (SPP)

45 Collingwood Road, Observatory

PO Box 468, Athlone, 7760, South Africa

Tel: (021) 448-5605

Fax: (021) 448-0105

SPP is involved in land reform and integrated rural development. It has been involved with hostel dwellers' negotiations in St. Helena Bay and Citrusdal and with a rural housing project at Elandskloof. They were established in 1985 and have 18 staff members in the Western Cape, with field offices in Clanwilliam and Algeria. SPP is an affiliate of the National Land Committee, which has its head office in Johannesburg.

Urban Problems Research Unit (UPRU)

C Sharp Cottage, Middle Campus

University of Cape Town

Rondebosch

Tel: 650-3599

They were started in 1975 and have 3 staff members. They undertake research on urban planning and housing issues.

ANNEXURE 4: CASE STUDIES OF THE DEVELOPMENT ACTION GROUP, HOMELESS PEOPLE'S FEDERATION/PEOPLE'S DIALOGUE AND THE GUGULETU COMMUNITY DEVELOPMENT CORPORATION

Development Action Group (DAG)

Due to problems with obtaining access to land, most of DAG's recent projects have been consolidation subsidy projects. The consolidation subsidy projects DAG has been involved with all use the People's Housing Process (PHP) approach, in which beneficiaries take responsibility for managing the provision of their houses with assistance from a community-managed housing support centre (HSC).

During 1998-2000, DAG was involved in five consolidation subsidy projects in Khayelitsha and Philippi. Subsidy applications for the Homeless and Squatters Housing Project (HOSHOP),

Masithembane, Masithandaze, and Masimanyane projects had been submitted to the PHDB in 1998 and were approved in March 1999. Internal problems within the Masithandaze committee forced DAG to withdraw its involvement from the project before implementation in September 1999, and, at about the same time, the Masimanyane committee decided to manage the implementation of their project themselves.

For HOSHOP and Masithembane, DAG set up the housing support centres, trained community members to staff the centres and set up the systems and procedures for ordering materials and monitoring construction. Masithembane eventually decided to manage their project themselves, while DAG supervised the first five months of the implementation phase in the HOSHOP project.

Construction at HOSHOP started in December 1999. In early 2000, HOSHOP decided to manage the project themselves. DAG had already been gradually phasing out its involvement and handing over more responsibility for the management of the project to community members. The fact that the project was running smoothly meant that it was possible to hand the project over completely. DAG is still providing support where needed.

Sinako was another consolidation project which DAG was involved with during the year. A subsidy application for Sinako was submitted in June 1999, but was rejected by the PHDB due to a lack of funds. The subsidy application was approved in February 2000. Sinako subsequently decided that they would manage the project themselves, but that they would like DAG to continue to provide them with advice and support.

In summary, DAG provided the following support in the HOSHOP, Masithembane, Masimanyane, Masithandaze and Sinako projects:

- Providing advice and assistance to the committee
- Providing leadership training to committee
- Preparing subsidy application
- Running workshops on technical issues such as the housing delivery cycle, government subsidies and house design

- Facilitating savings for housing
- Preparing and costing house plans
- Training of Housing Support Centre staff

The additional support provided for HOSHOP included:

- Assistance in setting up of Housing Support Centre and blockyard
- Assistance in setting up procedures for materials ordering and payment, etc.
- Support to staff on administration of HSC office
- Assistance in monitoring of construction
- Assistance in siting and changes to house plans
- Negotiation with local authority on plan approvals, etc
- Assistance with monthly reports to PHDB, etc.

DAG's involvement with these projects has shown that it has been extremely successful in capacity building, packaging projects and obtaining funds, setting up HSCs and training HSC staff to manage the projects. The challenge now is to sustain the capacity that has been built up and to ensure that delivery continues – both HOSHOP and Masithembane each have a further 800 or so households who still require consolidation subsidies. Although DAG has enjoyed a good relationship with the overwhelming majority of the communities it has worked with, some problems have emerged.

Firstly, it is apparent that many communities want a house that is as big as possible as quickly as possible, and are less concerned about community empowerment and the quality and sustainability of the housing that is provided. After initially working with DAG, some communities have therefore preferred to work with private sector companies who have a different approach to housing delivery than that of DAG.

