

EVALUATION OF THE NATIONAL HOUSING SUBSIDY SCHEME

**PREPARED FOR THE
OFFICE OF THE PUBLIC SERVICE
COMMISSION
BY THE URBAN SECTOR NETWORK**



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GLOSSARY AND ACRONYMS

Activity corridor/node	A concentration of non-residential activities in a central business district (an activity node) or along a major movement route (an activity corridor)
ANC	African National Congress
Beneficiary	An individual who qualifies for a housing subsidy or in whose name a subsidy has already been allocated
BESG	Built Environment Support Group
CBD	Central Business District
CBM	Community Based Management
CBO	Community Based Organisation
CDF	Community Development Forum
CIDA	Canadian International Development Agency
CIP	City Improvement Precincts
CLO	Community Liaison Officer
CMDA	Cato Manor Development Association
CMIP	Consolidated Municipal Infrastructure Programme
CPA	Communal Property Association (a communal tenure body established in terms of the Communal Property Associations Act No. 28 of 1996)
COSATU	Congress of South African Trade Unions
CS	Consolidation subsidy
CSIR	Council for Scientific and Industrial Research
DAG	Development Action Group

DBSA	Development Bank of Southern Africa
Density	Gross residential density is the number of dwelling units in a hectare (DU/Ha), including <i>all</i> land in an area, not just residential erven (<i>net</i> residential density is the number of dwelling units for the area of the residential erven only, i.e. excluding roads and community facilities)
Dept	Department
DoH	Department of Housing
DP	Democratic Party
DPLG	Department of Provincial and Local Government (national government)
DWAF	Department of Water Affairs and Forestry (national government)
EIA	Environmental Impact Assessment
Erf/erven	Plot/plots
EU	European Union
Ext	Extension
Extended family household	Household containing more than two generations or relationships other than the parent-child relationship
Formal employment	Where the employment contract (usually a written contract) is subject to regulation by the State, e.g. complying with labour legislation, sectoral wage agreements, deduction of income tax, payment of unemployment insurance, etc.
GEAR	Growth, Employment and Redistribution Strategy (1996)
Ha	Hectares
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
Household	A “household” as defined in this study, consists of all persons, relatives and non-relatives who: (i) live permanently (i.e. at least 4 nights per week) in the subsidy house or in a room attached to the

subsidy house (sharing a common wall); (ii) eat from the same pot, and (iii) are dependent on a common or pooled income and/or assume joint responsibility for domestic and/or economic obligations

Housing A broad term that includes houses, flats and infrastructure, and can include the whole residential neighbourhood, including public spaces

HSC Housing Support Centre

HSMS Housing Subsidy Management System; a national database created for the National Department of Housing by the CSIR

HSS Housing Subsidy Scheme

IDP Integrated Development Plan, an integrated plan that local authorities are required to draw up in terms of legislation in order to guide their expenditure/activities

IDT Independent Development Trust

Informal employment Where the employment contract (usually a verbal contract) is not subject to regulation by the State, e.g. no deduction of income tax or payment of unemployment insurance

Infrastructure Residential infrastructure includes roads, stormwater drainage, water supply, sanitation and electricity

IS Institutional subsidy

Jhb Johannesburg

JSC Joint Steering Committee

KZN KwaZulu-Natal

LA Local Authority

LAA Land Availability Agreement

LDO Land Development Objectives

LED Local Economic Development

LUPO Land Use Planning Ordinance

m/m² Meter/meter squared

M&E	Monitoring and Evaluation
MEC	Member of the Executive Committee, provincial equivalent of a Cabinet Minister at the national level
Median	Value that divides a data set in half, e.g. if the median income is R1000 per month, half of the sample have incomes of less than R1000 and half have incomes of more than R1000. The median is a more reliable guide to what typical values are in a sample than the average, as it is not subject to distortion by very high or very low values.
Medium-large town	Former TLC with a population of 40 000 or above as at the 1996 census (based on the classification of secondary towns in the Western Cape Provincial Housing Plan)
Metropolitan area/city	Former TMC/TLC with a population of more than 400 000 as at the 1996 census (based on a Municipal Demarcation Board study of metropolitan areas and potential metropolitan areas)
Mortgage loan	Loan for purchasing fixed property in which the property is used as security (i.e. the lender has a claim to the property if the borrower defaults on the loan)
MPC	Multi-Purpose Centre
MTEF	Medium Term Expenditure Framework
NER	National Electricity Regulator
NGO	Non-Governmental Organisation (or Non-Profit Organisation)
NHBRC	National Homebuilders Registration Council
NHFC	National Housing Finance Corporation
NHSDB	National Housing Subsidy Database
NNP	New National Party
Nuclear family household	Household consisting of two parents and one or more children

