The Peoples Housing Process
Current Practice and Future Trends

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6 September 2004

1 Introduction

In our celebrations of the first 10 years of democracy we are constantly reminded of how far we have come and yet on a daily basis we are faced with the reality of how much we still have to do. This contradiction cannot be more starkly illustrated than in the housing backlog many of us daily witness on our way to work, for those of us who have work. In the last decade the Housing Subsidy Scheme (HSS) has delivered in excess of 1.8 million houses to poor households. Internationally this is an unprecedented achievement and governments target to build 1 million houses in 5 years and to follow it up with 5 years of delivery at massive scale is a remarkable attempt to create an asset base for the poor.

In an evaluation of the HSS by the Public Service Commission (2003; p1, p2), two key findings were that:

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

- Beneficiary participation and capacity building is an objective of the HSS, but this has been weak in most projects. Where there has been active participation and capacity building this has observable positive impacts on the quality of houses and living conditions. It was recommended that stronger support be given to promoting beneficiary participation and training, and to make use of the Peoples Housing Process approach to housing delivery'.

Of the total delivery to date less than 10 % have been via PHP. This shows that despite the documented evidence of the huge benefits of PHP it has been an insignificant contributor to this housing delivery.

DAG has been an advocate and pioneering practitioner of PHP since 1997 and argues that the quality of housing, human capacity and community building in

traditional PHP has been able to achieve warrants substantial support and investment.

2 National Housing Policy

The national housing policy allows for self-help housing, which is called the People's Housing Process (PHP) in the South African policy context. Although the origins of PHP can be traced back to the Burgess / Turner debate of the 60's and 70's, the PHP framework adopted 1998 is based on more recent examples of assisted self-housing within a capital subsidy based scheme pioneered in Chile since 1977. Although self- housing was not initially part the Chilean subsidy scheme it was included in 1991. The subsidy scheme was later adopted by Columbia and Costa Rica and finally South Africa in 1994 (Gilbert, 2002). PHP closely resembles the Costa Rican model of self-help housing developed by NGO called *Fundacion Promotora de Vivienda* (FUPROVI). It is important to recognize that the subsidy based scheme which facilitates the practice of PHP was introduced in Chile due to pressure from the World Bank and Pinochet governments need to introduce an alternative to Allende's socialist housing policies. The World Bank and United Nations was putting forward that public housing was inappropriate in countries with developing economies having massive housing backlogs and income inequalities (Gilbert, 2002).

In brief the policy covers the target beneficiaries, the principals of PHP and grants available to support PHP.

The South Sfrican PHP policy targets:
- Low income families with incomes less than R3500
- Families who may own serviced site with
- Families without land such as backyard shack dwellers, Hostel residents and others without right of tenure
- Rural families with functional tenure rights

The policy principles are:
- Families are the key decision makers
- Skills and initiatives of families are seen as primary resource
- Minimum intervention and maximum support
- Maximum choice
- Simple and transparent procedures, but ensure accountability

Grants to support the establishment and implementation of PHP
- Facilitation grant
  The facilitation grant in DAG's experience ranges from R25 000 to R36 000. This was aimed at primarily covering the cost of facilitating a process to interested community households into an association in order implement PHP via a social compact agreement
- Establishment grant

The establishment grant to the value of R570/household for the purposes of establishing a Housing Support Centre (HSC) for projects with 200 more households. These HSC's are intended to provide technical and administrative support to households in a rang areas that may include materials ordering, materials payment, monitoring construction, subsidy application, site security general advice and project management

While the policy embraces the philosophy of self-help in the programme, the detail for its implementation was not clear. The policy is vague and thus is therefore open to a variety of interpretations. The Housing Code in 1998 gave slightly more detail to the practical implementation of PHP

An evaluation of the National Housing Subsidy Scheme (2003) revealed that less than 10% of all houses built under the scheme were delivered via PHP.

As in all new government delivery programmes in the initial implementation phase, the implementation of PHP has given rise to its transformation. In the highly politicized arena of housing this transformation will be moulded by a range of competing agendas, some explicit and others hidden. This paper seeks to briefly describe how PHP has been implemented and the lessons learnt. It also explores alternative future trends for the future of PHP given our context and the unfolding tension between policy adjustment and the objectives of PHP.

NGO's such as Development Action Group (DAG) and the South African Homeless People's Federation (SAHPF) have developed their own approaches to PHP. These two attempts have lead the way nationally and have set a good bench mark for the implementation of assisted self-build projects in South Africa. As the housing backlog increases and the real value subsidy shrink with many households unable to pay R2 479 deposit demanded by the policy in 2002, many Local Authorities have switched PHP.