Secondly, there is sometimes misunderstanding over the charging of fees. Although DAG is an NGO that is able to cover part of the costs of its activities from grant funding, its policy in terms of its long-term sustainability strategy is that a proportion of its actual costs for services rendered are recovered from the facilitation and establishment grants and from housing subsidies.

Thirdly, it is also apparent that some committees are not sufficiently democratic and accountable and projects can tend to be dominated by individual leaders with personal agendas. DAG has reaffirmed its position that it will only work with democratic and accountable community organisations, and communities will be assisted in this regard where necessary.

Table: Typical project cycle for a consolidation subsidy project

Stage	Typical time period	Description
Request	1 week+	Community approaches DAG

		with request for assistance in obtaining housing.
Investigation	2 weeks+	DAG introduces itself and its way of working to the community and collects information relating to the community and their housing need.
Feasibility	6 weeks+	An assessment of the feasibility of implementing a housing subsidy project is undertaken, including a socio-economic survey, technical assessment and evaluation of the leadership structure.
Partnership negotiation	6-10 weeks	Agreement on roles and responsibilities is reached and a contract between DAG and the community is signed; DAG also commences training on leadership and negotiation skills, and facilitates networking with other communities.
Packaging	3-6 months	An application for housing subsidies from the PHDB is put together by DAG and the community; DAG provides training on housing issues to ensure that the community will be able to participate in the process. The setting up of savings schemes is also encouraged.
Institutional preparation	3-5 months	A legally instituted

		development organisation is set up to be the developer of the project and DAG provides training in financial management.
Detail design	4-8 months	After approval of the housing subsidies, detailed planning and design takes place, training in construction and construction management skills is provided, and a housing support centre is set up; DAG also facilitates access to housing loans from the Kuyasa Fund.
Implementation	12-24 months	The construction programme is monitored and DAG provides home ownership education.
Post-construction	12 months	DAG facilitates the maintenance of the housing and ongoing support for the community organisation.

Training and capacity building are essential parts of the work that DAG does. This aspect of DAG's work is intended to increase the capacity of community organisations to play a meaningful role in housing and development. DAG mainly works with community leaders to ensure that they are equipped to manage the resources of their organisations, interact with community members and be able to execute tasks effectively. This training and capacity building happens both via formal training courses and by means of project based workshops and meetings. DAG provides customised capacity building and training for committee members and beneficiaries in all the projects they are involved in. In addition, the Community Office Management programme offers ongoing training and support for staff of housing support centres. DAG offers three formal courses for community members:

- Housing Leadership Course: 5-day course aimed at committee members involved in or planning to be involved in housing projects.

- Community Housing Development Management course: 8 day course. It is intended to equip community members with information and skills to interact with role-players in their housing project and participate in the design and implementation of the project. Two courses were run during the year.
- Managing Housing Support Centres course: a 20 day course intended to equip HSC staff, namely Construction Controllers (CCs) and Community Liaison Officers (CLOs), and selected committee members, to manage a housing project. The course includes 10 days of practical training at BIFSA.

South African Homeless People's Federation/People's Dialogue

People's Dialogue on Land and Shelter was established in 1991 and began establishing Housing Savings Schemes (HSSs) from 1992 onwards. In 1994 these savings schemes were formalised into the South African Homeless People's Federation (uMfelanawonye Wabantu Basemjondolo).

The Federation's central beliefs are that poor people are more capable than is generally recognised and that capacity is built by direct everyday experience rather than by abstract teaching.

Housing Savings Schemes (HSSs or NtsukuZonke) are the basic building blocks of the Federation. Members have to save on a daily basis. Victoria Mxenge, in Philippi was the first HSS of the Western Cape Federation (Umfelandawonye Wase Kape). By April 2000 the Federation had 264 active savings groups with 18 000 households in the Western Cape. Total savings are R1.25 million, of which R450 000 is for housing

In 1994 the Minister of Housing pledged a grant of R10 million to the Federation, which was used to start the uTshani Fund to give loans to members of HSSs, and that same year the National Housing Board approved the uTshani Fund as a conduit for the issuing of consolidation subsidies (which meant that consolidation subsidies could be allocated upfront to the Federation). The uTshani Fund has now grown to R45 million. The uTshani fund disburses collective loans (typically equivalent to about R10 000 per house) to HSSs. The loans are to be repaid over a 15-year period at an interest rate of 12% p.a.

