



INCREMENTAL HOUSING

DAY 1, 27 MARCH 2006

10:45 – 15:00



Agenda

- Objectives of the Commission
- Presentation (Andreas Fourie)
- Open Dialogue Session, aimed at identifying:
 - How we understand / agree on key strategic thrusts
 - Identifying possible areas of collaboration
 - What are the conditions for participation
 - Who are possible partners



Result area 1

A full range of housing instruments adjusted specifically to the WC realities are used and widely understood.



Result area 1 in more detail

- A full range of instruments
 - Policy instruments
 - Programmes
- Adjusted to the following WC realities
 - The 90% urban context
 - The historical racial inequalities
 - The historical spatial inequalities
 - The nature and growth of the economy
 - The nature of the property market
 - The geophysical conditions
 - Continuously changing political situation
- Instruments are used and widely understood
 - At a provincial level
 - At local government level
 - At citizen level, including CBOs
 - Private sector and NGO sector is informed with a possibility of partnerships



A full range of instruments

- Incremental Housing
- Social Housing



Incremental Housing

One of the major inadequacies of the housing market (internationally) is its inability to provide adequate, secure housing at an affordable price for poor people.

43% of the urban population of developing countries are living in slums ...as high as 78% in the least developed countries

Affordability depends on:

- policies capable of reducing costs for land, infrastructure, building materials,
- appropriate standards and design, location and modes of production.

To be affordable, all of these elements requires a substantive element of subsidy; but in some cases intelligent policy changes would suffice.

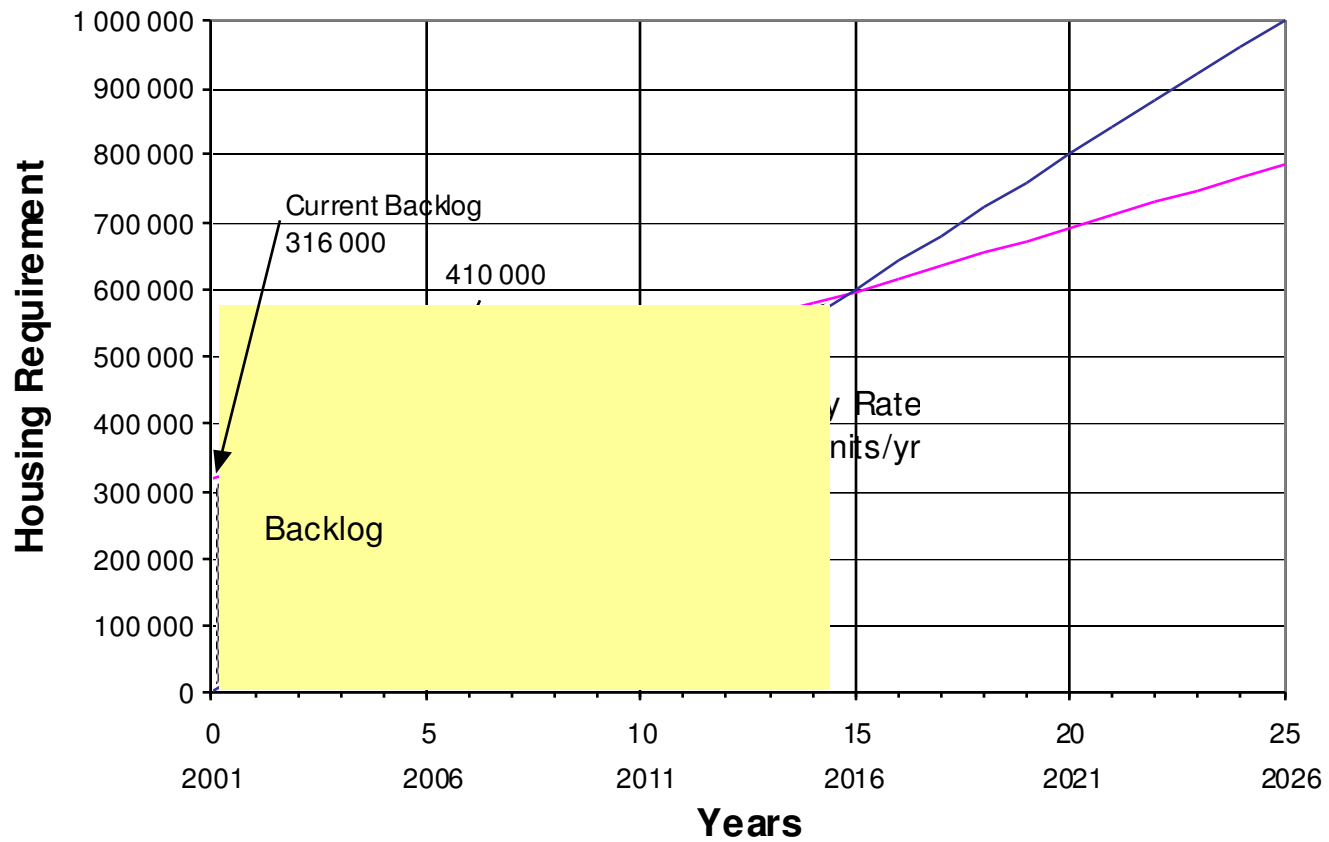
Bringing Down The Cost: Realistic Standards For Shelter, Un Habitat Sep 2005

