

CHAPTER 1: THE PROBLEM AND ITS SETTING

1.1 INTRODUCTION

Housing is one of the greatest challenges facing the South African Government. The housing backlog is roughly estimated to be about 4 million units (Fourie in Samson, 1999:58) and is being aggravated by a struggling economy, widespread poverty, unemployment and unrealistic and high expectations from beneficiaries (De Loor Report, 1992:ii). The projected population growth of 2,27 percent will cause 200 000 new households to be formed annually between 1995 and the year 2000 (White Paper, 1994:8). Housing delivery will therefore have to exceed 200 000 units per annum to have any effect on the housing backlog. The Department of Housing has set the goal of required annual delivery at 350 000 units per annum in 1994 order to reach the target of building/financing one million houses by the end of 1999 (Republic of South Africa, 1999:22). It was, however, soon realised that owing to the fact that the housing budget could not be increased, provincial governments were only able to provide 231 181 housing units in the 1998/1999 financial year (Department of Housing, 1999:18). According to the Department of Housing (1999:18) provincial governments in the previous financial year (1999/2000) have by the end of December 1999 financed 226 596 housing units. It is furthermore anticipated by the Department of Housing that close to 250 000 housing units will be provided in the 2000/2001 financial year. These figures clearly fall well short of the delivery targets set originally in 1994.

According to Tomlinson (1995: 5), it became clear in the early 1990s that housing policy in South Africa and specifically the institutional framework which involved 17 government departments and 24 funding channels was unable to address the housing crisis in South Africa. This realisation initiated lengthy negotiations during 1993 and 1994 between the National Housing Forum and Central Government, culminating in the signing of the Botshabelo Accord in October 1994. Representatives of the homeless, government, communities and civil society, the financial sector, emerging contractors, the emerging construction industry, building material suppliers, employers, the international community

and developers all embraced the Housing Accord as a blueprint for housing the nation, thereby committing energy, resources and expertise to a long term housing policy for the nation as a whole (Department of Housing, 1994). The White Paper on Housing (Republic of South Africa, 1994) was subsequently released in December 1994 providing a basis for a uniform, national housing programme. The national programme managed by the Department of Housing aims at establishing a sustainable process which will eventually enable all South Africans to secure housing with secure tenure, within a safe and healthy environment and viable communities in a manner that will make a positive contribution to a non-racial, non-sexist, democratic and integrated society (Republic of South Africa, 1994:21).

The very real and accepted limitations imposed by the state fiscus and macro-economic realities as well as the grinding poverty experienced by a large portion of the South African population clearly indicate that no single formula can exist for solving South Africa's housing dilemma.

The State has insufficient resources to meet the need of the homeless on its own and is therefore trying to mobilise and engage the full diversity of resources, innovation, energy and initiative of individuals, the State, communities and the broader private non-state sector (Republic of South Africa, 1994: 21). The Department of Housing seeks to achieve this through pursuing seven key strategies:

- Stabilising the housing environment in order to ensure maximum benefit of state housing expenditure and mobilising private sector investment;
- Providing subsidy assistance to low-income households earning less than R 3 500 per month;
- Mobilising private savings and housing credit for low-income households who do not have access to credit facilities;

- Facilitating the speedy release and servicing of land;
- Co-ordinating and integrating public sector investment;
- Facilitating the establishment or directly establishing a range of institutional, technical and logistical housing support mechanisms; and
- Rationalising institutional capacities in the housing sector.

From the above it is clear that the Department of Housing is pursuing a multi-faceted approach both in terms of policy and strategy to address the housing shortages. It is openly admitted in the White Paper (1994: 43), that the State will not in the foreseeable future be able to provide levels of subsidisation at the lower end of the market to enable the construction of completed houses. It is government's policy, given budgetary constraints, only to make a contribution towards the cost of a house. This approach necessitates that delivery should take place through the widest possible variety of mechanisms. It is stated categorically in the White Paper (1994: 43), that government rejects the elevation of individualised private home ownership above other forms of secure tenure. The Department of Housing is striving to provide the widest range of options for the rapid attainment of secure tenure. This policy stance aims to protect, in the process of satisfying housing needs, the right of the individual to freedom of choice.

The key strategy currently used by the Department of Housing to address the housing problem is a capital subsidy programme devised for providing individual, project-based and institutional subsidies. The national housing subsidy scheme introduced in 1994 constitutes the most significant rollout of housing subsidies in South-African history (Samson, 1998:3). According to the Department of Housing (1999:17) subsidy pay-out at present amounts to R 2, 925 billion per year.

Because government at national, provincial, and local level is committed to mobilise sufficient public and private sector finance to allow for systematic and targeted growth

in the rate of housing production of all kinds, other mechanisms like social housing is also receiving attention (Department of Housing, 1994). Government believes that it has a significant role to play in actively promoting and supporting new and innovative approaches to social housing. Social housing is an area of housing opportunity that has, according to the White Paper (1994: 45), long been neglected in this country. Social housing programmes usually entail the establishment of non-profit social housing institutions (SHIs)/housing associations whose primary purpose is to provide the essential service of housing at cost to the consumer or beneficiary (United Nations, 1975:7). Note that non-profit does not mean non-economic management, but rather a renunciation of profit. Social housing programmes are underpinned by the philosophy that the responsibility of housing production is divided between the public and non-government sector. The aim of these SHIs is to house people in need whose income levels or employment situations do not allow them to qualify for a bond in their own right (Cash, 1998). This is done through the provision of rental stock or rent-to-buy stock. The provision of social housing is achieved by leveraging private finance at preferential interest rates to top up and stretch the limited public funds available for housing (Cash, 1998). SHIs can thus be regarded as economic units or enterprises.

According to Lewin (1981:xi, 10), the main advantages of SHIs/housing associations include *inter alia*:

- Standardised planning, design and organisational administration of collective construction;
- Joint procurement, disbursement and repayment of construction loans;
- More efficient use of technical skills;
- Proper maintenance and upkeep of housing and neighbourhoods;
- Members can gradually assume the management and administration of SHIs;

- Internal control can be exercised to prevent speculation and illegal sale, subletting or transfer of dwellings;
- SHIs have the potential to promote integrated and viable urban communities and to mobilise self-help sources and group dynamics; and
- SHIs offer an integrated framework, not only for the construction and management of housing, but also for a variety of other social and economic activities.

It is in the context of these advantages that SHIs/housing associations have repeatedly been advocated as a means of addressing the shelter problems of low-income households in developing countries (Lewin, 1981:xiii).

The history of non-profit housing provision in industrialised countries is closely related to that of the industrial revolution and the resulting rapid urbanisation roundabout the middle of the 19th century (Lewin, 1981: 17). The growing impact of the labour movement in the first world is also regarded as one of the main forces behind the development of SHIs/housing associations. Trade unions, charitable organisations, philanthropists and local authorities were motivated to establish non-profit housing given the following:

- Growing housing shortages and the increased demand created by urban industrial workers;
- Inhuman living conditions; and
- High rents as a result of land and housing speculation.

Housing co-operatives, a type of SHI/housing association, are not new to developing

countries although the movement only really caught on after the Second World War. In African countries specifically housing co-operatives were started only after 1970 (Lewin, 1981:19). According to the United Nations (1975: 8), a constant feature of African non-profit/co-operative housing agencies is the regular subsidies granted by governments to support these initiatives. The most advanced and best-organised housing co-operatives in developing countries are found in South America (Lewin, 1981:19).

As stated previously social housing represents an area of housing opportunity that has long been neglected in South Africa. According to the White Paper (1994:45) the development of policy in this area may well require significant engagement with international expertise and experience. As far as can be determined only one institution namely the Social Housing Foundation (SHF) founded in 1997 has thus far been established to assist in providing capacity building and technical support to housing institutions and other such organisations involved in the delivery of social housing. Mandated by the Minister of Housing the SHF appointed a policy task team in August 1997 to develop a policy framework for the social housing sector. In spite of the progress made in the policy formulation for the social housing sector the Department of Housing acknowledges that the policy and funding frameworks within which the social housing sector currently operates within South Africa are still not fully developed (Department of Housing, 1999:29).

Given the advantages of SHIs/housing associations and the identification of social housing as an alternative strategy that could be utilised to improve housing delivery in South Africa it is important to refer to international experience for lessons that might benefit the emerging social housing sector in South Africa.

1.2 PROBLEM STATEMENT AND STUDY OBJECTIVE

1.2.1 Problem statement

What are the lessons to be learnt from the international experience in social housing, and how can it be applied in the South African context?

1.2.2 Study objective

The aim of the study was to analyse the provision of social housing in Europe, South America and Africa so as to identify the particular ways in which it is undertaken in those particular situations and to identify specific aspects that can be applied to improve the delivery of social housing in South Africa.

1.2.3 Applicability of the study

This study described the potential role that SHIs/housing associations can fulfil to facilitate and speed up the delivery of low cost housing in the South African context. It highlighted the potential pitfalls, problems and opportunities experienced internationally within this sector. The lessons thus learned/identified might therefore facilitate the development of a coherent framework aimed at supporting or assisting the social housing sector in South Africa.

Since the concept of social housing in the form of SHIs/housing associations is a relatively new field of study within the housing sector in South Africa, this study provides useful information to various interested parties trying to come to grips with the basic terminology, history of the sector and the problems/challenges currently facing social housing institutions worldwide. This study may also serve as a reference for the finalisation of the policy framework for the social housing sector in South Africa, as this study is not a policy document in itself.

1.3 STUDY METHOD

The study can be described as a document study/literature review that is descriptive in nature. The findings of previous studies were used in an attempt to describe the role SHIs can fulfil in the effort to fasttrack and facilitate housing delivery in South Africa.

The study relied mainly on a qualitative research methodology to record the international experiences within the social housing sector. Moreover, it was felt that given the aims/objectives of the study listed above, a qualitative research methodology would be the most appropriate.

According to Bailey (1982:302-4), there are certain benefits related to the use of document studies. It is possible to access subjects, which would otherwise be inaccessible and, in this instance, it was possible to relate studies undertaken in various parts of the world. It was further possible to conduct a longitudinal study i.e. to compare and relate studies done over a period of time. Moreover, the cost of conducting a document study is relatively low when compared to other methods of research, which normally include surveys. It is also possible to include more data than is possible with a survey due to limits imposed by costs and time. The quality of the written material can furthermore be expected to be of a high standard, since specialists and academics in the field compiled it.

There are also certain disadvantages to document studies as are mentioned by Bailey (1982:304-6) and Platt (1989:46). There might be a certain bias to the studies, which might not cover the same subject as the current study. This fact is of particular relevance to this study where the research is based on material which concentrate and describe *inter alia* the role, functions and problems experienced by SHIs within different social, economic, political and cultural conditions than South Africa's. Caution has, however, been exercised in the interpretation of the available material and every effort was made to contextualise all case studies and or references made to international examples. Resource documents furthermore do not conform to a standard format and care was taken not to overlook small differences in for example the operational

definitions used.

A certain amount of concern regarding the reliability and validity of document studies may exist since most studies contain an amount of subjectivity. In an effort to overcome this problem, at least in part, different publications were compared with each on an ongoing basis.

1.4 EXPOSITION OF THE STUDY

In chapter 2 the evolution of the current housing policy was described with specific reference to progress made regarding social housing and rental housing in South Africa.

Chapter 3 addressed the evolution of social housing from pre-1914 until the present era. The relation between the term social housing institution (SHI) and housing associations and housing co-operatives was also clarified. The chapter was concluded with a section dealing with the classification of social housing institutions (SHIs) according to *inter alia* legal status, size and motivation.

In chapter 4 the institutional/organisational structures/levels often adopted by social housings movements were discussed. The chapter further addressed the approaches adopted by different countries with regard to the division of functions/responsibilities between the different levels, the role and function of a social housing legislative framework, the role of international aid agencies as well as the relationship between primary and secondary societies (SHIs) and local authorities.

In chapter 5 the reasons for public sector assistance to the social housing sector as well as the approaches to social housing financing adopted by various countries, were discussed. The chapter also addressed the institutions that provide financial support to SHIs as well as the financial instruments and/or mechanisms used by these funding institutions to render financial support.

In chapter 6 a historical overview of social housing management approaches was provided. The chapter also discussed the management structures generally adopted by small and large SHIs respectively. The chapter also addressed the main management functions namely unit allocation, maintenance, rent collection and tenant participation, usually carried out by SHIs.

The study is concluded in chapter 7 with a summary in which the lessons learnt from the international experience are highlighted and listed.

CHAPTER 2: THE HOUSING POLICY FRAMEWORK IN SOUTH AFRICA

2.1 INTRODUCTION

Housing is recognised as the most important human need once sufficient food has been obtained (Calderwood, 1953:10). It can, however, be argued that housing in South Africa, before 1994 was seen not as a basic human need, but as an element of control within a policy that placed racial separation above the viability of communities (Department of Housing, 1994:53). The housing policy environment in the late 1980's was characterised by the absence of a holistic strategy guiding housing and urbanisation - and interventions were done in an *ad hoc* manner (Development Works, 1998:13). This culminated in widely diverse sets of standards applicable in different parts of the country together with an extremely uneven pattern of housing delivery. Change was initiated through the protracted and inclusive negotiation process, which started in December 1992 and culminated in the landmark housing summit held at Botshabelo on 27 October 1994 (Department of Housing, 1994: 8). In this chapter the evolution of the current housing policy was described with specific reference to progress made regarding social housing and rental housing up until the end of 1999.

2.2 BACKGROUND HISTORY

The most significant development in terms of policy that emerged prior to the 1994 political transition was the setting up of the Independent Development Trust (IDT) in 1990 (Robinson *et al* in Development Works, 1998:13). The Trust was to manage and disburse a fund of R2 000 million, a large part of which was allocated to housing development (Robinson *et al* in Development Works, 1998: 13). The IDT's housing development branch developed a policy approach that focussed on the provision of a capital subsidy for serviced sites with registered individual freehold ownership. Provision of formal tenure was intended as both a means of security of tenure and as an asset against which finance could be secured. According to Development Works (1998:13) this IDT- approach became the *de facto* housing policy of the apartheid state in its dying years. The IDT- approach also served as an important basis upon which the post 1994

housing policy, which also favours a capital subsidy and freehold tenure, was based.

According to Tomlinson (1995:5), consensus was reached between specialists and practitioners in the early 1990s that housing policy in South Africa and specifically the institutional framework which involved 17 government departments and 24 funding channels was unable to address the housing crises in South Africa. This realisation initiated lengthy negotiations between December 1992 and October 1994 and gave rise to the following policy positions/documents:

- In August 1993 a set of agreements recorded in the Aide to Record Understanding on Interim Arrangements for Housing reached between the Department of Local Government and National Housing and the National Housing Forum (comprising of representatives of mass-based political groupings, business, banks and development organisations) was signed (Tomlinson, 1995:5).
- These agreements enabled Parliament enact the Housing Arrangements Act, 1993 (Act 155 of 1993) in November of that year (Republic of South Africa, 1994: 18).

The above agreement and resultant piece of legislation can be seen as the first steps in the restructuring and rationalising of housing. A single National Housing Board and four Regional Housing Boards replaced the racial departments - thereby moving to a more sufficient allocation of state resources as funds were channelled through one structure only (Republic of South Africa, 1994:18-19 and Tomlinson, 1995:5).

- An interim housing subsidy scheme was agreed upon in March 1994 and provided for a cash grant available on a sliding scale: R5000 to R12 500 to beneficiaries with a household income of not more than R3 500 per month (Tomlinson, 1995:5-6).
- In March 1994 the Housing Amendment Act, 1994 (Act 8 of 1994) was

promulgated and provided for the replacement of the four Regional Housing Boards with nine Provincial Housing Boards as well as an extension of subsidy availability to the previous Self Governing Territory and TBVC Areas (Republic of South Africa, 1994:19; Tomlinson, 1995: 10).

- Following the election of the Government of National Unity on 27 April 1994, Mr Joe Slovo was appointed as the Minister of Housing. These events heralded a new relationship between the Department of Housing and the National Housing Forum. Eight Joint Technical Committees were established on 25 May 1994 with the aim of reaching consensus on vital housing matters. This Joint Technical Committee process can be regarded as an important forerunner of the inclusive agreements found reflected in the Housing Accord and White Paper on Housing (Department of Housing, 1994:9).

- According to the Department of Housing (1994:10) a five day national public sector workshop was held during September 1994 to pave the way for staging the Botshabelo Housing Summit and acceptance of the Housing Accord. The National Housing Accord signed on 27 October 1994 can be seen as the vehicle that secured the firm commitment of all stakeholders to the key elements of the National Housing process (Tomlinson, 1995:14 and the Department of Housing 1994:52). This strategy document also clearly stated that the provision of a complete minimum standard house for each household at state expense is impossible given fiscal constraints and macro-economic realities (Tomlinson, 1995:15). The National Housing Accord embraced a progressive housing process and furthermore spelled out the roles and responsibilities of each sector in resolving the housing crisis.

- Following the Botshabelo Housing Summit the White Paper on Housing (Republic of South Africa, 1994) was approved by Parliament on 7 December 1994 and Gazetted for public comment on 23 December 1994.

The 1994 Botshabelo Accord (Department of Housing, 1994:52-59) and the White Paper

on Housing (Republic of South Africa, 1994) were heralded as the official start of a new era in housing policy which aimed at establishing a sustainable housing process which would eventually enable all South Africans to secure housing with secure tenure, within a safe and healthy environment. The housing vision as contained in the White Paper (Republic of South Africa, 1994: 21) read as follows: "Government strives for the establishment of viable, socially and economically integrated communities, situated in areas allowing for convenient access to economic opportunities as well as health, educational and social amenities, within which all South Africa's people will have access on a progressive basis, to:

- A permanent residential structure with secure tenure, ensuring privacy and providing adequate protection against the elements; and
- Portable water, adequate sanitary facilities including waste disposal and domestic electricity supply.

This break from the past was further strengthened through the promulgation of the "new" Housing Act, 1997 (Act 107 of 1997). According to the Department of Housing (1997:6) the Act abolished all apartheid housing legislation and replaced it with a single Act that reflects the priorities of the present government. The Act is described by the Department of Housing (1997:6) as a piece of legislation that:

".....aims to facilitate a sustainable housing development process in which national, provincial and local government, the business sector and the citizens and permanent residents of the Republic co-operate progressively to realise the right of access to decent housing as enshrined in Section 26 of the Constitution."

The Housing Act provides the broad parameters for housing in the country by *inter alia* setting out the roles of the three spheres of government in relation to housing (SHTT, 1999:21). National government is empowered by the Act to operate at a broad policy level whilst the role of provincial government is that of a facilitator of effective housing delivery. The role of local government is generally defined as the promoter of local

delivery either through undertaking delivery itself or through fulfilling a facilitative role.

The first and foremost priority of government in the housing arena is to deal with the problem of providing housing to the poorest of the poor. This is clearly reflected in the immediate short term political goal that was set within the White Paper (Republic of South Africa, 1994:22) to increase housing's share of the total State budget to 5 percent and to increase housing delivery on a sustainable basis to a peak of 350 000 units per annum within a five year period to try and achieve the target set by the Government of National Unity to deliver one million houses by the end 1999 to the previously disadvantaged people of South Africa. The State President, however, announced in February 1998 that government as a result of mainly budget constraints will not be able to reach the target of one million units in five years (Department of Housing, 1998:29).

