



Housing Delivery and State Subsidies

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Acknowledgements

This research project was initiated and managed through the Office of the Premier in the Eastern Cape, with the assistance of the Eastern Cape Socio-Economic Consultative Council and supported through IPSP, DFID funding. FHISER would like to acknowledge the role of Development Research Africa (DRA) Pty Ltd for administering the questionnaire on which the findings and analysis presented in the reports in this series are based. Specially mention her must be made of the role of Lizette Meyer, the project leader at DRA, and of Anne King and Nkosazana Ngcongolo at FHISER who worked on editing the original reports for this series. Leslie Bank at FHISER was the overall project leader.

FHISER would also like to thank the households, organizations, researchers and sector specialists who participated in the study. Special thanks are extended to the over 12200 households that gave of their time to respond to the detailed household questionnaire that lies at the core of this study. A large number of community organizations, NGOs, private concerns and government officials also participated willingly and assisted in the realization of the objectives of this study.

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IBSN No: 978-1-86810-707-0

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This report contains contributions by a number of authors and agencies. The findings of the report do not necessarily represent the views of all authors or the agencies with which they are associated. The findings and opinions expressed also do not represent the views of the Office of the Premier, ECSECC, IPSP or DFID.

CONTENTS

	<i>Page</i>
<i>Acronyms</i>	6
 <i>SECTION ONE</i>	
1.1 Defining the Basic Housing Service	9
1.2 Eligibility and New Policy Guidelines	12
1.2.1 Policy Framework for Delivery, 1994-2004	12
1.2.2 Housing Act, 1997	13
1.2.3 National Housing Code	13
1.2.4 Seven Strategies of the NHC	14
1.2.5 The eight 'Fundamental Principles' of the NHC	24
1.2.6 Breaking New Ground Policy Shift, 2004	14
1.2.7 BNG and the National Housing Code	16
1.3 Towards Integrated Development Planning: The Way Forward	18
1.3.1 Specific Eastern Cape Housing Legislation and Policy	20
1.3.2 Priorities, principles and goals underpinning housing development in the Province	20
1.4 Exploring Aspects of Eastern Cape Housing Demand	21
1.4.1 Informal Settlements	21
1.4.2 Rural Housing	25
1.5 Eastern Cape Housing Supply: Delivery Dynamics	30
1.5.1 The Great Numbers Debate	30
1.5.2 Regional Variation in Supply	31
1.5.3 Spending patterns	36
1.6 (Mis)Managing Delivery: State Institutional Dynamics	37
1.6.1 Municipalities in the Forefront	37
1.6.2 Project Initiation: Common Problems and Processes	38
1.6.3 Shifting to the Peoples Housing Process (PHP)	39

	<u>Page</u>
1.6.4 Project Management: Rising Costs and Delays	41
1.6.5 Corruption and Mismanagement	42
1.6.6 Access to Land	44
1.6.7 Other Management and Supply Issues	45
1.7 Reluctant Partners? The Private Sector	47
1.7.1 Blaming the State	47
1.7.2 The Role of Private Capital	49
1.7.3 Why Large Private Contractors Stay Away	49
1.7.4 Emerging Contractors and Poor Quality	50
1.7.5 An Absence of Public-Private Partnerships	51
1.7.6 The Sale of RDP houses and the ‘Gap Market’	52
1.8 Participatory Development: Communities, Donors and NGO’s	53
1.8.1 Community Involvement	54
1.8.2 Community-based organisations	55
1.8.3 Social Compact	56
1.8.4 Dynamics of the Social Housing Sector	56
1.8.5 International Partners within the Housing Sector in the Eastern Cape	57
1.8.6 Government Agencies that support local housing initiatives	58
1.8 Some Key Challenges for the Future	59
1.8.7 Challenges for the ECDOH	59
1.8.8 Challenges facing Local Government	60
<i>SECTION TWO</i>	
1.9 Rapid Assessment of Service Delivery Household Survey: Housing Delivery and State Subsidies	63
1.10 Summary of Main Findings of Rapid Assessment Household Survey for Housing Delivery and State Subsidies	83
1.10.1 Current Housing Situation	83
1.11.2 Affordability and Priority Service Ratings	83
1.11.3 Satisfaction Levels	84
1.11.4 Housing Subsidies	84

	<u>Page</u>
<i>SECTION THREE</i>	
1.11 Recommendations and Diagnostics	86
1.11.1 Five Broad Strategies	86
1.11.2 Housing Delivery Plan	86
1.11.3 Capacitated Local Government to delivery housing	86
1.11.4 Client Focused service delivery	87
1.11.5 High performing organisation	87
1.11.6 Strong Stakeholder Network	88
1.11.7 Intersecting Observations	88
 <i>References</i>	 90

ACRONYMS

ADM	Amathole District Municipality
AIDS	Acquired Immune Deficiency Syndrome
ANC	African National Congress
BCM	Buffalo City Municipality
BNG	Breaking New Ground
CB	Community Based
CBO	Community Based Organization
CBP	Community Based Planning
CIDA	Canadian International Development Agency
CSO	Community Support Organization
DBSA	Development Bank of Southern Africa
DIGH	Dutch International Guarantees for Housing
DLA	Department of Land Affairs
EC	Eastern Cape
EU	European Union
ECDOH	Eastern Cape Department of Housing
GEAR	Growth, Employment and Redistribution
HAEL	Housing Association of East London
HASA	Housing Association South Africa
HIV	Human Immune-Deficiency Virus
HOD	Head of Department
HSC	Housing Support Centre
HSRP	Human Settlement Redevelopment Plan
IDP	Integrated Development Plan
IDT	Independent Development Trust
KWTHA	King Williams Town Housing Association
KZN	KwaZulu-Natal
LED	Local Economic Development
NDOH	National Department of Housing
MFMA	Municipal Finance Management Act

MTEF	Medium Term Framework
MEC	Member of Executive Council
MHDP	Municipal Housing Development Plan
NGO	Non Governmental Organization
NHBRC	National Home Builders Registration Council
NHFC	National Housing Finance Corporation
NHC	National Housing Code
NHF	National Housing Forum
NMMM	Nelson Mandela Metropolitan Municipality
NURCHA	National Urban Reconstruction and Housing Agency
PFMA	Provincial Finance Management Act
PHDP	Provincial Housing Development Plan
PHP	Peoples Housing Process
PPP	Public Private Partnership
PPPFA	Preferential Procurement Policy Framework Act
PSAM	Public Service Accountability Monitor
RDP	Reconstruction and Development Programme
RHLF	Rural Housing Loan Fund
RSA	Republic of South Africa
SDF	Spatial Development Framework
SH	Social housing
SHI	Social Housing Institution
SHF	Social Housing Foundation
SIDA	Swedish International Development Agency
SIU	Special Investigative unit
SLA	Service Level agreement
SMME	Small and Medium Enterprise
SPSH	Support Program for Social Housing
SO	Support Organization
SOHCO	Social Housing Company
UDZ	Urban Development Zone

URP Urban Renewal Program

HOUSING DELIVERY AND STATE SUBSIDIES

SECTION ONE

1.1 Defining the Basic Housing Service

From the point of view of ordinary citizens it is not sufficient for the provincial Department of Housing; to simply spend money budgeted to it. This is because the actual spending of money does not naturally equate to the provision of quality public services. For the ordinary citizen it is essential that the Department of Housing, not only spends budgeted funds, but spends it on the provision of quality housing services -- PSAM 2004, Housing Crisis in the EC report, p. 3.

In South Africa, access to adequate shelter is defined as a basic right for all citizens in terms of the country's constitution. Section 26 (1) states that everyone has the right to have access to adequate housing'. Section 26(2) also provides that the state must make reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right. The provision of 'adequate housing' is therefore a qualified right, which is subject to available public resources. The extent to which the state supports the provision of good quality low cost housing is consequently a matter of ongoing debate in South Africa. In 1994, the initial suggestion was that 5% of the budget would go to housing, but the actual budget allocations have never achieved this figure. The housing budget has hovered between R3-5 billion when it could have claimed R10-11 billion in terms of the budget allocation. Nevertheless, when the new government came into existence, it promised to deliver a million new houses during its first term of office. By December 1999, it was reported that 980 000 houses were under construction or had already been completed at a cost of R12.5 billion to the state over the five year period (Human Rights Commission 2005: 248).

To deliver on its mandate to broaden access to adequate housing, the ANC government adopted an income based capital subsidy scheme that focused more on 'width' (quantity) than 'depth' (quality). Access to housing subsidies was restricted to that portion of the population living in households earning less than R3500 a month. The largest subsidies were given to households earning less than R1500 a month. Although there was considerable debate around the issue, the policy adopted was based on the idea that the state would lay the foundation for improved housing via the support of a subsidy, but would not necessarily guarantee the provision of completed, adequate family dwellings.

The ability of citizens to achieve adequate housing would thus often depend on how effectively they used their subsidy grant and how much they could add to it by means of their own savings, bank loans, and the like. The policy was based on an incremental housing approach, which was in line with the World Bank's recommendations for Third World housing in the early 1990s. On the political left in South Africa, many commentators complained that the policy fell

short of RDP ideals and did not offer good quality state-built homes for poor and needy households (cf. Bond 2000). In Gauteng, Premier Tokyo Sexwale campaigned during the 1990s for free-standing, fully-serviced, single family homes, typically of brick construction in this province, but lost the fight.

Poor quality of building, inadequate services and small top structures fuelled further complaints. Indeed, after six years, the government admitted that only 30% of the houses delivered in terms of new policies were larger than 30m square and many of the houses delivered were poorly built. This lack of quality assurance in the race to meet delivery targets in all the provinces has raised a great deal of criticism of the process as communities argued that people used to get more under apartheid – properly built units of 40m square, often with water-born sanitation and electricity. By the late 1990s, there was also some criticism that the housing programme was almost entirely urban-based and left little scope for rural people to gain access to housing subsidies. To rectify this situation, a Rural Housing Subsidies programme was introduced in 1999 for implementation in the nine provinces. Its main aim was to enhance the realisation of the right of access to adequate housing for people in rural areas, who on the basis of informal land rights, were excluded from access to state subsidies. In 1999, the state also legislated (wouldn't it be nice to indicate which legislation was passed?) to protect housing subsidy beneficiaries from developers who built unacceptably small and badly constructed houses.

In urban areas, the tendency of the state to deliver new low-cost housing on Greenfield sites on the outskirts of towns, where land is cheap and economic opportunities limited, has raised questions. Many suggested that this kind of delivery simply perpetuates the spatial segregation of apartheid cities and often involves the relocation of people away from existing livelihood opportunities. Another criticism of the housing programme has been the general failure of local municipalities and other development agencies to secure and engage the participation of local communities in the planning and delivery of housing. This was a strong imperative in the original policy documents, but the process of participatory development has been side-stepped in many cases because of pressure to speed up delivery and has affected the sustainability of many projects. Such action has been justified by allegations that participation is time-consuming and causes delays, thus preventing government from meeting its targets (against which performance is judged). As a result of these debates and with the arrival of a new housing Minister in 2003, there has been an overhaul of the housing policy at national level with the publication of the Breaking New Ground (BNG) framework in 2004.

The new policy offers a fairly fundamental shift in thinking and approach in relation to housing delivery. At one level, the new policy is informed by the desire to provide consumers-citizens with more choice in relation to what they receive from the state. Instead of having a one size fits all approach with identical units rolled out on a large scale creating a monolithic and homogenous housing landscape (please re-read from second line above to here), the new policy allows different households in the same settlement to make different choices in relation to how they use the subsidy. The intended result will be more diverse housing

solutions. The new policy also stresses the need for Brownfields development which would upgrade existing informal settlements in preference to initiating the relocation their inhabitants elsewhere. Moreover, the policy seeks to address the highly segregated nature of our cities through mixed residential developments that force poor and rich households to co-exist in the same precincts. Perhaps most importantly, however, the new policy embraces the notion of creating sustainable human settlements, which allow social, economic and community life to flourish. The spectre of houses being built in new residential areas without families simultaneously getting access to schools, clinics, running water, sanitation, recreation and other basic services, has haunted housing delivery in the country. BNG claims that this lack of integrated development planning will no longer be tolerated and all housing developments will only be approved if officials demonstrate that an integrated planning process has been followed.

The new policy framework demands a much more rigorous and scientific planning process, which requires that municipalities are able to anticipate housing demand, specify its form and determine its locality in advance, and apply for funds from the provincial government to support specific deliverables (e.g. Hostel upgrades, informal settlement eradication, social housing units and so on). If new projects are not planned and budgeted for in advance, municipalities will simply not be funded. The new framework is thus far removed from the earlier reactive model that allowed municipalities and developers to apply for projects on an ad hoc basis, as and when the pressure to deliver housing arose. [If communities came to the municipality demanding houses, lists could be drawn up, projects planned and approved, and applications made for subsidies. The processing of applications often took quite a while and several years would usually pass before delivery occurred. In the Eastern Cape where most housing recipients were unable to raise savings or a deposit, or were in a position to secure access to bank finance sentence incomplete)]. This section – from if communities...doesn't quite fit with the discussion in this paragraph

The demand for forward planning poses a serious administrative and political challenge? for local authorities in the Eastern Cape, which often lack the capacity to deal with the complexities of the new planning framework. It is thus very likely that the new framework will not be utilised to its full potential in the Eastern Cape during the next three years, and that there will be quite a lot of reliance on older more familiar delivery formats. Two issues that will, however, command considerable attention in the province over the few years will be the question of informal settlement eradication and the dilemma of rural housing delivery.

In the discussion below, we will focus on some of the challenges and opportunities that face the housing sector in the Eastern Cape. The chapter will review past performance and will consider what might be possible in future. It will explore these issues through the connected themes of - eligibility, institutionalization, access, quality and sustainability. The discussion will focus mainly on issues related to departmental performance and the dynamics of housing supply. Selected case studies will also be introduced to help deepen our understanding of key issues. This will be followed by a presentation of the results

of the 12 350 household survey, which will provide crucial insights from the demand-side. The conclusion will consider how some of the main problems and issues in the sector might be addressed and diagnosed. It will also consider what the new BNG policy might mean for the future of housing planning and delivery in the Eastern Cape.

1.2 Eligibility and New Policy Guidelines

1.2.1 Policy Framework for Delivery, 1994-2004

The Eastern Cape Department of Housing receives its mandate from primarily two sources, namely the various pieces of legislation below and the political directives of the Executive Authority. In addition, the department is in the process of reviewing its policy environment and such review will result in the enactment thereof that will compliment current legislation and as a result, further enhance its ability to create an enabling environment for accelerated quality housing delivery in the Eastern Cape.

In terms of BNG, the role of Provinces shifts towards policy formation, program management, monitoring and facilitation. Delivery responsibilities will vest with municipalities as the process of accreditation unfolds.

Table 1.1: Policy and legislation affecting housing development

Relevant to	Policy and legislation	
National and Provincial	Constitution Act 108 of 1996 Housing Act 107 of 1997 Rental Act 50 of 1999 National Housing Code (NHC) Finance Charter National Housing Plan (BNG) Social Housing Policy The Housing Consumers Protection Measures Act of 1998 Home Loan and Mortgage Disclosure Act of 2000 National Environmental Management Act 1998 (Act no. 107 of 1998) Growth Employment and Redistribution Programme (GEAR) National Spatial Development Programme Provincial Spatial Development Framework Provincial Housing Development Plan	Right to access housing National housing framework Rental housing regulations Subsidy instruments Stimulation of Private financial institutions into low cost housing National Housing delivery program National Social Housing framework Consumer protection against defective building Monitoring of the financial institutions providing housing credit Environment protection Macro economic strategy National Land access and usage Provincial Land access and usage Prov. housing delivery program

Local	PFMA Act 1 of 1999 MFMA Act 1 of 1999 Housing Chapters from IDP's Development Facilitation Act 67 of 1995 Town Planning Spatial development Frameworks Project Consolidate	Operational regulations: parastatals Operational regulations: Local govt Local housing plans Land access Land access and usage Land and infrastructure plans Capacity building program for municipalities
SHI	Companies Act 61 of 1973 & amendments Co operative Act 91 of 1981 and pending Co operative Bill of 2002 P.I.E Act 19 of 1998 and pending P.I.E Bill of King 2 On Governance Promotion of Access to Information Act 2 of 2000 NHBRC Act 95 of 1998 Income Tax legislation Property Rating Act	Registration/Legal entity Registration co operatives Eviction regulations Governance guide Disclosure of info Housing Consumer Protection (Construction) Tax laws Property rates regulations

1.2.2 Housing Act, 1997

The Housing Act, 1997 (Act 107 of 1997), came into effect on 1 April 1998. The Act introduced a new housing dispensation for the country. It focused on the implementation of an imperative in the Constitution of South Africa, 1996 (Act 108 of 1996), namely that everyone has the right of access to adequate housing. The Act also abolished the previously diverse apartheid legislation and replaced it with a single Act that focuses on the new housing priorities of the country.

The principles of the Housing Act, 1997, can be classified into four categories, namely principles

- relating to the interests of those who cannot independently provide for their housing needs
- aimed at promoting integrated housing development which is economically, fiscally and financially affordable and sustainable
- guiding the effective functioning of the housing market
- relating to human rights matters.

The Act furthermore defines the roles and responsibilities of the Government.

1.2.3 National Housing Code

The National Housing Code makes provision for supporting and facilitating the process of home building by individuals, families and communities. The strategy

is aimed at those families who only have access to housing subsidies, and who wish to build or organize the building of their homes, themselves. The strategy assists such households to access housing subsidies and provides technical, financial, logistical and administrative support.

1.2.4 Seven Strategies of the NHC

The White Paper contained seven strategies and these were retained in the NHC. [The ‘Seven Strategies of the National Housing Code’ is based on the ‘National Housing Code, The User-friendly guide, Part 1: South Africa’s Housing Policy’.] The strategies are:

- Stabilising the housing environment
- Mobilising housing credit
- Providing subsidy assistance
- Supporting the people’s housing process
- Rationalising institutional capacities
- Facilitating the speedy release and servicing of land
- Co-ordinating state investment in development

1.2.5 The eight Fundamental Principles of the NHC

The ‘Fundamental Principles’, taken from The User-friendly guide, are as follows:

- Partnerships and people centred development
- Skills transfer and economic empowerment
- Fairness and equity
- Choice
- Quality and affordability
- Innovation
- Transparency, accountability and monitoring
- Sustainability and fiscal affordability

As was the case with the Seven Strategies, there is no reference to apartheid, to compact or city, to inner (city), regeneration, densification and to civil society. Empowerment and communities are mentioned twice in reference to skills transfer and economic development. And, again, the reference to sustainability has to do with finances.

1.2.6 Breaking New Ground Policy Shift, 2004

The national landscape of the state housing delivery programme has changed drastically over the past year. In September 2004, the National Department of Housing released its *Comprehensive Plan for the Development of Sustainable Human Settlements*. Whilst this plan notes the continued relevance of the state-housing programme introduced in 1994, it flags the need to redirect and enhance various aspects of policy, and commits the Provincial and local authorities to meeting a range of specific objectives. Amongst others, these objectives include:

- Utilizing housing as an instrument for the development of sustainable human settlements, in support of spatial restructuring
- Combating crime, promoting social cohesion and improving quality of life for the poor
- Leveraging growth in the economy
- Utilizing the provision of housing as a major job creation strategy

The Comprehensive Plan for the Development of Sustainable Human Settlements notes the shift in emphasis from the provision of housing as an objective of itself to the creation of sustainable human settlements. This includes the promotion of more efficient cities, towns and regions. In support of spatial restructuring, the plan highlights the need to ‘integrate previously excluded groups into the city and the benefits it offers’. The plan flags the need to promote densification, including ‘housing products which provide adequate shelter to households whilst simultaneously enhancing flexibility and mobility’. Key components of the new policy include the following:

(a) ***Stimulating the Housing Market*** - this is designed to create a secondary housing market, wherein housing is valued in terms of its asset value rather than the existing situation that only values it in terms of its use. The five programs designed to address this program namely:

- Enhanced access to title
- Removal of barriers to housing trade
- Improved market information and transactional support
- Enhanced access to housing finance and improved financial literacy
- Support the efficiency of the entire housing delivery chain and its various components.

(b) ***Spatial restructuring and sustainable human settlements*** supports the notion of spatial restructuring that will lead to sustainable settlements and more efficient towns and cities.

The program interventions include:

- The acquisition of well located land for housing
- The accomplishment of higher built densities, appropriate housing forms with a variety of tenure types, and the densification of existing residential areas where possible
- Measures to stimulate inner city regeneration including the construction and conversion of inner city buildings for residential purposes
- Enhanced project design inputs and the promotion of alternative and indigenous building technologies to achieve better quality and more meaningful housing environments
- The provision of essential social facilities to ensure that existing and new settlements are better serviced with social amenities and
- The development of policy and implementation systems that effectively respond to rural housing needs including the housing needs of farm workers and farm dwellers.

- (c) ***Encourage Social (medium density) Housing*** is a housing intervention intended to make a strong contribution to urban renewal and integration. Social housing interventions may also be used to facilitate the acquisition, rehabilitation and conversion of vacant office blocks and other vacant/dilapidated buildings as part of a broader urban renewal strategy. Social housing developments should be dovetailed with other initiatives, such as municipal redevelopment projects and the urban development zone.
- (d) ***Upgrade Informal Settlements*** introduces a new phased development approach that will deliver security of tenure, municipal engineering services and social and economic amenities under phases 1 to 3 and housing opportunities under phase 4.
- (e) ***Expand role of the Municipality:*** Accreditation of municipalities requires that the municipality must demonstrate its capacity to plan, implement and maintain both projects and programs that are well integrated with its IDP and within the MTEF capital investment program as mandated by the MFMA. In this regard municipalities will be required to:
- Establish a housing unit with adequate staffing to fulfil project and program delivery requirements
 - Establish cross-sectoral, Sustainable Human Settlement Planning Committees for housing, planning, LED, infrastructure engineering, MIG PIU and land reform.
 - Municipal owned land availability plan for housing
 - Subscribe to NDOH anti corruption, monitoring and reporting requirements.
- (f) ***Housing subsidy funding systems reforms*** aims to make the funding systems more responsive to the needs of the intended beneficiaries, and other implementing agencies.
- (g) ***Housing and Job creation program*** is intended to ensure labour intensive construction methods to increase job creation through the various housing development programs.

1.2.7 BNG and the National Housing Code

The BNG has brought about far reaching changes to the NHC, which is now able to accommodate provincial and local priorities. The PHP programme featured strongly in BNG and is expected to be utilised extensively within the informal settlement upgrade programmes. Good governance is also a central feature of BNG and this will assist the Province and Local Municipalities in this regard. BNG further features the quantity and quality issues; there is a commitment to the trade off between the two. BNG creates an enabling environment for sustainable human settlement development through the introduction of new housing subsidy instruments. Existing, new and proposed instruments that will have a positive effect on the housing development program for the EC are:

- PHP will continue to be of considerable importance in the province as it allows for beneficiary enhanced opportunities to build houses. The PHP is

also linked to establishment grants and facilitation and housing support services.