Poor urban households are rarely able to access formal loan and mortgage facilities. Though many poor people living in urban areas are increasingly treating shelter as a commodity, they only want small loans for incremental investment in upgrading their homes. These loans have to be commensurate with the incomes of people...

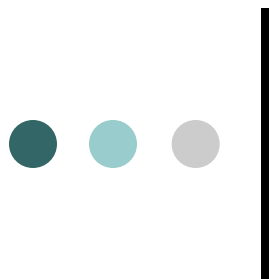
Small Loans for Shelter: The Rise and Rise of Microfinance, Un Habitat Sep 2005



Provincial Housing Backlog



Provincial housing plan 2001



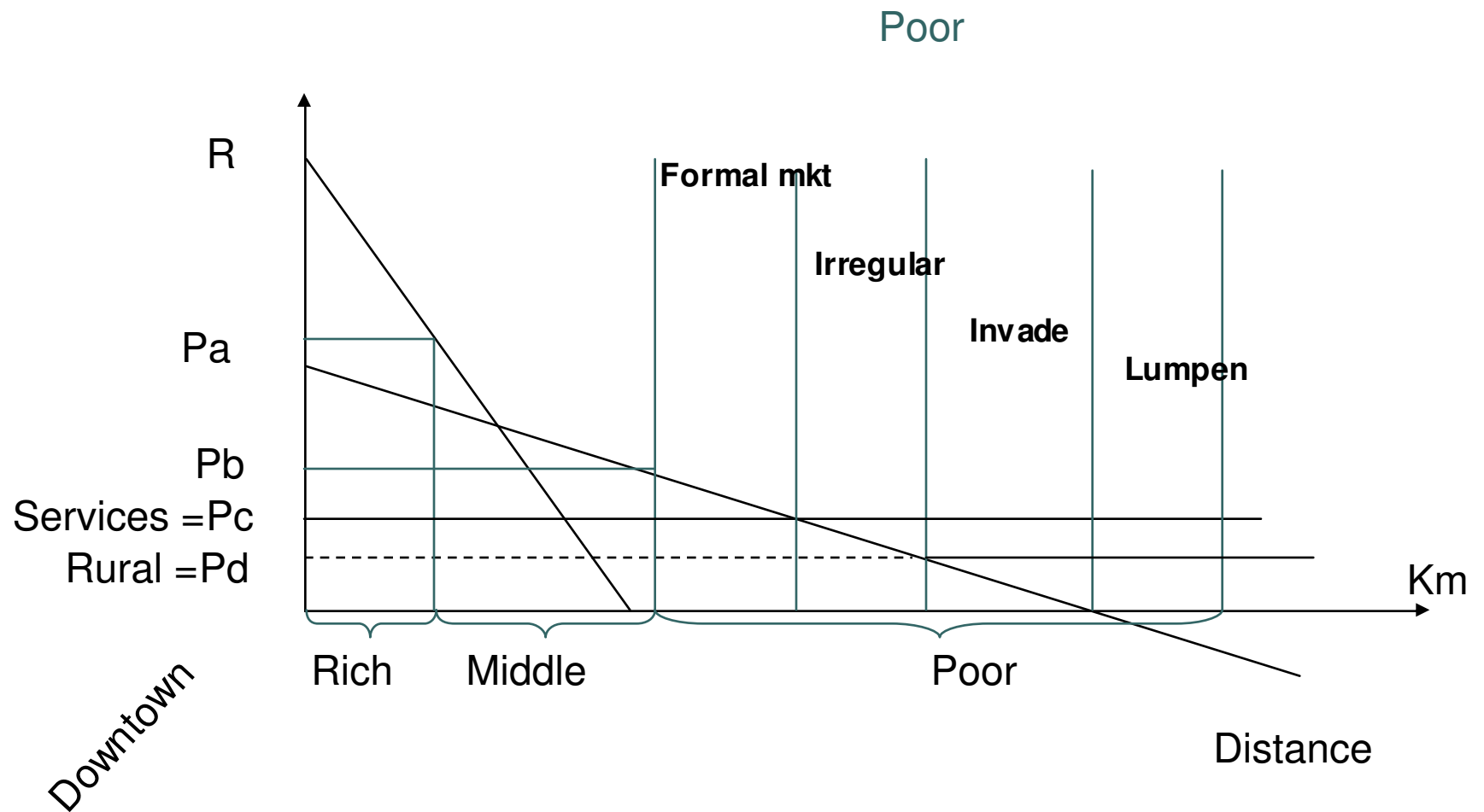
The growing Backlog increases informality