3 DAG's experience of PHP- "Traditional PHP"

DAG has a strong history of capacity building and organizational development that stretches back to its origins in 1986. The opportunity to embark on housing delivery in 1997 via PHP was an ideal opportunity to continue with its role to build community organization through capacity building and participation. DAG saw the main objective in PHP projects to be the development of a replicable model for housing delivery in a participatory way that would lead to an integrated understanding of development amongst community and LA partners.

DAG's PHP projects have the following key ingredients:
- capacity building is very important and consumes a substantial amount of time prior to the commencement of the project.
- community control
- a high number of women involvement

- household choice
- active housing support centres (HSC)
- group savings
- loans from the Kuyasa fund
- range of choices of materials
- range of choices of house design
- self–build
- the promotion of the use of second hand materials
- use of semi-skilled and skilled community builders
- houses range between 32m^2 to 62m^2
- low levels of corruption
- high quality products

3.1 Capacity Building Organisational Development

In the three initial PHP projects DAG got involved in Beneficiaries formed voluntary associations to drive their projects. After assessing the organisation's capacity and their beneficiary understanding of the housing process under the capital subsidy scheme. This assessment was followed by a training programme to strengthen the executive committee with special attention to their roles and responsibilities. To get commitment to the PHP process, a number of workshops was held on the subsidy scheme, the options that beneficiaries had and how the PHP system would operate in project. Members were given an opportunity to decide whether to go the PHP route after which DAG would be the support organisation.

Once the decision is taken to follow the PHP route capacity is build further in the areas of
conflict resolution, communication, administration, group savings, micro finance, basic house design, energy efficiency and housing tenure.

3.2 Institutional Arrangements

For subsidy to be approved the Provincial Housing Board (PHB) requires a clear institutional arrangements with a social compact agreement with the parties to the agreement: these parties being the Provincial Housing Board, Local Authority, Housing Association and DAG as the support organisation.

In the process of establishing the institutional arrangements for the project implementation a number of partnerships or relationships are developed. These partnerships or relationships could be identified as the following:

- *The community housing association (CBO) -DAG (NGO) Partnership*
    The focus of this partnership is to build the CBO, educate beneficiaries on PHP and other housing related maters. build a common understanding of the role of a support organisation (DAG) and to ensure a participatory methodology is used in every phase of the project.

- *The DAG – Local Authority (LA) and CBO – LA as triangle Partnerships*

  This partnership aims streamline the issuing of title deeds, to get the LA to play the role as Accounts Administrator (AA) as apposed to an independent AA who would have to paid a consultancy fee, to discuss house design issues and to satisfy LA requirements as far as possible with regards to standards and building regulations and engage LA on others.

- *The engagement of private Sector Consultants.*

  A number of LA's are not prepared to take the responsibility of the account administrator. In this case an auditing firm or an accountant is required. In cases of other professionals such as engineer, land surveyor, town planner or architect being required, DAG assists the CBO to go through a rigorous process of interviews.

- *DAG-CBO and Other NGO's or Gov Departments*

  There is an awareness that any development should be as integrated as possible there is need for the inclusion of NGOs who focus on environment, energy, greening issues and SMME development add value. The Departments of Social Services has been particularly interested in job creation while the Department of Labour on has been keen to support skills development. Although difficult to run successfully, many PHP projects have done or attempted brick or block making as an income generating activity.

Before a decision could be taken by the Provincial Housing Board (PHB) to approve a project, the Local Authorities had to endorse the proposal by ensuring it is reflected or in line with the IDP priority list. The ability to work closely with the Provincial Housing Department was fundamental to fast-track the protracted process for project approval and getting the individual subsidy money to flow with the least amount of hitches during the implementation phase up to completion. A failure to invest in this relationship in some projects has resulted in major delays for approval and a slow cash flow during the implementation phase.

3.3 Subsidy Application

The consolidation subsidy applications were fairly straight forward besides as they ensured that all those on the beneficiary list qualified for a subsidy. A common practice among beneficiaries is to applying for subsidies in more than one project. The reason for hopping from one project to another was to spread risk of failure and the hope that the other project will be faster. This practice has been one of the major causes for delay of approvals. One difficulty in the facilitation of subsidy applications was the value of the facilitation grant. This would fluctuate from project to project. There is a need to standardize the

facilitation fee which is often far less than the time and cost incurred in facilitating participation, drafting the project proposal and processing the application.

3.4 Savings and Loans
DAG has always encouraged PHP projects to try to build bigger houses. To do this, project members were asked to save as much as possible. Savings often occurred in groups and DAG made use of this peer savings groups to start a micro lending scheme for housing called the Kuyasa Fund. This fund has gone from strength to strength and has to date put out R 10 million worth of loans of which R 4.5 million has been collected and a default rate as low as 5%. The Kuyasa Fund is now servicing DAG and none-DAG projects. In all cases were beneficiaries made use of savings and loans, houses were often bigger than the standard 30 square meters.