At present the Federation is building houses of over 40m² for R10 000.

The HPF used to focus on bigger houses and greater individual choice, but discovered that it resulted in the exclusion of the poorest of the poor, and they now focus on housing that is not more expensive than people can afford.

The typical steps in a Federation project are:

- Starting the HSS. Members of the HSS teach one another basic financial management, including bookkeeping and banking, and collect the daily savings of members.
- Undertaking a community survey, mapping exercise and development layout. The members of the HSS spend a day counting shacks, measuring and mapping their settlement and doing a door-to-door needs assessment survey.
- Members of the HSS do a house modeling exercise, in which members collectively design and model the houses of their dreams, then consider the costs and their affordability and amend the design accordingly. Three-dimensional cardboard models, or sometimes life-size wooden-framed cloth houses, are used.
- Members of the HSS undergo training in building and construction techniques, and participate in exchange and training programmes with other HSSs
- The HSS selects who should receive loans and applies to the uTshani Fund for a collective loan (and consolidation subsidies, if applicable).
- Builders are hired to do part of the building work and members of the HSS assist.

The Homeless People's Federation/People's Dialogue is increasingly becoming involved in integrated development projects that include community facilities, public spaces and commercial facilities (as at VukuZenzele and Hazeldean).

Guguletu Community Development Corporation (CDC)

The Guguletu RDP Forum was formed in 1994 as a forum to involve communities in the development of Guguletu. In 1997 the Community Development Corporation was established as the implementation arm of the Guguletu RDP Forum, and they now have 4 fulltime staff members.

The Guguletu CDC is tackling development in a holistic way, which includes housing. A large number of different organisations are involved in collaborating in these programmes.

The main development programmes are:

- Job creation
- Education and skills development

- Housing

The job creation programme consists of entrepreneurial skills training and a Local Industrial Park project, managed by IDT, which is intended to create 200 jobs in new small, medium and micro-enterprises (SMMEs). The training for entrepreneurs (Isabelo) is linked to assistance with drawing up business plans and access to credit, and is managed by Triple Trust. A microfinance scheme for SMMEs, called Zimele Micro-Finance and managed by Nations Trust, has been established. There is also a planned craft market and cultural plaza, in a joint venture with a private sector company.

In terms of housing, a Social Housing Association was established to build and manage housing using institutional subsidies. CDC has established the Sakhisisizwe Housing Consortium together with BIFSA and some other parties to work towards providing 100 houses per year in Guguletu using institutional subsidies (rent to buy). BIFSA is the overall manager of Sakhisisizwe.

Six energy efficient show houses were built by PEER Africa, an American organisation funded by USAID (and which was involved in a energy efficient housing project at Kutlwanong in the Northern Cape). So far 35 people have been trained in construction skills by BIFSA and PEER Africa, with a focus on sustainable, energy efficient housing. REFAD is providing loans to energy-efficient contractors. PEER Africa were meant to build 100 houses in Guguletu, but pulled out of the project.

A Housing Support Centre has been established to provide advice on housing issues to households in Guguletu. The Development Action Group and the Energy and Development Group are now assisting CDC with its housing support centre, and it is planned to establish a shop for energy efficient products, such as solar water heaters, etc, and to provide a tool hiring service.

MODULE D4:

COMMUNITY SECTOR

1. INTRODUCTION

This report reviews the capacity and constraints of non-governmental organisations (NGOs) and community-based organisations (CBOs) with regard to housing delivery in the Western Cape. NGOs and CBOs are collectively known by a variety of terms such as civil society and

the voluntary sector, and NGOs often operate in support of CBOs, and some CBOs can potentially develop into NGOs themselves.

First of all, the background to the NGO sector is looked at. Second, NGOs in the housing and development sector in the Western Cape are looked at. Third, key capacity issues are looked at, namely staffing and funding. Fourth, the background of the community sector is looked at and the different types of community organisation are reviewed. The housing delivery constraints for the NGO and community sectors are then discussed. Finally, the implications for the Provincial Housing Plan are looked at.

Annexure 3 is a list of the main housing, community development and capacity building NGOs in the Western Cape. Appendix B has additional information on the Development Action Group, Homeless People's Federation/People's Dialogue and the Guguletu Community Development Corporation. Appendices C and D are a review of the segmentation of housing demand and a discussion of some of the impacts of new housing projects on community cohesion, social support networks and informal economic activity.