Since then the budgetary allocations of the Department of Housing has been dictating the number of subsidies that can be awarded per year resulting in no additional numerical targets made public.

According to the White Paper (Republic of South Africa, 1994: 27), government's overall approach to the housing challenge is aimed at mobilising and harnessing the combined resources, efforts and initiative of communities, the private sector, the commercial sector and the State. The Department of Housing has initiated the following seven key strategies to meet housing challenge in South Africa:

- Stabilising/normalising the housing environment in order to ensure maximal benefit of State housing expenditure and mobilising private sector investment;
- Providing subsidy assistance to low-income households earning less than R 3 500 per month;
- Mobilising private savings and household credit for low-income households who did not have access to credit facilities;
- Facilitating the speedy release and servicing of land;

- Co-ordinating and integrating public sector investment;
- Facilitating the establishment or directly establishing a range of institutional, technical and logistical housing support mechanisms; and
- Rationalising institutional capacities and the legal framework in the housing sector (Republic of South Africa, 1994:27).

Each of these strategic policy thrusts were discussed in the next section in terms of the progress made up to date with the implementation thereof.

2.3 PROGRESS ON THE NATIONAL HOUSING PROGRAMME

2.3.1 Normalising the housing environment

It is stated in the White Paper (Republic of South Africa, 1994: 24) that the state has insufficient resources to meet the needs of the homeless on its own and recognises that sustained, substantial investment in housing from sources outside the national budget will be required. A stable public environment is, however, required for private investment and sustainable development to become a viable option. The White Paper (Republic of South Africa, 1994: 34-35) identifies the following concurrent, interdependent and mutually supportive strategies:

2.3.1.1 The Masakhane programme

The launch of a political campaign: the Masakhane programme aimed at the resumption of payment for goods and services received and the reinstatement of due process of law was launched in February 1995 by President Mandela (Department of Housing, 1995: 8). The Masakhane campaign has since then become a powerful rallying cry for communities striving to uplift themselves and their environment in partnership with government and private sector. According to Samson (1998: 2) the campaign has led

to *inter alia*:

- Improvement in the payment for services although inadequate services and/or increased disputes and/or prevalent crime has prevented service payments from reaching satisfactory levels;
- Tough action by provincial and local authorities are turning payment patterns; and
- New loans granted in difficult areas are performing.

2.3.1.2 The Mortgage Indemnity Fund (MIF) and Servcon Housing Solutions

The MIF and Servcon Housing Solutions were established as a result of the Record of Understanding between the Department of Housing and the Association of Mortgage Lenders to encourage mortgage lenders to resume lending at scale to lower income borrowers, signed on 20 October 1994 (Department of Housing, 1994:68-85).

The Mortgage Indemnity Fund was a government-owned company, which was formed in June 1995 to administer the Mortgage Indemnity Scheme. Mortgage lending operates on the basis that a loan is granted against the security of a fixed asset. Should the borrower then default, the lender is legally entitled to attach and dispose of the property (Samson, 1999:47). In some areas in South Africa these normal contractual rights to beneficially access and attach securities cannot be exercised due to a breakdown in the due process of the law (Republic of South Africa, 1994:29). Financial institutions have therefore avoided granting further loans in these areas due to the risk of tying up further capital, funds and resources in these properties where vacant possession and beneficial use cannot be obtained (Department of Housing, 1994:83). In terms of the Mortgage Indemnity Scheme, the Government indemnified financial institutions against political abnormal risks resulting in their inability to gain vacant possession of property due to breakdown in the normal process of the law following default on a mortgage (Department of Housing, 1997:51).

According to the Department of Housing (1997:51) the main goals of the MIF were to:

- Facilitate 50 000 loans annually in the government-subsidised market;
- Encourage private sector banks to resume lending in areas where lending was disrupted due to past circumstances;
- Indemnify accredited financial institutions against losses where they were unable to gain vacant possession of property after a borrower has defaulted; and
- Act as an interface between government, communities and the private sector housing institution, particularly in areas where normal lender/borrower relations have ceased.

Since its establishment, between June 1995 and March 1998, the MIF provided cover in 543 areas previously denied housing finance. The MIF accredited 17 financial institutions which in turn have granted 144 221 loans, amounting to R10 billion, in the MIF covered areas. Of these loans 80 355, valued at R 4, 27 billion were granted in the government subsidised market - households earning less than R 3 500 per month (Department of Housing, 1998:49).

As was originally foreseen the Fund's operations came to an end in May 1998 after a longer-term framework for continued relations between government, under-serviced communities and banks had been agreed upon. The affected properties i.e. those that have received indemnity, but were in default in January 1998, were transferred to Servcon Housing Solutions.

According to the Department of Housing (1997:57), Servcon was established in June 1995 to deal with the issue of non-payment of mortgages in the banking sector. This Joint Venture Company between Government and the banks addressed the need of institutional support for borrowers, whose household income do not exceed R 3 500, that have fallen in arrears or are unable to afford the properties occupied by them.

Servcon has entered into a service agreement with all the major banks to administer their properties in possession in terms of the agreement reached between the Association of Mortgage Lenders and government (Department of Housing, 1995: 9). Servcon offered a normalisation programme in terms of which affected occupants had the following options:

- "rental option - rental starts at less than half the bond instalments and increases over a 3-4 year period;
- repurchase/loan rescheduling option;
- rightsizing programme (assistance to relocate to affordable accommodation);
- assistance to the aged and disabled; and
- assessments of/ and adjustments for structural defects" (Department of Housing, 1998:48)."

According to the Department of Housing (1998:47), Servcon was relaunched in April 1998 following the signing by the Minister of Housing and the Banking Council of a revised Record of Understanding namely the Heads of Agreement on the termination of the Record of Understanding. This development led to new mandate for Servcon whereby the company has been given eight years to dispose of its portfolio of properties in possession and non-performing loans. Seeing that the cut-off date for the inclusion of properties into Servcon's portfolio has expired on 31 August 1997, its portfolio being administered at the end of December 1998 stood at 33 117 properties. According to the Department of Housing (1998:47), 7522 rental agreements had been signed, 2460 loans had been rescheduled and 2819 rightsizing leased had been negotiated in terms of these properties.

Up to 31 October 1999 18 704 clients have signed agreements with Servcon

(Department of Housing, 1999:24). The default rates on these agreements are, however, high seeing that only approximately 34% of Servcon's clients are paying. The Department of Housing is, however, of the opinion that the overwhelming reason for these poor results is that Servcon's clients are still facing economic hardship. Servcon has satisfactorily disposed of or removed from their portfolio 5 040 properties (Department of Housing, 1999:24). It is interesting to note that the cut-off date for the inclusion of properties into Servcon's portfolio is coming under pressure for an extension as a result of the number of new defaulters (Department of Housing, 1999:24).

2.3.1.3 Thubelisha Homes

One of the major problems facing Servcon is the lack of affordable housing alternatives to provide for defaulters (Department of Housing, 1997:58). Thubelisa Homes - a Section 21 company was established with a mandate to create, hold and dispose of housing stock in support of the rightsizing initiative. Thubelisa Homes has been set a target of 1000 rightsizing transactions for the period 1 April 1999 to 31 March 2000 (Department of Housing, 1998:49). Thubelisha homes currently has over 1300 clients in the process of either being workshopped, interviewed, or completing subsidy applications (Department of Housing, 1999:31).

2.3.1.4 National Home Builders Registration Council (NHBRC)

The NHBRC was created to offer the homebuilder and consumer a national system of comprehensive new home warranty protection (Department of Housing, 1999:25). This became a priority because defective workmanship and other product defects have compromised housing consumers/beneficiaries and thus contributed to payment stoppages, which in turn resulted in losses by financial institutions (Samson, 1999:66).

Since united support from all key stakeholders in the industry was not forthcoming the Housing Consumer Protection Measures Act, 1998 (Act 95 of 1998) was promulgated in November 1998 (Department of Housing, 1998:52). In terms of the Act, the NHBRC have become a statutory institution with the responsibility to provide protection for all new

housing consumers against defects (Department of Housing, 1999:26). The Act requires all homebuilders to register with the National Home Builders Registration Council and for every house with a value up to R250 000 to be enrolled under the NHBRC's defect and warranty scheme. The main objectives of the NHBRC are to:

- Grant protection to consumers against shoddy workmanship;
- Regulation of homebuilders;
- Raising of construction standards;
- Introduction of a basic level of consumer protection; and
- Introduce a national warranty fund able to intervene where builders fail to honour a standard warranty (Department of Housing, 1998:51).

Currently about 6 173 builders are registered with the NHBRC (Department of Housing, 1999:25). Since its establishment in 1995 a total of 88 851 homes have been enrolled under the Defects Warranty Scheme (Department of Housing, 1999:25). Since its establishment the activities of the NHBRC have according to the Department of Housing (1999:26) contributed substantially to stability in the home building industry by providing quality assurance that is leading to increasing investor confidence amongst individuals and mortgage lenders alike.

2.3.2 Subsidy assistance to low-income households

South Africa is faced with a major affordability problem where housing is concerned caused by *inter alia* high levels of unemployment, relatively low average wage levels and the levels of costs in the provision of housing (Republic of South Africa, 1994:43). The key strategy currently used by the Department of Housing to address the housing problem is a capital subsidy programme devised for providing individual, project-based and institutional subsidies. The subsidy policy was devised to be as flexible as possible

in order to accommodate a wide range of tenure and delivery options thereby facilitating maximum gearing with private investment, savings and sweat equity (Republic of South Africa, 1994).

The capital subsidy scheme adopted by the Department of Housing is focused on rendering financial assistance to the poorest of the poor and all legal South African residents with a monthly household income below R 3 500 are eligible for assistance (Republic of South Africa, 1994:43). The capital subsidy approach of the Department of Housing meets the criteria of transparency, ease of budgeting, fiscal discipline and the ability to provide the individual with the maximum freedom of choice and benefit. Government is adamant not to provide hidden subsidies over and above the basic capital subsidy made available to the end user (Republic of South Africa, 1994:44).

The White Paper on Housing introduced four subsidy levels in 1994 – see Table 2.1(Republic of South Africa, 1994:46).

Monthly household income (R)	Subsidy (R)
0-800	15 000
801-1 500	12 500
1 501-2 500	9 500
2 501-3 500	5000

TABLE 2.1: Capital subsidy levels in 1995

Towards the end of 1997 Cabinet approved the merging of the two lowest income categories. The change enables households earning R 1 500 or less per month to qualify for a subsidy of R 15 000 (Department of Housing, 1997: 11). An increase in the subsidy amounts was approved in 1998 to compensate for the eroding effect of inflation thereby enabling government to sustain the building of houses in accordance with the National

Norms and Standards determined by the Minister of Housing (Department of Housing, 1998:13).

Monthly household income (R)	Subsidy (R)
< 1 500	16 000
1 501- 2 500	10 000
2 501-3 500	5 500

TABLE 2.2: Reviewed capital subsidy levels in 1998

A consolidation subsidy, which allowed persons who had previously received housing assistance from the state in the form of serviced sites to erect or upgrade a top structure was also, introduced (Department of Housing, 1995:11). Persons earning R800 or less received R7 500 and those earning between R801 and R 1 500 qualified for R 1 500. These two subsidy levels were however consolidated at the end of 1997 into a single R 8 000 capital subsidy (Department of Housing, 1998:13). Variation of subsidy level at local/metropolitan or provincial level is not allowed although subsidy levels may be varied by up to 15 per cent to compensate for geotechnical, topographical or locational variations (Republic of South Africa, 1994:46).

According to the White Paper (Republic of South Africa, 1994:44) subsidies can either be non-credit linked or credit and savings linked implying a significant gearing of private resources. Subsidies can furthermore be accessed individually or be project based.

The housing subsidy scheme is continually reviewed and adopted to support new policy initiatives e.g. the envisioned promotion of social housing projects through strategies like the introduction of social housing subsidies that will render financial assistance to institutions created to supply affordable social housing to the lower end of the market. The Housing Subsidy Scheme in its current form does not provide assistance towards the development of rental housing. Adapting the Housing Subsidy Scheme to lend

assistance to the development of rental housing requirements was declared as a priority by the Department of Housing for the coming year (Department of Housing, 1998:15).

Another priority is the adaptation of the Housing Subsidy Scheme to provide for the allocation of housing subsidies to subsidy beneficiaries wishing to obtain co-ownership of a single residential property.

The Department of Housing in their 1999 Annual Report furthermore outlined the following enhancements to the housing subsidy scheme.

- Rural subsidies: Informal Land Rights. According to the Department of Housing (1999:9) the housing subsidy scheme initially did not provide for the housing needs of people living in rural areas with informal land rights, as they could not obtain ownership of the properties they occupy. To address this issue the Minister of Housing, on 29 November 1999 approved the Guidelines for Rural Subsidies: Informal Land Rights. The granting of the subsidies is not based on ownership but on the fact that the beneficiary already enjoys a form of secure tenure.
- The variation of subsidy amounts to cater for the special needs of disabled persons. In this regard the Department of Housing, in conjunction with the South African Disability Institute developed guidelines for the variation of subsidy amounts to cater for the special housing needs of disabled persons eligible for housing subsidies (Department of Housing, 1999:10). The guidelines in question entail an increase in the subsidy amount depending on the severity of a beneficiary's disability. Hopefully this initiative will enable such disabled beneficiaries to install special equipment in their homes and to effect design adjustments to enable independent living.
- Re-assessment of access to housing subsidies by persons owning unsubsidised sites or housing but are otherwise eligible for subsidies. The existing criteria of the housing subsidy scheme only cater for persons who will acquire fixed residential property for the first time. This means that persons who acquired residential property without assistance but meet all other qualifying criteria are disqualified

form any subsidy assistance (Department of Housing, 1999:11). This policy stance is preventing some of these persons to construct a basic house or even an informal structure. In order to address this issue the Department of Housing is in the process of developing proposals to award access to housing subsidies to existing property owners who comply with all the other existing qualifying criteria of the housing subsidy scheme.

- Formulation of policy proposals regarding prospective housing subsidy beneficiaries who will obtain co-ownership of a single residential property. According to the Department of Housing (1999:11) the Department is in the process of investigating the possible enhancement of the housing subsidy scheme in order to accommodate this need that became apparent recently.

By the end of December 1999 1 112 558 project linked subsidies and 112 964 consolidation subsidies were concluded with a developer in a consolidation scheme to provide/upgrade top structures and 112 736 individual subsidies had been awarded (Department of Housing, 1999:8-9). Since the implementation of institutional subsidies on 1 December 1995, 24 670 institutional subsidies have been approved.

2.3.3 Supporting the housing process

One of the biggest challenges currently facing government is dealing with households in need of proper housing who cannot access credit or accumulate significant savings to acquire housing (Republic of South Africa, 1994:28). In order to assist individuals and communities in the housing process, government established (in conjunction with the private sector where possible) housing support mechanisms that include *inter alia*:

2.3.3.1 The People's Housing Partnership Trust (PHP Trust)

The PHP Trust can be described as a capacitating programme, which consists of five components:

- "advocacy, promotion and creation of a critical mass of support for the People's Housing Process;
- development of technical skills and associated developmental support at all levels through community workshops and training initiatives on e.g. brick-making and roofing;
- streamlining of operational procedures for the delivery of land, finance and infrastructure through e.g. involvement in the compilation of a National Housing Policy;
- facilitation and promotion of housing support centres/initiatives - the Trust already facilitated the establishment of 31 housing support centres in eight provinces; and
- assistance to local organisations (NGOs and CBOs)" (Department of Housing, 1998: 17-18)."

According to the (Farouk, 1999:7) the People's Housing Process is commonly exemplified by NGO-supported, community driven housing projects that aim to change the apartheid landscape and make positive contributions to socio-economic change. The Department of Housing is supporting the PHP through the People's Housing Partnership Trust. The Department of Housing in 1998 released a PHP policy framework. The said framework *inter alia* makes provision for a special PHP subsidy that can be allocated by the MECs responsible for housing. At the end of the last quarter of 1999 only approximately 10 000 houses have been built through the PHP (Farouk, 1999:7). This can according to Farouk (1999:7) be attributed to the fact that no criteria has been developed to give PHP projects priority in the allocation process and neither has any quota been established to ensure that subsidies are directed to the PHP.

2.3.3.2 Establishment of the Social Housing Foundation (SHF)

The promotion of social housing in South Africa is spearheaded by the Social Housing

Foundation established by the National Housing Finance Corporation in November 1997 (Department of Housing, 1997:54). An amendment to the Housing Act early in 1999 through the Housing Amendment Act, 1999 (Act 28 of 1999) officially recognised the SHF as a National Institution established by the Minister of Housing tasked with the facilitation, promotion and development of a social housing sector/movement in South Africa (SHTT, 1999:5 and Department of Housing, 1999:40). According to the Department of Housing (1999:28) the SHF had by the end of November 1999 established relations with a total of 52 emerging social housing institutions and provided each with ongoing capacity building, technical support and advice services. Agreements with social housing organisations in both the UK and the Netherlands were negotiated - and these organisations undertook to act as secondary technical advisors to social housing projects in South Africa. The SHF is largely active in the following areas:

- Capacity building and technical assistance;
- The development of training programmes based on the specific needs and requirements of individual social housing institutions (SHIs);
- Mapping and mobilising of donor funding; and
- Research and policy development.

Mandated by the Minister of Housing the SHF appointed a policy task team in August 1997, tasked with the development of a policy framework for social housing. The task team submitted their first report in March 1998. This report outlined how important social housing is to our low-income housing sector while at the same time identifying areas that still need to be addressed. These include *inter alia*:

- Regulatory and funding frameworks;
- The role of provincial and local governments in social housing delivery; and

- The required capacity building, training and other support mechanisms necessary to support/facilitate the social housing sector's growth.

In 1999 the Social Housing Task Team (SHTT) produced a comprehensive report on social housing for the Minister of Housing. The report made recommendations regarding the development of a policy and legislative framework appropriate to the sector (Department of Housing, 1999:29). Note that some of these recommendations were discussed in chapter 4 of this study.

A tool kit that can be used by existing and emerging housing institutions has been finalised and is available at a nominal fee. The vision of the SHF is to facilitate the establishment of 50 sustainable housing institutions in South Africa by the year 2002 (Department of Housing, 1998:56).

According to the SHTT (1999:18) provincial governments vary in the amount of attention they are giving to social housing. Gauteng for example adopted social housing as one of their key strategies in the continuing effort to address the province's housing problems. Gauteng's commitment is reflected in the following provincial initiatives:

- Johannesburg's White Paper on social housing which strives to encourage the development of social housing in the inner city. The White Paper earmarks the local authority as the facilitator of social housing.
- The preparation of social housing regulations for the province;
- The passing of the Residential Landlord and Tenant Act by the provincial legislature; and
- The Gauteng Housing Act, 1998 (Act 6 of 1998) that, in section 17 gives explicit recognition to housing co-operatives and associations. The Act also places a responsibility on the Provincial Housing Department to promote the establishment of such institutions in the province. The Department is also tasked with monitoring

the registration, function and development of housing co-operatives and associations.