The City of Cape Town Housing backlog

Category	# of Families	Percentage
Informal Areas	120 000	46.1%
Backyards	45 000	17.3%
Overcrowding	60 000	23.1%
Gap (credit-linked)	15 000	5.8%
On serviced sites (require top structure)	20 000	7.7%
Total	260 000	100.0%



The place of the urban poor





Breadth vs Depth

Every government providing capital subsidies had to solve the basic dilemma of “breadth versus depth” (Gilbert, 2004)

- Incremental housing can be described as a phased process by which to satisfy the constitutional right to adequate housing. This process intends to help address the need in a way that allows more people to access a housing opportunity starting with right of tenure with rudimentary service followed by basic services and then eventually acquire a house through a self build process.



Decreasing the backlog

Type	04/05	05/06	06/07
Housing Grant	R 446,035,000.00	R 473,136,000.00	R 598,800,000.00
Human Settlement and redevelopment	R 14,310,000.00	R 12,211,000.00	R 12,944,000.00
Total	R 460,345,000.00	R 485,347,000.00	R 514,944,000.00

No UNITS

The Alternative is to argue for a for a substantial increase in the subsidy Grant

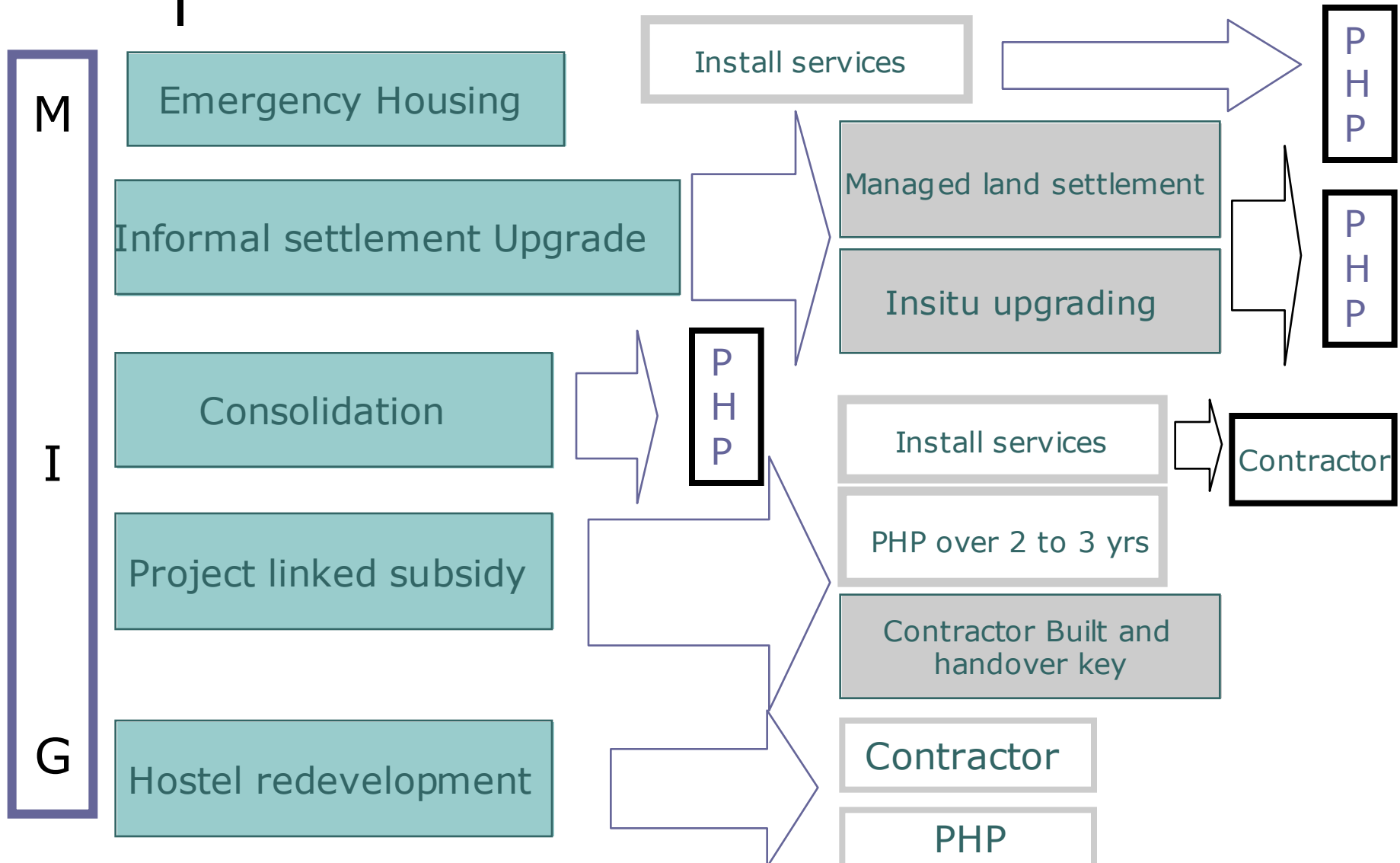
The RDP called for a 5% national allocation to housing but the % budget allocation has been declining from 2.4 % in year 1 to 1.4 % in recent years

15145

23363

Upgrading informal			
Phase 1 @ R3446.66/unit	133563	140817	149404
Phase 2&3 @ R10647/unit	43237	45585	48365

Instruments to be used in IH





Policy Intent & Practice - I

- Emergency Housing
 - To be used in emergency situation for temporary assistance in the form of secure tenure, basic services and or shelter via a grant to municipalities and not housing subsidies . Can be done in 3 phases.
- Upgrading of informal settlements
 - This programme is designed to provide tenure security, Health and safety through basic infrastructure and empowerment for the urban poor. This is a phased development approach that consists of grants initially and later subsidies. In a total of 4 phases, 1 to 3 will be via a grant to municipalities and phase 4 will be via a consolidation subsidy