- Incremental Housing Programmes. The three pilot informal settlement upgrading projects have already been planned and will be implemented next year. This programme will be widely used if the Province is to succeed in meeting the 2014 deadline for the eradication of informal settlements. The Social and Amenities instrument, when approved, will further compliment this initiative. The Emergency Housing Assistance program is another instrument that is critical in the EC due to two primary factors, one the high levels of natural disasters within the rural areas of the Province caused by climate and two, the high rate of fires in the informal settlement areas. The Province must also use this instrument to assist beneficiaries who face eviction. The unblocking of blocked projects instrument will continue to provide relief to projects that are at a standstill. Given the extent of the rural areas within the Province, the BNG focus on rural development becomes a key programme for implementation.
- Housing Finance Linked Individual Housing Subsidy provides new opportunities for individuals in the R3501 to R7000 income groups to access bond finance that can be used as gearing funding to obtain such finance.
- State Asset Maintenance Programme and the Discount Benefit Scheme should be used by NMMM and BCM for its public housing stock that requires maintenance for ultimate transfer to individuals. This programme will provide the much needed funding to enable this process to be implemented. The ECDoH must undertake an audit of such projects within all its municipalities in order to plan and fund such remedial works and eventual transfer to individuals
- Rectification programme will address the inferior quality of houses built between 15 March 1994 and 31 March 2002. ECDoH will have to undertake an audit of such houses and develop a programme for remediation over the coming 5 years.
- The phased approach to the Project linked Subsidies will allow for better planning and execution of such projects as the time taken for land transfer and infrastructure development have always impacted negatively on the budgets of these projects.
- All other capacity building programmes that are priorities nationally such as the job creation, emerging contractor and accreditation programmes will further enhance the ECDoH 's chances of improving its housing delivery programme over the coming 5 years.

There are three critical questions that emerge from the BNG. Firstly, it remains to be seen whether BNG is of any significance in the foreseeable future since the budget that national treasury made available to the NDOH to implement the BNG business plans is insufficient. Secondly, the time it is taking to develop and legislate the new instruments that give effect to the various business plans in the

BNG may only realize results on the latter part of this strategic planning cycle. This could result in delivery being implemented using the existing instruments only or a slow down in delivery. Thirdly, whether the ECDoH is able to make a substantive contribution to the process of formulating detailed policy and guidelines for implementation of each business plan.

In addition to the above points, concern needs to be raised about the current manner in which PHP projects are being implemented in the province and how this can be addressed to meet the BNG objectives. Several issues require attention. Firstly, the PHP has been characterized by limited community participation, which runs against the spirit of the PHP initiative. Secondly, there is a heavy reliance on agreements with emerging contractors, who do not have the experience and the expertise to deliver quality products. Thirdly, the process tends to be led by the municipality as developer and there are often capacity shortages for the management of projects.

In view of the above, there are significant challenges that emerge in relation to the implementation of BNG in the Eastern Cape. Some of these are related to the roll-out of the new approach from the national department, while others relate to issues of capacity, resources and understanding at local level. Further details on both the challenges and the remedial actions necessary will be provided in more detailed demand and supply studies.

1.3 Towards Integrated Development Planning: The Way Forward

In some instances, spatial restructuring has taken place using an integrated approach. However, in many instances the short-term delivery objectives of a product driven, developer driven approach to housing delivery rather than a long term, planner driven approach to development, with housing seen as only one component in a series of inter-related development objectives, has to date been the practice. This saw housing delivered on the urban periphery thereby achieving limited integration. However, one must appreciate the cost and affordability of well-located land for low-income housing.

Very few of the Housing Chapters of the IDP are informed by the analysis of the housing situation as well as demand and there are no detailed plans on housing development. In line with this, current projects are not informed or aligned to the Spatial Development Frameworks. Where there are housing plans, they are reduced to subsidy housing projects only.

As the government of the day enters its 12th year of democracy, the need to evaluate and redesign how government does business is a reality. The society and context in which development occurs is dynamic and forever evolving. Therefore, it is crucial that the policies that guide development are in tandem with the changing needs of society and the realities on the ground. To achieve both the economic and racial integration of communities, there is a real need to depart from the present concept of housing delivery as determined by stands, houses completed and money spent.

The way forward has to be a more flexible approach where investment can be customised to the environment in which development is occurring, enabling

implementing agents to utilise space allocated by the Housing Subsidy in a way that best responds to the needs of a particular precinct or neighbourhood. Essentially, there needs to be a departure from the notion that 'one size fits all'.

If the policy objectives of integrated development and establishing sustainable communities are to be realised, we need to revise some aspects of the National Housing Subsidy Policy Frameworks that have not changed in design since 1994. The very concept of 'qualifying beneficiary' undermines project viability. The key question that needs to be asked is: What is the purpose of government's investment in housing?

Is it to create economically viable, thriving and attractive locations that contribute to the greater good of the provincial economy? If this is the purpose of government investment, then how will it be achieved by splitting communities into qualifiers and non-qualifiers? By imposing a qualification limit of R3, 500 per month, does this not instead lead to the creation of false class divisions in society? In essence, to achieve economically and racially integrated communities, greater flexibility must be permitted in how government utilises the financial resources at its disposal.

Integrated development must be driven by consolidated government investment in carefully and intelligently selected strategic areas or precincts that will contribute positively to the growth of an effective and strong economy. Government must invest in those areas, not because they are home to unusually high concentrations of poor people, but rather because the success of these projects will create opportunities for the poor to enter and benefit from, thriving, efficient and integrated economies.

This implies that projects should be location-oriented. If a location-based project philosophy is adopted rather than an individual beneficiary-based philosophy, then the burden of government shifts from selecting the right beneficiaries to selecting the right locations and investing in the total urban fabric. The selection of appropriate project locations must be driven by the metropolitan and provincial economic strategy. The Housing Subsidy should be flexible enough to be used for the establishment and development of decent public open spaces within precincts, and it should not be restricted to just the bricks and mortar that build a house.

There is a fine line between public and private space with the one complementing the other. Government must ensure the provision of adequate public spaces in precincts, and their success will create opportunities for poor people to live in a decent environment and to benefit from an integrated urban economy. Adding to this is the challenge of affordability with regard to the delivery of low cost housing within the urban fabric. At present, a substantive amount of the R31, 000 housing subsidy is taken up by land purchase, pre-planning and delivery of internal services (water, sanitation, roads, etc.). Any increase in the price of land as a result of the premium payable for well-located land, based on the current delivery mechanisms, will further erode the availability of funds for the upper structure. Costs of environmental impact assessments are sometimes also exorbitant, resulting in a significant portion of the housing subsidy being utilised for planning purposes. An example is the case where an amount of R1,

000 was required for conducting an environmental impact assessment on each stand, consequently undermining the quality of the final housing product. This is merely the tip of the iceberg when one considers the many other challenges presented by the current economic climate.

1.3.1 Specific Eastern Cape Housing Legislation and Policy

In the case of the EC, there is no legislative (policy) basis for the province's delivery of housing, in spite of it being mentioned as a key objective in the Strategic Plan 2004-2007. Such policy is currently under development by consultants and should result in the enactment of the first EC Housing Act. In addition the PHDP has expired and is currently also under development.

The PHDP- 2001-2006 notes that the Provincial vision is:

An efficiently and effectively managed department, in partnership with viable municipalities where all communities enjoy equal access to basic and economic services through integrated and sustainable development programs.

The following plans have an impact on the housing delivery in EC:

- Integrated Sustainable Rural Development Strategy
- IDPs
- Provincial Spatial Development Plan

The Strategic Plan – 2004-2007 vision is:

An efficiently and effectively managed department, in partnership with all stakeholders wherein all communities enjoy basic access to housing.

1.3.2 Priorities, principles and goals underpinning housing development in the Province

Policy concerning housing development and the implementation thereof in the province is based on the following strategies as stated in the Strategic Plan 2004-2007:—

- Elimination of backlogs
- M&E related to the delivery of quality housing products
- Facilitation of housing development and management capacity in local authorities
- Co ordination of housing asset management
- Job creation and skills development
- Strengthen the provincial economy

However, the PHDP for the period 2001 –2006 states that the goals for housing are:

- Elimination of housing backlogs
- Access to land
- Attainment of institutional capacity

- Access to funding

In the absence of a provincial housing policy framework, the department uses the broad national policy and legislative framework to inform housing delivery in the province, and is, to a certain degree, driven by the annual operational planning cycle and a set of practices that is largely of a reactive nature in response to what can be broadly termed, “lessons learnt.” The danger of this approach is short-term expediency related solutions as well as the possibility of none or partial alignment to local and provincial priorities, national policy shifts etc.

This puts the political directive, the ANC 2004 election manifesto, The Peoples Contract that says ‘*Build more subsidised housing and introduce medium density housing closer to places of work; and provide those who have as yet not received such housing with serviced stands for more decent living*’, governance, policy/strategic direction and leadership functions of the Provincial Executive Council for Housing in question. Please re-read this sentence

1.4 Exploring Aspects of Eastern Cape Housing Demand

1.4.1 Informal Settlements

One of the main indicators of inadequate housing is the existence of informal settlements. The National Minister for Housing has declared that she would like to see the complete removal of all informal dwellings from South African towns and cities by 2014. The imperative has made informal settlements a key target for intervention and for the provision of better quality houses to the poor. The Minister’s insistence on developing strategies to eradicate informal settlements has raise some debate in academic and policy circles, where it has been noted that many of the individuals, who enter the towns and cities for the first time, actually require access to informal settlements in order to survive. They suggest that the steady urbanisation required for economic growth and development, which is seen as a positive force in South Africa, would not be possible if the costs of settling in town were increased dramatically for first time migrants. Indeed, some go as far as to argue that housing provision for informal settlement communities might actually increase urban poverty. These debates notwithstanding, it is clear that citizens living in informal dwellings in towns and cities will be a major target for future housing delivery.

In the Eastern Cape, the percentage of households in an informal dwelling increased slightly between 1996 and 2001 from 10% to 11%, according to figures extracted from the national census. After 2001, other sources suggest that the percentage of households in informal dwellings seems to have decreased to around 8%, possibly because increasing numbers of households are now migrating longer distances in search of employment opportunities. Although the different estimates come from different data sets (see Table 1 below), it does appear that approximately 10% of the households in the Eastern Cape are still living in informal settlements, which amounts to more than 135 000 living in freestanding shacks and a further 31 000 in backyard shacks (see Table 2). Assuming that these populations do not grow over the next eight years (which is

unlikely), the state will have to deliver about 20 000 units a year in affected areas simply to replace all informal dwellings over the next eight years.

Informal settlement formation in the Eastern Cape has occurred within the context of sustained *rural to urban migration* over the past decade. Socio-economic surveys in the 1990s showed that more than 40% of the inhabitants of informal settlements in the Eastern Cape had moved in directly from rural villages or white owned farms, while less than 60% moved in from overcrowded townships and locations in the locations themselves. In white towns, the major source of rural influx has been the farming sector. In small towns, like Bathurst, Kei Road, Bedford and Kenton-on-Sea, surveys in the 1990s showed that between 50% and 80% of the inhabitants came directly to these towns from white farms in the 1990s. In the former homeland towns, such as Peddie and Butterworth, an equally sizeable portion of the informal population came to town from rural villages in surrounding areas (cf. Bank 1997).

In the 1990s, migration patterns in the province involved a combination of short-range migration, where households moved from rural to urban areas (usually small towns) within their local area, and long-haul migration from the province to larger cities, like Johannesburg and Gauteng. The large number of households that moved into already depressed small towns in the province emerged as a surprise to migration analysts, who had expected more families to 'shoot straight' to the bigger cities. This process, together with long-standing housing backlogs in these areas, created a large amount of pent up demand for housing in small towns, many of which were collapsing economically. This trend toward informal settlement formation in rural towns seems to have slowed down in the 2000s, but has nevertheless ensured that a strong demand still exists in small rural towns for the delivery of subsidised housing. This demand is particularly evident in the third table/chart below, which shows that informal settlements are certainly not confined to the large centres, but are found in all municipalities.

Table 1.1: Comparative Estimates of Informal Settlements in the Eastern Cape

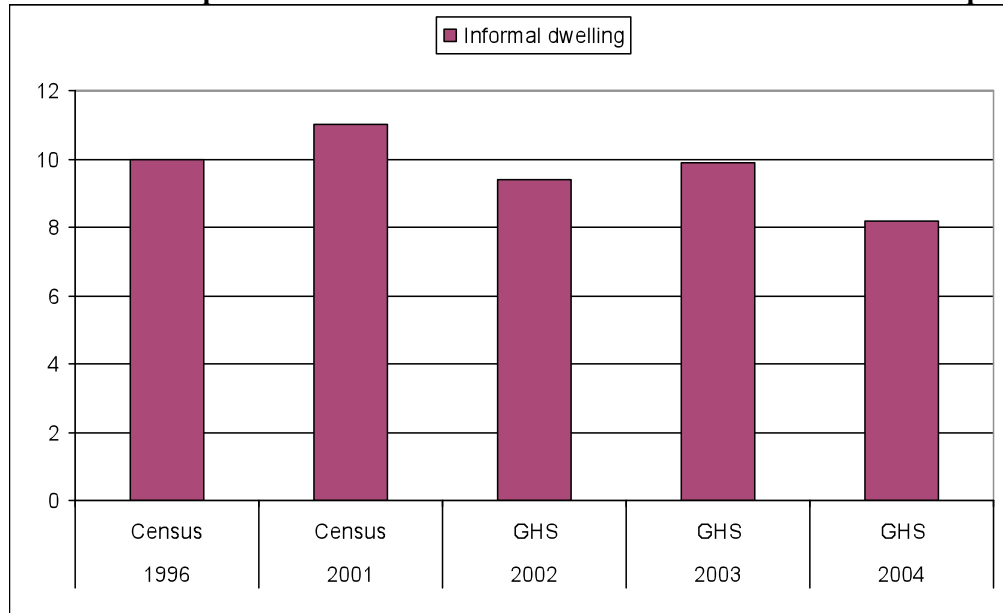
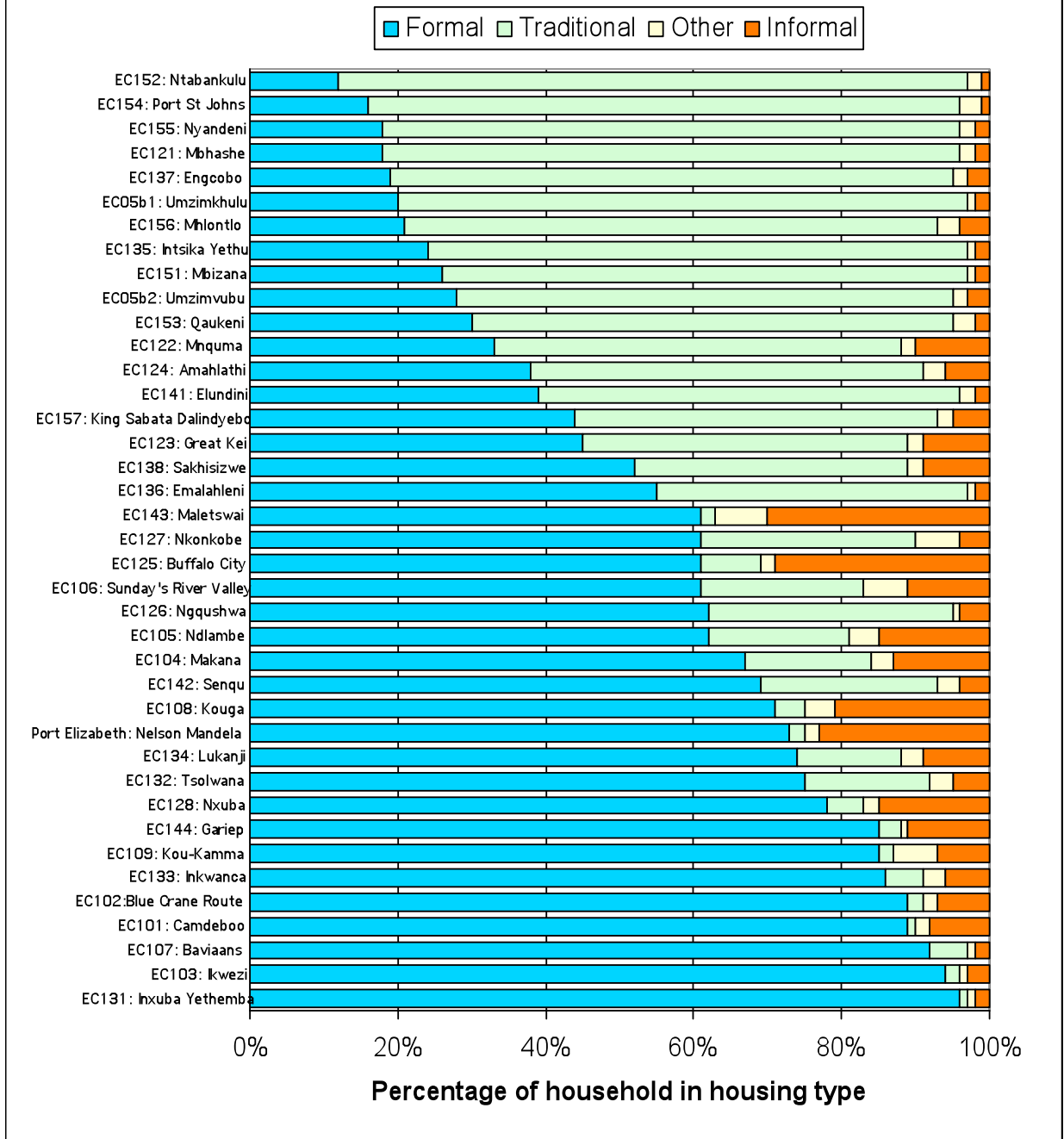


Table 1.2: Number of households in different settlements

2001	No	Percentage
Sparse (10 or fewer households)	21732	1
Tribal settlement	776669	51
Farm	61199	4
Small holding	3895	0
Urban settlement	522605	34
Informal settlement	133575	9
Recreational	1487	0
Industrial area	3046	0
Institution	8456	1
Hostel	3294	0
Total	1535959	100

In terms of the 2001 census (and as shown in Table 5.3 below), the district with the highest percentage of informal housing is Nelson Mandela Metro (23%), whereas OR Tambo (DC15) and Alfred Nzo (DC44) have very low levels of informal housing (3% and 2% respectively). At the local municipality level, Maletswai (EC143) and Buffalo City (EC125) are the municipalities with the highest percentages of informal housing (with 30% and 29%). By contrast, in Inxuba Yethemba, Ikwezi, Baviaans, Camdeboo, Blue Crane Route, Inkwanca, Kou-Kamma and Gariiep, more than 80% of households live in formal housing. A detailed breakdown of housing type by municipality as represented in the results of the 2001 census is presented in the chart above, Table 5.2

Housing type by municipality



Given that the current rate of housing delivery in the province is below 20 000 units per annum and that the total current demand in informal settlements is for about 160 000 units, it will take almost ten years to meet this demand if all houses are directed towards the eradication of informal settlements. However, given that there are also nodes of demand in urban and rural areas and that informal settlement populations will continue to grow especially in the large

cities, it is unlikely that the Eastern Cape government will even be able to halve the number of informal settlements in the province by 2014?. The National Minister's demand for the removal of informal settlements by 2014 is unachievable in the Eastern Cape unless there is a massive increase in the housing budget nationally and in the capacity of contractors and municipalities in the province to deliver homes.

In terms of the new BNG policy, which seeks to end housing-led settlement expansion and to develop integrated, sustainable human settlements, the question of the locality of some of the current informal settlements and their capacity to evolve into social and economically sustainable settlements must surely come into question. If there is a demand, for arguments sake, of 2000 houses in new settlements outside the town of Cala in the former Transkei, it is indeed questionable whether the state should respond to this demand, given that the town does not have the economic capacity to employ any of the residents likely to settle in a new housing estate. But surely these people have as much right to housing as anyone else? This is where the nub of the dilemma lies for the provincial housing department. In the section below we explore this a little further in relation to rural demand.

1.4.2 Rural Housing

Livestock are shattering an unfinished low-cost housing project in Mount Frere. This was a complaint made to MEC for Housing and Local Government and National Deputy Housing Minister. They were told that building on Mt. Frere project was still far from complete and the quality of the few houses built was poor. Some houses have been vandalized, while others have become shelters for livestock. There were also allegations of irregularities in the allocation of the few houses that have been completed (*Daily Dispatch* 17/2/2004).

In 1999, after criticism that the state's housing delivery programme was almost exclusively confined to urban areas, the Rural Housing Subsidies Programme was introduced in November 1999 for implementation by the nine provinces. The main aim was to realise the right of access to housing for rural people who qualified for the subsidy, but had been excluded from access on the basis of 'informal land rights'. Since the publication of these measures, a number of rural housing projects have been approved in the Eastern Cape, some of them on a pilot basis. The new BNG framework has also identified rural housing as an important aspect of overall housing provision in South Africa, but has not yet managed to clarify the form that such delivery should take. This has generated considerable debate in the province where many rural municipalities are requesting accelerated housing delivery, but do not want their rural villages transformed into soulless RDP townships. In terms of the legislation, provision is made for the houses to be 'culturally appropriate' and to 'enable the expression of cultural identity and diversity without compromising modern technological facilities' (Human Rights Commission Report 2004: 253).

In the Eastern Cape, the format for rural housing delivery has generally followed the standard RDP, urban township model. Most of the rural housing projects have, in any event, been implemented on the outskirts of towns, but some

delivery has taken place in village settings. The question of what the most appropriate format for such delivery should be has attracted some attention, with the MEC for Housing expressing a preference for ‘agri-villages’. The idea that the rural housing subsidy package might involve resources for fencing land or deepening household engagement with agrarian pursuits also appears to be recognised within the BNG framework, although specific content has not yet been given to the rural instruments. In the responses we have received from rural district and local municipalities, it is clear that they do not want to urbanise the countryside by implementing township-style housing development in villages. Rural authorities repeatedly emphasised the need for culturally appropriate solutions that did not undermine traditional building designs or limit the use of locally available materials. They also supported the idea of linking rural housing to the support and enhancement of agrarian livelihoods.

With more than half of the Eastern Cape population still living in tribal or traditional settlements, the implications of an expanded commitment to rural housing supply in the province are enormous because so many people in these areas earn very little to qualify for the subsidy. This poses a significant challenge in terms of housing delivery for the Eastern Cape in future. In technical terms, the wattle and daub structures that dominate the rural landscape are seen to constitute inadequate housing, and should thus be replaced or upgraded. Exactly how this should be undertaken in terms of housing provision remains a major challenge for the province. At this stage, we would simply like to tag the importance of rural housing as a challenge for the future and to alert the reader to the large ‘latent demand’ that exists in the rural areas (represented in table 5.2 in the number of traditional dwellings across different municipalities in the province).