NURCHA	National Urban Reconstruction and Housing Agency
OPSC	Office of the Public Service Commission
PAC	Pan-African Congress
PE	Port Elizabeth
People's Housing Process (PHP)	A housing delivery approach in which people build, or manage the building of, their own houses. The term is also used in narrow sense to refer to projects which gain access to People's Housing Process establishment grants in terms of the Housing Subsidy Scheme
Ph	Phase
PHB/PHDB	Provincial Housing Board/Provincial Housing Development Board
PLA	Participatory Learning Appraisal
PLS	Project-linked subsidy
PP	Progress Payment
Prov	Provincial
PTO	Permission to Occupy
R	Rand
RDP	Reconstruction and Development Programme (1994)
Rural	Areas outside towns, cities, metropolitan areas, as defined by urban local authority boundaries as delimited by the Municipal Demarcation Board in 1995 (i.e. areas outside urban local authorities prior to the amalgamation of urban and rural local government bodies in 2001). Rural areas include villages on communal land in former "homeland" areas
SAHPF	South African Homeless People's Federation
SANCO	South African National Civics Organisation
SIDA	Swedish International Development Co-operation Agency
Small town	Former TLC with a population of less than 40 000 as at the 1996 census (based on the classification of secondary towns in the Western Cape Provincial Housing Plan)
SMME	Small, medium and micro enterprise

TLC/TMC	Transitional Local Council/Transitional Metropolitan Council, transitional local government bodies in the 1994-1996 period e.g. Weenen TLC (WTLC)
Topstructure	The housing unit, excluding infrastructure
TRC	Truth and Reconciliation Commission
UNCHS	United Nations Centre for Human Settlements, now officially renamed as UN Habitat
Urban	Towns, cities, metropolitan areas, and defined by urban local authority boundaries as delimited by the Municipal Demarcation Board in 1995 (prior to the amalgamation of urban and rural local government bodies in 2001)
USG	Urban Services Group
USN	Urban Sector Network
VAT	Value Added Tax (currently 14%)
VIP	Ventilated Improved Pit latrine

EXECUTIVE SUMMARY

The Office of the Public Service Commission commissioned this report to evaluate the National Housing Subsidy Scheme and make recommendations as to how it can be improved. The evaluation report also recommends approaches to ongoing monitoring and evaluation of the HSS.

The Housing Subsidy Scheme is an integral part of housing and broader development policy. The main objectives of the Housing Subsidy Scheme can be regarded as providing progressive access to adequate housing, creating socially and economically viable communities, ensuring balanced and sustainable spatial development, provision of choice, sustainability, transparency and equity, co-ordination of state investment, efficiency and effectiveness, and applying creativity and innovation.

A multi-dimensional methodological approach was adopted for the study, including a review of policy documents, interviews with Provincial Housing Departments, detailed investigations of projects, and beneficiary surveys. A sample of 40 projects across the country, including at least 3 projects in every province, was selected for in-depth investigation. The sample spans a wide range of project variables such as location, size, and developer-type, and can be considered to be fairly representative of subsidised housing delivery as a whole. Two beneficiary surveys were undertaken in each province, and surveys of small groups of individual subsidy beneficiaries were also undertaken. Regional validation workshops were held to get additional feedback from stakeholders.

While the HSS has succeeded in delivering houses, basic services and secure tenure to large numbers of people who previously lived in inadequate and insecure shelter, there is room for improvement and strengthening of this important scheme. Key findings and recommendations addressed at more effectively realising the objectives of the scheme are highlighted below. Many of the improvements cannot be effected by changes to the HSS, or Department of Housing action, alone. A more integrated cross-sectoral approach is needed, involving various government departments, levels of government and other role players. The Department of Housing must however take the lead in ensuring that the HSS is strengthened and supported to meet its objectives more effectively.

Housing delivery has not kept up with the growth in the housing backlog, especially in metropolitan areas. The subsidy amount has not been sufficient for both an adequate house and an adequately serviced and well located plot. Where projects have managed to achieve houses of large size and good quality, this has often been possible only because of additional subsidisation or by having very low levels of infrastructure.