3.5 Housing Support Centres
Housing support centers (HSC) have been the most important reason for the success of PHP projects in which DAG has been involved. DAG has developed a delivery model that includes a 4 week course on how to run a HSC. This course includes administration, house design, finance, materials measurement, business plans, construction programme, quality checks, record keeping and technical skills training.

The day to day operational side of these (HSC) has highlighted the following challenges faced by Housing Support Centre staff:
- If there is a delay in the subsidy approvals, cash flow problems emerge and construction is delayed;
- Major delays occurred in projects were title deeds were not issued: the process of issuing title deeds in projects under construction phase has been the major problem;
- Delays in the construction eat into the housing support grant
- Most projects prefer to operate out of a containers which is a cost that can be avoided if the HSC could operate from the first house constructed;
- Once the project is complete there is confusion about what should be done with container and office equipment;
- The training course allows the HSC staff to be effective;
- Often when projects appoint HSC staff in a transparent process they get well qualified people;
- The timing of the HSC course is critical since the training is most effective when implemented immediately;
- An experienced construction controller often helps to ensure good quality housing;
- If project committee members attend training sessions they are able to keep a good eye on the HSC staff.

3.6 House Construction

All PHP houses constructed were single skin block structures. This posed a challenge in the Western Cape with low water tables and very wet winters. The importance of damp proofing plastering and painting was emphasized. In all projects, training was done on energy and environmental issues with the intention of influencing orientation, window position, recycling of building materials, thermal insulation and choice of new materials.

While DAG has developed its brand of PHP projects initially in consolidation projects there has now been a shift to implement in Greenfield projects. Our experiences in these PHP projects form our point of reference when evaluating other PHP projects. This has forced us to be critical of projects which compromise participation and individual choice and yet claim to be PHP. The proliferation of other forms or interpretations of PHP (quasi PHP) we believe has started to push back the gains established by traditional PHP and pose a major threat to participatory housing delivery in which the poor are allowed the flexibility of choice.

3.7 The Benefits and Criticism

Benefits of Traditional PHP	Criticism of Traditional PHP
DAG experience illustrates that PHP offers the following benefits: – Assets are built at a household level and the because of active involvement in the process, the home owner is more conscious of the value of the asset. So there has not been the selling off of houses as in case of contractor build houses. – Households understand the trade-offs made between size and quality. These households therefore enjoy greater levels of satisfaction after making a choice about what they could afford and what they need. – Households continue to invest in the housing product – post occupation home improvements take place. Thus making the 'starter house' concept real. – The quality of housing has not been compromised by PHP and houses are generally built to acceptable standards and are sometimes even of a better quality than conventional contractor built units. – The houses are often bigger and individualized with households participating in the design – Valuable building/ managing skills are left behind at the household level that is employed	Skeptics raise many criticism of PHP; some are well-founded while others are not. Many of the criticisms are simply rhetoric offered by those who are ignorant of what PHP actually involves and what its results are. Some legitimate criticisms are: – The process is long and drawn out and is not suited to rapid housing delivery – In the context of the huge housing backlog the time required to traditional PHP does not make allow it to be the main delivery housing programme – Traditional PHP is suited to small projects and not large scale community wide projects – Complex social dynamics exist in communities and inviting higher levels of participation often complicates the delivery process – NGO's make substantial

again later by the household to manage their home improvements. – Community consciousness is developed at a household level, leaving valuable organising skills behind in the community. – In the post occupation phase former PHP groups have the capacity to pursue other community development issues. – Self-esteem of individuals in the household is built and empowerment of this nature has lasting benefits which influence all spheres of life. – In post occupation reviews a distinctly higher level of satisfaction is expressed by beneficiaries – PHP has characteristically attracted the participation of women who have often played a leading role in the Housing Association. – PHP has given the opportunity to explore group savings and micro lending and debunks the myth that the poor is not able to save.	resources and expertise available to communities at a very early stage in a project and continue to do so until the project ends. This raises questions of replicability by the private sector since the facilitation grant is so low and is only available once the project is approved. Ill-founded criticisms include the following: – The quality of the houses are poorer than what would be achieved in contractor driven projects – Poor people are incapable of planning and managing their own housing development projects – PHP projects result in greater levels of corruption

4 Other Attempts at PHP - "Quasi PHP"

While the DAG experience provides us with a usable model it does not represent the full spectrum of the national experience. In the Eastern Cape and Gauteng the there have been variations in approaches in the interpretation and implementation of PHP policy. Here a hands on approach to PHP was driven by the inability to get around the R 2 479 cash contribution required for contractor build housing.