Even at a local level the attention given to social housing is on the increase (SHTT, 1999:18). The local authorities of *inter alia* Durban, Pietermaritzburg, Pretoria, Johannesburg, Germiston, East London and Port Elizabeth all have to a greater or lesser degree examined the role of social housing within their respective jurisdictional areas.

In spite of the progress made at national, provincial and even local level the Department of Housing (1999:29) acknowledges that the policy and funding frameworks within which the social housing sector currently operates are still not fully developed. Some of the challenges that the sector according to the Department of Housing still has to overcome include:

- The development and operational costs continue to keep social housing from reaching the bottom end of the subsidy market;
- Capacity constraints – there is a need to build a corps of social housing professionals; and
- The intensive capacity requirements of establishing social housing institutions as well as long lead-times for these institutions to reach full sustainability delays project implementation.

2.3.3.3 Creation of the Housing and Urbanisation Information System (HUIS)

According to Samson (1998:4) a major obstacle in monitoring the progress of housing delivery is the lack of accurate housing and human settlement information. The (HUIS) system was designed to interface with and gather data from various government and private sector sources in an effort to address this gap/obstacle. According to the Department of Housing (1998:57) HUIS already facilitates the development of specific Human Settlement Indicators to identify trends that will be taken into consideration during

decision-making and policy formulation (Department of Housing, 1999:32). The Department of Housing is confident that this system not only improves the management and provision of shelter to the poor, but will also enable the Department to better integrate its planning with the activities of other departments and key stakeholders (Department of Housing, 1998:57).

2.3.3.4 National Presidential Lead Project: Job summit

A National Presidential Lead Project (NPLP) for housing was initiated as one of the outcomes of the Presidential Job Summit held in October 1998 (SHTT, 1999:23). The NPLP is designed to lead to mass housing delivery as well as a demonstration of best practises. The project will be run on a non-profit basis and seeks to minimise capital costs through entering into contracts for delivery at scale, using state land where possible and locating housing in areas where bulk infrastructure is under-utilised. According to the Barnard (Personnel Interview, 18 June 2001) NPLP seeks to deliver 50 000 housing units for low-income households across South Africa over the next three years. The first projects are expected to be completed towards the end of 2001 and the last within the 2002/2003 financial year. It is estimated that approximately 75 percent of the units will be for rental purposes, with the remaining 25 percent earmarked for private ownership. The ownership and management of the rental stock will reside with the public sector. It is thus expected that organisations like the Social Housing Foundation will be responsible for establishing institutions and ensuring the development of capacity and skills within the public sphere to manage these units (SHTT, 1999:23).

2.3.4 Mobilising savings and housing credit

According to the White Paper (Republic of South Africa, 1994:29), a significant number of households in need of housing in South Africa can afford to access housing credit, provided of course that it is indeed available. Such end-user finance is not readily accessible, especially for low-income households, which led to the identification of the unlocking of housing credit as a cornerstone of a sustainable housing delivery process. The Department of Housing initiated the following programmes to try and address this

problem area:

2.3.4.1 The establishment of the National Urban Reconstruction and Housing Agency (NURCHA)

The nature of the housing sector which is characterised by long lags between the moment a developer starts construction and the eventual sale of the individual units forces most developers into a situation where they need to borrow money to finance their activities (Samson, 1999:64). According to the Department of Housing (1998:49) NURCHA was established as a tax-exempt non-profit company in May 1995. The main objective of the agency is to help project developers and potential homeowners to overcome difficulties in accessing bank finance and to facilitate the flow of finance from lending institutions into the low-income housing sector. NURCHA does so by offering guarantees to finance institutions through which risks on loans made to projects and programmes are shared (Department of Housing, 1999:24). NURCHA also engages in:

- Project bridging finance. By the end of August 1998 NURCHA has approved 103 projects involving R42,4 million for bridging finance guarantees. These projects will result in the erection of 40 000 housing units valued at R558,5 million (Department of Housing, 1998:50). From January to November 1999, NURCHA signed guarantees valued at R 33 626 021 to support projects that once completed will deliver 22 153 houses (Department of Housing, 1999:25). The total number of houses built and transferred on NURCHA supported projects now totals 38 680 (Department of Housing, 1999:25).
- End user finance. According to the Department of Housing (1999:25) NURCHA has issued rental guarantees to housing associations, shared risks with alternative lenders who lend to borrowers excluded from main stream lending institutions and pioneered an approach which links lending to the willingness of the borrower to save. NURCHA has up to date approved 19 guarantees valued at R45 million so such projects (Department of Housing, 1999:25). If successful these guarantees will result in about 14 000 loans for housing, or rental units occupied (Department

of Housing, 1999:25).

Difficult economic conditions and high interest rates have resulted in the first claims against NURCHA's guarantees. During 1999 NURCHA paid out R 901 750 in claims to banks (Department of Housing, 1999:25).

2.3.4.2 Establishment of the National Housing Finance Corporation (NHFC)

The NHFC was established in April 1996, to fulfil the following tasks:

- "remove impediments and reduce the funding costs to small and medium lenders;
- limit and spread the risk associated with lending to low-income borrowers and providing funds for small retail lenders;
- reduce interest costs to low-income borrowers; and
- address the regulatory, policy and socio-political constraints on sustained expansion of retail housing credit " (Department of Housing, 1995:13).

The NHFC can be described as a wholesale financier: it is funded by National Government which enables it to provide retail loans to intermediaries servicing the low-income housing market (Barnard, Personnel Interview, 18 June 2001)

During the past two years of the Corporation's existence it has through various activities improved the housing conditions of \pm 60 000 families - approximately 300 000 men, women and children - in the low and moderate income categories (Department of Housing, 1998:55). From 31 March 1998 to 31 March 1999 the NHFC disbursed R 443 million. This translates into 136 452 end user loans granted and 35 881 new housing units delivered (Department of Housing, 1999:26). These figures brings the number of people who's quality of life have been affected by the activities of the NHFC to 775 900 (Department of Housing, 1999:26). It is furthermore important to take note of the

existence of the Housing Institution Development Fund (HIDF) - a legally separate division of the NHFC (SHTT, 1999:86). The aims of the HIDF include *inter alia* the promotion of sustainable institutional capacity in the housing sector. This is done through the provision of finance that can be used for institutional development and housing stock development.

The HIDF is a developmental financier to social housing institutions in that it acts as a catalyst for securing funding for the social housing sector across South Africa. This is done through the provision of various products at preferential interest rates and on favourable terms to existing social housing institutions. Through such assistance the HIDF strives to capacitate social housing institutions so that they can develop into viable institutions with governance and management arrangements acceptable to commercial financial institutions.

2.3.5 Promoting access to land with secure tenure

According to the White Paper (Republic of South Africa, 1994:43), security of tenure is a key cornerstone of government's approach towards providing housing to people in need. This said, it is important to realise that government rejects the elevation of individualised private home-ownership above other forms of secure tenure. As previously indicated the housing subsidy scheme was designed to provide for the fullest range of tenure options. According to Development Works (1998: 19-22) significant tenure laws enacted since 1994 include:

- The Constitution, 1996 (Act 108 of 1996);
- Development Facilitation Act, 1995 (Act 67 of 1995);
- Interim Protection of Informal Land Rights Act, 1996 (Act 31 of 1996);
- Prevention of Illegal Eviction From and Unlawful Occupation of Land Act, 1998;
- Extension of Security of Tenure Act, 1997 (Act 62 of 1997);
- Draft Land Rights Bill; and
- Rental Housing Act, 1999 (Act 50 of 1999).

2.3.5.1 Constitution, 1996 (Act 108 of 1996)

The Bill of Rights contained in (Chapter 2) the Constitution deals with both housing and property. Section 25(1) states that no law may permit the arbitrary deprivation of property and property may only be expropriated for a public purpose or in the public interest. Subsection 25(4) states that public interest in this instance includes land reform.

Subsection 25(5) determines that the state must take reasonable legislative and other measures within its available resources to foster conditions that enable citizens to obtain access to land on an equitable basis.

Subsection 25(6) establishes the right to legally secure tenure or comparable redress. Subsection 25(9) then goes further to instruct Parliament to enact legislation that will ensure that this is indeed possible.

Section 26 establishes in subsection (1) that everyone has the right to adequate housing and places a duty on the state in subsection (2) to take reasonable legislative and other measures to achieve the progressive realisation of this right. Subsection (3) of Section 26 clearly establishes that no one may be subject to arbitrary evictions without an order of court made after all the relevant circumstances were taken into account.

Government has subsequently gone ahead and promulgated or is the process of promulgating the following legislation in order to give effect to the Constitutional obligations described above.

2.3.5.2 Development Facilitation Act, 1995 (Act 67 of 1995) -DFA

Section 3 of the DFA, 1995 contains a set of normative principles for land development that is nationally applicable. These principles apply to the decisions/actions of the state and local government and must be taken into account when any decision regarding land development is made. One of these principles is the promotion of security of tenure - thereby entrenching this as a fundamental requirement into law (Development Works,

1998:20). This principle makes it impossible for competent authorities to approve of developments in which security of tenure is conditional or not secured. The provision of a wide variety of tenure alternatives is thus supported and promoted.

The DFA, 1995 also sets out a procedure for the investigation and authorisation of non-statutory land development processes in section 42. Section 63 of the DFA, 1995 provides for the conversion of informal tenure into ownership.

2.3.5.3 Interim Protection of Informal Land Rights Act, 1996 (Act 31 of 1996)

The main objective of this Act is to protect individuals holding informal rights to land, expressed through a de facto rights holding situation, until such time as comprehensive legislation is in place (Department of Land Affairs, 1998:106). According to Development Works (1998:20) the Act also protects individuals from eviction and recognises the informal rights holders as stakeholders in any development process that will affect the land in question. The Minister of Land Affairs extended the application of the Act on 8 December 2000 to 31 December 2001 after which it will lapse.

2.3.5.4 Prevention of Illegal Eviction from and Unlawful Occupation of Land Act, 1998

The Act establishes a clear set of procedures and principles through which the eviction of unlawful occupiers can be regulated in a fair manner, whilst recognising the right of landowners to apply to court for an eviction order (Development Works, 1998:21). The Act strongly disapproves of persons soliciting and receiving payment for arranging illegal occupations, thereby paving the way for the prosecution of shack lords. An unlawful occupier is defined in the Act as: “someone who occupies land without the express or tacit consent of the owner, excluding a person whose informal right to land is protected by the Extension Security of Tenure Act, or in terms of the Interim protection of Informal L
and Rights Act, 1996 (Act 31 of 1996)”.

2.3.5.5 Extension of Security of Tenure Act, 1997 (Act 62 of 1997) - ESTA

According to the Department of Land Affairs (1997:2) the Act has been promulgated to achieve the following four objectives:

- It gives occupiers who lived on someone else's land on or after 4 February 1997 with the permission of the owner, a secure legal right to live on and use that land;
- Occupiers are provided with ways in which they can strengthen these rights with financial help from the state in order to achieve long-term security of tenure or even ownership;
- It protects occupiers against unfair or arbitrary evictions - although legal evictions are provided for in certain circumstances; and
- Protects the owners or people in charge of land by stating that occupiers have certain duties along with their rights.

2.3.5.6 Draft Land Rights Bill

The draft Land Rights Bill is required by section 25(6) and (9) of the Constitution as previously indicated. According to the Department of Land Affairs (1998:106), the Bill provides for far-reaching land tenure reform in the rural areas of the ex-homelands and former South African Development Trust (SADT) land and is therefore primarily targeted towards the protection of land rights on state-owned land. The Bill provides *inter alia* for the following:

- Repeal of the many and complex apartheid laws relating to land administration;
- Recognition of customary tenure systems;
- The transfer of property rights from the state to the de facto owners of the land as

well as the devolution of land rights to the rights' holders themselves;

- Additional land and dispute resolution processes thereby addressing the apartheid legacy of overlapping rights and overcrowding, contributing to increasing and-related conflict;
- Clarification of who may make legally binding decisions regarding the development of land and to whom the resulting benefits must flow; and
- New government functions and structures to support the implementation thereof (Department of Land Affairs, 1998:106).

Note that the Draft Land Rights Bill has subsequently been withdrawn by the Department of Land Affairs and is in the process of being reworked/reconsidered.

2.3.5.7 Rental Housing Act, 1999 (Act 50 of 1999)

A fundamental problem with the current housing subsidy approach is that it in practice tends to promote ownership, to the exclusion of other possible forms of tenure and accommodation (Development Works, 1998:18). South Africa has furthermore experienced a decline in investment in rental stock over the last number of decades coupled with substantial disinvestment. Trends that include high rentals, disputes between tenants and landlords, lack of proper maintenance to buildings all indicate that the rental market is not functioning optimally (Republic of South Africa, 1998:21). These trends notwithstanding, a strong latent demand still exist in the rental housing market, specifically for the income group earning from R1 500 to R3 500 per month. This can be ascribed to the fact that ownership tends to limit economic mobility and ownership in traditional areas is often the preferred option, coupled with the limited availability of affordable home loans. The secondary housing market for the historically disadvantaged given its short life span is still under- developed (Republic of South Africa, 1998:21).

Possible investors in the rental market are concerned about *inter alia*: inadequate returns

on investments within the context of increasing interest rates, and taxes, municipal service charges and maintenance costs. Investors are furthermore afraid that rent control will be extended as the Rent Control Act of 1976 may be extended to any rental property at any time by presidential decree, without Parliamentary approval (Development Works, 1998:22-23).

The Rental Housing Act was thus promulgated to:

- Withdraw/repeal the Rent Control Act, 1976 (Act 80 of 1976);
- Define the responsibility of government in respect of rental housing property;
- Provide for the introduction of a rental housing subsidy programme to stimulate the supply of rental housing for low income persons;
- Provide for the establishment of Rental Housing Tribunals which are responsible for the hearing of complaints regarding unfair practices;
- Prescribe the general requirements relating to leases;
- Lay down general principles governing conflict resolution in the rental housing sector; and
- Provide for the facilitation of sound relations between tenants and landlords.

2.3.6 Co-ordinating public sector's actions, strategies and investment

According to the White Paper (Republic of South Africa, 1994:33), housing delivery requires the integration and co-ordination of the actions of all role players - public sector and non-state (private sector). Only the combined, co-ordinated efforts of the full range of role players in the provision of infrastructure, social, education, health and other services as well as taking cognisance of environmental concerns can hope to succeed

in addressing the housing crises in the country. As already stated the Department of Housing established the Housing and Urbanisation Information System (HUIS) to enable the Department to better integrate its planning with the activities of other departments and key stakeholders.

The Department of Housing furthermore released the Urban Development Framework in 1997 to provide a consistent urban development policy approach that can be utilised to initiate effective urban reconstruction and development and furthermore to guide development policies, strategies and the actions of all stakeholders in the urban development process (Department of Housing, 1997:1). The Urban Development Framework furthermore served as the main policy guideline for the implementation of the Habitat Agenda in South Africa. According to the Department of Housing (2000:13) the Urban Development Framework is in the process of being reviewed to ensure that its policies and proposed programmes continue to promote sustainable development in human settlements.

2.3.7 Rationalising the institutional and legal framework

Government and more specifically the Department of Housing inherited a myriad of housing laws grounded in apartheid ideology. This situation contributed towards a lack of an overall housing strategy and a fragmented, poorly focused and inequitable allocation of housing funds (Department of Housing, 1997:6). The Housing Act, 1997 (Act 107 of 1997) that came into effect on the 19th of December 1997 changed all this by:

- Abolishing all apartheid housing legislation and replacing it with a single housing act reflecting the policy and priorities of the current government;
- Prescribing fundamental principles binding to all three spheres of government in respect of housing development;
- Describing the respective roles of national government, the nine provincial

governments and organised local government in respect of housing development;

- Phasing out the housing subsidies of the previous dispensation and replacing it with one national subsidy standard;
- Creating one coherent national policy in respect of bridging finance and end-user finance; and
- Establishing one national and provincial statutory Board system (Department of Housing, 1997:6).

As was already stated in Section 2.3.3.2 the Housing Second Amendment Act, 1999 (Act 28 of 1999) was *inter alia* promulgated to:

- Recognise the Social Housing Foundation as a national institution;
- Regulate the transfer of property to provincial housing development boards; and
- Authorise MEC's to approve the sale of certain properties.

According to Samson (1998:6) substantial progress has been made with the implementation of the national legal, financial, and institutional framework for housing.

2.4 ONE MILLION HOUSING TARGET

The State President announced in February 1998 that government as a result of mainly budget constraints will not be able to reach the target of one million units in five years (Department of Housing, 1998:29). The current backlog is furthermore estimated at ± 4 million units, 2 million of which are situated in urban areas (Fourie in Samson, 1999:58). Currently only 10 000 housing opportunities are being delivered monthly - meaning that it will take about 30 years to address the backlog, not taking into account new family formation (Business Day, 7 May 1998).

2.5 CONCLUSION

The last five years has seen housing policy moving from a pre-1994 situation characterised by the absence of a holistic strategy guiding housing and urbanisation towards a post-1994 one where a coherent national policy is gradually coming into existence.

The Department of Housing is pursuing a multifaceted approach aimed at mobilising and harnessing the combined resources, efforts and initiative of communities, the private sector, commercial sector, and the state.

The Department of Housing has initiated the following seven key strategies to meet the housing challenge in South Africa:

- Stabilising/normalising the housing environment in order to ensure maximal benefit of State housing expenditure and mobilising private sector investment. This was achieved through *inter alia* the launching of the Masakhane programme and the establishment of the MIF, Servcon Housing Solutions, Thubelisha Homes and the NHBRC.
- Providing subsidy assistance to low-income households earning less than R3 500 per month. The housing subsidy scheme is furthermore continually revised to make it more relevant and comprehensive in nature.
- Mobilising private savings and household credit for low-income households who did not have access to credit facilities through the establishment of institutions like NURCHA and the NHFC.
- Facilitate the speedy release and servicing of land. The promulgation of the DFA, 1995 (Act 67 of 1995) was but one of the legislative changes introduced to address this problem area.

- Co-ordinating and integrating public sector investment through the creation of HUIS and the release of the Urban Development Framework.
- Facilitating the establishment or directly establishing a range of institutional, technical and logistical housing support mechanisms. The Department of Housing addressed this goal through the support of the Peoples Housing Partnership Trust, the establishment of the Social Housing Foundation and the launching of the Presidential Lead Projects.
- Rationalising institutional capacities and the legal framework in the housing sector. This was achieved through the promulgation of the Housing Act, 1997 (Act 107 of 1997) which, *inter alia* abolished all apartheid housing legislation and replaced it with a single housing act that reflects the policies and priorities of the present government.

Other mechanisms e.g. supporting the development of a social housing movement and the promotion of rental housing stock are being considered and explored to help facilitate the mobilisation of public and private sector finance to allow for systematic and targeted growth in the rate of housing production of all kinds. There is a realisation that current national housing policy tends to promote freehold ownership although there is evidence that ownership of a serviced stand and a top structure does not address the needs of all individuals living in insecure tenure conditions. The implications of persistent patterns like the lack of stable employment opportunities tends to create resistance to ownership that limits economic mobility are, however, not adequately reflected in current housing policy. Strategies for the promotion of social housing and the provision of rental housing especially in the low-income segment of the market are still incomplete and needs further development.