To inform future planning, any needs analysis should also consider those who are currently in formal houses, especially state provided houses, which do not meet the basic minimum standards as set out by the national department of housing. Since 1994, an impressive volume of new houses have been delivered in the country and in the province. One of the complaints that continually surfaces in the province is that the quality of houses delivered through state programmes does not always adhere to the required standards. It is for this reason that any initiative in the field of low cost housing should make adequate provision for rectification funds to address quality issues in the existing housing stock.

Case 1.1: Elongated and Split Households: A Cautionary Tale

In the mid-1990s, De Wet and Holbrook identified the existence of what they called 'regional households', households that had their base in Keiskammahoek in the former Ciskei, but had nodes within various other locations like Dimbaza and Mdantsane. They argued that such stretched or elongated households had become necessary because households need to assemble income from a variety of sources across urban and rural areas. In this case, household members did not necessarily want to move to the urban areas permanently, but needed to access resources there.

This tendency of households to hold themselves together socially while they spread their wings economically has come under scrutiny as a result of the observation that, while the size of the South African population did not change dramatically between 1996 and 2001, the number of households did. It has been noted that the growth rate of urban households is twice that of the growth of the urban population (6.2% as opposed to 2.9%). The average size of urban households has also dropped from 4 to 3.4 persons per unit. The implication is that even though houses have been delivered to poor communities the demand continues to grow because households split and get smaller? One interpretation of this process is that households are doing this so that they can get their names on housing lists. In the Western Cape it has been noted that in some informal settlements almost half of the shacks are made up of one person households.

The question is how should the state respond to such trends: Should houses be built for single person households and, if so, under what circumstances? Should houses be provided for people who are living together but do not appear to form a family unit (e.g. Brothers, friends etc.). Chipkin (2004) has recently argued reflecting on conditions in crime-ridden Manneberg in the Western Cape that the state should use housing to actively reconstruct and rebuild families broken apart by violence and apartheid.

Case 1.2: Rural Housing: Circular or Permanent Migrants?

The Eastern Cape became poorer by 1% between 1996 and 2001 and that it lost 2% of its population over that period. Does this mean that the poor are leaving the province? Using the 1996 Census data, Kok (2003) has argued that migrants, defined as people who move permanently from one place to another, are likely to earn more than R3000 a month, while labour migrants (or migrant labourers) almost always earn less. In a study undertaken by Van Der Berg (2004) it was found that male migration from the Eastern Cape to metropolitan centres outside the province, increased with education. The evidence therefore does not seem to support the view that migrants from the Eastern Cape are extracted from the poorest sections of the population. In fact, it appears that circular migration is most common amongst the poor.

This is because the demand for unskilled workers has slumped in the South African economy, suggesting that the capacity to migrate is dependent on education. As Van Der Berg concludes: [in the Eastern Cape] 'aside from small pockets, there seems to be little scope for improving the dire predicament of the rural unemployed by moving to an urban area' (2004: 25). He goes on to state that: 'Jobs for the poor are too insecure and too poorly paid to provide a stable basis for moving permanently to the city and that it is better for them to stay in the rural areas, where consumption costs are lower and pursue multiple livelihood strategies, which combine urban wages with rural income and welfare assistance'.

How should the state respond to these trends? Is the answer to build formal houses in the rural areas where poor people are forced to retreat to because of the absence of good opportunities for employment in the cities? Or should the state invest resources in creating employment where these migrants want to be so that they can stay there and build a future for themselves in the towns and cities? Is it not the responsibility of the state to invest in peoples choices rather than in their places of last resort?

Some of the questions raised above were real issues in the rural housing projects we visited in the province. In projects visited in Ukhahlamba, Alfred Nzo and O R Tambo, migration impacted significantly on housing provision. We often found that the household heads had put their names on rural housing lists in the late 1990s, only to leave the area to take up employment in the Gauteng and Western Cape. When rural subsidies were eventually approved and their houses built, many were firmly ensconced in new residential areas in the cities and were not prepared to come home to take occupancy. We found that beneficiaries were not always available to take transfer, receive handover and occupation of the house. Those family members left behind were not in a financial position to take occupation and often preferred to stay off the housing estate with extended family.

In Aliwal North on project 1218 in the Maletswai Local Municipality, Leon Pieterse, the responsible officer for housing explained that out migration was a problem for them.

Unemployment in this area is very high. Some of the beneficiaries have gone to other areas to look for employment and some have died due to HIV and AIDS. It is also difficult for us to allocate those houses to new beneficiaries.

The Dordrecht Peoples Housing Process (Phase 2) in Emalahleni Local Municipality had experienced similar problems. According to Mr A Makhongwana, the housing officer for the municipality, the project initially had

1000 sites. Only 920 houses to date had been completed, but 127 had not yet been occupied.

People who live here are old people, who have retired from working on farms. They do not possess any survival skills in this new township. They end up abandoning these houses to go back to the farms. This has in-fact created an impression that people do not want these houses.

There has since been a project that seeks to rehabilitate these abandoned houses, because they ended up being vandalized. There are also plans to re-allocate the houses to new owners.

The other major issue in the rural housing sector was the question of affordability. With few income earning opportunities in the rural areas, the costs associated with moving into a full-service housing unit often proved too much for rural families. The problem was that the failure of households to carry these costs meant that they were passed on to the local municipality for whom rural housing had become a serious cost. The estates built needed to be maintained and indigent policies enacted for households earning less than R1500 a month. Free basic services also had to be provided, as well as a range of other municipal procedures and services. In return, the municipalities are supposed to get rates from homeowners, but given the poverty levels in rural areas, very few households are able to pay their rates, meaning that housing provision becomes a huge cost for local authorities. The cost recovery model, which informs delivery, is only feasible if households have steady incomes and can afford to pay for the services they receive. Many of the same observations apply to urban housing projects as well.

The two cases 5.1 and 5.2 raise some challenging questions about eligibility, entitlement and the right to housing. The constitution promises citizens the right to adequate housing and therefore, the state is obliged, within available resources, to deliver houses equitably to its population. At the same time, the state has also decided on the BNG policy which seeks to end housing led settlement expansion in favour of integrated human settlement development. The implication of integrated human settlement formation is that the people living in such settlements have a means to make a living. If this is not possible, the state should be very cautious about investing resources for fear that it will create unsustainable settlements. The tension between eligibility and rights on the one hand and sustainability and integrated development on the other remains a fundamental challenge for the housing department. Integrated development implies that housing cannot be considered in isolation of other factors, including the realistic prospect of citizens to support themselves economically, while a rights-based perspective would suggest that basic rights, such as the right to adequate shelter, should not be a conditional right.

As the Eastern Cape government puts its mind to the strategic plan for housing for 2006-2010 and reflects on the requirements of BNG, many challenges will arise and choices will have to be made between fulfilling the constitutional rights of citizens and using housing as a means to help grow and development the provincial economy as efficiently as possible.

1.5 Eastern Cape Housing Supply: Delivery Dynamics

In the above discussions we spent some time exploring the new BNG policy framework and key aspects of provincial demand, especially informal settlement upgrading and the question of rural housing. But, before we reach any conclusions about what should be done in future, it would be worthwhile for us to consider how well has the province fared in terms of delivering houses to the poor since democracy in 1994.

To address this issue, we begin by trying to put our figure on both the volume of houses delivered and the locality of that delivery. At first glance, this would appear to be a relatively straightforward exercise. However, closer inspection of different sources shows that there is a divergence in housing delivery figures, not only between provincial and national sources, but also between different agencies within the province. Our first task is to review these figures in order to arrive at a credible set of estimates on delivery. Thereafter, we will explore the instruments used for delivery and reflect on a range of issues related to the delivery process, which will be illustrated through case studies. This will constitute the second major part of our discussion on the topic of delivery, access and institutionalisation.

1.5.1 The Great Numbers Debate

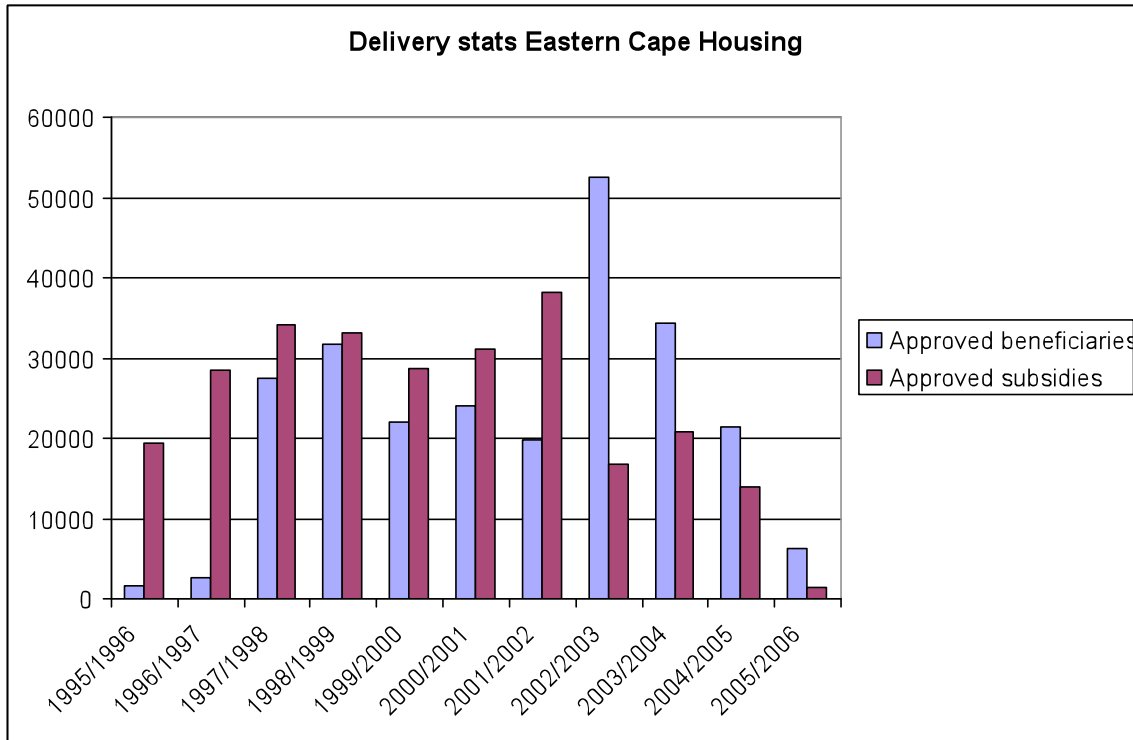
For the first five years of democracy (1994 – 1999), national government set itself a target of building 1 million houses in an attempt to ‘house the nation’. Central to this programme was the recognition that housing shortages in the country affected mainly the poorest section of the communities across all provinces. To deal with this challenge, a system of capital subsidies for housing was introduced to assist the poorest individuals to access housing opportunities. The first of these subsidy schemes – the project linked subsidies – was implemented on 15 March 1994.

According to figures released by the National Department of Housing, there was a shortage of 1.9 million housing units¹ in South African urban areas alone by 1996. 10.1% of this shortage (or 195 632 units) was located in the Eastern Cape. The Department of Housing provides some information on housing delivery² in the Eastern Cape. The table below documents the numbers of approved beneficiaries and approved subsidies granted from 1995/1996 to 2005. The number of listed beneficiaries peaked in 2002/2003 at more than 52 000 being registered. The number of approved subsidies was highest in 2001/2002 with more than 38 000 being issued. At this time, it was estimated that there was still a total backlog of 361 271 units in the Eastern Cape, which represented a proportion of the total backlog of 2.7 million units nationwide (Mifetab 2002: 231).

¹ This figure was confined to urban areas. An additional 400 000 units was estimated for rural areas.

² www.housing.gov.za

Table 1.4: Deliver Statistics for Eastern Cape Housing



1.5.2 Regional Variation in Supply

In attempting to determine the volume and nature of supply of low cost housing over the past decade in the Eastern Cape, the research team encountered considerable inconsistencies in the available statistics. In particular, we found it difficult to reconcile the figures provided by the Project Management Programme (PMP), which is responsible for overseeing housing development in the province, with those available in the Status Report, prepared by the provincial Department of Housing, Local Government and Traditional Affairs. In general, we have found the Status Report figures to be more credible and accurate, but have decided to present both sets of figures below.

An analysis of the Project Management Programme (PMP) data reveals that an insignificant number of projects were approved in the first year of the subsidy programme (two projects involving 743 subsidies). According to the same database, in the period 1995 – 2005, 397 projects were approved. 48% of these projects were in the western part of the province (Cacadu with 111 and the Metro with 77). This data is compared in the table below with the Status Report on housing collected by the provincial government’s housing department.

Table 1.5: PMP and Status Report Data on Project delivery in the Eastern Cape

District Municipality	Approval Period	Number of projects	
		PMP	Status Report
Alfred Nzo	1997 – 2003	9	7
Amathole	1996-2005	69	102
Cacadu	1996 – 2004	113	88
Chris Hani	1996 – 2004	67	52
O R Tambo	1996 – 2005	33	37
Ukhahlamba	1996 – 2005	29	30
Metro	1996 – 2005	77	111
Total		397	427

Looking at the same figures from a different perspective (seen in the figure below), it appears that a significant number of projects were approved in municipalities with large urban populations. It is also clear that the largest number of subsidy grants have been made in two Western municipal areas (the NMM and Cacadu). The lowest level of delivery has been in the largely rural municipalities, especially those in the former Transkei that show the lowest level of throughput.

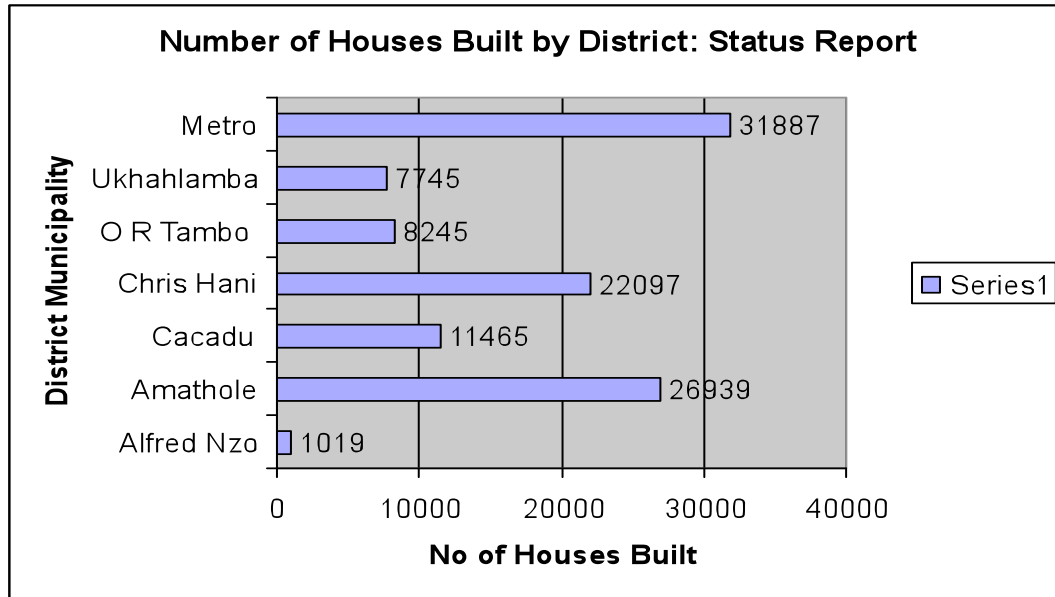
Table 1.6: Number of Projects by District

Source: Status report, Dept of Housing Local Government and Traditional Affairs

In terms of the Status Report, 176 858 subsidy applications were registered in 427 projects. Of these, 174 576 were approved, costing the department R4.4 billion. According to the Status Report, the total number of houses built over the past decade stands at 109 397 across the province. To supplement the project breakdown by district, we include a chart below indicating the total number of houses built in each district. The chart shows that the greatest number of houses were built in the Metro and the Amathole district, while the lowest delivery rate was found in Alfred Nzo. The average size of the housing projects also differed. It

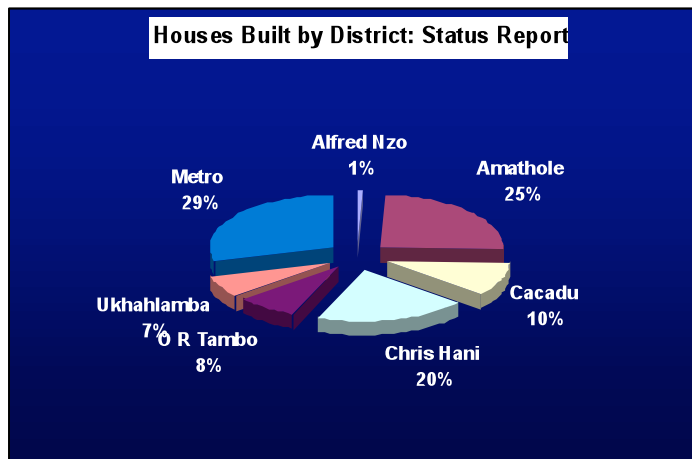
was found that in Chris Hani an average project would involve the construction of 424 houses, while in Cacadu the average project developed only 130 homes. In the other districts, the average project produced about 250 homes.

Table 1.7: Number of Houses built by District



Below is a diagrammatic representation of the percentage share of houses built for each district, confirming that some 40% of the units have been delivered in the Western region, where only 22% of the provincial population live.

Table 1.8: Houses built by District



In a national departmental review for 2002/2003, it was reported with the Eastern Cape Housing Department as the source that: ‘during the year under review, the Department delivered 47 188 housing units and 85 811 subsidies’ (2004; 23). However, this figure does not seem to be accurate because in the breakdown of the instruments used for the same report for 2002/3, it is stated that 6361 houses

were delivered via project linked housing subsidies, 9169 via Peoples housing Process, 137 in terms of rural subsidies and 635 via the institutional subsidies. This amounts to a total of 16 302 in the year, not 47 188!

In addition to inconsistencies in provincial figures, there is also disparity between figures provided by the provincial and national departments. For example, the national department suggests that 259 448 houses were completed in the Eastern Cape, while the provincial figure stands at 109 397 (as per the Status Report). Given that the total number of houses built since democracy is estimated at only 1.4 million homes, it is more likely that the provincial figures are correct. The largest quantity delivered occurred through the Amathole District Municipality and Nelson Mandela, which shared R1.1 billion each of the provincial housing budget. Alfred Nzo District Municipality's share was 2%, or just over R92 million. The subsidy amount of R4.4 billion (reflected in the status report) far exceeds the projected budget of R1.6 million indicated in the PMP, suggesting further inconsistencies between the two data sets.

Considering that 174 576 subsidies were approved in the past ten years, and that 109 397 houses were constructed during this period, there is currently a backlog of 65 179 houses that still have to be completed in terms of existing approved applications. The highest number exists in Amathole (18 647). It must be noted that this backlog is only on subsidy applications already submitted and approved. It does not take into consideration any backlog currently reflected on waiting lists, or the large latent demand that exists in all municipalities.

Table 1.9: Provincial figures for Units completed or under construction

Provincial Government	Number of Units Completed or under Construction			
	1994/5 – 2000/1	2001/2002	2003/2004	Total since 1994/5
Eastern Cape	117759	10816	58662*	187237
Free State	71699	7005	9155	87859
Gauteng	269264	46723	24344	340331
KwaZulu-Natal	206670	14379	24485	245534
Mpumalanga	68860	14584	21649	105093
Northern Cape	20569	2588	6056	29213
Limpopo	83147	16667	14953	114767
North West	87684	13885	23784	125 353
Western Cape	148376	16634	20500	185510
Total	1074028	143281	203588	1420894

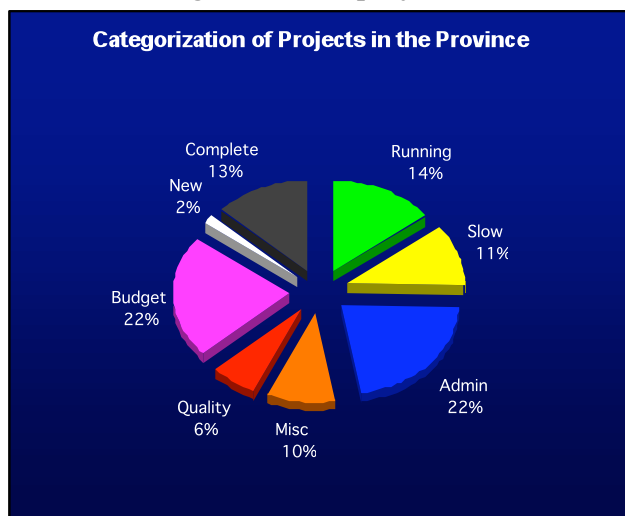
Source: National Department of Housing ABC Housing Statistics

**This figure for delivery is very high for a single year. It seems that it includes houses that have been completed during that year, as well as those still under construction. This would suggest that the total number of completed houses in the province can not exceed 135 000 for the period stipulated. It is also likely that some houses under construction are represented in the 1994/5-2000/1 column and the 2001/2 column, which could leave the actual delivery figure closer to the 109 000.*

On the basis of the available data presented above, it would appear that the Eastern Cape Department of Housing is currently able to deliver between 10 000 and 15 000 housing units a year, depending on which figures one uses (and discounting those that are obviously incorrect). It seems that delivery performance has been very uneven, suggesting the capacity to deliver above 15 000 units in some years. However, higher delivery rates have often been associated with a decline in quality. These estimates of delivery capacity seem to be consistent with the Department 2005 – 2010 Performance Plan, where it is suggested that, with improved delivery, the Department could plan to build between 20 000 and 25 000 units a year over the next five years. This is perhaps an ambitious target given the current capacity of the municipality housing divisions and the urgent need for rectification of existing housing stock in many recently completed projects

In terms of the national profile of housing delivery in South Africa, it has been reported that 30% of all units delivered have been under 30m square in size and that an equivalent percentage has been delivered outside the national minimum standards. This is a problem of considerable significance in the Eastern Cape, where large scale formal sector construction companies have not been actively involved in the low cost market and have left the bulk of the work to inexperienced emerging contractors. Consequently, of the housing stock built during the past ten years, a significant number need rectification. These are houses that are of poor quality because of inferior material used, poor workmanship and other problems relating to quality. As a result, some of the projects had to be blocked. However, projects have not only been blocked because of poor quality. In fact, in 2005 it was discovered that only 13% of the projects on the PMP books had been completed, and that a further 16% were either new or running, while almost 70% of projects were experiencing problems – some of which could lead to projects being blocked (see Table/Figure 5.9 below).