2. THE COMMUNITY SECTOR

Communities have the right and responsibility to participate in development, and this participation usually happens via community-based organisations (CBOs). It should be noted that "communities" are very heterogeneous, especially in terms of housing affordability and housing need (see Appendix C). Development, especially housing projects can also have a complex effect on community cohesion and can often disadvantage the most vulnerable members of the community (see Appendix D).

2.1 Background

There is a long tradition of community-based organisations (CBOs) in South Africa. Stokvels (savings clubs), burial clubs, church associations and sports clubs were a way for people to help cope with everyday life.

After the government clampdown on the Black Consciousness Movement in 1977, political resistance began to be channeled into grassroots organisations that focused on living

conditions and daily life. In the late 1970s and early 1980s, civic associations, i.e. organisations claiming to represent everybody in a specific geographical location, arose.

The first civic associations were the Soweto Civic Association and the Port Elizabeth Black Civic Organisation (PEBCO) formed in 1979-1980. In 1983, the United Democratic Front (UDF) was formed, and began a campaign to form civic associations in every township in South Africa as part of the struggle against the state. Due to political parties such as the ANC being banned, civic associations in South Africa in the 1980s were in the forefront of resistance against apartheid in the mid-1980s, through actions such as rent boycotts, consumer boycotts and bus boycotts.

The civic association movement first grew in formal townships. Informal settlements were initially usually controlled by undemocratic “warlords” or “squatter committees” and democratic civic associations only developed in these areas later.

In 1990, major changes occurred in South Africa. The government underwent a major shift in its policies and civic associations increasingly began to be involved in development projects, usually via community-based trusts. In 1992 the South African National Civic Organisation (SANCO) was formed.

The civic movement was greatly weakened by the democratic local government elections in 1995-1996, as many community leaders became local government councillors and there was a simultaneous decline in the spirit of voluntary involvement, and the civic movement has subsequently been increasingly marginalised by local government. At around the same time local government began setting up development forums and ward committees as almost a type of parallel civil society to facilitate participation in local government matters, in which local government councillors played a leading role. The 1990s also saw the rapid growth of organisations such as the South African Homeless People’s Federation and independent housing associations, which were independent community self-help organisations concerned with housing and development issues and were not linked to the civic movement or political parties.

It seems likely that CBOs will continue to have a “watchdog” role, but will also play an ever-increasing role in development. The existence of autonomous developmental CBOs is important, in order to fill in the gaps left by government policies and by the private sector and to demonstrate alternative, “bottom-up” approaches to development. One model of community

based development organisation that is becoming increasingly popular is the American community development corporation (CDC), which is a local, community managed NGO, which undertakes a wide range of development initiatives within a specific geographic area. One example of this in the Western Cape is the Guguletu CDC (see Appendix B).

2.2 Types of community organisations

There is a huge range of community organisations, and they vary enormously in terms of capacity, accountability and desire to be involved in managing housing projects. There are four main types of community organisation of relevance to the housing sector:

- RDP Forums and Development Forums
- Civic Associations
- Housing Associations
- Savings groups

Reconstruction and Development Programme (RDP) Forums were formed in 1994-1995 as vehicles to facilitate the participation of community organisations in development, and represented civic associations, churches, sports associations, business, women and youth organisations. Since democratic local government elections in 1996, the role of some of these forums has decreased, and councillors play an increasingly important role within the forums that are still active. Active RDP Forums in the Cape Metropolitan Area include the Guguletu, Nyanga, KTC and Crossroads RDP Forums and the Khayelitsha and Langa Development Forums. The Khayelitsha Development Forum is an umbrella body with sectoral RDP Forums. The Guguletu RDP Forum has an active implementation arm called the Guguletu Community Development Corporation (CDC), which is an embryonic NGO (see Appendix B).

Civic associations are generally affiliated to the South African National Civics Organisation (SANCO), but some are affiliated to WECCO or WECUSA. The civic association movement has declined dramatically since the democratic local government elections in 1996. Some civic associations have Development Trusts or Community Development Trusts as implementation arms and to be the developer in housing projects, for example, the Vrygrond Community Development Trust, the Marconi Beam Development Trust and the Ocean View Development Trust.