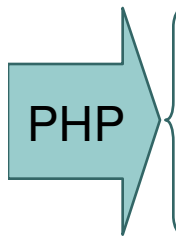
● ● ● | Policy Intent & Practice II

○ Policy

- Emergency (50 mil)
- UISP (390 mil)
- Project linked
- Consolidation
- Rural
- Individual

Grant

Subsidy



○ Practice

- Lack of capacity
 - Institutional
 - Resources
 - Knowledge of systems
- Inter Gov Relations
- Performance driven by expenditure
- Political pressure to deliver Houses



Task Team View of IH

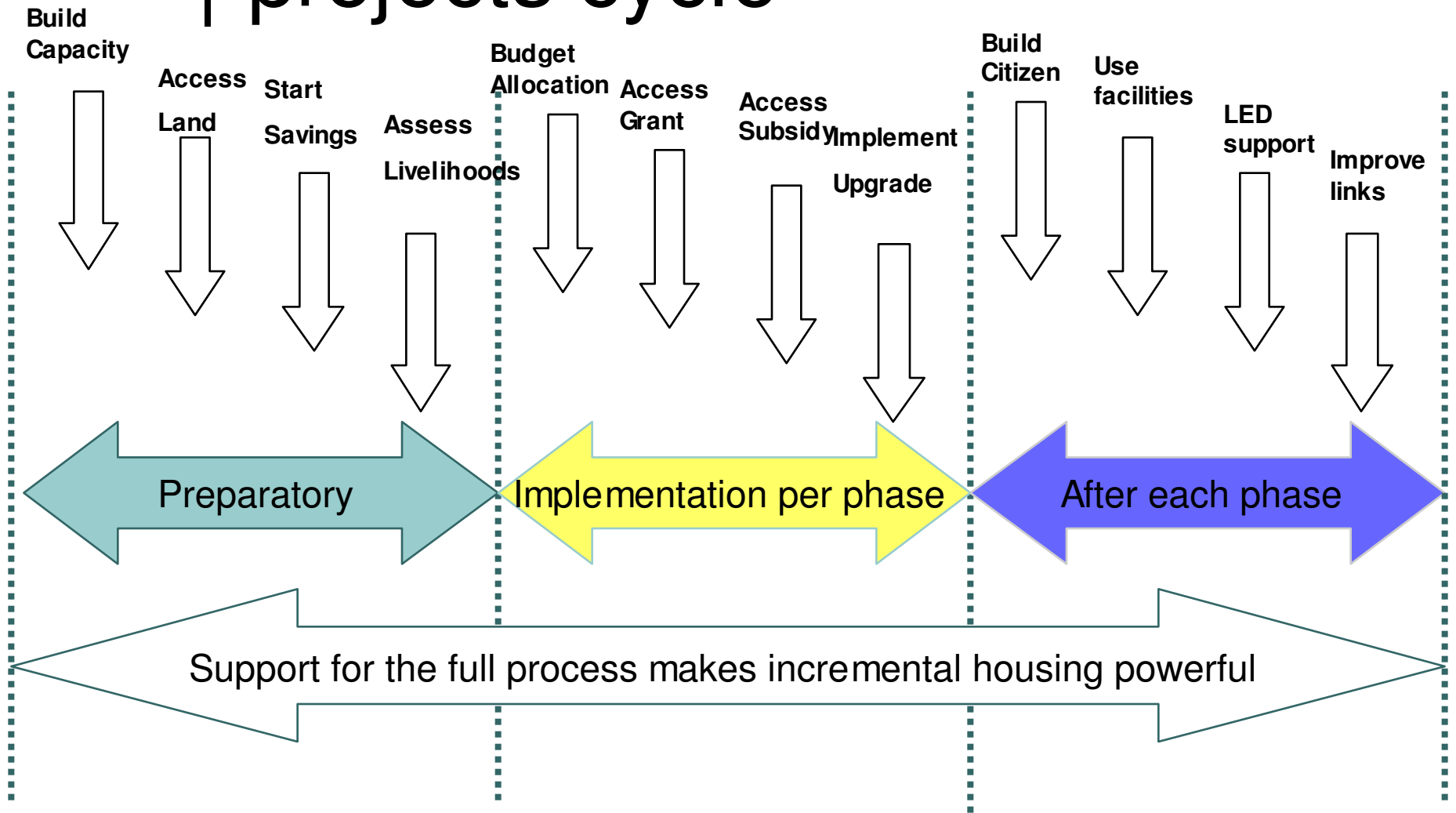
- MIG funding needed to be in synch with the IH approach
- In many Local Authorities the need to go beyond the brick and mortar has not been satisfied/realised.
- Incremental housing is a model of delivery that leads to secure tenure which could include ownership
- UISP offers a phased approach from basic infrastructure to top structure in the final phase
- In the informal context the definition of incremental should also have a spatial dimension such as the establishment of key roots, key point/places where people interact.
- The incremental approach allows for social capital, capacity building, organisational building and training
- Incremental approach creates opportunity for a participatory model that could include:
 - Doing livelihoods studies and exploring sustainable design approaches
 - Understanding capital formation in an incremental housing approach and its affects on the property markets is fundamental in the use of this approach as an intervention strategy
- PHP practitioners are painfully aware of the red tape and bottle necks in the systems . There is a visible gap in what can be termed a logical business process and practice in municipalities.