Table 1.9: Categorization of projects



1.5.3 Spending patterns

During the 5-7 years post 1994, there was a consistent trend of under expenditure by the department. Though under spending took place during these years, it must be stated that all housing delivery budgets were committed. This raises the question of the appropriateness of the project initiation and approval criteria utilized. Another problematic area related to spending is the advancement of subsidies to the municipalities called ‘dumping’.

In this regard the PSAM 2000 - 2004 Housing crisis in the EC Report concludes that:

- During the 2003-2004 financial year the Auditor-General’s finding was that the Department made advance payments of over R316 million into municipal bank accounts when the municipalities themselves were not ready to take advantage of these funds (i.e. the necessary predetermined conditions for such payments had not been met). The Auditor-General noted that such advance payments contravened Treasury Regulation 15.10.1.2(b), which states that all transfer payments can only be made ‘with due regard for efficient, effective and economical programme delivery.’
- The Auditor-General noted that this transfer of funds to municipalities was accelerated towards the end of the financial year (between January and March 2004). The only conclusion that can be drawn from this breach of the regulatory framework was that the Department was trying to shift its under spending burden onto municipalities in a failed attempt to improve its spending record.
- This unnecessary and illegal transfer of money took place despite MEC Nkwinti’s acknowledgement that it was wrong to make such early transfers. He remarked in November 2003, ‘...we realised that this [early payments] would constitute a problem in the long term because the money was sitting with the local authorities and losing value. We decided to reorganise this protocol and tried to adjust the money according to demand and capacity and not just *dump it*.’ It is interesting to note that in the Department’s strategic plan for 2004-09 it noted that ‘underperformance’ existed ‘in terms of spending patterns in some municipalities in their trust accounts’, which further demonstrates that the Department was aware of the municipalities’ inability to spend these budgeted funds prior to making these transfers. This issue was also raised by the Department’s Standing Committee in August 2004 when it observed that funds were held in municipal trust accounts for unacceptably long periods of time.

Over the past 2 years, spending patterns have improved substantially to the extent that there has been very little roll over of budgets. Caution must be exercised when talking about spending in that it does not necessarily translate into good quality housing products.

1.6 (Mis)Managing Delivery: State Institutional Dynamics

The responsibility for delivering low cost housing in this province has fallen on the shoulders of local municipalities which have neither the capacity and resources nor the skills to deliver on this mandate. Chaos will continue to prevail in this sector until such time as provincial and central government stop passing the buck of housing delivery down to local authorities and step in with renewed energy and direct to lead this process forward (Local government official – Chris Hani Municipal workshop, April 2006)

One of the most striking features of the process of housing delivery in the Eastern Cape has been the extent to which municipalities have been thrust into the role of development agency in the provision of housing. Instead of offering a supportive role to either communities or NGOs and donors or private concerns that want to develop housing projects, municipalities have often found themselves acting as the development agent, coordinating and managing the delivery process.

This situation has arisen, on the one hand, from the relatively limited interest that private sector concerns have shown in low-cost housing development. This is a national problem which is exacerbated in the Eastern Cape by virtue of its marginal location and the perception that private concerns will encounter more problems than profits in this segment of the market. On the other hand, the pressures of housing delivery imposed on municipalities by provincial government has pressurised them into acting without full community involvement and participation. The absence of this participation has been particularly problematic in a context where extensive use has been made of the Peoples Housing Process (PHP). This form of housing delivery was designed in the late 1990s to allow communities to become more directly involved in all aspects of housing provision. It was supposed to create expanded opportunities for community-driven development and participatory democracy. Yet, in practice and within the Eastern Cape in particular, the municipality has come to take on the role of the community and acted as initiator and agent of projects.

In the discussion below, we explore some of the institutional dynamics and arrangements that have accompanied low cost housing delivery in the Eastern Cape. We start by exploring the new mandate given to Local Government in 1998 to play a more directly developmental role and what this has meant for housing delivery.

1.6.1 Municipalities in the Forefront

Metro Mayor Nceba Faku blames municipal manager Mangcotywa for poor performance on municipal grant projects as well as delays. He cites as examples a crime prevention strategy, a Metro-Coega service level agreement and a Metro poverty alleviation policy. Faku blames Mangcotywa for the legal and administrative incompetence reflected in AG's housing audit report. Council sources say the mayoral committee is split on the issue. Some want Mangcotywa's immediate suspension, while others say he should get a second chance. All

political parties including ANC have complained about poor administration in the metro (The Herald 19 January 2005).³

The Housing Act (Act 107 of 1997) requires municipalities to formulate housing strategies and targets and incorporate these into their Integrated Development Plans (IDPs). Housing Sector Plans are intended to guide the municipalities to deliver housing in a planned and coordinated manner. If successfully implemented, the Plans were intended to help the municipalities stimulate their local economies, create an environment for local job creation and address the needs of the aged, the disabled and HIV/AIDS victims. They would also help the municipalities to correct the spatial disparities of apartheid and ensure integration and coordination of housing with other service provision and infrastructural development. The theory of integrated development planning has, however, been far removed from the reality of local government practice in the Eastern Cape. Indeed, during the round of IDP's, most local municipalities were still grappling with the concept of integrated planning, let alone its effective implementation.

Housing delivery in the Eastern Cape has consequently had little to do with integrated development planning. It has largely been seen as a stand alone deliverable, conceptualised most often within the framework of a specific project, and has been treated on a project by project basis. Municipalities have become the primary agents for initiating new housing projects and have set in place the mechanisms for facilitating housing delivery, usually in partnership with emerging contractors. The central role played by municipalities has been necessary as a result of relatively limited interest shown by the private sector in the low income housing market. The early assumptions that projects would be driven by private sector concerns that then entered into partnerships and a relationship with communities and government has not materialised. The general procedure has been that municipalities have launched projects and then turned to provincial government for support and funds.

1.6.2 Project Initiation: Common Problems and Processes

The province responds to projects initiated by the municipality or private developers on the basis of their project business plans, in the light of assessed provincial housing criteria, and approves the project with the municipality or private developer acting as 'developer'. This approach resulted in a wide geographic spread of projects throughout the province, with too many projects in too many places and not sufficient capacity to manage them. In addition, this approach also does not take into account actual housing needs in terms of broader development planning in rural and urban areas. In terms of the IDPs, it was made clear that for housing developments to be effective they had to connect with other infrastructure and development opportunities. Municipalities were also supposed to evaluate and prioritise projects in relation to their overall strategic objectives, but this did not always occur as it was often those who shouted the loudest or petitioned most aggressively that got the municipality to respond.

³ The Herald 19 January 2005

A further problem arose with the project approval process because projects were (and are) approved in the project initiation phase, which does not necessarily include all the necessary planning and engineering infrastructure studies. After approval, and after some time, these studies are eventually completed and costed, changing the overall business plan which is now so much more expensive. The result has often been that those projects are stalled due to insufficient funding. At this stage, the funds for the projects are committed to other projects better able to deliver results on time.

After many years of under spending, the ECDOH adopted the ‘managed Peoples Housing Process model’ as its preferred subsidy instrument to deliver on its housing mandate. This resulted in funds being transferred to municipalities, a process that became known as ‘dumping’, that allowed the ECDOH to claim that it was spending its budget. However, it was soon discovered that the transfer of funds was no guarantee that good quality houses were being built. Many of the long running projects were stalled due to insufficient funding to complete and quoted factors such as inflation corruption, mismanagement, maladministration and reasons for the difficulties experienced. The ECDOH is held responsible, but usually finds it difficult to enforce the contractual obligations on defaulting municipalities and, as a result, many projects remain stalled for many years.

According to the Eastern Cape provincial government’s figures of February 2004, they claimed to have built 127 500 new homes since 1994, with a further 105 000 nearing completion. The PHDP 2001-2006 stated that, for the period 1994 to 2001, a total of 167 920 houses were built against planned housing of 232 106. Above, we have indicated that the actual number delivered is probably closer to 110 000 units. But whichever way you look at it, what is clear is that the department has *consistently* not managed to meet its own delivery targets and to spend the money allocated to housing. The primary cause for such poor performance has been related to organizational and municipal capacity constraints, as well as the exodus of the large private developers/contractors from the subsidized housing market.

1.6.3 Shifting to the Peoples Housing Process (PHP)

Between 1998 and 2000, there were very few PHP projects implemented in the province. However, from April 2002, most (up to 80%) subsidy projects had been approved as PHP projects. It would appear that the two main motives for converting from project-linked applications (which dominated prior to 2002) to PHP have been to address the department’s problem of under spending and to bypass the normal R2479 beneficiary contribution required with other instruments. This means that beneficiaries do not need to contribute any savings to get a project started, which makes the process much easier for the municipality.

But it should also be noted that the manner in which the PHP projects are now implemented is contrary to the community-driven approach prescribed in the NHC. In most cases, the project is driven by the developer, which is usually the municipality. The mobilizing and capacitating of communities to lead the process appears to have been overlooked. Communities also seldom have a choice in the design, construction and management of the project and their houses. The

beneficiary participation in most of the PHP projects is no different from the typical developer-driven projects that consist of Steering Committees, made up of consultants and municipalities. The community members serving on the Steering Committees are mainly informed of the process and do not necessarily participate in any decision making. *The department focuses on spending, rather than community participation, and the municipalities abdicate their responsibilities to consultants rather than to be involved in the projects in a meaningful way.*

The remoteness and difficulty of working in some rural areas can affect the delivery of houses in the rural context, where PHP is now also being widely used. In many areas, the required materials cannot be transported by road to the plots. This makes the delivery very labour intensive and that has an impact on the transportation costs. The NHC does not make provision for such additional costs, though it allows for an extra 15% for 'geo-tech conditions'. An example is provided by a project we encountered at Port St John's:

Port St Johns rural 1000, is a project that has experienced access related problems. The project was approved in 2003 and due for completion in June 2005. Michele Schreiber, who is the project manager, pointed out that one of the reasons that the project was unable to meet its deadline was because of the terrain. *"It is difficult to get the building material onto the project site because of the roads that are inaccessible. I have to employ people to carry the material onto the project site. This then puts a lot of burden onto the budget".* Another reason that had contributed to the delay was the amount of time spent on excavations. *"The terrain in Port St Johns is very steep, which then poses a challenge in doing the excavations. We need more people to do this job".*

Difficulties in enticing suppliers and contractors to deliver housing in the rural areas, however, are also major challenges for such project. Once the suppliers have considered the road and transit conditions, they sometimes simply refuse to deliver because of the anticipated additional cost in terms of wear and tear on their vehicles.

In the Kentani area, we found that other problems arose because of the role of traditional leaders in the allocation of land to beneficiaries, which has prevented a project from starting. Despite much effort from the side of the department, there has been no progress with this project for the past four years. Similar problems are experienced in other rural areas. The basic problem is that chiefs and headmen still regard themselves as the custodians of the land in communal areas and view housing delivery projects as an assault on this system and as an affront to their right to control the land. The informal land rights legislation provides the technical and legal clearance for development on tribal trust land, but then it does not deal with the complex politics of transforming land-tenure and use system at a local level.

One of the problems with the shift to the PHP process in the province is that it has emerged as a response to pressures from above for speeding up expenditure and increasing delivery. To achieve these objectives, provincial government has been dumping their housing funds on municipalities. To fast track delivery, the municipalities have opted for PHP processes because they can be initiated without extracting any beneficiary contribution, which is time-

consuming and involves extensive consultation with communities. To move quickly, consultation is kept to a minimum and the project is managed from within the municipality, which appoints the contractors to do the work and manages the process internally (opening space for preferential tenders and corruption, see below). The problem is not just that excessive haste leads to poor planning and poor delivery, but that the process itself becomes unsustainable. By handing out houses to people who cannot afford to maintain them the state creates costs for itself, costs that poor local government structure can least afford to carry. Many hastily planned and executed PHP projects have little chance of long term success because the beneficiaries do not have the means to support the basic service provided to them. There appears to be a fundamental contradiction between the current modus operandi of the department and the requirements of the new policy to support projects that will lead to sustainable human settlements, which we will return to later.

Case 1.3: Housing Support Organisations - People's Housing Process

The National Housing Code makes provision for supporting and facilitating the process of home building by individuals, families and communities. The strategy is aimed at those families who only have access to housing subsidies, and who wish to build or organize the building of their homes, themselves. The strategy assists such households to access housing subsidies and provides technical, financial, logistical and administrative support.

In the EC, the Department enters into agreements with municipalities to provide support to the above process. These agreements treated municipalities as Support Organisations. In general, the overall picture is not good. Not many of the municipalities have lived up to expectations in their capacity as Support Organizations (SO). With regard to all PHP projects, the Facilitation Grant is paid upfront for all of the facilitative pre-contract functions and the Establishment Grant (R570 per household) is paid together with the capital subsidy funding that is linked to approved beneficiaries, and can be used for the operational costs of the HSC. The Department needs to commission a performance audit of SOs in order to identify areas for development and capacity building.

1.6.4 Project Management: Rising Costs and Delays

The successful management and delivery of housing projects remains a serious challenge in the province. This is reflected in the (low??) delays that exist between the initiation of projects and their eventual delivery. Research into the provincial records for housing delivery reveals that it often took between three and five years to deliver on projects. Many projects initiated in 1997 or 1998 were only producing results in 2002 or 2003. One of the problems associated with such delays was the rising project costs. Another factor which inhibited efficiency was the prevalence of low productivity and corruption in the sector. Both factors are considered in more detail below.

On average the lifespan of a housing project from identification of a portion of land to the commencement of installation of services should be 18 months. The construction of houses does not commence immediately once the essential services have been completed. The timeframes for the completion of both PHP and CBP are dependent on a number of factors including: support from

the community and ward committees; the size of the project and the availability of technical skills and the capacity of the support organisation and housing support centre. As a consequence, housing projects on the budget of the department for any given financial year include a mixture of projects at various stages of implementation ranging from the feasibility stage to the housing construction phase.

Lengthy 18 month infrastructure development processes have been a major contributor to the stalling of projects. In our survey of projects, one of the major barriers to delivery raised by project managers was the inflationary impact of project delays. The prices of building materials have gone up tremendously over the last 10 years and the subsidy bands have not managed to keep up with prices. This has contributed to projects being blocked, because funds allocated to projects are just not enough to keep pace with inflation.

The bureaucratic processes within municipalities and the Provincial Department of Housing also contribute to the problem. Mathew Goniwe Greenfields project in Nelson Mandela Metro is an example of a project that has been affected by inflation. The project was initiated in 1998 and construction started in 2000, but the project was subsequently blocked the same year. There were 1259 planned units, but only 439 have been completed. The municipality had to discontinue the project because of inflation. In September 2005, top up funding was approved for the project and all the beneficiaries have been signed up.

Another project affected by inflation is Mthumbani project 163. The project was approved in 1997, construction started in 1999 and subsequently stopped in 2001 when the project was blocked. Michele Schreiber, who is the project manager, claimed that the project had been affected by inflation. The subsidy band is no longer able to keep up with the price of building materials. Most project managers agreed though that the current subsidy band, which is just over R31 000 could be enough to build a good quality house.

1.6.5 Corruption and Mismanagement

A report by Gobodo Forensic and Investigative Accounting had found irregular payments totalling R17 million. The irregularities related to the supply of building materials, quality of houses and payment processes. Service providers were reportedly paid for doing little or no work. In some instances houses built needed to be rebuilt from scratch because of their poor quality. The accountability monitor looks at steps taken to combat cases of misconduct, corruption and mismanagement in the public sector. It provides information on the performance of politicians and public officials and whether they are delivering services in a way that represents the most effective use of public resources (*Daily Dispatch*, 30 September 2005).

Adding to this provisional picture, Auditor General Shauket Fakie reported on the 15th June 2006 that more than R300 million of state housing subsidy funds had been misallocated to government employees, to deceased individuals, people with invalid ID numbers and people under 21 years of age (*Dispatch* 15/6/2006). The Fakie report illustrated the existence of widespread mismanagement and corruption in the allocation of the state housing subsidies.

The Public Service Accountability Monitor at Rhodes University has made similar allegations of mismanagement directed specifically at the ECDoH, they are analysed in a detailed report (cf. PSAM 2004). The desire of the provincial department to spend its budget as rapidly as possible resulted, as we have described above, in the dumping of funds on local municipalities, who were left to disburse the funds to potential housing beneficiaries. It was between and within these circuits of transactions that funds have gone missing or have been misappropriated. From a litany of complaints in the media, we have selected a few examples to indicate both the nature and geographical spread of the problem.

Case 1.4: Misappropriating Housing Funds in Nkonkobe Municipality

Nkonkobe Municipality's Manager and another senior municipal official have been suspended pending disciplinary hearings. They face charges of gross dishonesty and negligence. The charges come after investigators found indications of fraud and mismanagement in five housing projects – Alice Golf, Alice Ntselamanzi, Seymor, Fort Beaufort and Mpolweni in Fort Beaufort.

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Case 1.5: Project Mismanagement in Mount Frere

The National Council of Services Committee has tabled a report on the situation in the Mount Frere area of Transkei. The committee had visited the area after numerous calls from the residents whose roads and houses had been affected by the floods and tornadoes. The money received from local government and housing was allocated to the Independent Development Trust (IDT). The houses were not up to standard and there was a lack of monitoring and supervision. Roads are in a state of disrepair. Though there are three provincial construction units, the production is very low and there is lack of monitoring and supervision. The staff starts work at noon and finish at 3:30 pm. Some workers were found to be intoxicated during working hours. The Public Works Department's machines are standing still either along the roads or at the house of the mayor of Umzimkhulu. (*Daily Dispatch*, 12 October 2001)

Case 1.6: Rejecting Corruption in Nelson Mandela Metro

The Scorpions have threatened to subpoena senior Metro staff and seize documents to complete corruption investigations but they are frustrated by unco-operative and unwilling officials. The officials are being investigated on corruption and mismanagement in low-cost housing programmes. The Scorpions said the actions of Mzingisi Mangcotywa (municipal manager) could be viewed as defeating the ends of justice. Metro spokesman denied the allegations of non-co-operation (The Herald 8 February 2005)

Residents in various areas have taken into streets because delivery has been hampered by corruption, poor administration and other problems. Residents of Matthew Goniwe Hostel at Kwazakhele blocked Njoli road and emptied tins full of litter on to the road. Residents at the Kwandokwenza area mobbed Mayor Nceba Faku's car when he went there to address the angry crowd. The protests also spread to Motherwell. The residents blocked Uitenhage Road burning tyres on the road and pelting passing motorists (*The Herald*, 16 May 2005)

As the above extract suggests, there is growing dissatisfaction within communities about the levels of corruption in housing delivery processes. One fundamental reason for this situation, as will become clearer below, is that the imagined partnership between the state, private concerns and communities has not occurred in the way that it was originally conceived. There has consequently been lack of transparency in many of the processes associated with housing delivery. The model of participatory democracy imagined in the local government legislation has not been seen through in practice. The existence of corruption is not merely about individual greed and incompetence, it points to the failure of systems and ideologies.

1.6.6 Access to Land

Gaining access to developable land in good localities has provided a major challenge in the province. Land values are highest where development is desirable and the funding available does not cover the acquisition of prime land for low-cost housing. The result has been that land has been acquired far away from economic opportunities and thus has resulted in the perpetuation of racial segregation and the marginalisation of low-income households. Beyond issues of location, many municipalities complained that there simply was no land available for housing development in the areas where they wanted it. Issues related to land release and transfer were a common complaint during our fieldwork.

The Alfred Nzo area is an example of an area that is experiencing problems related to the transfer of land. Much money, time and effort has been spent by the department on resolving the land problems. Beneficiaries are, however, still not able to secure ownership of their properties. Projects should not commence without the readiness for land transfer. This should form part of the project approval criteria. Umzimkhulu is another local municipality that is experiencing a shortage of land for housing delivery. This is according to the Housing Officer, Funeka Mkhize.

There is not enough land in this area to cater for people in our waiting list. The existing land is also not serviced, which poses a great challenge. Kouga Local

Municipality also complained of the same problem. According to the Housing Manager, Gordon Olivier, access to land is a huge problem for the municipality. 80% of the land in Kouga Local Municipality is privately owned. *'It is very expensive for us as the municipality to purchase land. I think we need to link up with the Department of Land Affairs to assist us in purchasing some of the land. One of the farms we intended to buy for R6 million, was subsequently sold for R11 million to a black consortium that is intending to build a shopping complex.'*

In terms of the new BNG policy, housing nodes will need to be identified and the necessary procurement, land alienation and zoning issues will have to be undertaken well in advance of the actual housing delivery to avoid the delays that are currently being experienced. Land release is further hampered by the various pieces of legislation and the legal procedures related to the alienation of land, the difficulties in accessing state owned land and the constitutional imperatives impacting on the acquisition of private land and the number of disputes related to the release of tribal land.

The department will, through the Housing Sector Planning process of municipalities, now be informed of suitable public land for alienation by the DLA. Such land will be donated free of charge to municipalities. If no suitable public owned land is available, then privately owned land will be acquired through funding from the HSRP. It will also have to address the slow and cumbersome procurement framework linked to the acquisition and release of state owned land.

1.6.7 Other Management and Supply Issues

- i. Supply of basic services:** Many of the municipalities in the Eastern Cape face the challenge of ageing and inadequate water and sanitation services. The infrastructure portion of the subsidy cannot cover these costs. Municipalities must be innovative in finding a solution to this problem. In addition to the municipalities' ability to fund and raise funds for infrastructure development, the Municipal Infrastructure Grant is another mechanism that is available to assist in this regard.
- ii. Appropriate supply of housing:** At local level, the supply of housing must be in response to demand. Municipalities must facilitate a match between the need and the different housing typologies available, taking into account the spatial restructuring plans and urban development frameworks. This approach will ensure integration between housing delivery, spatial planning, urban design, transportation and other infrastructure systems that will ultimately support the integration of housing into the IDPs, thereby ensuring budgetary coherence.

Within the rural context, the housing interventions must take into account the traditional and indigenous technologies that were used to construct houses. Important aspects related to needs based housing delivery are, HIV/aids, special needs, densities, tenure options and location, housing typologies, construction methodologies etc.