Membership based development organisations, especially housing associations, have become increasingly important since the early 1990s as communities realised the need to play an active role in fulfilling their development need. The Housing Savings Schemes of the Homeless People's Federation and the affiliates of Habitat for Humanity are obvious examples of this (see Appendix B). There are also a wide variety of independent housing associations, such as the Hostel and Squatters Housing Project (HOSHOP) and Masithembane People's Housing Association in Site B, Khayelitsha, which were supported by the Development Action Group in initiating their housing projects.

There are a large variety of savings groups that exist and that are potentially a vehicle for stimulating household investment in housing and involvement in housing delivery.

All four types of community organisation can play a role in housing delivery, ranging from facilitating community participation to being developers and making all major decisions. Housing-specific organisations obviously can play a greater role because they are set up specifically to address housing needs.

3. COMMUNITY HOUSING DELIVERY CONSTRAINTS

3.1 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, e.g. the People's Housing Process. For example, in 1999 DAG prepared a series of articles on housing subsidies which was run in community newspapers in the Cape Metropolitan Area. The series of articles directly led to over 140 telephone calls regarding housing subsidies. Half of all callers had never heard of the subsidy scheme before. Many of those who had heard of the housing subsidy scheme thought it was a loan rather than a grant and were not sure of where to apply for it. This shows the need for increased dissemination of information about housing subsidies and about how people can go about obtaining access to housing.

3.2 Lack of capacity

Communities require support, and the NGO sector is too small to adequately deal with the demand. There are very few housing NGOs which provide technical training and support for

housing delivery, although there are considerably more NGOs involved in more general capacity building and support for community organisations. Based on DAG's experience of training community members for housing delivery, the following types of training courses would seem to be most suitable:

- Leadership Course for committee members (10 days): leadership skills, e.g. chairing meetings and taking minutes, communication, writing skills, planning skills, employment practices, contracts, feasibility studies, introduction to the People's Housing Process.
- 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.

3.3 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.

3.4 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.

3.5 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 (see Appendix D).

3.6 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.

3.7 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.

3.8 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).

4. IMPLICATIONS

NGOs and CBOs, and the People's Housing process, 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 the only way in which the housing needs of the poor can be effectively addressed. 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.

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 NGO and community sectors need to be nurtured by the following:

- There needs to be greater information dissemination to communities on housing options and how to access housing.
- There should be upfront allocation of consolidation subsidies to approved non-profit organisations (as is currently the case with Peoples Dialogue/Homeless Peoples Federation).
- There needs to be 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.
- There needs to be 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.
- There should 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.
- There should be 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.
- There should be support to NGOs to be become involved in the provision of rental social housing, as the experience of COPE and BESG in Johannesburg and Durban suggests that NGOs are best able to play this role.

- There need to be policies to facilitate special needs housing, e.g. for the aged and people with HIV/AIDS.

ANNEXURE 4: SEGMENTATION OF HOUSING DEMAND

For middle and upper income households mortgage bonds are the main way of getting access to ownership of housing, either by purchasing an existing house or building a new house. Minimum mortgage loans are typically R50 000-R60 000. The minimum income level to afford the minimum bond size varies depending on interest levels, but is typically R3000-3500 at interest rates of up to 20%. The affordability levels for formal rental housing are approximately equivalent.

Below this income level there is a stratum of households who earn regular incomes who cannot get access to mortgage bonds, and largely have to rely upon government housing subsidies, supplemented by savings and/or micro-loans (<R10 000), to get access to ownership of housing. Only formally employed people can get access to micro-loans to top up their housing subsidies as it usually requires either using a pension/provident fund as security for the loan or payroll deduction by the employer.

In addition, extended families, single people, the aged and people with HIV/AIDS (and other terminal illnesses) have different housing needs to that of the average sized household.

Table: Housing demand segmentation by income

Employment and income status	Approximate income band	Ability to fulfil housing needs
Formally employed, middle to high income	R3500+	Access to mortgage bond
Formally employed, regular low income	R800-R3500	Access to housing subsidy. Access to micro-loans, of less than R10 000 from micro-lenders and employers;

		payroll deduction; can be secured by pension/provident fund; average loan amount of R5000
Informally employed, regular low income	R800-R3500	Access to housing subsidy. Little or no access to formal credit for housing purposes. Have the potential to save. This group is often targeted by NGO housing loan schemes.
Unemployed/ irregular income	0-R800	Access to housing subsidy. Little or no access to credit for housing purposes; unable to afford ongoing costs of housing. Households in this category are a welfare problem, and are likely to merely be further disadvantaged by a housing project if not accompanied by income generation activities or social welfare support.