CHAPTER 3: DESCRIPTION OF SOCIAL HOUSING, THE EVOLUTION AND CLASSIFICATION OF SOCIAL HOUSING INSTITUTIONS

3.1 INTRODUCTION

Social housing as part of the voluntary housing movement/non-profit sector can be described as the third arm of housing provision, the first being the owner-occupier market/private market and the second, local authority housing efforts to make rental homes available for those unable to enter the owner-occupied market (Coulter in Cope, 1990:xi and Alder and Handy, 1987:3).

Chapter three starts out with a section providing a description of the term social housing. This chapter furthermore addressed the evolution of social housing from before 1914 until the end of 1999 followed by a section devoted to defining the terms housing association and housing co-operation. In that section the relation between the term social housing institution (SHI), housing associations and housing co-operatives was also clarified. The chapter was concluded with a section dealing with the classification of social housing institutions (SHIs) according to *inter alia* legal status, size and motivation.

3.2 DESCRIPTION OF THE TERM SOCIAL HOUSING

Social housing is described by Emms (1990:1) as housing the construction of which, and the subsequent rents, are subsidised from public funds. Social housing from its conception was limited to that of a supplementary form of housing provision rather than a perceived alternative to the private market (Harloe, 1995:69). Throughout its history it was a selected and limited response that has been socially constructed and reconstructed several times - this evolution was addressed further on in this chapter.

To describe social housing as part of the voluntary housing movement means that the nature of social housing provision is not undertaken through statutory duty but is the

result of volunteers who combine to form housing associations or housing co-operatives (a special form of housing association), to meet their perceived housing needs through their own energy and commitment (Cope, 1990:1). Social housing is thus a strategy whereby communities rather than individuals make sure that they can cover the cost of their housing option be that flats, houses, townhouses, new or existing housing stock (Urban Sector Network - USN, 1999: 3). The provision of housing stock is achieved by leveraging private finance at preferential rates to top up limited public funds (Cash, 1998).

Social housing seen as part of the non-profit housing sector means that its primary purpose is to provide the essential service of housing at cost to the consumer/beneficiary (United Nations - UN, 1975:7). However, non-profit housing does not entail uneconomic management, but rather renunciation of profit. Non-profit therefore implies a cost-covering principle in which cost can according to Lewin (1981: 17) include direct building expenditures, charges for management and administration, maintenance, security, reserves, taxes and insurance.

The USN (1999:2) describes social housing as a cheaper or more economical kind of housing for people of limited financial means. It can be regarded as more economical for the beneficiaries because government pays/subsidises some of the costs and no one earns profit from high rents being charged.

3.3 EVOLUTION OF SOCIAL HOUSING IN INDUSTRIALISED COUNTRIES

3.3.1 Models of social housing provision

According to Harloe (1995: 6) the history of social housing is dominated by the application of three models of social housing provision namely: residual, mass and working co-operative models. These models were used as a tool to divide the history of social housing provision into several distinctive stages when one or another of these models was dominant. It is, however, important to note that there are

differences between the industrialised countries with regards to the history of social housing and these differences can according to Harloe (1995:25) be attributed to:

- The extent to which social housing provision was perceived by the dominant political and economical groupings as well as the state as an important element in the resolution of the housing crisis;
- The state of the private housing market in the respective countries and its inherent ability to provide accommodation for key sectors of the population with or without state assistance or support;
- Strength of political support for social housing;
- Institutional and legal variations; and
- Ideological differences - deriving from conceptions about what the relationship between the individual/family, the state and the market should be.

3.3.1.1 The residual model

According to Harloe (1995:523) the residual model involves small-scale building programs, which focuses almost exclusively on the poor. It emerges once it is realised that the ability of the private rental sector to supply sufficient affordable accommodation for the urban poor is limited. According to Cope (1990:15) such a situation can be caused by *inter alia*:

- High management costs of this form of investment;
- The yield on housing to rent in low income groups is low even with rents set at market level; and

- The stock that is provided is not likely to be provided at a price, which those with low incomes can afford.

This minimised form of provision is usually characterised by top-down proposals from the state and resides firmly within the arena of bureaucratically organised, regulated, top-down control, management and policy-making. It provides a safety net for those whom for reasons of poverty, age or infirmity cannot obtain suitable accommodation in the private sector (Clapham *et al*, 1990:67). Both Clapham *et al* (1990:68) and Harloe (1995: 523) warn that housing provided through this model can easily be seen as a stigmatised form of provision which accommodates politically, socially and economically marginalized groups only. The residual model provision is the dominant model in "normal times" in many of advanced capitalist societies.

3.3.1.2 Mass model

According to Harloe (1995: 7), the mass model cuts across private market provision more significantly than the residual model and gains major significance and state support only in abnormal times, that is, when varying combinations of social, economic and political circumstances limit the scope for private provision. Social housing provision in accordance with this model occurs under historic specific circumstances, which involves periods of generalised social crisis. As soon as these broader social, economical or political circumstances pass the residual model emerges again (Harloe, 1995:72). Little or no stigma is attached to the occupancy of accommodation provided through this model seeing that this model is targeted on general needs, that of a broad range of lower and middle income groups - and not just or even mainly the poor. Housing stock provided through this model is frequently managed in less of a controlled or paternalistic way.

3.3.1.3 Worker co-operative model

Housing stock provided through the workers co-operative model is the result of bottom-up grassroots efforts of working and middle class organisations, whose members suffered from economic insecurity and political marginalization (Harloe, 1995: 72). These organisations founded a wide range of self-help or mutual aid organisations to build housing stock. This model was, however, repressed or absorbed within the structures and practices of state regulated and financed mass social housing - and was thus not used by *inter alia* Harloe (1995) to describe the history of social housing provision from pre -1914 until the contemporary era.

3.3.2 Historical overview

In this section the history of social housing from the pre-1914 period until the contemporary era was discussed.

3.3.2.1 The period before 1914

The history of social housing is closely related to the industrial revolution as well as the process of rapid urbanisation at the middle of the 19th century (Lewin, 1981:17 and Emms, 1990:1). The resulting housing need led to factory owners and other entrepreneurs erecting thousands of small, tightly packed, badly lit, and unsanitary houses, these were then let at the highest rent which could be obtained (Baker, 1976:2). According to Mumford (1946:164), workers were also accommodated through the practice of turning old one-family houses into rental barracks, each room accommodating a whole family. The continued in-migration of people from the countryside to the towns, often in search of work led to intense overcrowding, disease and squalor (Cope, 1990: 9).

The public was slowly made aware of these conditions through investigations such as the Booth Survey in London, the results of which was made public before the Royal

Statistical Society in May 1887 (Hall, 1996:28). The general public was informed that bad housing and sanitation not only led to high death rates amongst the working class population, but also to an increased vulnerability of the general population to diseases such as typhus and cholera (Baker, 1976:2). Mumford (1946:176) as well as Emms (1990:2) also refer to the fact that it was sheer self-protection or enlightened self interest that demanded that upper classes should concern themselves with the housing of the poor. Reformers and philanthropists reacted to these intolerable housing conditions by forming new societies and trusts which operated on the concept of 5% philanthropy – entailing that public spirited people lent money to the societies and trusts on the basis of limited financial return, 5% or less (Cope, 1990:8-10, Harloe, 1995:17). Mumford (1946: 165), however notes that these humanitarian efforts' main or real objective was the defence and protection of property and class privilege from the threat of revolution which the emergence of a mass, urban-based proletariat seemed to present.

The strategies employed to effect practical housing reform were according to (Harloe, 1995:58; Mumford, 1946:145-183; Hill, 1990:14-46 and Lowe and Hughes, 1991:1):

- Increased regulation;
- Erection of model dwellings; and
- Private initiative, working strictly within the lines of capitalism.

In the period prior to 1914 there was strong objection to any use of subsidies to reduce the price of working class housing below that of a cost-covering level. These objections were ideologically based on the idea that subsidisation would foster working class dependency and in economical terms would result in unfair competition with private enterprise (Harloe, 1995:29). Thus the first strategy employed was that of physical regulation of the private developer. In Britain these included *inter alia* the Public Health Act of 1848 and the Housing of the Working Class Act promulgated in

1885 and revised in 1890 (Hall, 1996:23). According to Lowe and Hughes (1991:1) the 1890 amendment of the Working Classes Act was the first time a distinctive housing focus was given to the alleviation of urban squalor. Land use zoning instituted in New York in 1916 represents an additional manifestation of these regulatory efforts (Pye, 1991:285). It was advocated that zoning would improve housing affordability by controlling land values. The business and middle class, however, started to use zoning as a mechanism to preserve high land values and protecting their areas from the possible incursion of undesirable uses – including housing for the poor.

The second strategy – that of erecting model dwellings started in London in 1840 and in America in 1870 (Harloe, 1995:35). The model housing companies obtained small amounts of public capital and land at reduced costs, the support was motivated on the grounds of the so-called need for slum clearance. This accommodation upon completion was made available at market related rents and represented a slight improvement on similar accommodation provided by a private landlord. All the improvements embodied in these model dwellings, sanitary services and water added to the cost of the structure (Mumford, 1946:177). The objections against the above-mentioned subsidies included *inter alia* :

- The claim that subsidies would only privilege a few unfairly;
- Subsidies will breed dependence and inhibit thrift and self-reliance;
- Subsidies often create a system open to political and other abuse; and
- Subsidies would encourage bureaucratic and inefficient state provision.

These objections led to the model quarters being occupied by classes economically above the level of those for whom the dwellings were originally intended (Mumford,

1946:179). Model tenements were also forced to lower their earlier standards of good housing on account of the limited state assistance received.

Private initiatives of the period usually entailed acquiring a slum house full of tenants, which was then upgraded and re-let, often to the same tenants, in accordance with new lease agreements. These lease agreements, according to Baker (1976:9), spelled out the obligations of the landlord regarding repairs and maintenance but also required the tenant to care for the property and to pay the market related rent regularly when due. Octavia Hill, the daughter of a merchant banker did ground breaking work in this regard. These projects were carried out strictly within the confines of capitalism. The projects furthermore represented an attempt to illustrate that proper upkeep and supervision can turn around the condition of neglected to the mutual advantage of owners and tenants (Mumford, 1946:177).

From the above it is clear that the early history of social housing was that of a supplementary form of provision rather than an alternative to the private market. State subsidised social housing was not seen, except by a few socialists, as a solution to mass housing but constituted just one of several answers to the housing question, since it was still believed that the private market could meet the working class housing needs. The housing stock that was erected for the poor was occupied by the better-off working and lower middle classes, the so-called deserving poor, such as skilled manual workers and clerks. This took place as a result of the general reluctance to subsidise these efforts to an extent that would make them affordable to the poor for whom they were intended (Emms, 1991:2). One can therefore conclude that the ideological sentiments of the day suppressed both the residual and mass models from fully emerging.

3.3.2.2 1919 to 1930

According to Harloe (1995:81) World War One led to the virtual cessation of housing investment in Europe, the collapse of housing finance, rapidly inflating rent levels and

an increased demand for housing, swollen by the in-migration of war-workers. The War thus worsened the crisis of working class housing and contributed to the radicalisation of large sections of the working class (Hall, 1996:71). The state responded by hastily imposing rent controls, which negatively influenced the private rental market (Emms, 1991:3). The combination of private market collapse and social unrest was a powerful motivator which led European countries in general and Britain in particular to embark on mass subsidised housing programs during the immediate post-war years (Harloe, 1995:82 and Emms 1990:3-5). In Britain the Housing and Town Planning Act of 1919 guaranteed a state subsidy, taking into account the tenants' ability to pay (Hall, 1996:71). The target population of these subsidised schemes was the respectable working class and lower middle class. This led to an expansion of the activities undertaken by housing associations, housing co-operatives (SHIs) and local authorities. It is, however, important to note that these measures of rent control and subsidisation, which led to the first mass programs of social housing in European countries, were designed to be temporary, crisis abating measures (Harloe, 1995:138). Private renting, however, remained a major provider of accommodation for the poor in France, Germany and the Netherlands (Emms, 1990:3).

By 1921 the era of reconstruction was over (Hall, 1996:74). This led to the re-emergence of the residual model, as a provider of accommodation to the poor only, rather than the mass role of social housing which has a broader and more general focus (Lowe and Hughes, 1991:6). According to Harloe (1995:145) the social housing projects subsequently focused almost exclusively on accommodating the urban poor and were built at higher densities, to lower standards and located not in low-density suburban estates but in high density inner areas close to places of employment. This movement represents the first clear evidence of moulding social housing into its contemporary role as a residual provider of housing for marginalized sections of the urban poor.

In the United States, the continued opposition to large-scale state subsidised social housing meant that the United States skipped the emergence of the mass model of provision immediately after World War One (Harloe, 1995:132).

3.2.2.3 1930s – The Depression years

According to Mumford (1946:297) the start of the depression in 1930 is often linked to the collapse of the New York Stock Market in the autumn of 1929 which caused a global collapse in production and prices as well as high unemployment rates in the early 1930s. Governments worldwide embarked on large-scale public works programs to reduce unemployment and stimulate demand (Hall, 1996:65). In the political arena this represented an abandonment of the belief that the state should refrain from continual intervention in the functioning of the economy. This in turn led to the expansion of the states' role in the regulation of capital-labour relations as well as the provision of a modicum of social welfare.

In spite of the fact that this period before the Second World War was characterised by social and political upheaval the residual model of housing provision persisted (Harloe, 1995:203 and Lowe and Hughes, 1991:6). Although the subsidised projects undertaken did facilitate the creation of employment opportunities, the scope thereof was still confined to housing the urban poor. The residual programs of the 1930s were to a large extent linked to slum clearance and therefore represented a further limitation with regards to the coverage of the projects which now focussed on the inner city slum (Harloe, 1995:205). Private sector construction made little or no contribution to reducing the acute shortages of affordable housing for households in the bottom half, leading to reluctant maintenance or the re-imposition of rent control on low cost housing. This development represented a realisation that the private housing market will never again perform the role of providing mass housing for the working classes. According to Harloe (1995:207) social housing increasingly, like other aspects of welfare provision, entered the arena of bureaucratically organised and regulated control.

3.3.2.3 1945-1975 - Reconstruction and growth era

After the Second World War the need to return to a mass program of social housing construction was according to Harloe (1995:352) and Emms (1990:4), accepted by all governments in Europe. This response can be described not only as a temporary reaction to a period of acute social unrest but a result of *inter alia*:

- The war which added to acute housing shortages which in turn became a major social and political issue;
- Rapid household formulation at the close of the hostilities;
- Investment in social housing also contributed to economic modernisation; and
- Social housing investment was seen as one of the tools of economic management that helped governments with their new commitment towards full employment.

The period 1945 to the late 1960s, early 1970s represented the longest period of growth and prosperity since the industrial revolution (Harloe, 1995:210). From the 1960s onwards considerable improvements in space and other standards characterised the construction of new housing stock. This was made possible firstly by increased revenues which governments had available for social spending (advanced capitalist economies only encountered their first post-war depressions in the late 1960s, early 1970s), and secondly by the rising incomes of broad sections of the population (Hall, 1996:48). It should, however, be noted that even in this so-called golden age of social housing, when it generally did not adhere to the narrow focus of the residual model, the United States still did not adopt the mass model of social housing provision and private investment remained dominant in that country throughout this period.

By the late 1960s increasing economical difficulties characterised by reductions in gross national products, accompanied by stagflation as well as the elimination of crude housing shortages eroded the economic and social conditions which provided such a strong argument for the state support necessary to embark on the mass model of social housing provision (Harloe, 1995:211-212). Growing criticism was also levelled against the qualitative aspects of social housing e.g. the location of the projects, structural defects were becoming apparent and tenants complained about insensitive management practices. Private home ownership also expanded rapidly with the availability of cheap long-term mortgages (Hall, 1996:49 and Squires in Feinstein and Campbell, 1996:275). Stagflation and the onset of austerity policies resulted in deep cuts in public expenditure which resulted ultimately in a movement from a situation where social housing accommodated a wide range of middle-income households through the mass model of provision to one where social housing provision once again narrowed its focus to the residual model that focuses on the needs of the urban poor (Lowe and Hughes, 1991:9). Harloe (1995:356) and Emms (1990:6-7), state that the social housing movement revealed the following characteristics in the period 1945 to 1975:

- Growth of large scale professionalism within the movement as well as bureaucratic housing management;
- Little survived of the early social housing reform movement which had been based on worker self-organisation;
- Few projects retained any of the broader social objectives of the earlier housing initiatives undertaken by workers;
- Tenants had little influence over the management of social housing stock; and

- Transition from managing capital investments to managing the assets which had resulted from the investment. The transition entailed greater expenditure of money and effort on the management and maintenance of existing housing stock, which was beginning to feel the effects of age.

3.3.2.4 Social housing in the present era (1975-)

According to *inter alia* (Hall, 1996:363-392; Squires in Feinstein and Campbell, 1996:284 and Lowe and Hughes, 1991:9-11), this period in history is characterised by:

- High and still rising levels of unemployment accompanied by a long term decline in demand for lower skilled, poorly educated labour;
- Reduction in subsidies to a small fraction of the previous levels of expenditure;
- Breakdown in law and order with a subsequent spread of violence and lawlessness, manifesting itself through the rise in racial and other forms of social conflict;
- Change in emphasis from general subsidies on brick and mortar towards social security and housing benefit payments that are more closely attuned to the needs of individuals;
- Steady growth of the urban poor also referred to as the permanent underclass;
- Decline in the flow of public resources curtailing welfare spending - leading to a situation where national housing systems/programmes have increasingly become centred on home ownership through drives to privatise public housing stock;
- Adoption of new-liberal policies;

- Continued decline in the provision of low-income private rental housing;
- Decentralisation of the responsibilities for regulating and supporting low-income rental housing from central government to local authorities; and
- Changing family patterns – divorce and separation, growing numbers of single people and of childless couples began to cause mismatches between demand for accommodation and the size and nature of the dwellings available.

According to Harloe (1995:498) the above-mentioned conditions led to attempts by governments to reduce their political and financial responsibility to the social housing sector. This resulted in policies of privatisation being actively pursued in both the United States and Europe - privatisation on the largest scale occurred in Britain and the former West Germany. Privatisation was not so successful in the United States firstly, because the subsidisation of low-income tenants, on a scale making it politically and socially feasible to purchase their accommodation, would have resulted in more rather than less federal spending. Secondly, the social housing stock in most instances belonged to legally independent public housing agencies which were not subject to federal law (Harloe, 1995:502).

According to Harloe (1995:503) two distinct types of SHIs have emerged since the 1980s:

- Co-operative housing – that served the better-off sections of the working and middle class. According to Lowe and Hughes (1991:2), co-operative housing is characterised by more market sensitive, consumer orientated and smaller scale projects. These small-scale projects are usually initiated by groups of young and highly educated activists whose roots can be traced back to environmental and civil rights issues or inner city struggles against urban renewal. The projects are usually self-managed, thereby combining a degree of collectivism

with self-reliance and autonomy. These self-organised groups are, however, selective in that they do not aim to house the very poor and thus practices careful tenant selection, eliminating persons with for example a history of rent arrears. These small-scale projects are, however, also dependent on state support.