TT view continued

- The strategy will have to take into account:
 - The urban settlement needs and patterns. There is need for base line data on a settlement bases that includes:
 - Location
 - Migration trends, rates
 - Socio economic data
 - Rate informal settlement growth, size and number
 - Average Density
 - Forms of accommodation (the physical form and the tenure)
 - A change in the expenditure pattern via instruments in order to address the backlog over an agreed period (the minister's 2014 deadline?)
 - The targeted areas spatially for the incremental approach? (Current informal settlements, public Land & private land)

Phased approach to the projects cycle





Log-frame

○ Indicators

- A strategic mix of instruments used
- Get to more households over shorter period
- The incremental approach to housing is adopted at provincial and local levels and supported by communities
- Social capital investment is an integral part of delivery program that accompanies all instruments
- A proactive support role to PHP is adopted at provincial and local government level



Log-frame

○ Indicators

- By ... the number of new sustainable human settlements with a mix of residents of different income groups living in different types of houses financed in different ways , and with a mix of tenure options has increased
- By ... the number of existing RDP projects upgraded under the rectification programme
- by.. an increased number of communities has become actively involved in human settlement issues i.e. the formation of CBOs / community forums
- by ... the number of unrests related to housing delivery has decreased
- by ...all residential developments include at least a 30% low-income component



Log-frame continued

○ Activities

- Develop and implement mechanism for continuous needs assessment / waiting list profiles at municipal level / review human settlement strategy to align with needs assessment
- Develop participatory model for housing projects or assist municipalities in developing such a model
- Develop sustainable human settlement assessment / BNG compliance criteria and apply them
- Incorporate findings of migration studies into policies and relate to instruments
 - Develop projection model for each instrument over short, medium and long term
- raise awareness of BNG in the general public, amongst developers and the private sector
 - Develop a communication plan focused on the media



Log-frame continued

o Activities

- Address the problem of increased number poor backyard shack rental conditions (estimated at 45 000)
- Develop a participatory approach to prioritization and budget allocation on a municipal wide scale
- Do training and capacity building on an incremental Housing approach at provincial, municipal, and community level
- Support the PHP in a way that gives momentum to the incremental approach
- Build the capacity of Local government to engage communities more developmentally
- Establish a new culture of information sharing with affected communities in particular



Backyard Dwellers / Co-Renters Options

- Backlog includes 45 000 backyard families and 60 000 overcrowded houses.
- Previous strategies to address this was very complicated
 - Sectional title, subdivision
 - Establish family links
- Finmark study
 - Incremental housing
 - Township housing (small lodgers, HBE)
 - Formal market
- Micro finance is the only option
 - Rotating Fund – Province, Municipality, NGO, Finance Inst. Partnership
- Benefits
 - Going down market
 - Increase rental stock
 - Increased Density