ANNEXURE 5: THE IMPACT OF HOUSING PROJECTS ON COMMUNITY COHESION, SOCIAL SUPPORT NETWORKS AND INFORMAL ECONOMIC ACTIVITY

This is an extract from “The Impact Of The Transition From Informal Housing To Formalized Housing In Low-Income Housing Projects In South Africa”, a paper presented by Warren Smit of the Development Action Group at the Nordic Africa Institute Conference on the Formal and the Informal City – What Happens at the Interface?, 15-18 June 2000, Copenhagen. Reference is made to the informal settlement of Marconi Beam (in Milnerton) and the adjacent new housing project of Joe Slovo Park to which most of the residents of Marconi Beam were relocated to in 1997. This example shows the importance of understanding socio-economic dynamics in communities and accommodating them in new housing projects, for example, by providing suitable public spaces and facilities, by having a range of plot sizes and flexible allocation systems, and by having flexible building and land use regulations.

Community cohesion

Community cohesion and a sense of belonging are important, but intangible factors that can greatly affect the satisfaction of residents. New housing projects can increase satisfaction and sense of pride. On the other hand, though, it seems that formalization can also result in a loss of community cohesion and increased social differentiation.

The residents of informal settlements often form cohesive communities. The strong sense of community in informal settlements is partially caused by a sense of common marginalization and common purpose as a result of not having secure tenure and proper housing. Community cohesion can manifest itself in the form of strong community based organizations that represent residents in a particular area and in a sense of communal ownership of public spaces. The development process itself can cause conflict and tensions in communities, and once formalization has largely occurred the loss of a sense of common purpose can result in a decrease in the strength of geographically-based community organizations and the rise of new types of organizations that represent particular interest groups within an area (Smit, 1998a). In terms of communal ownership, whereas at the Marconi Beam informal settlement people would, for example, walk long distances so as to be able to dispose waste water without affecting their neighbours, at Joe Slovo Park there were frequent disputes between people who could not afford to put up fences between their properties over refuse or waste water crossing into the neighbour's plot (Yose, 1999).

Over and above the loss of community cohesion in favour of increased individualization, development can result in increased social differentiation. In most informal settlements, most shacks are fairly similar in appearance and better off people do not buy consumer goods and appliances because of the lack of electricity, lack of security of tenure and risk of hazards such as fire or flooding. Some residents of informal settlements are formally employed and have stable incomes and they are therefore able to buy new furniture and appliances and upgrade their houses once they own their own home in a new housing project.

Households without any regular source of income are unable to buy new furniture and appliances and are unable to upgrade their houses. A gap can therefore open between the "haves" and "have-nots". As one respondent in Joe Slovo Park said: "...people have changed. They are no longer the same. These concrete houses have made them totally different people from what they used to be at Marconi Beam. They lock themselves in their houses. They no longer visit. They see themselves as people with high status and they look down upon some of us. Look at me now. I am bored and I am scared to go knock at people's houses to visit them" (Yose, 1999: 81).

Quite apart from increasing social differentiation within the new housing projects, formalization can result in the creation of an underclass of those excluded from new housing projects. This can include, for example, extended family and tenants who are not able to be accommodated in the smaller houses in a new housing project. Some economic activities are also often unable to be accommodated in new housing projects, such as preparing and selling sheep and pig heads. There are illegal immigrants who do not qualify for housing subsidies and have to build a shack elsewhere when the informal settlement they are living in is formalized (MacDonald, 1998). There are also households who have already received a house, but subsequently sold it for cash and now are no longer eligible for a housing subsidy. Households in the R1501-R3500 p.m. income range, who receive smaller subsidies, can also be excluded from housing projects due to unaffordability (Thurman, 1999). Finally, people involved in illegal activity sometimes rely upon the anonymity of informal settlements and often choose to opt out of formalization.

Social support networks

Social support networks play an important role in the survival strategies of poor households in informal settlements. Social networks can include *stokvels* (savings clubs), burial clubs, church groups, kinship groups based on membership of the same clan, or simply groups of friends. Social networks can also be based on speaking the same language. For example, Sesotho speakers tended to band together in the predominantly Xhosa-speaking Marconi Beam informal settlement. These networks involve activities such as lending money and sharing meals and household utensils.