- Residual stock – refers to social housing under the control of local authorities, which is continuing to house high proportions of low-income groups. According to Lowe and Hughes (1991:1) it is important to note that local authorities after decades as major social housing developers, are now regarded as “enablers” and managers of the remaining council housing stock. This sub-sector retained high levels of dependency on state support. The continued decline in the provision of low-income, private rental housing means that governments cannot really disengage themselves from supporting this sector. Since there is no longer large scale support for new social housing construction the government or state support that this sector receives is mainly aimed at sustaining affordable rents for increasingly impoverished tenants. Because most members of the lower middle classes either bought private property or moved on to the co-operative sub-sector, discussed above, the residual stock now accommodates the poorest and most socially deprived people. Residual stock furthermore suffers from a lack of internally generated sources of income that can be used for maintenance and improvements, ultimately leading to the deterioration of the housing stock (Emms, 1990:8).

3.4 SOCIAL HOUSING IN DEVELOPING COUNTRIES

Social housing in the form of housing co-operatives and housing associations (SHIs) is not a new development in developing countries, although it gained momentum only after the Second World War (Lewin, 1981:18). In Africa, with the exception of North-Africa, housing co-operatives and housing associations are of a more recent origin and date back to the early 1970s (UN, 1975:7 and Arrigone, 1994:5). A constant

feature of the African non-profit housing agencies has been the regular subsidies granted by governments. Self-help and mutual aid methods of construction are important characteristics or features of the non-profit housing sector in Africa.

According to Lewin (1981:19) and Arrigone (1994:5) the most advanced and best-organised housing co-operatives in developing countries can be found in South America. The history of the movement in that part of the world can be traced back to the early 1960s (UN, 1975:37). A trait common to all South American countries is the predominance of government investment in housing. The Catholic Church and other religious entities have, through their foundations, supported the establishment of non-profit housing associations and co-operatives (SHIs).

In developing countries the urgency of the housing problem as well as the political pressure that accompanies it usually induces government to give preference to direct investments to the poor or underprivileged (UN, 1975:38).

According to Lewin (1981:19) a common feature of the co-operative movement in developing countries with only a few exceptions is the relatively high-income levels of the members. From this it can be deduced that social housing in developing countries in the contemporary period is also characterised by a division between the co-operative movement that serves the interests of the working and middle classes that have some capacity to make a contribution towards the housing project, and the residual stock heavily subsidised by government and aimed at addressing the needs of the lower income groups (UN, 1975:33).

Co-operatives, serving the housing needs of the working and middle classes mobilise their members' resources to the extent of 10 to 30 percent of the estimated cost of the land and the house to be allocated to the particular member (UN, 1975:9). The rest of the money is obtained from grants, loans and subsidies from government and/ or loans from banks and building societies, repayable over a 20-year period by the members themselves. Government grants and subsidies are frequently used to obtain

the land and to provide it with services. The serviced land is then used as collateral to obtain the loans from the banks and building societies.

State support of the lower income group in developing countries usually entails a capital subsidy and an interest subsidy in order to reduce the cost burden to a sum within the repaying /rent paying capacity of the members, who can contribute very little to improve their housing options. Aided self-help methods are gaining support in the lower income category because members can then contribute a part of the capital cost by way of their labour.

3.5 CLASSIFICATION OF SHIs

3.5.1 Defining the term housing association

As already explained in section 3.2 of this chapter, social housing provision and/or implementation takes place through volunteers who combine to form housing associations also known as SHIs, to meet their perceived housing needs (Blewitt and Garratt, 1993:v). It is therefore necessary to explore the meaning of these implementing institutions as well as the different manifestations thereof.

According to Cope (1990:2) housing associations are characterised by their diversity – they differ in aims, philosophies, functions, size and organisational structures and therefore incorporates the co-operative housing movement. Housing associations undertake a variety of functions, which according to the USN (1999) and Alder and Handy, (1987:3), include *inter alia*:

- Acquiring land or existing properties to provide housing through new building, rehabilitation or conversions of existing stock;
- Developing family housing or caters for special needs such as those of the elderly, people with disabilities/ single person households;

- Providing incidental and advisory services;
- Providing either permanent or temporary accommodation;
- Providing for the complete range of tenure options ranging from rental to that of private ownership; and
- Providing shelter and security for the poor.

According to Alder and Handy (1987:vii) housing associations can be regarded as a form of state supported voluntary endeavour bringing together private/individual enterprise and government resources. Housing associations therefore combine characteristics of the public and private sectors of housing provision, and are sometimes referred to as the “quasi-public” housing sector. The definition of a housing association most often quoted in the literature (see for example Cope, 1990:20; Baker 1976:20 and Alder and Handy, 1987:11) is found in the British Housing Act of 1974, since then incorporated into the Housing Association Act of 1985. Section 1 of the Housing Association Act defines a Housing Association as a:

"Society, body of trustees or company which (a) is established for the purpose of, or amongst whose objects or powers are included those of providing, constructing, improving or managing, or facilitating or encouraging the construction or improvement of housing accommodation and (b) which does not trade for profit or whose constitution or rules prohibit the issue of capital with interest or dividend exceeding such rate as may be determined by treasury, whether with or without distinction between share and loan capital."

According to Baker (1976:20), to qualify as a housing association an institution must pass the following three tests:

- It must be a society, body of trustees or a company;
- Its objectives must be or must include the construction, improvement or management of houses or hostels or the facilitation of those activities; and
- It must not trade for profit or, if it does, its constitution or rules must prohibit the issue of any capital or interest or dividend exceeding levels prescribed by treasury.

The third requirement does not mean that a housing association cannot make a profit, but rather that the pursuit of profit cannot be the aim of the organisation. Profits should therefore be ploughed back for housing purposes and not distributed to the members (Cope, 1990:23).

Housing associations are therefore according to Blewitt and Garratt (1993:8) in the business of providing accommodation for those in need – this by definition includes people who have inadequate incomes.

3.5.2 Classification

According to *inter alia* Cope, (1990:41); USN (1999:4); Lewin (1981:20); UN (1975:9) and Baker (1976:33) the most important characteristics on the basis of which SHIs may be classified are:

- Legal status;
- Motivation;
- Size;
- General status;
- Geographical scope;
- Function – referring to the types of accommodation and tenure options provided; and
- Time-period of existence;

3.5.2.1 Legal status

If legal status is taken as the definitive characteristic on which to base a classification the following sub-categories can according to Cope (1990:37-41) be distinguished.

LEGAL STATUS						
Provide housing for Others		Fully mutual associations/ co-operative housing associations				
Charities/ Trusts	Industrial Associations	Par-value or common ownership associations (non- equity co-operatives)	Co- ownership societies	Tenant management co-operatives	Shared owner-ship co-operatives	Self-build societies

TABLE 3.1: Classification of housing associations/SHIs according to legal status

Source: Self-constructed

a) Fully mutual associations or co-operatives

As can be seen from the above table in terms of legal status, SHIs can be fully mutual, meaning they concentrate on providing housing only for members thereof, or provide housing for non-members also. According to Birchall (1988:19), the associations that provide accommodation for non-members still mean that the tenants of the housing stock have a landlord. They are thus still locked into a permanently unequal duet of roles which are only experienced as satisfactory because the particular SHI officer chooses to act in a humane way. The operation of fully mutual associations or co-operatives as they are more commonly referred to are according to Lewin (1981:18); Mumford (1946:174) and Arrigone 1994:5) based on co-operative principles that have

been debated and discussed since the first co-operative society was formed in Rochdale in 1844. These principles are:

- Membership of the co-operative is voluntary and available without artificial restriction or any form of social, political, racial, or religious discrimination to all persons who can make use of its services and are willing to accept the responsibilities of membership;
- Co-operatives are democratic organisations. Their affairs should therefore be administered by persons elected or appointed in a manner agreed upon by the members. These elected members/officials should be and remain accountable to the members;
- Share capital owned by members should only receive a strictly limited rate of interest, if any;
- Any surpluses/savings, if any, arising from the operation of a co-operative belong to the members thereof and should be distributed a manner that would avoid one member gaining at the expense of the others;
- The co-operative should make provision for the education of its members, officers, employees as well as the general public. Aspects that should receive particular attention are the principles and techniques used by co-operatives; and
- In order to best serve the interest of their members and communities the co-operatives should actively co-operate in every practical way with other co-operatives at local, national and international levels.

According to the UN (1975:71), it is important to note that housing co-operatives differ from other co-operatives in four important ways. Firstly, the relationship of the

members to the co-operative cannot be casual or sporadic, it must be firm and continuous and therefore requires a full commitment from its members. Secondly, the relationship between members is much closer, more personal and touches on many aspects of their lives and involves the family and children of the members as well. Thirdly, housing co-operatives depend to a far greater extent on official support and collaborations with government than do other kinds of co-operatives. Lastly, the term non-profit takes on a new and different dimension in that it in this context implies a cost-covering principle as was explained in section 3.2 of this chapter.

According to Arrigone (1993:4) the United Nations Centre for Human Settlements defines a co-operative as: “An association of persons usually of limited means, who have voluntarily joined together to achieve a common economic end through the formulation of a democratically controlled business organisation, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking.” Birchall (1988:20), describes co-operatives as voluntary associations by means of which dwellers can collectively own their own housing, and control the process of housing. A housing co-operative is thus a form of tenure, which applies the principle of consumer control to housing through collective ownership of the dwellings by the dwellers.

Housing co-operatives have also according to Cope (1990:37) been defined as housing associations through which the dwellers or tenants control their own housing even though they might not own it – thus adding another dimension to the above definitions. According to Baker (1976:471) every member of a housing co-operative is a tenant and every tenant is a member. Every member or shareholder has one vote regardless of the number of shares he/she holds. The spirit of self-help pervades the co-operative movement in that people interested in this option usually want a decent home and are prepared to put in a minimal level of participation in order to secure and maintain it (Cope, 1990:40 and Lewin 1981:13).

i) Par-value or common ownership associations

As can be seen in Table 3.1 housing co-operatives can be subdivided into 5 sub-categories - if classified according to legal status. Par value or common ownership co-operatives are bodies where according to Cope (1990:38) all tenants are members or prospective members and vacancies may thus only be assigned to the members. Birchall (1988:20) argues that property in the case of co-ownership associations is held in common, individual members are tenants but also common owners, only without an individual stake in the equity. According to Alder and Handy (1987:32) common ownership associations operate on the basis of:

- Equality between the members in terms of both financial interest and decision making;
- The use of the associations' assets for the common good and not for individual profit;
- Inability of a member to dispose of his/her rights in the society;
- A strictly limited rate of return on capital (if any);
- Provision of education; and
- Surpluses are ploughed back into the association's housing activities for the benefit of all.

According to Birchall (1988:20) in the case of the common ownership co-operative the entire equity is held collectively. Though prospective members of the co-operative have to buy a nominal share in order to become members, this can be seen as a membership fee, rather than a stake in the property. This membership fee is either forfeited if the member leaves, or is repaid at par value. Members are, however, allowed to invest capital in loan stock, which will attract limited interest, but will not

increase with the value of the property. According to Baker (1976:472) par value co-operatives' members have no rights whatsoever in the assets of the association beyond the right, in some cases to the return of the nominal amount of shares held in the event of the dissolution of the association. John Hands in Baker (1976:474) argues that par value co-operatives in his opinion are the only type of co-operative that can properly address the needs of the lower-income groups. It is argued that common ownership/par value co-operatives represents the purest form of co-operative enterprise and thus goes further than co-ownership toward meeting the principles of co-operation (Alder and Handy, 1987:32 and Birchall, 1988:22).

ii) Co-ownership co-operatives

According to Alder and Handy (1987:29) the term co-ownership is highly misleading because a housing association tenant is under no circumstances the owner of any land/assets other than his/her individual tenancy. The tenants own nominal shares in the landlord association but the association being a corporate body separate from, although controlled by its members, is the only "owner". According to Baker (1976:44) the ownership of co-ownership co-operatives as a whole vests with the occupants, each owning a £1/R1 share in the nominal capital – which amounts to as many pounds or rands in total as there are dwellings. When one member leaves or dies the scheme a new co-owner must be found who will buy the outgoing one's share. Co-ownership according to Birchall (1988:21) thus means individual ownership of shares in the collective property. If the value of the share has increased and there is some competition for the opportunity the seller may succeed in obtaining an additional premium. According to Cope (1990:37) the object of ownership in co-ownership societies is therefore to obtain a share in the increasing value of the equity. Note that a co-owner's rights in the equity do not give him/her a full equitable share in the value of the co-ownership's property as would have been the case were the members joint private owners (Baker, 1976:483). The members may, however, be entitled to a cash payment when they leave – the amount will depend on the rules of the co-ownership. Members are therefore empowered to sell the equity at a later stage and to use the premium as a deposit for a privately owned house or flat (Alder and Handy: 1987:30).

Some portion of the equity invariably remains vested in the co-ownership thereby assuring the co-ownership's ability to raise further loans if the property needs modernisation or improvement work done. The rules of the co-ownership are usually drafted in such a way that nothing is payable if the co-owner has not been a member for a minimum specified period, usually between 3 to 7 years.

iii) Tenant management co-operatives

Tenant management co-operatives refer according to Cope (1990:38), to groups of tenants who take over the management and maintenance of the homes they occupy from the existing landlord who retains ownership. This type of co-operative therefore comes into being when the tenants are dissatisfied with the standards of services being provided by the landlord or if they desire greater control over the way in which the houses they occupy are managed. Tenant management co-operatives are thus associations through which dwellers control their housing, even if they do not own it (Birchall, 1988:23)

iv) Shared ownership co-operatives

According to Birchall (1988:22), shared ownership means that the individual and the collective equity are split up. Shared ownership co-operatives thus offers a variable proportion of the dwelling as individual ownership and in addition allows such "owners" to buy further proportions as and when they are able. Eventually the co-operatives either cease to exist or the dwelling units are owned outright by individuals who also retain a share in a resident owned company, which owns the common areas – see also section 3.5.2.6 (B). This type of co-operative is usually established to encourage low cost ownership rather than to develop the co-operative ideal.

v) Self-build co-operatives

According to Alder and Handy (1987:35) a self-build society is established to develop housing for its members through the collective labour of its members. The co-operative can after construction is completed either sell the units to the members or conclude lease agreements with the members. Self-build co-operatives according to Baker (1976:48) come into being when like-minded people join together to undertake the actual process of building their own homes. Members of this type of co-operative must thus be willing to devote most of their leisure time to their self-imposed task. Note that self-help co-operatives do not entail a renunciation of external assistance (Lewin, 1981:13).

b) Non-mutual associations

As the name indicates non-mutual associations provide housing to others, not only to its members. The non-mutual associations include for example charities/trusts as well as industrial associations (Cope, 1990:41).

i) Charities/trusts

According to Baker (1976:40), the aims and objectives of charities must be restricted to the provision of housing for persons in necessitous circumstances. Necessitous circumstances as it is used here refers to old people, disabled people of any age who need specialised housing as well as others who on account of poverty or other special circumstances e.g. chronic ill-health require assistance in securing suitable accommodation. Associations that have secured a charitable status for themselves must be particularly careful in the selection of their future tenants so as not to deviate from its approved aims and objectives. A housing trust is an organisation, established by a trust deed which is required by its constitution to use most or all of its funds and surpluses to provide housing accommodation (Cope, 1990:23). Charitable trusts thus

devote the whole or substantially the whole of its funds to charitable purposes – e. g. provision of housing for persons of limited means.

ii) Industrial associations

Industrial associations refer to firms or companies whom establish/set up a body/institution separate from the sponsoring firm. This newly established institution then puts up/utilise the whole or the bulk of its share capital for the building of houses, in which it will have a controlling interest (Baker, 1976:47). The employees of the said firms or companies normally receive preference with regards to the allotment of tenancies and, unless an agreement to the contrary has been reached, the tenant upon leaving the employment of the company or firm will be required to vacate the dwelling in question.

3.5.2.2 Motivation

To classify housing associations with regards to their motivation is to admit that different motivations do exist within the housing association movement and that these should be recognised and evaluated. As can be deduced from the Table 3.2 Baker (1976:39-50), identified four sub-categories of housing associations, if they are classified according to their motivation. As co-ownership associations, self-build associations, co-operatives, charities and industrialised associations have already been discussed in previous sections, only the remaining sub-categories are discussed below.

HOUSING ASSOCIATIONS/SHIs CLASSIFIED ACCORDING TO MOTIVATION						
Philanthropic associations		Non-philanthropic associations			Cost rent associations	Co-ownership associations
Charities	Tenant investment associations	Co-operatives	Industrial associations	Self-build associations		

TABLE 3.2: Classification of housing associations/ SHIs according to motivation

Source: Self-constructed

a) Tenant investment associations

As can be seen from the above table (Table 3.2), tenant investment associations can according to Baker (1976:42) in the first instance be described as philanthropical. Philantropical in this instance refers to the provision of houses on a limited or even non-profit basis to people in need.

Tenant investment associations refer to associations that aim to provide retired people with sheltered accommodation (Baker, 1976:42). The building costs are met by the initial tenants, usually from the proceeds obtained from the sale of owner-occupied houses. The premium purchased can take the form of a life lease or a 50-year lease with the provision that surrender of the property in question will result in a return of the premium. The dwelling in question is then re-let for a premium reflecting the current value of the property. No rents are payable by the tenants but a service charge to cover the costs of maintenance e.g. lighting is charged. The members have no stake in the equity although each in the case of death is entitled to the return of the premium to the estate of the deceased.

b) Cost rent associations

Cost rent associations refer to associations that build unsubsidised dwellings i.e. dwellings that are let at rents sufficient to cover outgoing costs e.g. maintenance, loan repayment charges and property taxes and no more – with money borrowed to them by local authorities or central governments (Baker, 1976:43-44). These organisations were started because of the belief that there is a demand for accommodation of this type for people who did not wish or were unable for one reason or another to buy their own housing – they are, however, in a position to pay a cost rent.

3.5.2.3 Size

HOUSING ASSOCIATIONS/SHIs CLASSIFIED ACCORDING TO SIZE	
Small <250 units	Medium to large >250 units

TABLE 3.3: Housing associations/SHIs classified according to size

Source: Self-constructed

According to Baker (1976:38), the number of dwellings owned or managed by the association determines the size of a housing association/SHI. Cope (1990:34) refers to a housing association that has fewer than 250 units in management or no more than one scheme in development as small associations. These small associations have the advantage that they can more effectively harness the talent and resources of volunteers and may also be more responsive to the needs of the tenants. The downside, however, is that these small associations do not have access to the staff or skills that larger associations have at their disposal. This forces them to rely on the consultancy services of the larger associations if, and when, they want to undertake new developments.

3.5.2.4 Geographical scope

HOUSING ASSOCIATIONS/SHIs CLASSIFIED ACCORDING TO GEOGRAPHICAL SCOPE	
Limited associations	Expansionist policy associations

TABLE 3.4 Housing associations/SHIs classified according to their geographical scope

Source: Self-constructed

As can be seen from the above table (Table 3.4) two types of housing associations can be identified: those of a limited geographical scope and those that prescribe to an

expansionist policy. According to Baker (1976:38), the vast majority of associations in practice confine their operations to strictly limited areas – simply because most of them owe their existence to some or other local body/institution like a church or rotary club. According to Birchall (1988:19) the so-called limited associations tend to be more flexible with regard to the options they provide to their clients. This is because their small size allows them to incorporate the needs of particular families/individuals into the building or renovation plans.