- iii. Access to finance:** The department has been plagued by projects not being completed on time and it is not able to allocate such funds to other projects, with the result that committed funds are not being spent. There is an inadequate supply of subsidies, however, this statement must be seen in the context of the department's ability to spend and deliver housing. In addition to the subsidy allocations received from NDOH, the department must explore other funding sources to enhance the housing delivery programme as well as for capacity building purposes.
- iv. Fiscal pressures:** Housing Construction is linked to inflationary pressures. For example, a 1% increase in material price is not matched by an increase in the subsidy quantum. The Subsidy does not accommodate the rural challenges. For example, the difficulty of accessing the rural villages comes with additional transportation costs that are not reflected in the subsidy quantum.
- v. Strategic Direction from Province:** Lack of a coherent strategic direction, conducive policy environment, good governance and decision making structures, inefficient and effective internal systems, processes and procedures, performance review mechanisms and the lack of capacity are issues that affect the required delivery of housing. Adherence to good operational and business practice is essential. Strategy formed on the basis of sound national and provincial policy, understanding of customer needs underscored by focussed service delivery becomes the basis of strategy implementation.
- vi. Interdepartmental Linkages:** Integrated sustainable housing delivery must be aligned with the departments of education, health, sports and recreation, safety and security and social services, public works and local government, if the desired outcomes of integrated development with optimised social amenities and economic opportunities is to be achieved. The department must also engage actively in the municipal IDP formulation and evaluation processes. The principles and criteria of the MHDPs will enable the reviewing and updating of the aligned IDP and SDF in future years. In turn, aligning the MHDPs will largely assist the development of the PHDPs.
- vii. Housing Units in Local Authorities:** Pre 1994 saw the de establishment by the municipalities of its housing units. This resulted in serious capacity and funding constraints that have severely hampered municipalities from packaging integrated and sustainable housing products and aligning funding to housing delivery. It would be interesting to conduct a survey to find out where the exiting skills are?
The new procurement environment is also a contributing problem to the housing delivery process. This legislation has good intentions and municipalities must find a way of implementing it in an efficient and effective manner.
- viii Private Sector participation:** The introduction of the NHBRC norms and standards resulted in very low profit margins for contractors; this led to an exodus of contractors from the low cost housing market. The withdrawal of these housing suppliers has left capacity gaps mainly in construction, project management, financial and subsidy administration.

The department will have to assess its efforts to achieve its growth targets related to the development of 100 fully-fledged contractors, as this has not been achieved. In order to meet its planned targets, it will have to facilitate capacity building and access to funding opportunities. The collapsing of the income bands and the annual inflationary increase in the subsidy quantum are some of the mechanisms to lure the private companies back to the low income housing market. But the experience of private sector involvement in the province has been dismal and it is one of the reasons why the sector is experiencing such difficulties at present.

1.7 Reluctant Partners? The Private Sector

- Angry Soweto-on-sea and Mcebisi Xundu village residents marched to the offices of a development trust tasked with overseeing housing projects. Mcebisi Xundu village residents are demanding an amount of R1million to fund repairs to poor quality houses built by the trust. Residents are complaining that the trust is allowing outsiders to fraudulently register as beneficiaries from Soweto, Veeplaas and Govan Mbeki. They demand a progress report on funds already spent on the development. (*The Herald*, 7 February 2003).
- Government Housing Projects in the Eastern Cape are running into serious problems as beneficiaries refuse to occupy substandard houses and the department of housing has no money to repair building defects. The department was looking for money from the National Housing Department to address the problem of cracks, leakages and other defects in the housing projects (*The Herald*, 23 February 2005).
- Since 1994 government has spent about R28bn on delivering houses to those who can't afford to buy them. The trouble is that a fair number of these houses are not well built and the older they get, the more they leak or crack or start falling to pieces. Housing Minister Lindiwe Sisulu said her department would track down those developers responsible for that bad work and would make sure they fixed those houses at their own cost. Municipalities, provinces and the National Home Builders Registration Council will be persuaded to assess these houses and find the builders wherever they are and whatever name they now trade under. (*The Herald*, 16 March 2005)

1.7.1 Blaming the State

The above quotations point to the existence of significant problems in the general quality of houses delivered through the state subsidy programme. PSAM has recently noted that in 2002, an audit discovered that in 90 percent of the housing projects inspected, houses did not conform to the norms and standards of the National Housing Code (This does not mean that 90 percent of the houses were substandard, just that there were substandard houses in 90% of projects). Overall, the Auditor-General did find 'significant deficiencies in the quality of houses delivered throughout the province.'

In 2003/04, the Auditor-General reported that while **project monitoring** improved towards the end of the period under review 'for a substantial portion of

the financial-year no proper structures were in place to coordinate and evaluate site inspection reports.’ In addition, it was noted that while the quality of houses improved in comparison to the previous year, ‘numerous deficiencies’ were apparent within the construction of new houses. Problems were seen to exist in.

- Monitoring and control procedures ... were ‘inadequate.’
- Site visits to projects by departmental officials were ‘infrequent.’
- Site inspection reports were inconsistent ... lacked specific comment on the quality of houses and were not submitted to the Department on time.

The Department has acknowledged its need to improve the quality of houses being built. As early as March 2000, the MEC noted that standards of house construction needed to improve and promised that his Department would ensure that recently constructed homes would be reviewed by independent inspectors. In the Department’s annual report for 2000/01, the MEC noted that one of the key challenges that it faced was to ensure ‘a better quality end product.’ The report noted that the independent inspection of housing projects would take place via a uniform reporting format that would see site inspection reports being submitted to the provincial Housing Board. In addition, it stated that it would encourage all builders to register with the NHBRC. In the Department’s annual report for 2002/03 the audit committee report noted that poor quality homes were being constructed, and noted the Department’s inability to effectively monitor housing projects (PSAM 2004).

In an effort to address this situation, the Department’s **strategic plan** for 2003-06 stated that the Department intended training 100 ‘housing practitioners’ to ‘ensure adherence to norms and standards’, promising that housing standards would be enforced by the production of monthly housing reports. In its strategic plan for 2004-07, it noted that one of the Department’s key goals was the ‘monitoring and evaluation of delivery of quality housing products.’ It promised that it would inspect each and every housing product delivered and ensure that they complied with norms and standards. Despite these proposed measures, the strategic plan for 2004-09 stated that ‘inadequate quality control’ was one of the constraints facing the housing programme. However, like the strategic plans before it, the plan still noted that the Department would monitor the quality of every housing product it produced regardless of its previous failures to meet this commitment (PSAM 2004).

There is clearly an acknowledgement on the side of the department that the quality of the product delivered is not what it should be, and that the department ‘lacks the capacity’ to manage better quality delivery. What is frustrating is the seeming failure of the department to address the problems and deficiencies it identifies and to allow problems to linger on from one year to another. This is where the PSAM correctly hammers the department. It is not good enough to continuously admit to a critical lack of capacity and then to do nothing about it, except to outsource more and more work to consultants.

In the discussion below, we try to move away from simply pointing a finger at the state and the housing department and attempt to demonstrate how poor performance is a product of failed partnerships between the state, the private

sector and communities, rather than a one-sided matter as the PSAM 2004 report seems to suggest. To tackle effectively many of the challenges that face housing as a sector it will be necessary to rebuild partnerships in the sector. The purpose of the discussion below is to reflect briefly on the roles of the private sector and communities in the housing process in a little more detail and think of these roles in relation to the roles and responsibilities of the state.

1.7.2 The Role of Private Capital

The housing context has evolved considerably since 1994, but a dominant feeling has been that housing would be delivered more effectively by the market than by government. The desire has been for private developers to enter the low-income housing market and participate in the delivery process. Financiers were also supposed to enter the market and provide appropriately designed loan products. The involvement of these two parties would increase the market segments of other players, namely, building material suppliers, contractors, engineers, and so on. But this has not happened, especially not in the Eastern Cape where there has been relatively little private sector involvement in low-cost housing projects. We have also noted above that the banks are only beginning to develop effective products for buyers at the bottom end of the housing market.

Private interest in housing delivery in the Eastern Cape has since waned. Over the course of the subsidy's implementation, its value and therefore capacity to fund the delivery of a 40 square metre house has decreased. The adoption of a 40 square metre house as a basic standard in the Eastern Cape, when many other provinces were happy with a 30 square metre house, increased expectations and ensured that the cost of meeting the standards far exceeded the value of the subsidy. This caused developers to cut corners, thus sacrificing quality. In addition, with a view to safeguarding profits and cutting cost, developers located new projects on the cheapest available land, which was far away from jobs and services. The withdrawal of private developers helps to explain the present role of municipalities as developers, this bears the risk of development and subcontract to the private sector the construction of the houses and the installation of the services. In order to maintain delivery, municipalities have had to 'pick up the slack'.

1.7.3 Why Large Private Contractors Stay Away

The low cost housing materials market share is 6% of the total. From this, one can deduce that 6% of the activity in the construction industry is focused on low cost housing. The introduction of the Preferential Procurement Policy Framework Act (PPPFA) by government has resulted in most major companies concentrating on the 94% market than complying with the government policy. This has had a negative impact on the available capacity to deliver, because there are no well-established large black owned construction companies to fill the gap, especially in the Eastern Cape. Major companies were also reluctant to engage in the housing market due to the subsidy being fixed, hence realising limited profit margins. The enhancement to the policy of the subsidy increasing annually by the rate of inflation has had little or no impact on the return of the large, established

contractors to this Province. However, this enhancement is recent and time will tell whether this situation will yield a more positive impact. The Minister has embarked on an aggressive drive to lure the private developers of the fashionable housing and Golf estates into the low cost market, by offering incentives if there is low cost housing included in such estates. The argument against this approach is that this is happening a little too late as the indications are that the housing boom is tapering down.

1.7.4 Emerging Contractors and Poor Quality

The lack of interest from established construction companies has opened the way for emerging contractors to enter the housing market. The problem in the Eastern Cape is that there are not a lot of well established black contracting companies with a reputation for delivering big projects. This has meant the municipalities have often had to work on a trial and error basis. They have taken what was locally available and have often been badly burnt in the process. The problem for poor quality delivery lies as much in the low skills base of their service providers as in the lack of capacity on the side of government to effectively manage the delivery process.

The ECDoH has had the will and the good intention to capacitate and provide employment for marginalised and disadvantaged groups. It has invested time and money into various programs, without much success. The provision of mentorship has been lacking and could form a critical element in developing emerging contractors. In fact, mentorship is essential to accelerate the process of empowerment. It affords emerging contractors, who are awarded contracts, the benefit of the experience of those individuals who have extensive experience in the construction industry. But, given the low levels of participation from established contractors in the low-cost housing market, it remains difficult to imagine where the department will get the new mentors from.

The ECDOH has supported and invested in the establishment and capacitation of the Border Builders Association (a grouping of emerging contractors). A number of projects have been awarded to this association, but the results are dismal. The organisation is plagued by infighting, which has contributed to community dissatisfaction and has generally delivered poor quality products. The department took a very long time to act on the problems with BBA, but have since cancelled the contract with them. It is not clear how the department seeks to remedy this failure, but urgent action is required to develop the skills base for more effective housing delivery.

Many of the municipalities have procurement policies that favour emerging contractors and material suppliers without the sufficient consideration of the mentorship needs and capacity constraints of these contractors. Most of these projects are not performing. They produce poor quality houses. They are weak administratively and experience financial problems. Most recently, the department has adopted an attitude of zero tolerance of non-performance by cancelling such contracts. Lessons learnt, should be that emerging contractors should not be allocated a number of projects from the onset, but rather employed on a project by project basis that is performance related. There is a need for

effective mentorship and on the job training by the municipalities and/or the ECDoH, or as joint ventures with established contractors.

In the survey, some of the comments made with regards to emerging contractors were that their progress was very slow, that they liked cutting corners, and that they could not manage themselves. Simphiwe Nojoko, Project manager in the Amathole District, felt that work should be given to the more established contractors, who can do a far better job and also keep with the required deadlines. Other project managers felt that the emerging contractors must be constantly monitored in order to make sure the work is of an acceptable standard. Emerging contractors have also contributed to blocking of projects, due to poor quality workmanship. The Fort Beaufort Golf Course project is a typical example of such a problem. The project was initiated in 2002 and was subsequently stalled in 2003 because of maladministration and poor quality of houses being built by emerging contractors. The project had 1177 planned units, which were given to emerging contractors to build. Apparently, some of the emerging contractors put in claims on work they had not done, which adversely affected the finances of the project. Some of those emerging contractors have since disappeared. A section of this project has since been blocked, with 296 houses incomplete. An established contractor has now taken over the project, to complete 300 units.

1.7.5 An Absence of Public-Private Partnerships

The Province and its municipalities have not invested in formulating PPP housing delivery models, as is the case in Gauteng. Projects delivered on this basis are initiated and driven on a very small scale, by the private or NGO sectors and has yielded a mixed bag of results for the Province, there are a number of good and bad experiences.

Most recently, Buffalo City has taken a step towards developing a PPP model for housing and infrastructure maintenance and delivery at scale. Once again this has been a reactive process following an unsolicited bid by the Absa Group to deliver infrastructure and housing development at scale. It would seem that the four big banks are taking their commitment to the Finance Charter (Housing) seriously, as all of them responded to the Buffalo City call. In addition, the big developers, professional and construction companies have put their weight behind the process.

The model proposes the establishment of a private entity to manage the infrastructure and housing maintenance and delivery program with a minimum amount of risk sharing by the municipality. This approach could be sustainable and viable within a big city/metro type of municipality where the revenue generation from the increased rates base and maintenance fees together with the income generated from the property (housing and commercial) component would be utilised to liquidate the loans and to provide additional subsidisation to the lower income housing and the infrastructure development costs. It would also realise delivery at scale within a shorter period of time. The danger of this model is once again related to the private sector goals of profitability versus the municipal goals of maximising community participation and development.

The banks have undertaken extensive research into development of a delivery model (risk sharing) for the low income housing market and are ready to deliver on this mandate in partnership. The growing involvement of the banks is linked to the growing prospects of the emergence of a single urban market in housing, especially in metropolitan areas like Johannesburg, and the potential for investment that this development would imply. The growth of a housing market in township areas has been the focus of much debate lately.

1.7.6 The Sale of RDP houses and the ‘Gap Market’

Hungry and desperate people have been selling their new RDP homes for as little as R1000 and have gone back to squatting. A deeply concerned Makana municipality senior housing official said unemployed owners were selling their houses to local business people at low prices. He said he has received reports from members of the public that seven RDP houses were up for sale in Extension nine with prices ranging from R1000 to R4000. He said the municipality and the entire community are opposed to the selling of RDP houses. (The Herald 9 February 2005).

In terms of the law, new RDP houses are not to be sold for 8 years after they are built. (The state will not transfer these properties which the beneficiary has occupied for less than that period). However, in reality, and as the above media report suggests, RDP houses are changing hands, they are being bought and sold outside of these rules and often without any transfer of title deed, the assumption being that occupation is nine tenths of the law and that if one can occupy the house, one effectively owns it. In the case of the Amalinda Forest settlement, it was noted that some families sold their houses for R5000 to R6000 when disputes arose in the settlement. It is also alleged that some of the committee members in the housing scheme sold other peoples houses as their own. The demand for township and RDP houses is increasing and it has been reported that there are now seven potential buyers for every house placed on the market in Soweto.

In the Eastern Cape, the low-income market is still very ‘thin’. In other words, there are not many buyers and not many sellers. One source of demand is from immigrants into the province who would not qualify for subsidies because they are not citizens, but nevertheless want access to reasonably priced houses. The low cost housing market is seen to comprise of two components: the *primary market* made up of new stock and the *secondary market* comprising existing properties put up for sale. In the Eastern Cape, there is very little sale of secondary stock, but some individuals are selling off their RDP houses, mainly because they are too poor to pay for services and maintenance. In a sense, many of those who acquire houses through the state subsidy scheme are too poor to hold onto them and are thus very vulnerable to offers of cash from prospective buyers.

In the past year, there has been a great deal of attention placed on what is known as the ‘gap market’, namely those households that earn more than R2000 a month and less than R8000 a month and have funds to invest in a bond. In the past, the banks have not been interested in this market and have regarded it as too

risky. But with new guarantees from the state, a deal has been struck for R42 billion to unlock housing finance for the low income market. Following an announcement by First National and Standard Bank expressing interest in this market, Absa Bank announced in June 2006 that it had opened a new division entitled Affordable Housing to service this market and hopes to sign agreements to the value of R12 billion before 2008.

The willingness of the banks to come into the market opens new opportunities for urban growth in especially secondary towns and cities in the Eastern Cape, such as Queenstown, Mthatha, East London, Grahamstown, King Williams Town and the like, as well as in the Nelson Mandela Metro. There is opportunity here for investors to begin to identify sites for the development of new housing estates which will need to be integrated with services, transport and shopping for them to be successful. In relation to the gap market, developments in the Eastern Cape will almost certainly follow the example of Gauteng, the site of the greatest demand nationally.

1.8 Participatory Development: Communities, Donors and NGO's

Angry Soweto-on-sea and Mcebisi Xundu Village residents have marched to the offices of a development trust tasked with housing projects. The marchers presented a memorandum to Mzingisi Development Trust manager. Among the residents' grievances are that the trust is tampering with the waiting list by allowing outsiders to fraudulently register as beneficiaries from Soweto, Veeplaas and Govan Mbeki. They also demanded that the trust provide them with a progress report on funds already spent on the development (*The Herald*, 07 February 2003).

The government should not adopt a 'one-size-fits-all' approach to upgrade informal settlements, it will not work', a leading housing development non-governmental organization has cautioned. Research conducted into 40 projects showed that, where communities were not involved, the housing project failed. Thami Maqelana of People's Dialogue and Home People's Federation said residents should be involved in the upgrading of housing (*The Herald*, 22 November 2004).

We can say with regard to housing, for example, that the measure of development is not simply how many houses have been built or maintained. The indicator should rather be the degree to which such a programme enforced parental control, the degree to which families better managed their assets and the degree to which they tried to exercise care over surrounding areas (Chipkin 2005: 151).

The South African government is committed to participatory development. The 1998 White Paper defining developmental local government claimed that 'local government [is] committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and to improve the quality of their lives' (RSA 1998: 13). In the field of housing, a core value in the delivery of housing in post-apartheid South Africa has been community participation. In fact, in terms of the initial legislation, all low cost housing processes were supposed to involve the signing of a social compact

between the developers and the community committing each party to a process of working together towards common, negotiated goals. This early commitment to participatory democracy and community involvement has largely been shelved in favour of a 'technicist solution' that helps to speed up delivery, but at the cost of diminished or non-existent levels of community participation. In the Eastern Cape, technical efficiency, as we have seen, has not compensated for the lack of community participation, which has been as much a feature of the delivery landscape in the Eastern Cape as elsewhere. The absence of effective community involvement is even inexcusable in the Eastern Cape given that a conscious choice was made in the process to use the Peoples Housing Process to broaden access to housing amongst the poor.

Jones and Datta (2003) have suggested that, despite policy documents which affirm a commitment to community participation, these processes were much less prominent in the corridors of power than many imagined. They argue that the outcome of the housing policy debate in the 1990s was that NGOs and community interests to a large extent were excluded or ignored. They alleged that the 'please all discourse' of the ANC was closely connected to current thinking in the World Bank, which did not want too much emphasis placed on social compacts with the poor. They claim that the NHF made knowledge through a technicist approach, involving a small group of consultants, many of whom had prior experience working for organisations like the Urban Foundation.

One of the arguments commonly presented is that the final considerations of GEAR overshadowed the Developmental Local Government approach of the 1998 White Paper, resulting in an approach which was strongly focused on efficiency and cost-recovery, rather than expanded access and community participation (McDonald and Smith 2002). While the RDP was good at mobilising people in communities, it seems to have had little to offer in terms of translating talk about service delivery into action. The IDPs therefore came in as a requirement of all metropolitan and municipal government, consultation with communities were meant to *identify needs, structure service delivery to meet those needs, decide on how money should be spent, and measure the performance of local government in meeting its objectives*. But while this has been the ideal, we know that the IDP process has been flawed at two levels: (1) it has not involved much community participation, being instituted as a technocratic process; (2) has seen an absence of effective public participation. Evidence of the failure of this process is seen in the increasing public agitation and protest around service delivery and housing in particular. There is now an urgent need to re-engage the discourse of community participation, assess what it means, and to find new ways of putting in place mechanisms in which communities feel a greater sense of ownership and participation.

1.8.1 Community Involvement

The success of the housing projects is strongly dependent upon the nature of community participation in all aspects of the stages of the projects. This will require the development of a more community-based orientation within local government and the resolution of several controversies including the relationship

between statutory and non-statutory bodies. It also raises the need for funding for the development of social capital within communities. Generally, community participation is limited to direct support or funding for community based organisations but the development of social capital is not supported in any policy and is not funded within the existing funding framework. There is also pressure on local government to ensure broad based participation and to boost responsiveness with civil society, therefore the stimulation of partnerships between local government and civil society and establishment of CBO's becomes important. Community co-operation is particularly important to resolve questions of tenure, mutual help, relocation, compensation, type or quality of services, charges and enforcement. Participation should include direct involvement in the conception, development, financing and management especially from a quality perspective.

Community participation within the Province is further undermined where local government has rigid and hierarchical management structures or lack of experience with participatory techniques and methodologies. At a local level in the stronger district and bigger municipalities, the mechanisms used to stimulate community participation and communication are the appointment of housing community liaison officers, who conduct regular housing project community meetings take place, to report on project progress and to discuss project challenges.

A further motivation and increase in the 'people driven' housing approach forms part of the BNG. Community participation is, however, not without its difficulties. In practice, there are often deep-rooted divisions preventing effective community involvement. The lack of education among residents can complicate these divisions, and political unrest and economic hardship can intensify them. Experiences with community institutions across the province within the housing arena can be anything from completely dormant, co opted or dominated by individuals, to dynamic, open and democratic. In most instances, these institutions become more adept at mediating the delivery of inputs than the articulation of demands.

Projects that are initiated and driven by communities in most cases fail or take much longer to commence and/or complete due to unnecessary infighting and changing of alliances and demands. This also begs for investment into community development, so that there is a more enhanced appreciation and understanding of roles, involvement and ownership of processes.

In February 2005, the Premier noted that some 180 Community Development Workers had been trained within municipalities since July 2004. Community Development Workers are trained to assist citizens to gain access to services offered by the government. While this is undoubtedly a positive development, it is not clear how they will assist in the proper implementation of the housing policy within municipalities and the province more generally.

1.8.2 Community-based organizations

The lack of effective institutional support for people driven housing processes is a key impediment to the application of housing delivery in the EC. With some

notable exceptions, institutional support through the establishment of CB Housing support mechanisms is either absent or ineffectual. The Ukhahlamba area has appointed CBO organisations to fill the project facilitation role in many of its projects, but all these projects are stalled for many years, due to the incapacity to fulfil their roles. From a product (the house) point of view, it is important to have strong community participation in order to boost community ownership of assets. The Peoples Dialogue and the Homeless Peoples Federation are active within the province. They have been able to secure commitment from developmental funders. For many reasons they have not been as successful in delivering projects as they have in KZN and the Western Cape. The main reason for this is the lack of support from the municipalities and the province as well as lack of commitment from communities that they serve.

1.8.3 Social Compact

The ECDoH has amended its policy to include the use of the social facilitation grant in all of its projects, both existing and new that will allow for community participation in the development and delivery of their housing products. The original policy intention was meant to achieve the above. However due to such involvement of the beneficiaries having a slowdown impact on delivery, it was abandoned in most cases. The new policy prescript intends to utilize professional facilitators to assist communities to participate in its housing projects.