Quality standards for houses and infrastructure have been compromised by a number of factors including inadequate funds, poor training and/or monitoring of contractors. These can be addressed by increasing the subsidy amounts, improving training and monitoring, providing more support to municipalities and promoting savings and credit schemes for beneficiaries.

Affordable, reasonable quality land for low income housing development in the larger urban centers is very difficult to secure. Most HSS developments are therefore built in peripheral areas, reinforcing apartheid urban patterns. It is recommended that local authorities take the lead in identifying and acquiring land for housing, making use of a range of mechanisms. The National Department of Housing should investigate setting up a land fund to support and speed up land acquisition. More emphasis should also be given to *in situ* upgrades and promoting rental in existing housing projects.

Beneficiary participation and capacity building is an objective of the HSS, but this has been weak in most projects. Where there has been active participation and capacity building this has had observable positive impacts on the quality of houses and living conditions. It is recommended that stronger support is given to promoting beneficiary participation and training, and to the use of the People's Housing Process approach to housing delivery. Local authorities are recommended as the key actors in realising this, in the role of developers.

Many local authorities will require additional resources, and particularly capacity building input, in order to meet the challenges of leading a more participatory, efficient and integrated approach to housing development. Provision should be made by the Department of Housing, in consultation with the Department of Provincial and Local Government, to develop a framework to direct resources and support to equip local authorities for this role.

The subsidy eligibility criteria need to be expanded. The income ceilings should be increased in line with inflation, and programmes introduced to cater for people in housing need who do not currently qualify for subsidies. This should include a transitional subsidy programme that can contribute towards an integrated multi-sectoral approach towards dealing with the impact of HIV/AIDS.

Norms and standards for housing need to be flexible and appropriate, and should not make housing unaffordable for the poor. Promoting energy efficient and environmentally sustainable housing is also essential.

Poverty and unemployment are prevalent amongst housing beneficiaries. More beneficiaries rely on income from informal employment than from formal employment. Housing projects should therefore be designed and implemented in such a way as to support informal economic activities. It should also be noted that the Housing Subsidy Scheme is not a substitute for a comprehensive welfare programme, and that it can only be successful in the long term if there is a social support net that can assist households which have no regular source of income.

The evaluation found that high levels of poverty threaten the sustainability of housing settlements and households. If the settlements and households developed using the HSS are to be viable, suitable mechanisms must be found to support destitute and very poor households. In addition municipalities, especially the smaller ones, must be supported in the development and financing of indigent policies.

Some municipalities have been unable to fund the necessary capital and maintenance costs of basic services and facilities. A framework must be developed to make this possible, so that housing development is integrated with appropriate infrastructural and social service provision.

The institutional subsidy needs to be overhauled to ensure that it can provide an acceptable and affordable end product, and that it is used for rental or communal ownership housing only, not merely as a way to get larger subsidies for individual ownership housing. It must also be used more effectively to promote urban restructuring. Other subsidy mechanisms should also be used to promote a range of housing options, including rental accommodation.

Land legal issues are one of the major delays in implementing greenfields projects and the slow issuing of title deeds is a common problem. Informal tenure arrangements are widespread, leaving occupants (owners/ tenants) vulnerable to exploitation and loss of their accommodation. The land registration and transfer system needs to be reviewed with the aim of putting in place a system that is easily accessed and that provides security of tenure.

The formal land tenure system is starting to break down in new housing projects, where already up to 15% of the occupants in some projects are not the legal owners. In many completed PLS projects, few beneficiaries have received title deeds yet (e.g. in Diepsloot West in Gauteng, a year and a half after the completion of the project only 20% of beneficiaries have title deeds).

The Department of Housing needs to consult with the appropriate departments and levels of government to develop appropriate succession and tenure security mechanisms to protect the interests of children, young adults under 21 years and other dependents of housing beneficiaries who die.

There are inconsistencies in the way the Housing Subsidy Scheme is being applied in different provinces, and some allegations of corruption persist. Monitoring and evaluation processes must be put in place to identify and recommend action on these problems.

There needs to be an audit of projects, with remedial action taken where necessary, and accurate and up to date information on housing backlogs and housing delivery needs to be collected and compiled. Steps also need to be taken to ensure better alignment of policies at all levels of government.