There are, however, housing associations that are picking up sites or existing homes in need of modernisation where they can – thereby widening the area of their activity in the process. Baker (1976:38) argues that such a haphazard pattern of growth has both advantages and disadvantages. One of the strengths is *inter alia* that it leaves open opportunities for quite small groups of people to initiate housing schemes to meet local needs. This growth pattern on the other hand cannot lead to the most economical management attainable and can in the process lead to a situation where housing associations compete with one another for sites. These pitfalls usually inspire or motivate SHIs to reach informal agreements amongst themselves regarding their respective areas of operation.

3.5.2.5 Time-period the housing association remains active

HOUSING ASSOCIATIONS/ SHIs CLASSIFIED ACCORDING TO THE TIMEPERIOD THEY IT REMAINS ACTIVE	
Terminal associations	Permanent associations

TABLE 3.5: Housing associations /SHIs classified according to the time-period they remain active

Source: Self-constructed

According to Lewin (1981:19), SHIs do not necessarily continue to operate indefinitely. It may be established for the purpose of one or more objectives and dissolved once

these have been accomplished – this type of association is referred to as a terminal association (UN, 1975:9). The members of a terminal association usually provides about 30 percent of the cost of the dwelling, while the state provides serviced sites either free of charge or through grants and loans repayable over a 20-year period at below market interest rates. The association itself may also borrow money on the open market *en bloc*, thereby ensuring that savings are made on account of the size of the operation. As soon as the body finishes repaying the loan the association is dissolved and the houses/flats are owned individually by the members. Lewin (1981:20), however, warns that societies, which are wound up after for example construction is completed, cannot secure proper maintenance of the houses and or flats and if dissolved after loan repayment cannot prevent speculation or profiteering. The terminal associations thus do not enter the management stage and simply constitute a group of people who come together to provide housing for owner occupation, at cheaper costs than could have been realised if each member acted individually (Birchall, 1988:24).

Permanent associations just as the name implies continue their operations *ad infinito* seeing that the association in question, as a corporate body, remains the owner of the dwellings (UN, 1975:31). The members thereof have the right of permanent occupancy of the dwellings allotted to them until such time as they either voluntarily give up the right or fail to comply with the by-laws or fail to pay their dues.

3.5.2.6 Function

HOUSING ASSOCIATIONS/ SHIs CLASSIFIED ACCORDING TO FUNCTION	
Specialist associations	General needs associations

TABLE 3.6: Housing associations/SHIs classified according to function

Source: Self-constructed

As can be seen in the above table (Table 3.6) SHIs can also be classified according to the function or the type of accommodation supplied (Baker, 1976:37). Housing associations that focus on general needs usually provide dwellings suitable for households of three or more persons. Specialist associations strive to meet the needs of a particular group e.g. senior citizens, single parents and other one or two person households as well as physically or mentally disabled people (Cope, 1990:41). According to Arrigone (1994:8), SHIs in providing the types of accommodation discussed above have evolved three basic tenure options, each of which serves different needs:

- Individual ownership;
- Mixed tenure/sectional title; and
- Collective tenure.

a) Individual ownership

Housing associations in this instance will assist in providing their members with housing units through collective action – but allows the units to be owned individually after which the SHIs are disbanded and individual bonds are registered (Arrigone, 1994:8). SHIs, which provide separate dwellings such as detached, semi-detached or row houses to their members are particularly well suited for individual tenure. Depending on the aims of the SHI in question a number of measures such as requiring a member to occupy a unit for a minimum period can be used to prevent arbitrary transfers and speculation.

b) Mixed tenure/sectional title

According to the USN (1999:4), this form of tenure is characterised by residents or housing association members owning the housing units individually, while common

areas of the building like the hallways and gardens are collectively owned. This type of ownership is usually used in the case of walk-up apartments or high-rise buildings (Arrigone, 1994:8).

c) Collective tenure

A SHI specialising in collective tenure can be seen as a community-run organisation representing its membership, which owns and controls the housing units collectively (Arrigone, 1994:9). According to the UNCHS (in Arrigone, 1994:9), members cannot sell their housing units, and when a member leaves, transfer of the unit is normally to the SHI, which finds a new member to occupy the unit. Security of tenure for the members is ensured through the right to hire or use the housing unit in perpetuity as long as the head of the household remains a SHI member. Special care must be taken through management strategies to ensure that the long term maintenance and administrative costs remain within the financial means of the SHI.

3.5.2.7 General status

HOUSING ASSOCIATIONS /SHIs CLASSIFIED ACCORDING TO GENERAL STATUS	
Registered associations	Unregistered associations

TABLE 3.7: Housing associations SHIs classified according to general status

Source: Self-constructed

Housing associations in developed and developing countries usually operate within particular legal frameworks. In most cases these frameworks require the SHIs/housing associations to register with some or other national body (Baker, 1976:7 and Cope, 1990:41). In Britain only housing associations that are registered with the Housing Corporation, a statutory national body, are eligible for monetary support from

public sources (Alder and Handy, 1987:5). A distinction is thus made between registered associations – which might qualify for certain benefits e.g. state subsidies if they adhere to prescribed standards and procedures - and unregistered associations.

3.6 CONCLUSION

Social housing can be described as the third arm of housing provision, the first being the owner-occupier/private market and the second, public housing efforts whereby rented homes are made available by the state for those unable to enter the market. The primary goal of social housing is to provide the essential service of housing at cost to the consumer or beneficiary. It is important to note that social housing provision is not undertaken through statutory duty but is the result of volunteers who combine to form SHIs/housing associations to meet their perceived housing needs through their own energy and commitment.

The residual model of social housing provision - involving small scale building programs which focus almost exclusively on the poor - dominated with two brief exceptions throughout the history of the movement in industrialised countries. The mass model - targeting a broad range of lower and middle income groups - emerged briefly in Europe after the First World War and again after the Second World War.

Social housing provision in developing countries started to gain momentum in the early 1960s in South America and in the early 1970s in Africa. Common features of the social housing movement in these parts of the world are firstly the relatively high-income levels of the members and secondly, the predominance of government investment in housing through *inter alia* capital and interest subsidies.

SHIs/housing associations as the bodies or institutions through which social housing projects are undertaken are characterised by their diversity in terms of different aims, philosophies, functions, sizes and organisational structures. To qualify as a SHI/housing association the society's body of trustees or company's objectives must

include the construction, improvement or management of houses or hostels or the facilitation of those activities. Secondly, it must not trade for profit or, if it does, its constitution or rules must prohibit the issue of any capital or interest or dividend exceeding prescribed levels.

Due to their diversity there are numerous characteristics that can be used to classify housing associations into various sub-categories. The most important of these are legal status, motivation, size, general status as registered or unregistered, geographical scope, function and the time-period of existence. Legal status for example divides housing associations into two broad categories: those that provide housing for others and fully mutual associations/ co-operative housing associations. Sub-categories for each of these two broad categories can also be distinguished.

CHAPTER 4: INSTITUTIONAL AND OTHER SUPPORT STRUCTURES/ INITIATIVES

4.1 INTRODUCTION

According to the UN, (1975:153), the strongest and most effective social housing movements occur in countries where the individual SHIs/housing associations are organised in regional and national organisations. Lewin (1981:29) argues that the type/nature of these regional or national organisations will depend on the degree of integration that is envisaged between the different levels. Broadly speaking mature social housing movements generally consist of three and sometimes four levels some of which occur naturally whilst others need to be created through legislation (see *inter alia* Mauseth, 1999:58; Lewin, 1981:29; UN, 1975:50 and Eglin 1999:17). The levels are:

- National sponsoring agency;
- Secondary or mother housing associations/SHIs - also sometimes referred to as technical service organisations (TSOs);
- Primary/daughter societies also called primary housing associations/SHIs; and
- International organisations or societies.

In this chapter each of the above mentioned levels were discussed. The chapter furthermore addressed the approaches adopted by different countries with regard to the division of functions/responsibilities between the different levels, the role and function of a social housing legislative framework, the role of international aid agencies as well as the relationship between primary and secondary housing associations/SHIs and local authorities.

4.2 INTEGRATED VS DECENTRALISED SYSTEMS

Before discussing each of these three levels it is also important to note that different countries approach the division of functions/responsibilities between the levels in various ways. According to (Lewin 1981: 29) and the UN (1975:111) two broad approaches namely the integrated approach and the decentralised approach can be distinguished.

If one regards the two approaches as two extreme positions (see Figure 4.1), the position and therefore the system used/adopted by most countries could be plotted somewhere between two extreme positions.



FIGURE 4.1: Division of planning and decision-making powers between the different levels of a social housing movement.

Source: Self-constructed

An example of a totally decentralised system or approach (a system in which no powers are shared or delegated upwards and primary housing associations/SHIs retain all the functions) could not be found. Integration in this context refers to the coordinated distribution of tasks and functions amongst the various levels and organisations, thus lending itself to a situation where each level or organisation takes over all those tasks and functions that can best be executed by that unit/level in a rational manner and at minimal cost. The concept of integration is, however, approached in various ways as a result of the unique circumstances to be found in each country. Lewin (1981:29), however, cautions that careful consideration needs to be given to the way in which integration is approached particularly in developing countries - if the system employed or created encroaches too far to the left hand side

of Figure 4.1 in other words strive towards total decentralisation, the country is sure to encounter considerable capacity problems as a result of the necessity to duplicate expertise in every primary housing association/SHI. Conceptually there are, however, according to the UN (1987:112) three ways in which integration or the distribution of power in terms of planning and decision-making can be distributed/ divided:

- Firstly, the lower level (primary housing associations/SHIs) retains decision-making power only for matters of internal management and all other powers of planning and decision-making are delegated to higher levels. This option refers to a totally integrated system like the one found in Sweden. In that country the primary SHIs only fulfil a few management and maintenance functions - the rest of the functions e.g. housing development and finance are taken over by the technical service organisations or secondary SHIs in accordance with guidelines laid down by the national sponsoring agency (Lundqvist and Danermark, 1990:451). If Figure 4.2 is analysed it is clear that the three organisational levels of the social housing movement in Sweden almost forms a pyramid in terms of numerical representation - 2780 primary/daughter SHIs versus 97 mother societies or TSOs. The UN (1975:112) cautions, however, that the advantages of an integrated system can only be realised when the leading units (e.g. TSOs and national sponsoring agencies) are empowered to plan, decide and act on behalf of the member societies. Agreements between the various levels to fulfil differentiated functions are concluded under the auspices of contracts, by-laws and or regulations.

- Secondly, all units retain their autonomy with regards to planning and decision-making. The different organisations, however, tend to decide on an ad hoc basis to collaborate in the fulfilment of certain functions. The non-profit making housing sector in Germany for example forms an integrated system in the formal organisational sense as far as audit and subsequent advisory services are concerned - whilst collaboration in terms of all other functions takes place on an informal and voluntary basis.

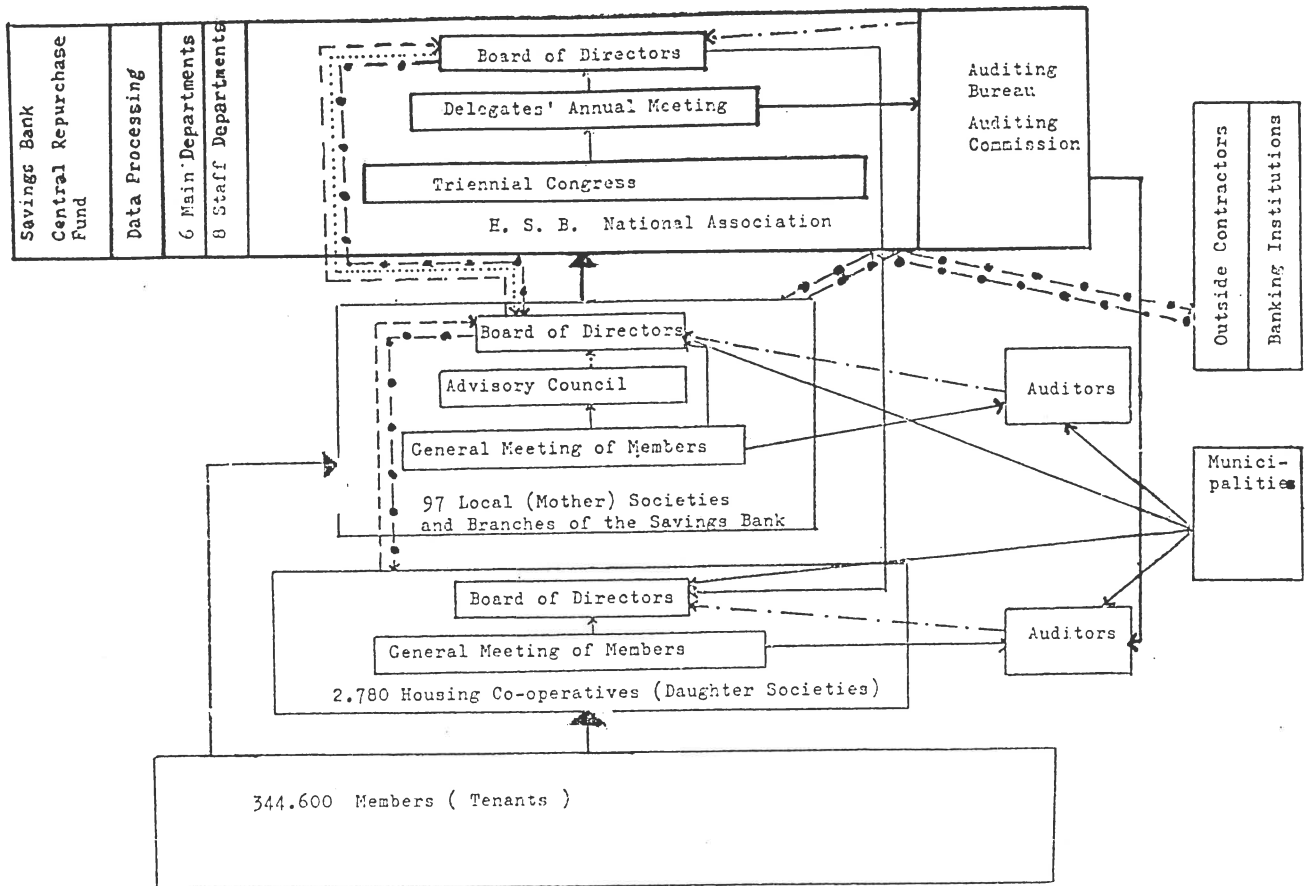


FIGURE 4.2 The Swedish Tenant's Savings Bank and Building Society

Source: UN (1975:131).

- Thirdly, powers are divided amongst the member organisations according to capacity and proven ability. According to Smith (1995:926) Canada has such a system whereby autonomy comes from clear delegations within defined terms and limits and which requires accountability from the association or co-operative to which the powers has been delegated. Furthermore, if a new policy is introduced such an initiative is initially controlled centrally until such

time that it is regarded as routine - only then does delegation become a possibility.

If integration in one form or another can be found in the non-profit housing sectors of most countries, it becomes important to consider why this is the case. Lewin (1981:29) and UN (1975:112) attempt to answer this question by arguing that the following characteristics usually tip the scale in favour of integration:

- Flexibility;
- Collaboration on some fronts can result in reduced costs since specialised expertise do not need to be duplicated within each individual unit or organisation - resulting in lower overhead costs; and
- Realisation that some objectives can only be achieved jointly through the creation of synergy.

According to the Social Housing Task Team (SHTT) (1999:6), social housing has been occurring in South Africa for decades and is characterised by great diversity in that each initiative in the absence of a clear-cut policy is experimental in nature and thus includes alternative tenure, finance, management and government arrangements. Furthermore, despite the widespread use of the word housing association there is no such legal vehicle in the South African legal system - it is thus a development concept and not one of the distinct types of juristic personae officially acknowledged. SHIs/housing associations in South Africa do, however, have various other options open to them, they can register as public companies with shareholding, private companies, co-operatives, Section 21 companies and communal property associations. The implication is, however, that each of these options is regulated by different regulators e.g. Registrar of Companies and the Registrar of Co-operatives. Integration, monitoring and regulation of the sector are thus at this point in time extremely complex and challenging.

According to the SHTT (1999:26), South Africa has to date not promulgated legislation that is specifically aimed at facilitating social housing. A range of existing laws that also apply in other contexts currently governs the sector. In terms of policy initiatives and formal agreements, integration is thus an illusive concept in South Africa.

In practice, however, integration especially in the fields of capacity building, technical support and training is occurring. This is illustrated by the fact that the Social Housing Foundation is, according to the SHTT (1999:19), developing and delivering specialist training programmes for the social housing movement and has a technical advisors programme running. It is through this programme that social housing practitioners from the UK and Netherlands are placed in social housing institutions to provide ongoing support and skills transfer. The Social Housing Foundation is furthermore responsible for mapping and mobilising donor funding for the whole South African social housing movement or sector.

It can thus be concluded that the South African social housing movement is moving (at least in practice) towards following an integrated approach - probably one along the lines of the second alternative discussed above. Integration would, however, be facilitated if the policy framework that is currently in the process of being developed, gives serious attention to the question of integration - being especially important because the social housing policy framework needs firstly, to be integrated into the broader national housing policy and secondly, to accommodate all the social housing institutions that have been developing in the absence of a proper framework.

4.3 ORGANISATIONAL LEVELS OF SOCIAL HOUSING MOVEMENTS

4.3.1 National sponsoring agency (ies)

According to Birchall (1988:86) the national sponsoring agency/ co-ordinating body generally functions as an intermediary institution between the state on the one hand

and the secondary and primary associations/co-operatives on the other. In most countries this national sponsoring agency is a quasi-government body affiliated to the national ministry responsible for housing and urban development (Kroes, Ymkers and Mulder, 1988:269). The said ministry usually provides a large portion of the financial resources needed to fulfil the functions specified or determined through national legislation.

One of the most well known national sponsoring agencies is the Housing Corporation in Britain. According to Blewitt and Garratt (1993: viii) the Housing Corporation is an independent, government-funded organisation set up through the Housing Act of 1964. The Housing Corporation, according to Cope (1990:53), consists of 15 board members appointed by the Secretary of State of the Environment. Its head office is located in London, but it also has 9 regional offices throughout Britain. The powers and responsibilities of the Housing Corporation as discussed in (Cope, 1990, Birchall, 1988; Lowe and Hughes, 1991; Baker, 1976 and Alder and Handy, 1987) include *inter alia*:

- Promotion of the interests of the voluntary housing movement through the publicity it provides to the work undertaken by the movement;
- Registration of SHIs/housing associations according to a set of predetermined criteria which includes:
 - that the association demonstrate that it operates on a sound and proper financial base;
 - that the association possess proper property development and housing management skills in-house or available to it on a contract basis from a TSO;
 - a conceptualisation of its role and scope of operation in relation to the housing needs of the area in which it operates or intends to operate in conjunction with the other stakeholders - particularly the local authorities;

- ensuring that the management committee (the management body of a primary housing association/SHI), is democratically elected and furthermore that the members are in possession of the necessary skills expected of a body trusted with public resources.