In informal settlements, the spatial arrangements can greatly facilitate social support networks. Households which are part of the same social network can build their shacks next to each other and extended families can build larger shacks. In the Marconi Beam settlement many shackowners had large shacks with rooms for “tenants”. Most tenants in the Marconi Beam informal settlement did not pay rent - there was more of a reciprocal relationship in which both landlord and tenant helped each other out. For example, the tenants helped out with domestic chores and childcare or contributed to buying groceries when they were able to. Sometimes employed tenants even supported their unemployed landlords (Yose, 1999).

The allocation of plots in Joe Slovo Park ignored kin links and social networks, as people did not have a choice of who their new neighbours would be. This particularly disadvantaged those households who could not support themselves and depended upon others. The small size of the houses in Joe Slovo Park also meant that landlords were unable to accommodate extended family or tenants, upon whom the landlords often relied quite heavily.

Apart from the breakup of social networks, it was noted in Joe Slovo Park that the development also brought about a change in the everyday lives of people – in the informal settlement people had a perception of what was acceptable behaviour and they had a different perception after moving to the new housing project. Because the Marconi Beam settlement was an informal settlement it was seen as being rural: an *ilali*, a rural village. People's perceptions that it was the same as a rural area shaped their social relations and interaction. It was said that Marconi Beam "is a rural area and you can borrow whatever you need from someone that you know or feel close to", whereas "Joe Slovo Park is a 'town', one must have [one's] own things..." (Yose, 1999: 82).

Informal economic activity

Informal settlements are by definition unregulated, and this allows various kinds of economic activity to flourish. The organic nature of informal settlements mean that they can accommodate different economic activities with different requirements. *Spaza* shops, for example need a large front room easily accessible to the public and mechanics and panel beaters need large amounts of secure and sheltered outside space (Dewar et al, 1990). Other activities, such as the preparation and sale of sheep and pig heads, are also easily accommodated in informal settlements.

Spaza shops are informal shops that sell a variety of commonly used consumer goods, e.g. bags of maize meal, tins of beans, candles, and so on. *Spaza* shops are considerably more expensive than supermarkets, but they are conveniently located and sell goods in small quantities, e.g. one egg, one tea bag, one tablet, and even one slice of bread, which is suited to people with low or irregular incomes.

Spaza shop owners in Marconi Beam were threatened in various ways by formalization: formal supermarkets could open in the formalized area and sell goods at cheaper prices, *spaza* shop owners may have to apply and pay for licences to operate a business, or they may have to ultimately rent a proper shop to be able to continue their business. The smaller houses in Joe Slovo Park and the requirement that extensions be formal also meant that they did not have sufficient space. *Spaza* shop owners also have little choice of location for their businesses in the new housing projects. For example, after the residents of the informal settlement of Greenpoint, Cape Town, relocated to the new housing project of Masiphumelele, Cape Town, one *spaza* shop owner said, "I did better with my shop at Greenpoint. I am not on the main road here. There are no people walking here, it is very quiet" (DAG, 1996: 31). A few of the *spaza* shop owners from Marconi Beam felt it necessary to move to another informal settlement to be able to carry on their businesses.

Shebeens (informal taverns), which are often the main meeting place for men in informal settlements, are usually prohibited in new housing projects, such as at Joe Slovo Park. Sellers of cooked meat and sheep and pig heads were also excluded by the formalization process. People said that they could tolerate the open fires, blood, animal hair and smells in an informal settlement, but they wanted a healthy way of life in the new area (Yose, 1999). Even fruit and vegetable sellers were threatened by a fruit and vegetable seller from outside the area who started coming into Joe Slovo Park in his van and selling fruit and vegetables.

The minibus taxi industry, which is often the main source of transport for residents of informal settlements, can also be affected by formalization, as the upgrading of roads can result in the provision of bus services, which are cheaper than taxi services and allow passengers to take shopping bags with them at no extra cost. This can result in conflict between taxi drivers and buses, which has flared into open violence on occasions.

In general, formalization can threaten many of the informal economic activities found in informal settlements, and these employment opportunities are not being replaced by formal sector jobs.

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