1.8.4 Dynamics of the Social Housing Sector

Due to urbanisation within the larger cities, the Eastern Cape has inherited a major backlog in the provision of good quality, well managed, affordable, inner city and integrated housing with a key focus on community development and participation for the low to middle income subsidised market. Social Housing has been the vehicle through which this demand is currently met. The Province and Municipalities have played a key role in the support of project development to the Social Housing Institutions. The Municipalities within the Eastern Cape have experienced a huge influx of workers from the surrounding rural, semi rural and peri-urban areas, and thus, a need is created to accommodate them. With various forms of state funded housing delivery plans, Social Housing becomes relevant to cater for such an influx. The workforce, created in the urban areas of the Eastern Cape. Buffalo City and NMMM, were pioneers in the creation of Social Housing Institutions (SHIs) to develop housing for the required income brackets. Whilst the challenge was responded to by these Municipalities, it has become increasingly necessary to sustain these initiatives at a Provincial level by creating more institutions if necessary and to provide adequate support to these institutions to meet the housing challenge.

In the Eastern Cape, the Social Housing Movement is relatively young and in various stages of development, and for a number of reasons none of the institutions have reached maturity or sustainability. These institutions differ in their underlying objectives, structure and methods, as well as different models of tenure options, ranging from rental, rent to buy, co operative and instalment sale.

Together these institutions constitute a very important part of the broader housing delivery in the Eastern Cape.

There are currently 8 SHIs in the province of which 6 have approximately 2200 good quality, well located, aesthetically pleasing housing units under management. This is a significant contribution to the National Social Housing landscape. However, there are currently low levels of delivery, which is a national trend, due to inappropriate funding mechanisms and the high development cost of social housing units amongst others.

The Province, BCM and NMMM, in its ongoing efforts to support and develop the sector within its jurisdiction, has realised that there is a need to regularly identify the needs of the sector in order to support the sector with the relevant instruments and interventions at the appropriate time. They are all in the process of or have just developed a SH strategy that will address the social housing needs and seek to primarily ensure that the necessary support is put in place to:

- Create an enabling environment and
- Delivery to take place at scale
- Ensure that SHIs are strong and sustainable

In addition to the institutional subsidy, SH in the EC receives its primary support from national SH agencies.

Now that SHIs have tenants and the tenants exercise their lessee rights, the first ports of call by these tenants is generally the province and their local municipalities. This province has not geared itself for such services (mediation and conflict resolution) to be rendered and have been a contributor to exacerbating the problematic relations between the SHIs and tenants, especially around the areas of tenure and non payment of rentals (evictions). Through its many inconsistent messages the Province has in fact worsened the situation.

The Province has to date been slow in complying with legislation, the Rental Act, as it has not developed the regulatory framework neither has it established its Rental Tribunal. A further factor within the tenant-landlord relationship is the issue of non payment. SH cannot sustain itself if rentals are not paid. Government needs to develop a rightsizing option for SH consumers to fall back on if their income situation deteriorates to the extent that rentals cannot be paid. In addition, the judiciary system and the legislation and interpretation thereof by the courts does not support the SHIs in collecting their only source of income, rentals. The NDOH has been slow in addressing these flaws in the system, much to the detriment of the SHIs. SHIs affected by this problem in the EC are the Kwtha and Abahlali Housing Associations, to the extent that Abahlali is considering closing its business.

1.8.5 International Partners within the Housing Sector in the Eastern Cape

Housing Association South Africa (HASA), City of Leiden (Netherlands), Eigenhaardt, DIGH, Swedish International Development Agency (Sida), Rooftops Canada through Canadian International Development Agency (Cida).

The international donor partners to housing have both a negative and positive impact on housing delivery in the EC. In BC, the Housing Association of

East London have had their share of ideological differences and power struggles related to governance issues between the Dutch funder and the City councillors who serve on the Board of the institution. The result has been that the once successful institution is now having to rebuild itself and the growth momentum crucial for sustainability of the institution is lost. In addition, competing Dutch funders have placed pressure on the local SHIs to merge without showing due course that the merger is beneficial to the parties involved or for the SH sector in the EC. This puts into question the motive of the donor funders.

Problems that occur with donor funders are largely related to the role the funder takes on arrival, rather than that of trainer with a defined role and timeframe. The funder secures positions related to governance of the local institutions. This problem is a result of weaknesses on the side of the local partners to clearly define the scope and extent of the assistance programs required and to monitor and manage such programs effectively.

The lesson to be learnt with regard to donors is that yes, we do need good alternatives to the current housing delivery models on offer, but clear guidelines for training and funding assistance must be agreed upon upfront. Funders also need to understand that their funding can be secured by way of good reporting rather than direct involvement in the leadership and management of the local institutions.

Government also has a role to play from a regulatory point, in managing foreign funders.

1.8.6 Government Agencies that support local housing initiatives

- NHFC: Development housing banker
- SHF: Capacity building SH institution
- SPSH: EU and NdoH support to SHI's
- NURCHA: Funding intermediary, Savings schemes and Women in Construction programmes
- DBSA: Capacity and project related Funding
- NHBRC: Provision of quality assurance through a warranty scheme.
- RHLF: Rural funding facilitator
- Thubelisha Homes: Contracting vehicle for right sizing options and emerging contractor support.

Such agencies are the key to the ECDOH meeting its objectives of capacity building and increased access to alternative funding sources. However, some of these institutions have not been effective in achieving its mandates and the NDOH have also not provided the necessary oversight in terms of their performance. Some of these institutions are presently going through restructuring due to changes in the policy environment and the resulting changes in their mandates.

Case 1.7: Conflict in Amalinda Forest: Community, Donors and Government

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A court battle has resulted from the manner in which the Amalinda Forest housing project has been managed and implemented in East London over the past few years. The project, which was initiated by a local NGO CORPLAN in association with Swedish partners, was intended as a co-operative housing scheme for the urban poor. The idea was for households to belong to the co-operative for 5 years before they were given individual title deeds to their homes. The agreement set up with all the participants was that a contribution of R2700 was expected from all the 196 families involved in phase one to cover the costs of a slightly larger house than would otherwise be affordable via the government subsidy. When the houses were delivered 26 families had not paid their full R2700. The houses were then withheld for these families and it was suggested that they should be allocated to other families, who were part of later phases of the project, but had already paid the fee. This created division in the community and conflict with the state and the developers.

The state intervened to say that the developer, CORPLAN, had not followed the government listing of recipients and could not exclude those without the R2700 because that would be discriminatory as state subsidies scheme was not conditional on households having cash for a down-payment. The MEC for housing thus took it upon himself to declare that those who were excluded should not be left out. The NGO disagreed and then the MEC was replaced by a new MEC, who overturned the decisions of her predecessor and, in the process, created more tension, confusion and chaos. The matter has now been handed over to the courts to resolve. The image of both the Department of Housing and the NGO sector has been severely tarnished by the affair and the community themselves remain deeply divided, making it difficult to image what kind of community will eventually be born from this housing process. The great irony of the project is that quality of the houses delivered through this scheme was considerably better than those seen in many other schemes across the province (Z. Dabula, Personal Communication 15/6/2006)

g committee for housing has over the years, failed to address the non performing areas within the housing delivery process, both from a governance and oversight point of view. Apart from good governance structures and well designed processes, procedures and practices, a well run organization needs a visionary leadership, well designed reporting and decision making structure and a culture of delivery. Following the implementation of the formal organogram of the department, a leadership and reporting structure was developed to ensure accountability and adherence to good operational and business practice.

The ECDOH has not managed to complete its human resources recruiting processes over a number of years and consistently reports the serious shortage of capacity. At the same time, training and development budgets are consistently under spent and they have failed to institute performance management systems. In addition the department has been plagued with the problem of high turnover related to the position of the HOD.

Due to additional capacity constraints, the department has over the past 5 years utilised the services of consultants to manage and monitor its projects. The team of consultants are grouped into the following areas of expertise:

- Clerks of works: oversight of quality and transfer of building skills to the emerging contractors

- Project Managers: Planning, monitoring and management of projects
- Quality team: Engineering specialists and Cuban professionals who advise on and monitor problematic projects with infrastructure and structural problems
- Local Government Consultants responsible for transferring skills, assisting with capacity building to the municipalities and to assist with political and social related problems. In addition, these consultants are also responsible for interaction and capacity building of communities and community based organisations.

At the same time, there was supposed to be the transfer of skills from the above consultants to staff of the department. This has not happened. The long-term use of consultants is self-defeating as it undermines or delays the ability of departments to undertake their core functions without assistance. The sourcing of consultants must always be accompanied with clear performance targets that are enforceable.

There is also a lack of well designed systems, processes and procedures linked to the housing development and delivery cycle and the department relies on practices that have evolved over the years. This contributes to serious inefficiencies related to the awarding of projects and the subsequent project management of the approved projects

Whilst an organisation should be free to deliver, it is important that the key drivers pause regularly to measure performance and plot the path to be followed in the future. With an entrenched strategy, formed on the basis of a sound provincial housing policy, an understanding of customer needs underscored by focused service delivery should become the basis of strategy implementation.

1.9.2 Challenges facing Local Government

Few municipalities within the EC are geared towards housing delivery and have the necessary capacity to manage such housing programmes. Many do not have a dedicated housing unit, yet these municipalities are required to play and /or take on the role of ‘developer’ for the delivery of housing projects.

In the survey of local and district municipalities, most housing officials conceded that they are experiencing a shortage of staff and that the existing staff compliment need to be trained. Most housing officials within municipalities pointed out that this has limited their capacity to deliver, manage and monitor housing projects. In these municipalities they either have one or two people focusing on housing issues. Most of the municipalities do not have dedicated housing units with a staff compliment to effectively deliver on housing projects. The housing section in most municipalities usually falls under the technical services department, which is mainly dominated by engineers. Housing officials stated this has also created a problem due to, non-recognition of function within the municipality.

In Maletswai Local Municipality, there are two people responsible for housing delivery. The function falls under the technical services division. The housing officials are headed by a person who is an electrical engineer within the municipality. Leon Pieterse, the responsible officer for

housing revealed that they only have two people responsible for housing. He further stated the following, “Two people are not enough to work on these projects”. This point was also echoed by Mr Templeton Pato, responsible housing official in Port St Johns Local Municipality. The municipality has since outsourced almost the entire housing function to a private consultant.

This problem is not unique to smaller municipalities, because even the Nelson Mandela Metropolitan Municipality, which has a fully fledged housing unit, alluded to the fact that they have a shortage of staff. Mr Mvuleni Mabu, who is the Housing Manager in the Metro, stated that the existing number of staff compliment is not enough. It was made clear that most municipalities interviewed needed more building inspectors, who would monitor the progress and quality of the houses in housing projects. Most municipalities that took part in the survey also stated that there is a need to train the existing staff members to have project management skills.

In addition, most municipalities have little or no policy and/or programme to deal with housing delivery. Municipalities are also faced with the challenge of implementing the new procurement policy and adherence thereto, the shortage of good housing suppliers and they are also plagued internally with issues of politics, mismanagement and mal administration.

Provincial Norms and standards have been developed to focus on job creation, skills development and quality of the end product. These norms and standards are:

- Minimum top structure size of 40 square metres with a cement slab floor
- Running water supply inside the house
- Waterborne sanitation
- Most comprehensive form of ownership

These norms and standards are above the national minimum requirements and although these objectives add value to the beneficiary community, the negatives relate to exacerbation of the exodus of the private sector and the cutting of corners by contractors which leads to an increase in quality related problems. In order to complete a house that has been costed nationally for a 30 square metre house, the supplier will look at more inferior quality materials and also cheaper construction. There are those contractors that have delivered the 40 square metre house within budget and time and of a good quality.

The issue of the 40 square metres must however be assessed for viability and the decision as to whether it must be retained or disposed of must be informed by the result of the assessment.

A **manual for contractors** and general labour for the construction of the houses has been developed. It is in a very user friendly format, gives the minimum building and materials standards, material and building advice, quality standards, supplier networks and is also a training tool for emerging contractors or learner builders.

However, in the light of the high levels of quality problems that exist, its current distribution channels and training methodologies need to be reconsidered in order to give effect to a more effective impact on quality.

Supplier Regulatory framework: The practice of continuous use of poor performing suppliers to housing exists. There is no known supplier database held that is used to rate the suppliers of housing. A comprehensive strategy that is used to identify and capacitate suppliers who require and are interested in development, is needed; furthermore, regulation of the use of suppliers that provide poor services should be capacitated or prevented from procuring more work.

Quality and communication: The department does not prioritise stakeholder communication in any of its strategic plans. It rather addresses communication in a reactive manner. The benefits of a communications strategy is the key to alleviating the quality problems that exist in that suppliers to housing need to be informed upfront about the quality requirements and consumers need to be aware of the quality they are entitled to demand. In this regard, Province has developed a good consumer education tool that needs an appropriate distribution approach to educate consumers of their housing rights. The consumer must play a crucial role in monitoring and demanding good quality houses.

The department, during 2005, has held information sessions with suppliers to communicate with them about the housing policy environment, the department's quality expectations and the future housing delivery programmes.

The extent of the quality related problems as represented in the graphs above do not give an accurate view of the status of projects with quality problems, as the project problems are categorised by the primary problem of the project.

The rectification program will seek to inspect all houses built since 1994, after which the extent of the quality problems should be known.

HOUSING DELIVERY AND STATE SUBSIDIES

SECTION TWO

1.10 Rapid Assessment of Service Delivery Household Survey: Housing Delivery and State Subsidies

1.10.1 Accessibility

More than half of the interviewed households reported living in traditional dwellings or huts. A further 38% live in formal houses on a separate stand. The percentage of households in informal dwellings is 5.7%. This is lower than the figures measured in the 2004 General Household Survey, where just over 8% of households lived in informal housing.

Informal housing is seen as inadequate housing. This housing type is most prominent in ECDMA10 (13.7%), Cadacu (12.5%) and Nelson Mandela Metro (11%). The district municipalities of Chris Hani, OR Tambo and Alfred Nzo have the lowest levels of informal housing (1.7%, 1.1% and 2.1% respectively).

Table 1.10.1: Type of dwelling occupied by this household by district (Q2.1 by A1)

1 Response	NMM	Cacadu	Amathole	Chris Hani	Ukhahlamba	O.R. Tambo	Alfred Nzo	ECDMA10	Total
	%	%	%	%	%	%	%	%	%
House or formal structure on a separate stand or yard	83.3	80.8	34.8	35.1	36.6	7.5	6.8	84.9	38.0
Flat in a block of flats	2.3	1.1	.8	2.2	.9	1.7	.2	1.4	1.4
Town/cluster/semi-detached house - simplex/duplex or triplex	.7	.7	.5	1.6	.1	.5	.1		.6
Room/flatlet in main dwelling	.4	.3	.6	.8	3.4	.6	4.5		1.0
House/flat/room, in backyard	2.3	1.6	.2	.4	5.4	1.5	8.5		1.9
Informal dwelling/shack, NOT in backyard	9.5	8.5	6.3	1.5	4.9	.7	1.9		4.7
Informal dwelling/shack, in the backyard of a formal house	1.5	4.0	1.0	.2	.1	.4	.3	13.7	1.0
Traditional dwelling/hut/structure of traditional materials		3.0	55.8	58.2	48.6	87.1	77.6		51.3
Total	100	100	100	100	100	100	100	100	100

Three out of every four households residing in informal or traditional dwellings have a household income of less than R1500 per month. This is in contrast to townhouse dwellers, where 55% of households have an income of more than R1500 per month. Just over half of the households residing in formal houses on a separate stand have an income of less than R1500 per month.

Table 1.10.2: Type of dwelling by household income

Response	Income less than R1500	Income more than R1500	Total
	%	%	%
House or formal structure on a separate stand or yard	52.6	47.4	100.0
Flat in a block of flats	54.1	45.9	100.0
Town/cluster/semi-detached house - simplex/duplex or triplex	45.0	55.0	100.0
Room/flatlet in main dwelling	64.4	35.6	100.0
House/flat/room, in backyard	66.4	33.6	100.0
Informal dwelling/shack, NOT in backyard	79.9	20.1	100.0
Informal dwelling/shack, in the backyard of a formal house	75.4	24.6	100.0
Traditional dwelling/hut/structure of traditional materials	74.5	25.5	100.0
Total	66.1	33.9	100.0

In the province, 36.3% of households live on tribal land. A further 25.4% live in informal housing where they do not pay rent. Nearly 16% of households have purchased their property and paid it off, and just over 10% have acquired their dwelling using a government subsidy.

Tribal tenure is most prevalent in OR Tambo, Alfred Nzo, and Chris Hani district municipalities, where six out of ten households have tribal tenure. Purchased and paid off properties are more common in Nelson Mandela Metro and Cacadu, where about one third of households live in purchased properties. In these districts, the proportion of households who have acquired their properties with government subsidies is also quite high, with 28.8% of households in Nelson Mandela Metro and 31.2% of households in Cacadu having used a government subsidy.

Table 1.10.3: Q6.1 The Type of tenure respondents have

2 Response	NMM	Cacadu	Amathole	Chris Hani	Ukhahlamba	O.R. Tambo	Alfred Nzo	ECDMA10	Total
	%	%	%	%	%	%	%	%	%
Don't Know			0.0						0.0
Purchased - fully paid off	32.5	35.8	17.8	13.4	9.4	2.9	0.6	22.4	15.8
Purchasing - paying off a bond	12.1	3.7	4.9	1.3	0.7	0.1		6.4	3.9
Acquired via Government subsidy	28.8	31.2	1.7	12.3	16.2	1.3	0.5	22.3	10.3
Acquired via Government subsidy & own contribution	1.4	0.7	1.0	2.1	1.0	0.1			0.9
Private rental/housing association	3.6	2.2	1.6	2.7	1.4	1.0	0.8	9.6	1.9
Public rental	1.9	1.7	1.4	1.2	0.9	1.3	0.4		1.3
Sub-tenant	0.1	0.8	0.1	0.3		0.5			0.2
Rent free - allowed to stay rent free by the owner	2.5	2.7	0.8	0.7	0.8	0.4	0.9	39.2	1.2
Informal -with rent	0.6	2.7	2.3	1.1	0.9	1.3	1.9		1.6
Informal -own/do not pay rent	15.7	14.8	37.0	3.9	26.2	30.9	32.3		25.4
The dwelling is on tribal land		1.1	30.1	58.6	40.9	60.0	60.9		36.3
House sitting - looking after the house for another owner	0.8	1.3	1.3	2.2	1.4	0.2	1.5		1.1
Occupation of vacant dwelling		1.2	0.0	0.4	0.1		0.2		0.2
Total	100	100	100	100	100	100	100	100	100

When asked whether the household has always been able to pay for shelter in the last 12 months, more than half of the households in the Eastern Cape said they had not always been able to pay for shelter. The percentage of households who had not always been able to pay for shelter was highest in Alfred Nzo (93%) and OR Tambo (84.4%), and lowest in Nelson Mandela Metro (17.9%) and Cacadu (22.1%).

Table 1.10.4: In the last 12 months, has this household ALWAYS been able to pay for SHELTER by district (2.8.1 by A1)

	Do not know %	Yes %	No %	Total %
ECDMA10		64.0	36.0	100
Alfred Nzo		7.0	93.0	100
O.R Tambo				
		15.6	84.4	100
Ukhahlamba				
		42.8	57.2	100
Chris Hani				
	0.1	42.9	57.0	100
Amathole DC				
	0.0	68.1	31.8	100
Cacadu DC				
		77.9	22.1	100
Nelson Mandela Municipality				
	2.0	80.1	17.9	100
TOTAL				
	0.4	49.5	50.1	100

Low cost housing is seen as an essential service by 88.1% of the households in the Eastern Cape. Households in OR Tambo and Chris Hani attach more importance to the provision of Low cost housing, while fewer households in Nelson Mandela Metro, Ukhahlamba and ECDMA10 see it as an essential service.