- Provides loans and guarantees and channels grants to specific housing associations/SHIs. The Housing Corporation with this competency sets cost limits within which housing associations/SHIs must operate. The size of its budget is determined each year through negotiations with Central Government and is reflected in the Approved Development Programme of the Housing Corporation.

- Monitoring the functioning of housing associations. As the official agent of the Secretary of State of the Environment, the Housing Corporation has the responsibility to ensure that public funding is spent in accordance with the prescribed criteria. This is done primarily through the perusal of housing association's audited accounts that has to be annually submitted to the Housing Corporation in a prescribed format. The Housing Corporation also carries out monitoring visits to individual housing associations to ensure that their activities are consistent with the objectives of non-profit making bodies that receive public funding. Such visits entail the perusal of all records as well as interviews with residents as well as management staff. The information so gathered is compiled into a monitoring profile, which is then subsequently used by the Housing Corporation when deciding on resource allocations.

- The Housing Corporation also has the power to initiate sanctions against any registered housing association that is found guilty of acting in a manner that is in contravention of prescribed policies as issued by the Housing Corporation. Legislation empowers the Housing Corporation:

- to remove/suspend any committee member, officer, agent or employee of a housing association responsible or privy to misconduct or irresponsible management and to replace them with new members;
 - to place restrictions on the transactions a housing association may enter into;
 - subject to the consent of the Secretary of State, direct that the property and all other assets of a housing association be transferred to other associations;
 - can take over the management of an association which finds itself in difficulty or failing to perform its functions - this can however only be done if the association still has outstanding loans.
- The Housing Corporation can also undertake housing development should circumstances require such a course of action;
- Finally the Housing Corporation is responsible for policy formulation and the setting of standards in the non-profit housing sector.

In view of the above it is no wonder that Alder and Handy (1987:145-151) describes the Housing Corporation as the major dispenser of government power and patronage - it acts as promoter, banker, policeman, judge and executioner to the non-profit making housing sector in Britain.

Apart from the Housing Corporation the housing association movement in Britain also established a body called the National Federation of Housing Associations (NFHA), (Lowe and Hughes, 1991:83). According to Baker (1976:91) and Cope (1991:72) the main functions of this body include *inter alia*:

- Encouraging best practise and setting high standards of achievement in services provided by housing associations;

- Active promotion of the formation and expansion of housing associations;
- Providing advice and assistance to the member housing associations;
- Publishing the movement's official journal called "Voluntary Housing";
- Providing training and undertaking research;
- Representing the interests of the movement when in negotiations with government and other stakeholders; and
- Performing the function of an information resource centre for the movement in general.

From the above it should be clear that the NFHA is a wholly independent agency that represents its members and has their best interest at heart. It emerged from the ranks of the movement itself as the representational body for housing associations. Although it does receive a subsidy from government most of its resources come from a registration fee paid by its members. According to CECODHAS (1999:79), the NFHA changed its name in 1996 to that of the National Housing Federation. This was done when the scope of the body was broadened to allow other non-profit social landlords to become members as well.

The NFHA and the Housing Corporation thus fulfil separate but complementary functions which together form a support network at national level that ensures the orderly development and expansion of the non-profit making housing sector.

In the Netherlands, the Ministry of Housing, Physical Planning and Environment itself fulfils some of the functions the Housing Corporation as a quasi government body fulfils in Britain (Emms, 1990:199). The said Ministry is responsible for policy development, registration of approved institutions as well as the monitoring of their performance.

The reason for this approach according to the Minister of Housing, Physical Planning and the Environment (1997:12) is that housing in the Netherlands has traditionally been centrally controlled from within government itself. It is, however, important to note that the Ministry has a strictly non-interventionist approach with regards to the management practices of primary societies/housing associations and will only intervene in cases where there is a real threat of insolvency. The Ministry is, however, advised by the Council for Housing “Raad voor de Volkshuisvesting” (RAVO). According to the Ministry of Housing, Physical Planning and the Environment (1997:13), RAVO is an organisation set up under the Housing Act and consists of representatives of all parties involved in housing e.g. municipalities, building industry and housing associations.

The Netherlands’ equivalent of the National Housing Federation in Britain is AEDES (Latin for house with many rooms) (AEDES, 1999:24). It similarly serves as a platform for its members to safeguard the movement’s interests, it provides advice and information to its members and undertakes research.

According to Lundqvist and Danermark (1990:451) the official responsibility for housing policy - and thus social housing - in Sweden is divided between the central state, which provides the financial and legal framework, the state regional housing boards, who are responsible for the examination and approval of development plans that are seeking public funding and lastly the local authorities who together with housing co-operatives initiate and implement housing production initiatives.

In the co-operative sector the Swedish Tenants and Savings Bank and Building Society (HSB) has according to the UN (1975:121), the responsibility to assist its members with technical, economical, administrative and legal problems or issues. The organisation also operates as a savings bank for members of the public intending to join a co-operative in the future and is furthermore responsible for the auditing of the primary and secondary co-operatives.

Governments in both Latin America and Africa also often create national sponsoring agencies through national legislation, which are then used to promote non-profit housing or the social housing movements in the respective countries. According to Larsson (1989:33) the Botswana Government created the Botswana Housing Corporation in 1971 as a parastatal that took over responsibility from government to build and maintain rental housing for medium and high-income groups. In Ethiopia the National Government after the 1974 revolution created two national institutions namely Kebeles as well as the Agency for the Administration of Rental Homes to accept responsibility for the maintenance and expansion of the social rental stock of the country (Mathey and Pini *et al*, 1985:32). According to Mathey and Pini *et al* (1985:11) the Tanzanian Government created the National Housing Corporation - a non-profit parastatal that both lends money to other institutions to construct low and medium cost houses for rent, but also engages in construction activities should circumstances necessitate it to do so.

In Colombia, the South American state, the co-operative sector is supported and regulated by the Colombian Housing Co-operative Federation (UN, 1975:41). This organisation is also actively involved in the development of educational programmes for officials active in the field and provides technical assistance to member organisations should it be required. DINAVI, or the National Housing Board, is the body in Uruguay responsible for the authorisation and control of the co-operative sector (UN, 1975:46). The Housing Co-operative Federation in Uruguay also emerged from the ranks of the movement itself to enable it to represent the movement in its negotiations with government and other stakeholders.

From the above it is clear that most countries in possession of an active social housing movement found it necessary to create - frequently through national legislation - national sponsoring agencies to accept responsibility for the support and regulation of the social housing movement. Most frequently the national sponsoring agency is created separate from the national department responsible for housing, but as is the case in the Netherlands the function can also be performed in-house within

the national department responsible for housing. The choice of whether or not to create a separate quasi-statal or parastatal body really depends on historical circumstances and the evolution of housing policy within each country.

However, it is apparent that such a national sponsoring agency, given its functions referred to above, is a necessity for the development of an organised and structured social housing movement that makes optimal use of the public resources allocated to it. The functions and responsibilities of such a body will grow and evolve with the social housing movement from a stage where it focuses its attention primarily on the development of primary societies and financing, to a situation where monitoring, the enforcing of standards and providing guidance on issues like best management practises becomes part of its day to day functions.

A popular organisation e.g. the National Housing Foundation in Britain and Nationwide Organisation of Co-operative Housing Associations (NBBL) in Norway tends to emerge spontaneously from amongst the ranks of primary and secondary societies. This occurs as soon as the movement realises that it needs an organisation to lobby or represent its concerns collectively in negotiations with government and other stakeholders e.g. commercial banks. The emergence of such a body should be supported and facilitated through *inter alia* financial assistance in its initial stages of development. It provides a useful forum for housing associations to exchange information, learn from one another and reflect on policy proposals that might be beneficial to the sector as a whole.

As a result of the historical development of the social housing movement in South Africa the Social Housing Foundation (SHF), even though it was created through national legislation, the Housing Amendment Act, 1999 (Act 28 of 1999), fulfils functions that are generally undertaken by the bodies that emerged spontaneously from amongst the ranks of the social housing movement itself. This point is illustrated by the fact that the stated aim of the SHF is to facilitate, promote and develop the

social housing sector or movement in South Africa (SHTT, 1999:5). According to the SHTT (1999: 84-85), the SHF currently fulfils the following functions:

- Training and development;
- Programme management through providing technical support and assistance to emerging social housing institutions;
- Mapping and mobilising of donor funding; and
- Research and policy development.

It can, however, be expected that the functions and responsibilities of the SHF will grow and evolve over time. Given the clear advantages of a national sponsoring agency it is anticipated the SHF will gradually take on more and more of the functions traditionally reserved for national sponsoring agencies.

It is, however, important to note that the SHTT (1999:42) in their policy proposals to government came out strongly in support of the social housing movement in South Africa adopting a second level registration process – the first level refers to registration as e.g. co-operatives with the Registrar of Co-operatives or as a company with the Registrar of Companies. This suggestion is motivated by the fact that the current regulators of social housing institutions do not necessarily have an understanding of housing development and it is felt that the supervision and interventionary powers should vest in a regulatory body with housing experience. The SHTT (1999:42) furthermore argues that a second level registration process, if adopted, will have the following benefits. It will:

- Protect government's investment in social housing;
- Facilitate growth in the sector;

- Ensure the well-being of the sector as it will allow the regulator powers to monitor the social housing sector through e.g. the compulsory submission of quarterly financial reports and to conduct investigations should it prove necessary. It is also proposed that the regulator be empowered to intervene through mediation, arbitration or even curatorship in extreme cases;
- Promote private investment in the sector given that a second level registration process would require institutions to demonstrate *inter alia* that:
 - the projects undertaken are feasible and properly planned;
 - it has its own competent management capacity or have access to external capacity that will allow it to carry out its objectives effectively;
 - consumers are adequately protected; and
 - housing units comply with minimum requirements.

The SHTT (1999:44), furthermore suggested that, given the interventionist nature of the powers the regulator will require to do its job properly, the regulatory function should be established through primary (national) legislation in the form of a social housing act. The functions of such proposed legislation would include:

- The establishment of the second level registration process;
- Allowing social housing organisations (co-operatives, Section 21 companies etcetera), to register as social housing institutions through provincial regulators;
- Setting out criteria which, if adhered to, would allow organisations to become registered social housing institutions;
- Providing for the establishment of provincial regulators;

- Providing provincial regulators with powers of registration and investigation; and
- Limiting the awarding of the institutional housing subsidies to registered social housing institutions only.

It should be clear from the above that the SHTT saw the proposed regulatory function as being optimally placed in provincial government (provincial housing and local government departments). This stance was taken because these are also the departments that in most provinces are responsible for the approval of the land development objectives/integrated development plans of the local authorities and furthermore are responsible for the compilation of provincial growth and development strategies. Placement of the regulatory function within the provincial housing and local government departments would thus create an opportunity to ensure that social housing strategies are incorporated into the local integrated development plans as well as the provincial growth and development strategies. It is important to note that the SHTT (1999:44) furthermore recommended that in order for a second level registration process to be successful it is vital to ensure that registration provides some real benefits e.g. exclusive access to state funding, tax exemptions as well as access to capacity support and other benefits.

From the above policy proposals made by the SHTT, it is clear that the importance of the role and functions of national sponsoring agencies are acknowledged in South Africa. Given the country's constitution as well as the fact that most of the other established housing functions are performed at a provincial level, the proposals on the table are in favour of establishing "provincial sponsoring agencies" that will be granted its powers through national legislation. It is anticipated that this legislation will place an obligation on the national sponsoring agency to monitor and oversee the activities undertaken by the provincial sponsoring agencies.

4.3.2 Secondary or mother societies also known as Technical Service Organisations (TSOs)

According to Dreier (1997:12) one of the key elements of the social housing movement in the USA is the existence of a network of national, regional and local non-profit, intermediary institutions. These intermediary institutions in the USA fulfil *inter alia* the following functions:

- Provide technical assistance to primary housing associations;
- Form a channel through which private, philanthropic and even government funding can be disbursed to primary housing associations; and
- Encourage the formation of new primary or daughter societies.

According to the UN (1975:125) TSOs are organisations established at regional and national level that are staffed with professionals who undertake specialised tasks on behalf of the primary or daughter societies. Vutula (1999:12) and Arrigone (1994:6) argue that the majority of the work done by TSOs can be divided into two categories namely, implementing services and property management services.

The provision of implementing services includes *inter alia* the following:

- Preparation of the development or project implementation plans (project planning);
- Carrying out the preliminary feasibility studies;
- Facilitation of the formation and registration of housing associations and co-operatives as legal entities to enable them to qualify for public funding;

- Appraising and contracting professional staff and consultants on behalf of housing associations or co-operatives;
- Management of interim funding and monitoring of cash flow during the development process;
- Procuring and co-ordinating project financing; and
- Ensuring that there is compliance with legal requirements.

Property management services on the other hand include:

- Drawing up maintenance plans for the buildings and other infrastructure;
- Allocation of housing units;
- Rent collection;
- Rendering advice regarding the investment of surplus funding;
- Preparation of quarterly reports to be submitted to committee of management of the housing association or co-operative; and
- Preparation of annual reports to be submitted to the national sponsoring agency.

Examples of well-known TSOs and the work they are involved in include *inter alia*:

- Arbejderbo, a Danish TSO, that was according to the UN (1975:93) set up /started in 1941. Roughly translated the name means "workers home" and this organisation is currently still a fairly large service organisation that offers

smaller associations the benefit of expert knowledge - if and when they embark on new construction projects. The system used by this TSO can be described as follows (see UN, 1975:93): the primary society approaches Arbejderbo with a concept or if possible with building plans or a project plan. The TSO then studies the plan(s) and checks that it adheres to norms and standards prescribed by the national sponsoring agency (Federation of Non-profit Housing Societies in Denmark), if public funding is needed. In consultation with the primary society, the TSO then takes over the development process and proceeds to make all the necessary arrangements with institutions e.g. local authorities, banks and the Ministry of Housing. It furthermore oversees the actual construction process and afterwards hands over the completed development or project to the primary society. If so required, the TSO will also provide management support to the primary society in question until such time as it feels confident to assume responsibility for all management functions.

- According to Carmona and Blender (1985) TSOs also fulfil an important function in Latin-America. CEVE - a subdivision of AVE (Association Vivienda Economica) a non-profit private enterprise active in Argentina is an example of a TSO established in 1966 with the objective of solving the problems of the marginal housing sectors (Carmona and Blender, 1985:60). CEVE for example assisted with the establishment of the co-operative "20 De Junio" which is active in the city of Cordoba. The Co-operative "20 De Junio" with the assistance of CEVE was responsible for the development of an urban infil project, consisting of 99 separate housing units. CEVE furthermore assisted the co-operative with the establishment of a public participation process that enabled the beneficiaries to actively participate in the design of the units as well as the lay-out plan. According to Carmona and Blender (1985:62) the project resulted in the formation of a well-organised and close-knit community.

- According to Birchall (1988:120), emerging co-operatives in Britain are required by the Co-operative Housing Agency (a subsection of the Housing Corporation)

to have an agreement in place with a TSO or secondary co-operative to steer it through the complex system of funding approval, should public funding be needed. These secondary co-operatives or TSOs provide a comprehensive range of skills and services to the primary societies. They depend or rely financially on the development and management allowances paid to the primary co-operatives by the Housing Corporation. A TSO always has as one of its primary objectives to assist its members or clients to become independent - this goal is primarily achieved through extensive training programmes. According to Thunhurst *et al* (1992:82), an example of a British TSO is the Yorkshire Metropolitan Housing Association. This organisation is responsible for the management of Thurnscoe Tenant Housing Co-operative and its tasks include:

- providing professional advice to the co-operative;
- stimulating public participation in the management of the co-operative; and
- building/ expanding or improving the skill of the management committee;

From the above it is clear that TSOs can and do fulfil a very important role in the establishment and progressive expansion of social housing movements world-wide. They can be seen as centres of knowledge and experience that can be utilised on an ad hoc or continual basis by primary societies in need of assistance. TSOs are responsible for capacity building within the whole non-profit housing sector and as such should be supported and promoted.

Even though there are no formal policies in place within South Africa to facilitate/ stimulate the emergence of TSOs/secondary social housing institutions a few have developed nonetheless. According to Lungu-Mulenga (1999:101) the Urban Sector Network (USN) - a network of nine NGOs working in six provinces assists its affiliates which include *inter alia* Cope Housing Association with funding, lobbying support, information sharing and policy formulation. These functions, if compared with the

functions listed earlier, imply that the USN is a South African TSO. Cope Housing Association through the assistance given to it by the USN and NBBL (Federation of Co-operative Housing Associations in Norway), has itself developed into a member-based housing association or TSO. Cope Housing Association has thus far according to Valuta (1999:9), assisted with the establishment of numerous primary housing associations e.g. Philani Ma Africa Housing Association, Hadar Court Collective Company and Bertrams One Development Company - all registered as Section 21 companies.

It can also be argued that given the absence of a national sponsoring agency in the fullest sense of the word these TSOs that were established are currently fulfilling an invaluable role in the support and promotion of social housing in South Africa. It would, however, be prudent to put measures in place to stimulate the establishment of more TSOs and to consider providing additional financial assistance to the ones already established.

4.3.3 Primary/daughter societies

According to the UN (1975:119), primary or daughter societies refer to housing associations at project or local level. These societies are responsible for the actual construction or development of housing units (with or without the assistance of TSOs) and remain the owners after the construction or development phase has been completed. These societies are in effect the landlords of the social housing tenants or co-owners. The size of these primary societies vary considerably from those that have average stocks of 2000 and more units to societies that have less than 20 units. The primary societies occupy centre stage in the development of social housing and can thus be seen as the building blocks of a successful social housing movement (Lowe and Hughes, 1991:146). Primary societies if registered with the national sponsoring agency have to operate in accordance with rules laid down in legislation and enforced and monitored by the national sponsoring agency. According to Alder and Handy (1987:176), it is not unusual for these primary societies to have close ties

with the local authorities in their area of operation. These two institutions then work together to develop an integrated housing strategy to address the unique housing problems that may occur within that particular area.

According to (Çakin, 1992:47 and Lundqvist and Danermark, 1990:451), primary housing associations quite often organise themselves into regional organisations or bodies. These institutions would then undertake joint initiatives in the fields of research, development of training programmes and negotiations with state or provincial governments. Such regional organisations are found in *inter alia* Sweden, France and Turkey.

According to the SHTT (1999:11) – see Table 4.1 – there are currently 16 primary or daughter societies in South Africa. These numbers are, however, increasing – even in the absence of social housing specific legislation or a completed policy framework (SHTT, 1999:12).

SHI INITIATED BY	NUMBER
Provincial/local authorities	2
NGO/CBO driven	10
Section 21 company	2
Public company	1
Trade unions	1
TOTAL	16

TABLE 4.1: Origins of established social housing institutions (1998)

Source: SHTT (1999:11)

<i>PROVINCE</i>	<i>NUMBER</i>
Gauteng	7
KZN	4
Western Cape	4
Eastern Cape	1
Rest of Provinces	0
TOTAL	16

TABLE 4.2: Provincial spread of social housing institutions

Source: Adapted from SHTT (1999:12)

4.3.4 International social housing institutions

According to CECODHAS (1999:5) housing is not an European Community Competence - but increasing integration with regards to other spheres within the continent encouraged the social housing sector to follow suit and establish an organisation to enable them to compare systems and share experiences. It is with this motivation in mind that European Liaison Committee for Social Housing (CECODHAS) was established. CECODHAS is internally structured into three branches namely: co-operatives, public housing and other philanthropic housing (Mauseth, 1999:56).