Table 1.10.5: Perceived essential services by district (q3.1 by A1) (District level weights)

	NMM	Cacadu	Amathole	Chris Hani	Ukhahlamb a	O.R. Tambo	Alfred Nzo	ECDMA10	Total
SERVICE REGARDED AS ESSENTIAL	% 'YES'	% 'YES'	% 'YES'	% 'YES'	% 'YES'	% 'YES'	% 'YES'	% 'YES'	% 'YES'
Public telephones	89.3	90.1	87.4	97.2	92.0	95.4	86.4	84.5	91.1
Postal deliveries	92.9	94.6	87.3	96.1	78.6	85.9	61.3	73.9	86.9
Post office	92.9	94.6	87.3	96.1	78.6	85.9	61.3	73.9	86.9
Police services	96.4	96.1	88.5	98.3	95.4	92.5	79.5	93.6	92.1
Hospital	94.1	92.8	92.9	97.5	94.6	94.1	82.1	95.9	93.2
Clinic	95.1	98.2	90.8	97.6	88.4	90.3	80.4	93.6	91.8
Ambulance	92.5	93.0	90.8	97.2	90.8	92.6	79.0	95.9	91.5
Fire Department	90.4	91.7	86.9	95.4	85.0	94.7	78.1	83.1	89.8
Low Cost Housing / RDP	82.9	83.3	83.7	94.6	81.1	96.7	89.3	71.6	88.1
Pension payout points	86.0	94.0	80.3	95.0	81.3	87.5	79.6	78.0	85.6
Water supply	99.0	99.8	90.7	97.7	90.6	92.9	81.8	93.6	93.3
Electricity supply	98.7	98.3	87.8	97.6	88.0	80.3	75.4	100.0	88.9
Street lighting	96.7	98.2	93.1	98.4	94.1	96.5	83.1	71.6	94.7
Good road surface	96.3	94.2	94.0	98.6	94.4	97.8	90.5	93.1	95.6
Enough roads	90.4	95.0	94.5	98.3	92.5	96.2	88.4	87.1	94.1
Storm water drains	89.7	94.8	87.0	96.2	84.3	87.2	81.7	83.1	88.6
Sign posting of roads	92.2	94.8	85.2	96.4	83.7	85.3	74.1	94.5	87.5
Pavements	93.7	93.7	85.9	96.4	83.0	85.1	72.7	73.9	87.6
Parks/ recreational open space	92.2	87.8	83.3	93.1	83.4	82.8	71.8	72.5	85.3
Sports facilities	90.2	93.4	91.8	93.4	87.4	90.5	78.1	79.3	90.2
Libraries	92.8	95.9	88.6	94.9	85.6	92.0	79.6	87.1	90.4
Public schools	96.5	94.6	85.3	96.6	77.6	79.4	63.5	87.1	85.7
Community Halls	91.4	97.6	89.0	96.5	87.1	92.8	75.7	78.0	90.5
Bus transport	93.4	76.9	86.6	94.5	87.1	88.9	78.4	81.7	88.0
Mini bus taxis	93.9	96.3	83.6	96.3	83.3	85.1	74.0	83.1	87.3
Refuse Removal	97.7	99.3	80.9	97.1	87.6	90.7	82.7	80.7	89.7
Sanitation/sewerage service	97.1	92.8	93.0	96.4	90.5	95.3	83.7	85.8	93.7
Crèches	91.2	90.4	84.8	96.1	80.5	87.2	69.6	80.7	86.7
Connectivity to internet	69.4	42.2	66.6	85.3	73.8	82.2	70.5	44.3	72.0
Government information	88.5	83.8	80.9	96.5	78.5	91.4	80.8	82.2	86.5
Cellular phone coverage	92.9	91.0	79.3	96.7	78.6	84.7	78.2	100.0	85.7
Cemeteries	85.3	97.3	73.8	88.6	80.6	71.0	65.2	80.7	78.2
Tertiary Education Facilities	80.1	66.8	80.3	91.6	72.9	87.2	74.0	56.1	81.4

New low cost or RDP housing is mentioned as a priority service for the household by nearly a third of the respondents (32.5%). It is mentioned more by people in OR Tambo (55%) and less by people in Nelson Mandela Metro (15.1%) and Cacadu (14.2%)

Table 1.10.5 : Three most important services to your household by district – Percentage of cases (Q3.2 by A1) (District Level Weights)

	Nelson Mandela Metro	Cacadu DC	Amathole DC	Chris Hani	Ukhahlamba	O.R Tambo	Alfred Nzo	ECDMA10	Total
	%	%	%	%	%	%	%	%	%
Public telephones	8.6	5.8	10.9	7.5	9.5	3.9	9.0	15.5	8.0
Postal deliveries	13.1	4.4	3.4	2.1	5.7	2.0	3.2	15.0	4.8
A Post office	4.8	6.4	1.9	1.5	1.1	0.6	1.6	1.4	2.3
Police services	13.5	5.0	12.6	7.4	7.4	3.2	2.2	0.0	8.4
Hospitals	14.6	12.6	9.3	7.8	4.6	1.9	3.3	18.7	7.8
Clinics	10.2	18.9	16.0	17.3	13.6	11.5	13.8	8.2	14.0
Ambulance services	7.9	7.1	5.0	2.9	5.2	1.2	1.0	8.2	4.2
A Fire department	3.4	3.2	4.7	1.6	1.7	1.4	0.2	6.4	2.7
New low cost/RDP housing	15.1	14.2	33.2	24.0	24.9	55.0	38.0	1.4	32.5
Pension payout points	4.5	6.4	3.8	5.7	2.2	4.5	3.3	12.3	4.4
Water supply	64.4	70.4	52.5	59.2	69.8	76.6	68.8	60.7	64.2
Electricity supply	61.0	62.5	37.7	38.4	57.5	43.8	59.2	66.2	47.7
Street lighting	4.7	8.0	9.5	15.2	5.7	6.3	3.9	13.3	7.9
Good road surface	6.5	13.1	22.1	30.6	20.0	14.6	15.7	24.7	17.6
Enough roads	1.8	3.1	3.6	4.0	3.0	5.1	2.9	4.1	3.6
Storm water drains	3.5	5.3	2.1	3.5	1.6	0.2	0.4	1.4	2.1
Sign posting of roads	1.5	1.4	0.7	1.2	0.5	0.2	0.0	0.0	0.7
Pavements	3.1	1.1	1.2	2.4	2.2	0.8	0.1	0.0	1.6
Parks or recreational open spaces	4.5	1.9	2.6	3.3	1.4	0.5	0.1	4.6	2.2
Sports facilities	1.6	0.7	2.2	3.1	0.7	1.3	0.4	0.0	1.7
Libraries	4.2	0.8	4.4	2.1	1.4	1.1	2.7	0.0	2.8
Public schools	4.6	2.6	6.6	4.6	3.5	1.9	3.1	1.4	4.2
Community halls	1.0	0.2	4.0	2.2	1.2	1.3	0.6	1.4	2.0
Bus transport	1.8	2.9	2.4	1.6	2.0	0.8	1.0	4.6	1.8
Mini bus taxis	1.6	7.0	1.6	3.1	1.1	0.3	0.2	2.7	1.7
Refuse removal	15.2	12.4	3.5	8.6	5.3	2.6	1.6	0.0	6.5
Sanitation or sewerage service	11.2	14.4	33.1	27.0	36.0	51.1	49.3	4.1	32.8
Crèches	.6	0.1	2.4	1.2	0.6	1.0	1.6	0.0	1.3
Connectivity to internet	2.4	2.2	1.4	1.8	3.6	0.5	3.5	0.0	1.7

Government information	.9	0.4	1.1	3.3	0.4	1.9	0.5	0.0	1.4
Cellular phone coverage	2.7	2.1	0.8	1.8	4.6	0.5	5.9	23.8	1.9
Cemeteries	.5	0.1	0.1	0.8	0.5	0.1	0.1	0.0	0.3
Tertiary education facilities	4.5	2.5	2.6	2.3	1.3	1.7	2.4	0.0	2.6
Total amount of people	263793	100366	423474	189487	85331	342736	124087	2014	1531289

As a community service, low cost housing is seen as priority by 24.3% of the respondents. However, there is a large variation between the districts. 4.1% of residents of ECDMA10 and 40.9% of residents in OR Tambo.

Table 1.10.6 : Three most important services to your community by district – Percentage of cases (Q3.3 by A1) (District Level Weights)

	Nelson Mandela Municipality	Cacadu DC	Amathole DC	Chris Hani	Ukhahlamba	O.R Tambo	Alfred Nzo	ECDMA10	Total
	%	%	%	%	%	%	%	%	%
Public telephones	12.5	10.7	9.8	7.7	6.0	1.9	6.7	22.4	7.8
Postal deliveries	4.6	6.5	2.2	4.6	3.8	.8	3.0	4.1	3.0
A Post office	9.9	9.5	2.7	2.2	2.7	.9	2.3	16.4	3.9
Police services	35.9	19.7	14.7	19.7	22.6	5.9	10.5	19.6	17.5
Hospitals	23.9	20.3	9.2	10.6	8.8	3.3	9.7	38.3	11.4
Clinics	12.9	23.6	22.9	22.3	35.3	23.3	39.6	21.5	23.3
Ambulance services	13.9	10.8	3.7	3.6	4.3	2.6	3.2	18.7	5.7
A Fire department	8.4	5.9	4.1	1.8	2.3	1.5	1.3	9.6	3.8
New low cost/RDP housing	13.1	18.0	19.3	24.3	19.0	40.9	28.4	4.1	24.3
Pension payout points	4.3	7.1	5.2	5.2	4.0	3.6	5.4	.0	4.7
Water supply	18.2	18.4	18.0	20.7	16.1	50.0	21.8	15.0	25.7
Electricity supply	17.7	15.0	14.4	11.9	14.4	28.4	22.9	12.3	18.5
Street lighting	16.3	20.0	13.4	14.3	14.1	11.3	7.7	2.7	13.5
Good road surface	11.4	20.3	36.6	40.0	39.1	31.1	33.8	30.7	30.3
Enough roads	4.3	7.8	7.5	6.5	14.3	8.8	14.9	2.7	8.1
Storm water drains	9.8	6.6	4.8	4.7	5.0	.7	.9	1.4	4.5
Sign posting of roads	2.5	4.8	1.4	1.5	1.0	.8	.3	1.4	1.6
Pavements	3.4	2.3	3.3	3.2	2.4	.5	.3	4.1	2.3
Parks or recreational open spaces	6.7	7.3	5.8	3.4	2.1	.6	.6	2.7	4.0
Sports facilities	4.0	2.5	5.2	7.1	3.8	2.4	2.3	1.4	4.1
Libraries	6.4	2.2	10.3	3.5	3.8	1.7	4.9	1.4	5.5
Public schools	7.0	5.5	14.2	16.8	15.3	8.8	13.6	7.8	11.5
Community halls	3.9	5.7	13.2	6.4	11.9	9.4	10.8	5.9	9.1
Bus transport	4.7	4.4	8.9	5.4	11.8	3.5	8.0	25.1	6.4
Mini bus taxis	3.3	8.2	5.6	7.0	3.3	1.7	2.2	8.7	4.3
Refuse removal	11.3	14.8	5.3	4.8	3.2	2.1	1.7	2.7	5.8
Sanitation or sewerage service	10.5	8.5	22.3	19.2	11.6	40.9	24.1	2.7	22.6
Crèches	2.0	.7	4.5	3.1	8.1	5.1	9.5	1.4	4.4
Connectivity to internet	3.2	2.6	1.1	1.5	2.0	.2	.5	.0	1.4
Government information	8.4	2.0	1.4	8.6	2.0	1.3	.9	2.7	3.5
Cellular phone coverage	.5	.6	.8	2.0	1.9	.4	3.0	11.0	1.0
Cemeteries	.9	.6	.6	.9	.4	.5	.7	.0	0.6
Tertiary education facilities	3.7	6.8	6.4	5.3	2.7	4.6	4.2	1.4	5.1
Total amount of people	263137	100366	421744	189197	85231	341650	124087	2014	1527426

In the whole province, 13.6% of the households have access to housing subsidies. Access is highest in Nelson Mandela Metro (35.7%) and Cacadu (32.2%). Very few households in OR Tambo and Alfred Nzo say they have access to housing subsidies (1.4% and 0.7% respectively).

Almost 20% of households have access to New low cost housing/RDP housing. Again, the levels of access are highest in Nelson Mandela Metro (44.7%) and Cacadu (54.2%), and lowest in OR Tambo and Alfred Nzo (3.1 % and 3% respectively).

Table 1.10.7 : Access to services by district (Q3.4A by A1) (District level weights)

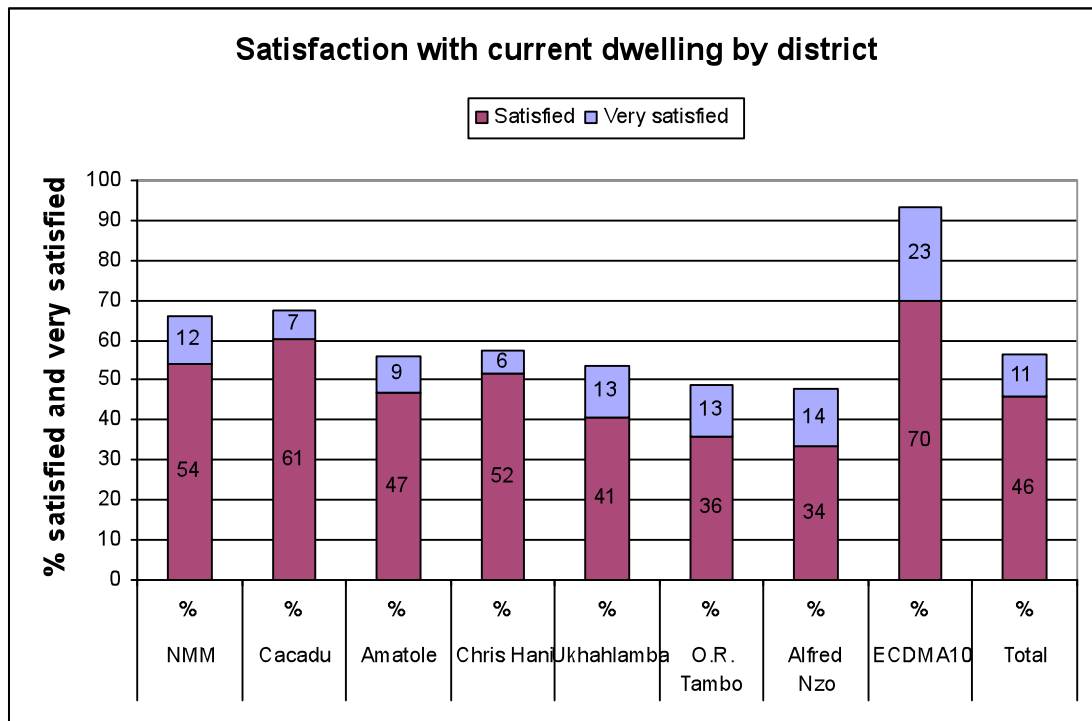
	NMM	Cacadu	Amathole	Chris Hani	Ukhahlamba	O.R. Tambo	Alfred Nzo	ECDMA10	Total
ACTUAL ACCESS TO SERVICES	% 'YES'	% 'YES'	% 'YES'	% 'YES'	% 'YES'	% 'YES'	% 'YES'	% 'YES'	% 'YES'
Easy access to Police services	86.7	78.0	54.0	51.2	43.5	51.2	30.5	35.1	57.7
Access road in good condition	77.5	40.5	36.3	27.5	20.5	28.0	14.3	6.9	38.0
Hospital	79.5	48.0	40.5	39.9	32.2	39.9	20.8	6.4	45.4
Clinic	88.7	94.8	70.8	77.7	46.5	61.4	35.3	62.1	70.0
Ambulance	78.4	55.2	32.7	47.1	30.1	38.9	23.4	20.2	44.3
Family planning services	76.4	66.5	36.3	55.1	24.8	25.2	19.0	21.9	43.0
Fire Department	74.3	41.4	14.2	19.1	6.0	6.4	5.1	1.4	24.0
Housing subsidy	35.7	32.2	9.4	13.9	11.2	1.4	.7	10.9	13.6
New Low Cost Housing / RDP	44.7	54.2	12.6	23.4	18.7	3.1	3.0	27.8	19.7
Free Basic Water	57.0	46.4	50.8	53.3	49.9	20.8	39.3	58.4	44.2
Storm water drains	45.0	38.3	21.4	11.3	16.4	11.4	16.1	26.5	22.4
Basic on-site sanitation	78.0	58.6	20.4	24.9	28.7	9.3	4.8	57.6	30.1
On-site refuse removal	88.9	86.0	30.4	30.2	29.4	5.9	3.4	52.5	36.4
Free Basic Electricity	48.5	31.8	46.6	55.4	31.9	33.9	24.9	4.1	41.6
Parks or recreational open space	59.8	21.2	7.5	12.0	8.8	2.0	1.3		16.3
Sports facilities	59.4	43.7	15.7	20.7	12.4	3.7	2.5	9.6	21.7
Libraries	66.7	62.4	12.8	25.6	10.9	2.5	3.5	29.2	23.8
Public schools – Primary schools	94.3	88.2	83.9	96.3	76.2	85.4	83.2	69.9	87.3
Public schools – Junior Secondary	81.5	54.7	72.5	94.5	73.1	83.6	73.7	22.3	78.2
Public schools – Senior Secondary	81.9	66.5	68.3	63.5	36.8	55.8	42.9	12.3	63.2
Crèches	84.1	73.3	50.9	63.4	46.7	57.7	45.7	36.0	60.5
Bus transport	85.1	14.3	13.5	24.7	11.9	16.4	41.2		30.0
Mini bus taxis	90.1	83.6	59.6	61.4	51.0	52.5	42.1		63.1
Telephone lines/Cellular coverage	81.7	77.5	59.2	59.3	41.7	53.6	34.9	75.8	60.1
Government information	43.3	43.6	13.9	18.0	12.3	2.8	17.9	20.5	19.2
Connectivity to internet	21.2	13.8	5.6	9.3	1.6	.5	.7	7.8	7.5
Tertiary Education Facilities	44.4	10.8	15.8	11.0	.8	7.3	2.9		16.0

More than half of the respondents are satisfied with their dwelling (45.7% satisfied and 10.6% very satisfied). Nearly three out of ten respondents are dissatisfied with their dwelling, and 14.7% are very dissatisfied with their dwelling. Satisfaction levels are highest in Nelson Mandela Metro and Cacadu (two-thirds satisfied or very satisfied), and ECDMA10 (more than 90% satisfied). Lowest satisfaction with dwelling is reported in OR Tambo and Alfred Nzo, where less than half of the respondents are satisfied with their dwelling.

Table 1.10.8: Q6.2 Satisfaction with the dwelling currently living in

Response	NMM	Cacadu	Amathole	Chris Hani	Ukhahlamba	O.R. Tambo	Alfred Nzo	ECDMA10	Total
	%	%	%	%	%	%	%	%	%
Very satisfied	12.0	7.2	9.1	5.8	13.1	12.9	14.1	23.3	10.6
Satisfied	53.9	60.5	46.9	51.6	40.5	36.0	33.7	69.8	45.7
Dissatisfied	18.4	27.1	32.4	33.8	31.6	28.7	33.8	6.9	29.0
Very dissatisfied	15.7	5.2	11.6	8.8	14.7	22.4	18.3		14.7
TOTAL	100	100	100	100	100	100	100	100	100

Graph 1.10.1: Satisfaction with current dwelling



If one looks at the satisfaction with the dwelling for each of the dwelling types, it becomes clear that rooms/flats in a main dwelling, and informal dwellings are the least satisfactory (36% or less are satisfied or very satisfied). Houses or formal structures on a separate stand are the most satisfactory dwelling type.

Table 1.10.9: Satisfaction with dwelling by dwelling type (Q6.2 by Q2.1)

Response	Very satisfied	Satisfied	Dissatisfied	Very dissatisfied	Total
	%	%	%	%	%
House or formal structure on a separate stand or yard	12.5	57.9	22.2	7.4	100
Flat in a block of flats	11.0	46.2	26.6	16.2	100
Town/cluster/semi-detached house - simplex/duplex or triplex	8.5	55.9	16.0	19.6	100
Room/flatlet in main dwelling	9.6	26.4	36.4	27.6	100
House/flat/room, in backyard	14.8	37.6	26.2	21.4	100
Informal dwelling/shack, NOT in backyard	2.6	14.0	33.3	50.1	100
Informal dwelling/shack, in the backyard of a formal house	2.5	32.4	36.9	28.2	100
Traditional dwelling/hut/structure of traditional materials	9.9	40.5	33.7	15.9	100
TOTAL	10.6	45.7	29.0	14.7	100

As expected, people who own their houses are the most satisfied with their dwellings. The satisfaction for home-owners ranges between 55.1% and 89.4% (satisfied and very satisfied). Least satisfied are the occupants of vacant dwellings (28.9% satisfied or very satisfied), followed by house sitters, informal dwellers (with or without rent), and rent-free tenants.

Table 1.10.11: Satisfaction with dwelling by type of tenure (Q6.2 by Q6.1)

Response	Very satisfied	Satisfied	Dissatisfied	Very dissatisfied	Total
	%	%	%	%	%
Own - purchased - fully paid off	19.6	60.0	14.2	6.2	100
Own - purchasing - paying off a bond	17.6	71.8	8.3	2.3	100
Own - acquired via Government subsidy	4.6	50.5	33.6	11.3	100
Own - acquired via Government subsidy & own contribution	6.0	70.1	20.1	3.7	100
Private rental/housing association	9.0	59.4	21.0	10.6	100
Public rental	4.2	43.6	38.1	14.2	100
Sub-tenant		68.6	19.3	12.1	100
Tenant – rent free - allowed to stay rent free by the owner	5.2	38.9	26.1	29.7	100
Informal - with rent	12.3	29.1	38.5	20.1	100
Informal - own/do not pay rent	7.8	36.1	31.3	24.8	100
The dwelling is on tribal land	10.3	42.1	34.2	13.4	100
House sitting - looking after the house for another owner	6.6	35.4	43.4	14.6	100
Occupation of vacant dwelling	10.5	18.4	61.6	9.6	100
TOTAL	10.6	45.7	29.0	14.7	100

The percentage of respondents who are satisfied with their dwelling is slightly higher in households with incomes higher than R1500 per month, where two-thirds are satisfied with their dwellings. Just less than half the respondents in the lower income groups were satisfied with their dwelling.

Table 1.10.12: Satisfaction with dwelling by household income (Q6.2 by Q2.11)

Response	Income less than R1500	Income more than R1500	Total
	%	%	%
Very satisfied	8.2	13.4	10.0
Satisfied	40.8	54.1	45.3
Dissatisfied	33.3	22.7	29.7
Very dissatisfied	17.6	9.9	15.0
TOTAL	100.0	100.0	100.0

If one looks at the correlation between satisfaction with the dwelling and how the respondent rates the municipality, the relation between these two variables is positive (i.e. the more satisfied with the dwelling, the better the overall municipality score). This relation is statistically significant, but it is not a very strong relation (i.e. not a direct relation). Pearson’s correlation coefficient is 0.122 (where -1 is the strongest relation, but negative, 0 means there is no relation, and 1 means there is a very strong relation between the two variables (i.e. if a person is very satisfied with the dwelling, they will always give the municipality a strong rating). Therefore a correlation coefficient of 0.122 indicates that there is a relation, but it is not very strong.

Correlations

		Q4.20.4 Municipal rating	Q6.2 Satisfaction with dwelling
Q4.20.4 Municipal rating	Pearson Correlation	1	.122(**)
	Sig. (2-tailed)		.000
	N	12185	12185
Q6.2 Satisfaction with dwelling	Pearson Correlation	.122(**)	1
	Sig. (2-tailed)	.000	
	N	12185	12239

** Correlation is significant at the 0.01 level (2-tailed).

In contrast to correlation, a regression analysis will show the dimensions of the relation between the two variables. It will give a “constant”, which is the starting value of the dependent variable (in this case municipal rating). Then it gives a coefficient, which tells us how much the value of the dependent variable increases (or decreases if it is a negative coefficient) for every unit increase in the independent variable (in this case dwelling satisfaction). The results of the regression analysis are in the table below.

Coefficients (a)

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	1.906	.026		72.432	.000
	Q6.2 Satisfaction with dwelling	.136	.010	.122	13.610	.000

A Dependent Variable: Q4.20.4 Municipal rating

The table above shows us that when the value for dwelling satisfaction increases by 1 point (i.e. from satisfied to very satisfied), the rating of the municipality increases by 0.136 points. This means that if a respondent is very dissatisfied with their dwelling (score=1), the overall score for the municipality is $1.906 + (1 \times 0.136) = 2.04$. If a person is very satisfied with their dwelling (score =4), the rating of the municipality can be worked out as $1.906 + (4 \times 0.136) = 2.45$. This is shown in the graph below. It shows that the satisfaction with dwelling can only explain about 0.41 units of change in the overall rating of the municipality, because the least satisfied people give an average score of 2.04, and the most satisfied people give an average score of 2.45 for their municipality. However, the reader must bear in mind that there could be other factors that have an influence on both dwelling satisfaction and the overall rating of the municipality

Figure 1.11.1: Regression line of overall rating of municipality by dwelling satisfaction



Housing subsidies had been received by 11.3% of households in the Eastern Cape. Cacadu had the highest number of households with housing subsidies (29.1%),

followed by Nelson Mandela Metro (26.5%). The lowest percentage of housing subsidies were received in OR Tambo (2.7%) and Alfred Nzo (2%).

Table 1.10.10: Q6.7 This household or somebody in this household has received a government housing subsidy

Response	NMM	Cacadu	Amathole	Chris Hani	Ukhahlamba	O.R. Tambo	Alfred Nzo	ECDMA10	Total
	%	%	%	%	%	%	%	%	%
Yes	26.5	29.1	5.5	11.7	19.5	2.7	2.0	22.3	11.3
No	73.5	70.9	94.5	88.3	80.5	97.3	98.0	77.7	88.7
TOTAL	100	100	100	100	100	100	100	100	100

Of the households where the respondents or anybody else in the household had received a housing subsidy, 6.3% still live in informal housing (0.4% paying rent, and 5.9% not paying rent). A further 3.2% live in a dwelling on tribal land. Altogether, 11.8% of those who had received a housing subsidy still do not own a formal dwelling.