Another international social housing agency or organisation is International Co-operative Association (ICA) (Mauseth, 1999:56). Usually national sponsoring agencies that have sections dealing specifically with co-operative housing belong to ICA, who currently has about 40 member associations.

Birchall (1988:102) provides another example in the form of the Scandinavian Organisation of Co-operative Housing, established in 1950, that provides a forum for

the member countries, Sweden, Denmark and Norway to exchange knowledge and experiences across boundaries.

From the above it is clear that where these international social housing organisations or societies exist, they fulfil a valuable function in ensuring that knowledge and experience are exchanged on a regular basis - benefiting the social housing movement as a whole.

4.4 THE ROLE OF INTERNATIONAL AID AGENCIES

According to the UN (1975:22) one of the major factors inhibiting or limiting the emergence of social housing sectors or movements in Africa is the lack of skills in the following:

- Procurement of loans;
- Drawing up of project and/ or development plans;
- Formulation of by-laws;
- Development of an appropriate legislative framework; and
- Supervision and control of actual construction.

Carmona (1992:107) argues that another limiting factor is the lack of financial resources to sponsor pilot projects.

International aid agencies like for example the International Development Bank (IDB), USA Agency for International Aid (USAID); the German Development Association for Social Housing (DESWOS) and the International Co-operative Housing Development

Association (ICHDA), try to address these problems, particularly in Africa and Latin-America by providing *inter alia* the following services:

- Training opportunities to enable skills transfer;
- Temporary or permanent offices in some developing countries - hoping that it will become centres of expert advice and assistance; and
- Sponsoring the salaries of expert or skilled personnel to assist individual housing associations and co-operatives with their project development or project management activities.

The international aid agencies usually adopt an institutional building approach - meaning that emphasis is placed on working in close collaboration with national governments to create or establish capable, knowledgeable national sponsoring agencies that can over time assume the functions listed above. It is thus important for social housing movements – particularly in developing countries – to try and link up with these international aid agencies.

South Africa thus far has been very fortunate in that numerous international aid agencies are supporting the development of the social housing sector/movement. According to the SHTT (1999:59) the Social Housing Foundation has entered into agreements with the social housing organisations of Netherlands and the UK. The social housing organisations from these two countries assist South Africa through the secondment of technical advisors to South Africa. The placing of these technical advisors is co-ordinated by the Social Housing Foundation. Various affiliates of the USN have thus far received technical assistance through this programme. Other countries like Sweden have also rendered assistance to the development of social housing in South Africa through the Swedish Association of Social Housing Organisations. As was already mentioned, the Federation of Co-operative Housing Associations in Norway (NBBL) has signed an agreement with Cope Housing

Association in April 1997 (Vutula, 1999:9). Through this agreement NBBL is assisting Cope Housing Association through a four-year pilot project to promote co-operative housing in the greater Johannesburg area (Mauseth, 1999:55). NBBL has *inter alia* donated R 15 million to the Cope Housing Trust – the money is intended to improve the confidence of lending institutions to grant emergent co-operatives the long-term loans/financial assistance to become financially viable.

4.5 THE ROLE/FUNCTION OF A SOCIAL HOUSING LEGISLATIVE FRAMEWORK

According to the UN (1975:86), acknowledgement of the social housing sector in national housing legislation can provide an essential basis for the proper development of the sector. Birchall (1988:89) also states that a key variable in the development of a successful co-operative and housing association movement is the existence of a favourable/facilitative legislative environment.

National housing legislation is one of the most important mechanisms used by governments to establish/create the institutional hierarchy within social housing movements. Legislation is also used to clearly set out the functions and powers of each level (Lowe and Hughes, 1991:68). Norway through their Co-operative Act regulates *inter alia* the relations between the national sponsoring agency, secondary co-operatives and primary co-operatives (Kroes, Mulder and Ymkers, 1988:140; and Mauseth, 1999:58). It is furthermore widely acknowledged that the supportive environment provided through the Act is one of the reasons that co-operatives are such an important part of the housing scene in Norway. In contrast, co-operatives in the Netherlands are not very popular and this, can according to Kroes, Mulder and Ymkers (1988:203), at least partly be attributed to an unsympathetic legal environment which created legal barriers that hindered the development of the sector. According to Alder (1999:48), housing co-operatives were introduced in Tanzania in 1971 as a result of an initiative of the Economic Commission for Africa and the housing “arm” of the International Co-operative Alliance (ICA). Tanzania as a country was chosen for

the initiative because of the existence of *inter alia* an existing legal framework for co-operatives. One can thus conclude that international aid and assistance is easier to acquire/attract if a supportive legal environment is already in place.

According to Smith (1995:906) the National Housing Act in Canada is used to set out the financial mechanisms and support that government provides to the social housing sector. In Chile the first social housing legislation dates back to 1906 – and even in that first Act as well as all subsequent amendments the terms and conditions of government support is clearly set out (Carmona and Blender, 1987:83 and Arrigone, 1994:11). In Austria the Housing Act provides a clear listing of the activities in addition to construction that can be subsidized – these include *inter alia* heating insulation and initiatives to improve energy efficiency (Kroes, Mulder and Ymkers, 1988:411).

The 1988 Housing Act of Britain for the first time made it possible and even encouraged the use of private financing to top-up/ supplement public money/assistance (CECODHAS, 1999:58). This movement to combine public and private finance is a trend that can also be observed in other countries as pressure to curtail public expenditure increases.

The National Housing Act in Canada in section 56(1) supports the concept of mixed income tenants in the social housing sector, because it is believed that such a strategy contributes towards the viability of the housing estates (Cooper, 1992:164). The Act states, however, that at least 25 percent of the units should be made available to households requiring rental assistance. It thus should be clear that it is very important that legislation aimed at supporting the social housing movement should address firstly, the question of financial support for construction in the form of *inter alia* subsidies, capital loans and loan guarantees and secondly, the continued financial well-being of the social housing estates by allowing them some latitude in allocation policies.

According to Lowe and Hughes (1991:83) and Cope (1990:61) the British Housing Association Act of 1985 provides guidelines to the housing association movement on the following matters:

- Management practise;
- Allocation policies;
- Terms and conditions of tenancies;
- Tenant participation, consultation and communication;
- Places a duty on landlords to provide tenants and the general public with information regarding their rules and allocation procedures;
- Principles that should be considered when deciding on a rent level; and
- Standards of maintenance and repair.

The 1993 Housing Act in the Netherlands is, according to AEDES (1999:22), also used to make sure that housing associations allocate 9 percent of their stock built or acquired through some form of public assistance/support to low income groups and other special groups. In Denmark too the National Housing Act places an obligation on the non-profit housing sector to accommodate households with special needs (Lundqvist, 1992:41). From the above it should be clear that legislation could be used by government as a powerful instrument or mechanism to determine or facilitate the development of a strong and healthy socially conscious housing movement. Legislation also affords government the opportunity to steer the movement into a particular direction that will hopefully contribute to the public good. Given this and the functions listed above it is clear that legislation provides a supportive and facilitative

framework without which the development of a social housing movement can prove to be quite an uphill battle.

As was earlier stated in section 4.2 of this chapter, South Africa currently doesn't have legislation specifically aimed at facilitating the social housing movement in the country. The sector is governed by a range of existing laws that also apply in other contexts (see section 4.2 of this chapter for a discussion regarding the policy proposal of the SHTT to establish social housing specific legislation in South Africa).

4.6 RELATIONSHIP BETWEEN PRIMARY AND SECONDARY SOCIETIES (SOCIAL HOUSING INSTITUTIONS) AND LOCAL AUTHORITIES

According to Kroes, Mulder and Ymkers (1988:245), partnerships between primary and secondary social housing institutions and local authorities are often concluded in an effort to address the housing question in a particular area in an integrated way. CECODHAS (1999:60) expresses the opinion that the strategic role of local authorities in such a partnership is defining or estimating the housing need in its jurisdictional area and then, in collaboration with the social housing institutions active in that area, to devise a plan to meet this need. Lewin (1981:45) echoes this sentiment by stating that local authorities are the social housing institution's link to the formulation of localised housing policies and medium to long term housing strategies in effect within that particular local authority area.

One of the areas of collaboration between social housing institutions and local authorities is according to Baker (1976:88), the nomination rights awarded to local authorities as a result of the financial support provided by government. These nomination rights entitle local authorities to nominate people to occupy from 20 percent to in extreme cases 100 percent of the units built with the aid of the public finance. According to Page (1993:18), a good working relationship between local authorities and housing associations is very important because it can lead to local authorities using their nomination rights with care so that the end result is a balanced

mix of income categories on housing association estates. Local authorities can furthermore, according to Baker (1976:89), render/provide very useful information and/or assistance in one or more of the following areas:

- Providing information regarding the location of as well as the suitability of underdeveloped land in their jurisdictional areas;
- Ascertaining local housing needs and preferences; and
- Providing financial assistance – usually in the form of free land or selling council property at reduced prices.

According to Cooper (1992:163), local authorities in Canada sometimes allow developers to build to greater densities in exchange for providing assisted housing. An example is the St Lawrence Neighbourhood built in the 1990s. It consists of 3 500 housing units of which 2 000 is non-profit social housing while the rest is in co-operative ownership. The relationship between local authorities and housing associations in Britain is one of voluntary co-operation and allows local authorities the leeway – with the permission of the Secretary of State of the Environment – to delegate some of their housing functions to housing associations.

Smith, Griffiths and Stirling (1997:683) furthermore argues that local authorities in Britain are encouraged to play an enabling role, in that they organise/co-ordinate joint action amongst the different providers of housing. Rohe (1995:451-459), in turn points to the important role that local authorities in the USA fulfil in the social housing sector by providing training and technical assistance to newly formed tenant management co-operatives and limited equity co-operatives.

From the above it is clear that social housing institutions and local authorities are mutually dependent upon one another to address housing problems in an integrated fashion. The social housing institutions generally need the local authorities to invest in

their stock and provide them with assistance whilst the local authorities in turn need social housing institutions to provide housing at reasonable prices in their jurisdictional areas. It thus seems that care should be taken to foster and encourage partnerships between social housing institutions and local authorities so as to ensure the formulation of integrated and comprehensive housing strategies.

In South Africa the local level attention given to social housing is on the increase (SHTT, 1999:18). Numerous local authorities e.g. Durban, Pietermaritzburg, Pretoria, Johannesburg, Germiston, Middleburg, East London and Port Elizabeth have to greater or a lesser degree examined the role of social housing within their jurisdictional areas. The SHTT (1999:66) argues that local authorities in South Africa are embracing the concept of social housing because of the following perceived benefits, social housing:

- Addresses decay in the inner city;
- Supports the integration of communities;
- Is sympathetic towards densification initiatives;
- Allows for better provision of services through agreements with social housing institutions/primary societies;
- Service collection responsibilities of the local authorities are eased by social housing institutions, which generally collects rates and services charges as part of the rental payment.

The national housing policy as contained in the Housing Act, 1997 (Act 107 of 1997) and the White Paper on Housing (Department of Housing, 1994) allows local authorities to choose its role – that of developer/facilitator – of housing delivery. The compulsory Integrated Development Plan process that local authorities have to

embark upon furthermore creates an ideal vehicle for the development of a social housing policy for the local authorities. Social housing institutions can then, as was illustrated by the international examples, embark upon an integrated housing strategy for that jurisdictional area.

4.7 CONCLUSION

Mature social housing movements generally consist of three and sometimes four organisational levels, some of which occur naturally whilst others need to be created through legislation. These levels are:

- National sponsoring agency;
- Secondary or mother housing associations/SHIs - also sometimes referred to as technical service organisations (TSOs);
- Primary/daughter societies also called primary housing associations/SHIs; and
- International organisations or societies.

In most countries the planning and decision-making powers are distributed in one way or another between these different organisational levels. In South Africa there are at present no legislative or policy imperatives that enforce integration. Due to the inherent advantages of integration, e.g. flexibility, integration in practice, at least to some extent, has been occurring spontaneously in South Africa. This is especially apparent in the fields of capacity building, technical support and training.

Most countries with an active social housing movement found it necessary to create - often through national legislation - national sponsoring agencies to accept responsibility for policy development, registration of approved institutions (regulation of the social housing movement) and monitoring of the sector's performance. An

example of such an agency is the Housing Corporation in Britain. These sponsoring agencies are frequently created to be separate from the national department responsible for housing, but can also, depending on historical circumstances, be located in-house e.g. the Netherlands. Given the functions that are generally performed by the national sponsoring agencies it can be concluded that the establishment of such an institution is necessary for the development of an organised and structured social housing movement that makes optimal use of the public resources allocated to it. After studying the role and functions of national sponsoring agencies in Europe, Africa and South America it became clear that functions and responsibilities of such a body or institution grow and evolve with the social housing movement itself. Initially it might focus primarily on the development of primary societies and financing, but at a later stage functions like monitoring, enforcing standards and providing guidance on issues like best management practises might begin to dominate.

Once a social housing movement is well established within a country it is quite routine for a representative body to emerge spontaneously from amongst the ranks of the movement itself. Such representative bodies e.g. AEDES in the Netherlands serves as a platform for its members to safeguard the movement's interests, it provides advice and information to its members and undertakes research on behalf of the movement.

The Social Housing Foundation in South Africa, given official recognition through the Housing Amendment Act, 1999 (Act 28 of 1999) is the nearest institution to a national sponsoring agency South Africa has. If its current functions are, however, compared to that of the Housing Corporation in Britain it is clear that its functions are quite limited in scope. It doesn't perform any regulatory function of the secondary and primary social housing institutions and thus cannot initiate sanctions against associations/co-operatives found guilty of acting in a manner that is in contravention of prescribed policies. The functions thus being fulfilled by the Social Housing Foundation closely

resembles that of representative bodies that emerged from the movement itself rather than that of a national sponsoring agency.

It is, however, important to note that the regulation and monitoring of the social housing movement in South Africa are fragmented at present. The reason being that despite the widespread use of the word housing association there is no such legal vehicle officially acknowledged in the South African legal system. Social housing organisations in South Africa, however, have various other options open to them: they can register as public companies with shareholding, private companies, co-operatives, Section 21 companies or communal property associations. However, the implication of this is that a different regulator, e.g. the Registrar of Companies and Registrar of Co-operatives - that do not necessarily have an understanding of housing development, regulates each option.

In order to address the above situation the Social Housing Task Team appointed by the Minister of Housing in 1997 to establish a policy framework for social housing has recommended that South Africa adopt a second level registration process to be carried out by provincial departments responsible for housing and local government. These particular departments were chosen because they are also the departments that in most provinces are responsible for the approval of the LDO/IDPs of local authorities as well as the compilation of provincial growth and development strategies. Given the interventionist nature of the powers of this proposed regulator, the SHTT furthermore recommended that the regulatory function should be established through primary (national) legislation in the form of a social housing act.

If the above proposals are implemented, South Africa will have nine provincial sponsoring agencies. In none of the proposals made by the SHTT could any reference for establishing a communication system between these provincial sponsoring agencies and the SHF be found. Such a communication system will ensure that changes in the sector are influencing the process of policy

formulation/adaptation and that an opportunity to exchange experiences is formally provided for.

Secondary societies or technical service organisation as they are also known fulfil a very important role in the establishment and progressive expansion of social housing movements worldwide. They can be seen as the centres of knowledge and experience that can be utilised on an *ad hoc* or continual basis by primary societies in need of assistance. TSOs are responsible for capacity building within the social housing movement and as such should be supported and promoted.

Even though there are no formal policies in place within South Africa to facilitate/stimulate the emergence of TSOs/secondary societies, a few have none the less developed. Examples include the Urban Sector Network (USN) and Cope Housing Association. In the absence of a proper national sponsoring agency these TSOs have fulfilled an invaluable service in the social housing movement. It would however be prudent to put in place measures to stimulate the emergence of more TSOs and to consider providing additional financial assistance to the ones already in existence.

Primary/daughter societies refer to housing associations at project level and as such can be seen as the building blocks of a successful social housing movement. These societies are responsible for the actual construction or development of the housing units and remain the owners after construction/development phase has been completed. Primary societies if registered with the national sponsoring agency have to operate within the policy framework established by the sponsoring agency. The number of primary societies within South Africa is rapidly on the increase even in the absence of a comprehensive and supportive policy and legislative framework.

International social housing organisations or societies, e.g. Scandanavian Organisation of Co-operative Housing can emerge when there are a few countries with strong social housing movements situated near to one another. Such bodies then

ensure that the knowledge and experience is exchanged on a regular basis in an organised manner.

Establishing linkages with international aid agencies is one way for especially developing countries to overcome inhibiting factors like the lack of skills in one or more of the following areas:

- Procurement of loans; and
- The development of appropriate legislative frameworks.

Care should, however, be taken that aid agencies adopt an institutional building approach, with emphasis being placed on working in close collaboration with national government to create/establish capable, knowledgeable national sponsoring agencies through skills transfers. South Africa has thus far been very fortunate in that numerous international aid agencies are supporting the emergence/development of a South African social housing movement or sector.

National legislation is one of the most important mechanisms that government has to establish or create the hierarchy or levels of a social housing movement discussed above. It enables government to clearly set out:

- The functions and powers of each level of the social housing movement;
- The financial mechanisms and support government is willing to provide to the social housing sector under certain terms and conditions; and
- Guiding principles on issues like management practise, allocation policies and tenant participation.

Given the scope national legislation provides to government to stimulate and support the development of a strong and socially conscious social housing movement it is unfortunate that South Africa as yet does not have social housing specific legislation. However, as was already mentioned the SHTT recommended that the formulation of such legislation can only benefit the social housing movement in South Africa.

Social housing institutions and local authorities are mutually dependent on one another to address the housing problems of a particular area in an integrated and comprehensive fashion. The social housing institutions generally need local authorities to invest in their stock and provide them with assistance in areas like identifying suitable land whilst local authorities in turn need social housing institutions to provide housing at reasonable prices to *inter alia* low income and other special groups that includes the physically handicapped.

In conclusion this chapter has illustrated that the development of an integrated and effective social housing movement depends on a range of factors which all have to be in place if synergy is to be achieved between the various levels of the social housing movement. National legislation and policies create the framework, norms and standards within which all "actors" in the sector have to fulfil their functions. Institutional support in the form of a national sponsoring agency, TSOs as well as international aid agencies are essential for the development of a diverse range of primary societies that are responsive to a wide range of accommodation needs. Regulation and monitoring mechanisms are essential to ensure that the sector uses the public resources allocated to it in a responsible and accountable manner. As was indicated in this chapter, although South Africa has made some progress on some of these fronts others are still in their early stages of conceptualisation. This situation is, however, not inhibiting the slow but sure emergence of a social housing sector that is already making significant contributions in addressing housing need in South Africa.