Table 1.10.11: Type of tenure by housing subsidy (Q6.1 by Q6.7)

Response	Don't know	Yes	No	Total
	%	%	%	%
Own - purchased - fully paid off		9.8	16.5	100
Own - purchasing - paying off a bond		3.6	3.9	100
Own - acquired via Government subsidy		70.0	2.7	100
Own - acquired via Government subsidy & own contribution		4.7	.4	100
Private rental/housing association		.7	2.1	100
Public rental		.3	1.5	100
Sub-tenant			.3	100
Tenant – rent free - allowed to stay rent free by the owner		.4	1.3	100
Informal - with rent		.4	1.7	100
Informal - own/do not pay rent	100.0	5.9	27.8	100
The dwelling is on tribal land		3.2	40.5	100
House sitting - looking after the house for another owner		.9	1.1	100
Occupation of vacant dwelling		.0	.2	100
TOTAL	100.0	100.0	100.0	100

If one looks in greater detail to find out where these people are located, it is clear that the percentages of households who received housing subsidies, but are still living in informal or tribal housing, are mostly located in OR Tambo and Alfred Nzo. In Alfred Nzo, 46.9% of households who had received a housing subsidy live in informal dwellings and a further 21.3% have tribal tenure. There are various reasons why this could have happened. A member of the household could have received a housing subsidy, and subsequently moved to an informal

settlement, or used the housing subsidy to provide a dwelling for another part of the family (not part of this household).

Table 1.10.12: Type of tenure for those who have received a housing subsidy by district (Q6.1 where Q6.7=Yes by A1)

3 Response	NMM	Cacadu	Amathole	Chris Hani	Ukhahlamba	O.R. Tambo	Alfred Nzo	ECDMA10	Total
	%	%	%	%	%	%	%	%	%
Purchased - fully paid off	6.5	6.4	25.4	8.8	8.6	14.7			9.8
Purchasing - paying off a bond	2.3	1.0	15.9	2.4		1.3			3.6
Acquired via Government subsidy	86.3	85.8	19.5	69.6	71.3	32.0	21.3	100.0	70.0
Acquired via Government subsidy & own contribution	2.5	1.9	11.5	10.5	3.9	2.7			4.7
Private rental/housing association	.3	.6		3.9					.7
Public rental	.3		1.1						.3
Rent free - allowed to stay rent free by the owner		.3	1.6				10.6		.4
Informal -with rent			3.2						.4
Informal -own/do not pay rent	1.2	2.6	16.0		7.8	28.0	46.9		5.9
The dwelling is on tribal land			4.3	3.5	8.4	20.0	21.3		3.2
House sitting – looking after the house for another owner	.6	1.1	1.6	1.3		1.3			.9
Occupation of vacant dwelling		.3							.0
Total	100	100	100	100	100	100	100	100	100

Of the households who are trying to access a housing subsidy, 9.1% have an income of more than R3500/month, which would mean they don't qualify for a government housing subsidy. Of those who have applied for a subsidy, 8.2% have a household income that is over R3500/month. Of those currently on the waiting list for a housing subsidy, 6.7% have a household income above the R3500 mark and of those who have received a housing subsidy, 7.9% have a household income that is higher than R3500/month. There could be a number of explanations for this, ranging from underreporting of household income when applying for a subsidy, to changes in the household composition. Also, the applicant for the housing subsidy may form part of a sub-unit within the household.

Table 1.10.13: Household income in various stages of housing subsidy

Response	Income less than R3500	Income more than R3500	Total
	%	%	%
Trying to access housing subsidy	90.9	9.1	100.0
Applied for housing subsidy	91.8	8.2	100.0
Currently on waiting list for housing subsidy	93.3	6.7	100.0
Received a housing subsidy	92.1	7.9	100.0
TOTAL	100.0	100.0	100.0

In the Eastern Cape Province, 37.5% of the population believes that housing problems are close enough to employment opportunities. A further 16.5% strongly agrees to this statement. The percentage of people who disagree with the statement is 36.9% and 8.7% who strongly agree. OR Tambo and Alfred Nzo have the highest percentages of people who agree that housing projects are close enough to employment opportunities (74.8% and 78.8% respectively agree or strongly agree). Respondents in Amathole and Chris Hani are least likely to agree to this statement; just over 4 out of 10 respondents agree or strongly agree.

Table 1.10.14: Q6.9 The location of housing projects is close enough to employment opportunities

Response	NMM	Cacadu	Amathole	Chris Hani	Ukhahlamba	O.R. Tambo	Alfred Nzo	ECDMA10	Total
	%	%	%	%	%	%	%	%	%
Don't Know	1.3		0.1	0.1	1.1	0.0	0.3		0.4
Strongly agree	13.6	0.6	3.4	2.1	18.2	40.3	34.3		16.5
Agree	32.5	46.7	38.3	39.2	36.9	34.5	44.5	30.6	37.5
Disagree	45.4	50.6	47.5	47.3	35.3	17.0	12.4	63.0	36.9
Strongly disagree	7.2	2.1	10.6	11.4	8.5	8.2	8.5	6.4	8.7
TOTAL	100	100	100	100	100	100	100	100	100

Table 1.10.15: Access and quality of housing subsidies by local municipality

		Access		Quality*	
		% Yes	% No	% Reasonable or good	% Bad or very bad
DC10: Cacadu	Camdeboo Local Municipality	66.1	33.9	92.1	7.9
	Blue Crane Route Local Municipality	49.2	50.8	100.0	
	Ikwezi Local Municipality	47.5	52.5	100.0	
	Makana Local Municipality	12.3	87.7	100.0	
	Ndlambe Local Municipality	5.7	94.3	100.0	
	Sunday's River Valley Local Municipality	52.2	47.8	93.2	6.8
	Baviaans Local Municipality	46.6	53.4	52.2	47.8
	Kouga Local Municipality	19.5	80.5	100.0	
	Kou-Kamma Local Municipality	60.7	39.3	67.5	32.5
	DC12: Amathole	Mbhashe Local Municipality		100.0	
Mnquma Local Municipality			100.0		
Great Kei Local Municipality		1.7	98.3		100.0
Amahlati Local Municipality		.8	99.2	100.0	
Buffalo City Local Municipality		28.2	71.8	90.3	9.7
Ngqushwa Local Municipality		.4	99.6	100.0	
Nkonkobe Local Municipality		.7	99.3	100.0	
Nxuba Local Municipality		27.8	72.2	44.4	55.6
DC13: Chris Hani	Inxuba Yethemba Local Municipality	12.7	87.3	100.0	
	Tsolwana Local Municipality	2.7	97.3		
	Inkwanca Local Municipality	30.3	69.7	62.1	37.9
	Lukhanji Local Municipality	42.8	57.2	72.0	28.0
	Intsika Yethu Local Municipality		100.0		
	Emalahleni (EC) ILocal Municipality	.4	99.6		
	Engcobo Local Municipality	1.3	98.7	100.0	
	Sakhisizwe Local Municipality	18.1	81.9	58.8	41.2

DC14: Ukhahlamba	Elundini Local Municipality		100.0	75.1	24.9
	Senqu Local Municipality	1.9	98.1		
	Maletswai Local Municipality	38.7	61.3	76.8	23.2
	Gariep Local Municipality	45.7	54.3	73.4	26.6
DC15: OR Tambo	Mbizana Local Municipality		100.0		
	Ntabankulu Local Municipality		100.0		
	Qaukeni Local Municipality	1.0	99.0	100.0	
	Port St Johns Local Municipality		100.0		
	Nyandeni Local Municipality	.4	99.6	100.0	
	Mhlontlo Local Municipality		100.0		
	King Sabata Dalindyebo	5.3	94.7	92.6	7.4
DC44	Umzimkhulu Local Municipality	1.5	98.5		
	Umzimvubu Local Municipality	.3	99.7		
	ECDMA10	10.9	89.1	100.0	
	Nelson Mandela Municipality	35.7	64.2	90.7	8.9
	Total	13.6	86.4	87.1	12.7

* Quality rating only given by those households who had made use of the service

Table 1.10.16: Access and quality of new low cost housing by local municipality

		Access		Quality*	
		% Yes	% No	% Reasonable or good	% Bad or very bad
DC10: Cacadu	Camdeboo Local Municipality	56.9	43.1	100.0	
	Blue Crane Route Local Municipality	45.5	54.5	85.1	14.9
	Ikwezi Local Municipality	45.3	54.7	47.7	52.3
	Makana Local Municipality	36.6	63.4	74.1	25.9
	Ndlambe Local Municipality	69.1	30.9	81.6	18.4
	Sunday's River Valley Local Municipality	79.8	20.2	71.2	28.8
	Baviaans Local Municipality	62.2	37.8	93.2	6.8
	Kouga Local Municipality	46.0	54.0	98.6	1.4
	Kou-Kamma Local Municipality	74.0	26.0	50.2	49.8
DC12: Amathole	Mbhashe Local Municipality	1.2	98.8	80.1	19.9
	Mnquma Local Municipality	.6	99.4	100.0	
	Great Kei Local Municipality	18.5	81.5	54.5	45.5
	Amahlati Local Municipality	14.7	85.3	62.2	37.8
	Buffalo City Local Municipality	17.4	82.6	91.7	8.3
	Ngqushwa Local Municipality	7.9	92.1	89.5	10.5
	Nkonkobe Local Municipality	24.5	75.5	70.5	29.5
	Nxuba Local Municipality	45.8	54.2	41.3	58.7
DC13: Chris Hani	Inxuba Yethemba Local Municipality	50.8	49.2	82.8	17.2
	Tsolwana Local Municipality	33.1	66.9	82.8	17.3
	Inkwanca Local Municipality	44.0	56.0	35.0	65.0
	Lukhanji Local Municipality	58.5	41.5	76.9	23.1
	Intsika Yethu Local Municipality	.2	99.8	100.0	
	Emalahleni (EC) ILocal Municipality	8.4	91.6	100.0	
	Engcobo Local Municipality	1.7	98.3	20.1	79.9
Sakhisizwe Local Municipality	5.0	95.0		100.0	
DC14: Ukhahlamba	Elundini Local Municipality	4.4	95.6	92.3	7.7
	Senqu Local Municipality	16.9	83.1	92.0	8.0
	Maletswai Local Municipality	33.0	67.0	77.2	22.8
	Gariep Local Municipality	55.9	44.1	55.4	44.6
DC15: OR Tambo	Mbizana Local Municipality		100.0		
	Ntabankulu Local Municipality	.4	99.6		
	Qaukeni Local Municipality	2.4	97.6	57.2	42.8
	Port St Johns Local Municipality	11.9	88.1	80.0	20.0
	Nyandeni Local Municipality	1.3	98.7	100.0	
	Mhlontlo Local Municipality	1.2	98.8	100.0	
	King Sabata Dalindyebo	5.3	94.7	69.0	31.0
DC44	Umzimkhulu Local Municipality	6.8	93.2	70.2	29.8
	Umzimvubu Local Municipality	.9	99.1	100.0	
	ECDMA10	27.8	72.2	100.0	
	Nelson Mandela Municipality	44.7	55.3	61.4	37.5
	Total	19.7	80.3	71.5	28.2

* Quality rating only given by those households who had made use of the service

1.11 Summary of Main Findings of Rapid Assessment Household Survey for Housing Delivery and State Subsidies

1.11.1 Current Housing Situation

- More than half of the interviewed households reported living in traditional dwellings or huts. A further 38% live in formal houses on a separate stand. The percentage of households in informal dwellings is 5.7%. This is lower than the figures measured in the 2004 General Household Survey, where just over 8% of households lived in informal housing.
- Informal housing is seen as inadequate housing. This housing type is most prominent in ECDMA10 (13.7%), Cadacu (12.5%) and Nelson Mandela Metro (11%). The district municipalities of Chris Hani, OR Tambo and Alfred Nzo have the lowest levels of informal housing (1.7%, 1.1% and 2.1% respectively).
- Three of every four households residing in informal or traditional dwellings have a household income of less than R1500 per month. This is in contrast to townhouse dwellers, where 55% of households have an income of more than R1500 per month. Just over half of the households residing in formal houses on a separate stand have an income of less than R1500 per month.
- In the province, 36.3% of households live on tribal land. A further 25.4% live in informal housing where they do not pay rent. Nearly 16% of households have purchased their property and paid it off, and just over 10% have acquired their dwelling using a government subsidy.
- Tribal tenure is most prevalent in OR Tambo, Alfred Nzo, and Chris Hani district municipalities, where six out of ten households have tribal tenure. Purchased and paid off properties are more common in Nelson Mandela Metro, and Cacadu, where about one third of households live in purchased properties. In these districts, the proportion of households who have acquired their properties with government subsidies is also quite high, with 28.8% of households in Nelson Mandela Metro and 31.2% of households in Cacadu having used a government subsidy.

1.11.2 Affordability and Priority Service Ratings

- When asked whether the household has always been able to pay for shelter in the last 12 months, more than half of the households in the Eastern Cape said they had not always been able to pay for shelter. The percentage of households who had not always been able to pay for shelter was highest in Alfred Nzo (93%) and OR Tambo (84.4%), and lowest in Nelson Mandela Metro (17.9%) and Cacadu (22.1%).
- Low cost housing is seen as an essential service by 88.1% of the households in the Eastern Cape. Households in OR Tambo and Chris Hani see more importance in the provision of Low cost housing, while fewer households in Nelson Mandela Metro, Ukhahlamba and ECDMA10 see it as an essential service.
- New low cost or RDP housing is mentioned as a priority service for the household by nearly a third of the respondents (32.5%). It is mentioned more

by people in OR Tambo (55%) and less by people in Nelson Mandela Metro (15.1%) and Cacadu (14.2%)

- As a community service, low cost housing is seen as priority by 24.3% of the respondents. There is a large variation between the districts, as 4.1% of residents of ECDMA10 and 40.9% of residents in OR Tambo.
- In the whole province, 13.6% of the households have access to housing subsidies. Access is highest in Nelson Mandela Metro (35.7%) and Cacadu (32.2. %). Very few households in OR Tambo and Alfred Nzo say they have access to housing subsidies (1.4% and 0.7% respectively).
- Almost 20% of households have access to New low cost housing/RDP housing. Again, the levels of access are highest in Nelson Mandela Metro (44.7%) and Cacadu (54.2%), and lowest in OR Tambo and Alfred Nzo (3.1 % and 3% respectively).

1.11.3 Satisfaction Levels

- More than half of the respondents are satisfied with their dwelling (45.7% satisfied and 10.6% very satisfied). Nearly three out of ten respondents are dissatisfied with their dwelling, and 14.7% are very dissatisfied with their dwelling. Satisfaction levels are highest in Nelson Mandela Metro and Cacadu (two-thirds satisfied or very satisfied), and ECDMA10 (more than 90% satisfied). Lowest satisfaction with dwelling is reported in OR Tambo and Alfred Nzo, where less than half of the respondents are satisfied with their dwelling.
- If one looks at the satisfaction with the dwelling for each of the dwelling types, it becomes clear that rooms/flats in a main dwelling, and informal dwellings are the least satisfactory (36% or less are satisfied or very satisfied). Houses or formal structures on a separate stand are the most satisfactory dwelling type.
- As expected, people who own their houses are the most satisfied with their dwellings. The satisfaction for home-owners ranges between 55.1% and 89.4% (satisfied and very satisfied). Least satisfied are the occupants of vacant dwellings (28.9% satisfied or very satisfied), followed by house sitters, informal dwellers (with or without rent), and rent-free tenants.
- The percentage of respondents who are satisfied with their dwelling is slightly higher in the households with incomes higher than R1500 per month, where two-thirds are satisfied with their dwellings. Just less than half the respondents in the lower income groups were satisfied with their dwelling.

1.11.4 Housing Subsidies

- Housing subsidies had been received by 11.3% of households in the Eastern Cape. Cacadu had the highest number of households with housing subsidies (29.1%), followed by Nelson Mandela Metro (26.5%). The lowest percentage of housing subsidies were received in OR Tambo (2.7%) and Alfred Nzo (2%).
- Of the households where the respondents or anybody else in the household had received a housing subsidy, 6.3% still live in informal housing (0.4%

paying rent, and 5.9% not paying rent). A further 3.2% live in a dwelling on tribal land. Altogether, 11.8% of those who had received a housing subsidy still do not own a formal dwelling.

- If one looks in greater detail to find out where these people are located, it is clear that the percentages of households who received housing subsidies, but are still living in informal or tribal housing, are mostly located in OR Tambo and Alfred Nzo. In Alfred Nzo, 46.9% of households who had received a housing subsidy live in informal dwellings and a further 21.3% have tribal tenure. There are various reasons why this has happened. A member of the household could have received a housing subsidy, and subsequently moved to an informal settlement, or used the housing subsidy to provide a dwelling for another part of the family (not part of this household).
- Of the households who are trying to access a housing subsidy, 9.1% have an income of more than R3500/month, which would mean they don't qualify for a government housing subsidy. Of those who have applied for a subsidy, 8.2% have a household income that is over R3500/month. Of those currently on the waiting list for a housing subsidy, 6.7% have a household income above the R3500 mark and of those who have received a housing subsidy, 7.9% have a household income that is higher than R3500/month. There could be a number of explanations for this, ranging from underreporting of household income when applying for a subsidy, to changes in the household composition. Also, the applicant for the housing subsidy may form part of a sub-unit within the household.

In the Eastern Cape Province, 37.5% of the population believe that housing problems are close enough to employment opportunities. A further 16.5% strongly agrees to this statement. The percentage of people who disagree with the statement is 36.9% and 8.7% who strongly agree. OR Tambo and Alfred Nzo have the highest percentages of people who agree that housing projects are close enough to employment opportunities (74.8% and 78.8% respectively agree or strongly agree). Respondents in Amathole and Chris Hani are least likely to agree to this statement; just over 4 out of 10 respondents agree or strongly agree.

HOUSING DELIVERY AND STATE SUBSIDIES

SECTION THREE

1.12 Recommendations and Diagnostics

The Province must do all in its power to improve the delivery of integrated, sustainable human settlements to the vulnerable communities in the EC.

1.12.1 Five broad strategies are proposed below to address the above, namely:

1.12.1.1 Housing Delivery Plan: Increasing the availability of housing for those most vulnerable in the EC communities is a key provincial priority. This includes responding to the changing needs as well as the development of a broad range of integrated housing and support strategies and continuing to direct resources both existing and new to those who are most vulnerable.

Objectives:

- Direct resources both existing and new to increase the housing instruments/options for the provinces most vulnerable citizens.
- Rationalisation/Reduction of approved projects to promote manageable, sustainable, integrated human settlements

Key strategies:

- Completion and delivery of units under the Provincial Housing Program (project under construction and that is on target in terms of delivery and/or close to completion).
- Rationalisation/Reduction of Provincial Housing Program (approved projects that have not commenced yet or projects that have commenced with slow delivery rates).
- New Provincial Housing Delivery Program that incorporates existing and new National Housing Subsidy Instruments (BNG), PPP's and that responds to the Provincial Socio Economic Demand.

1.12.1.2 Capacitated local government to deliver housing: Capacitating of local government to identify, develop and deliver on the housing demand within its areas with the appropriate supply of housing solutions.

Objectives:

- Local Government structures that can meet the housing needs of its constituencies including the objectives of the National Housing Plan(BNG) and zero tolerance for fraud and corruption

Key strategies:

- Provincial Training and Capacity building Program for Local Government in all aspects of housing and community development and participation
- Implementation of the Housing Capability Model
- Accreditation of Municipalities
- Whistle blowing Hotline and SIU to deal with fraud and corruption

1.12.1.3

Client focused service delivery: Improved communication around issues of awareness, education and capacitation with communities/consumers

Objectives:

- To have communities that are trained and educated in areas of community development, participation and project management especially in the security of materials and houses and construction quality
- Increased community participation before, during and after housing construction
- Consumer Protection Programme

Key strategies:

- Communication and customer service strategy
- Capacity building programme
- Consumer protection

1.12.1.4

High performing organisation: The Province continues to operate in an environment of significant change. It is important to put into place structures and strategies to deliver effective and responsive programs and services.

Objectives:

- Maintain a professional, committed workforce that is responsible to and reflective of the diversity of the communities
- Demonstrated commitment to excellence, integrity and continuous improvement
- Ensure that the functions of the Department are carried out according to government priorities, legislated requirements and the broader social policy objectives
- Monitoring and evaluation

Key strategies:

- Effective Human Resource Management

- Efficient use of technology and information management and operational systems
- Demonstrated commitment to excellence, integrity and continuous improvement
- Performance management/review system

1.12.1.5 Strong stakeholder network: Enhancement of inter governmental and private sector participation in meeting the objectives of BNG and PHDP.

Objectives:

- Increased and meaningful public/public and Public Private Partnerships in housing delivery

Key strategies:

- Stakeholder identification and analysis
- Capacity building program for key suppliers
- Stakeholder lobby for assistance/partnerships of Provincial Housing delivery Plan

1.12.2 Intersecting Observations

A number of intersecting themes run through the document. The themes result in housing policy becoming far more ambitious and, indeed, far more complex than in the past. Key themes are as follows.

- i. Intensifying the delivery of housing means that the quantity remains an issue. The context for quantity, however, is now far more complicated. The developmental delivery of housing, where quality, sustainable communities, well-located land, relief of poverty and so on are also priorities, suggests that there will need to be a trade-off between housing priorities. It will be difficult to resolve the concern with quantity and quality and other developmental outcomes.
- ii. The location and character of housing delivery shifts from Greenfield sites to formalising informal settlements. This shift has profound consequences. In situ upgrading requires providing housing or initially basic services for all households living in informal settlements. Comparative experience reveals that the failure to include all or almost all households, leads to conflict and intentional delays in projects.
- iii. The intention to use housing to reduce poverty, partly through LED programmes, is understandable, but the question becomes how this is interpreted. There are two levels for seeking to relieve poverty. One is at the “macro” level, such as reducing the poverty levels and the other is at the micro-level, for example, seeking to increase jobs through labour intensive production, the promotion of SMMEs, empowerment measures and so on.
- iv. The NDoH has paid considerable attention to housing becoming an asset that can be used as security for obtaining loans that the household might use for

entrepreneurial activities. The assumption is that this will help to relieve poverty.

This presupposes the emergence of a secondary housing market, which has not happened. In fact, the NDoH actively prevents this happening by requiring that households cannot sell their subsidised dwelling unit for a certain period of time. Further, to some degree, in a context of HIV/AIDS and expensive funerals, when households can use the dwelling as surety for loans, then households might lose.

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