4.1 Provincial Government-driven PHP

The political need to deliver the numbers on the ground led to the establishment of PHP directorate by the Gauteng Department of Housing with PHP as a delivery strategy to increase the numbers of houses built on the ground. In 1998 a 3 year target was set to establish 60 HSC and to construct 60 000 houses. To get the show on the road a total of 30 staff including Cuban Architects and Engineers were been deployed to deliver the programme. The focus on numbers had the effect of reducing choice and excluded the priority for the individual households actively participating in constructing their dwellings.

4.2 Managed PHP

Western Cape Provisional Department of Housing in 2003 has come up with the 'managed PHP system' in its efforts to get around R 2 479, deliver the numbers and while attempting to retain the benefits of traditional PHP. Here the household

contribution is reduced to sweat equity with the minimum choice which is in total conflict with the code and policy guidelines. In this approach the City of Cape is the developer and Support Organisation and goes out on tender for a Secondary Support Organisation. In this process no choice is left to the beneficiary on house design, materials, finishes or who the support organisation could be.

4.3 Developer-driven PHP
Similar to the managed PHP an emerging trend predominantly in the Eastern Cape is developer-driven PHP in which the developer does everything from planning to infrastructure development with the final house construction left for the beneficiary to make a contribution in the form of sweat equity. In this form of PHP the developer makes profit at every stage of the process with no choice to beneficiaries or opportunity to enhance the product in terms of affordability or priority for the household. Local Authorities are very comfortable with this approach as it is a one stop shop with very little responsibility. In the context of annual under-spending of housing budgets and the acute lack of capacity this will remain a popular choice for local authorities and developers.

4.4 Local Government-driven PHP
An interesting attempt to deliver PHP at scale emerged in 1996 under the Uitenhage (TLC). In this case PHP was aimed at municipal-wide level as apposed to projects of 200 or more households. This was an approach in which groups of beneficiaries under a municipality jurisdiction undertake "rolling" PHP development under a common set of rules and procedures (PHP Review, Bauman, 2003). This was an attempt to exclude the profit-taking of developers and provide an opportunity to small contractors and local builders. External consultants were required to build the capacity of the local authority to drive the process and put systems in place to support the implementation of projects efficiently. Since starting in 1997 more to 4 000 subsidies have been applied for and more than 2500 houses have been built. It is clear that the dominant role of the LA has reduced significant choice and participation from the beneficiaries. This approach has however been significantly better than other forms of Quasi PHP.

All these Quasi PHP approaches is characterised by a top down approach, confines beneficiary contribution to sweat equity, and provides limited choices. This approach clearly defeats the purpose behind PHP. The intervention strategy of an NGO Planact in Vosloorus, Gauteng advocating for a more integrated approach has ensured the following:

- The establishment of a representative community structure to drive the project
- Women involvement;
- The involvement of local material suppliers, contractors and labourers;
- The engagement of the Local Municipality and Provincial DOH in a partnership.

This NGO intervention has had a positive effect on the Vosloorus community but this is an exception to the rule in a top down process.

5 Problems faced by PHP projects:

Given national government's budget allocations and the medium-term expenditure framework (MTEF), it is apparent that housing is not a high priority. PHP projects represent less than 10% of all housing being delivered nationally. In the Western Cape housing represents 3% of the provincial budget with only 7% going to PHP.

5.1 Policy Blockages

Currently we are seeing an increase in popularity of PHP on the part of developers, Local and Provincial Authorities due to the introduction of a household cash contribution of R2479 for contractor built houses. The local authority officials and political leadership continue to focus on the 'numbers game' and are prepared to roll-back the significant development gains demonstrated in traditional PHP. Many LAs are faced with capacity problems generally and even more so when it comes to PHP so they gravitate to their comfort zones preferring contracts with developers and big contractors. There is also reduced responsibility for quality products in this formula.

5.2 Negative Attitude and lack of capacity of Local Authority

Local authorities generally have a negative attitude toward PHP, are skeptical of its merits and have little understanding of what PHP projects actually entail. Ironically a LA like Tygerberg Administration turned a blind eye to the emergence of PHP in Site B in Khayelitsha in 1997 thus in an unregulated context allowing an organic emergence of PHP. Although the proof of the quality of housing and a host of other benefits traditional PHP is able to deliver is overwhelming, there has been no attempt to resource Provincial and Local Authorities to support communities with PHP.

5.3 Lack of well Qualified Support Organistions

Throughout the country, very few support organisations exist while the demand from communities for PHP projects is on the increase. This lack of well qualified organisations both in the NGO and private sector has given rise to a number of fly-by-night support organisations that have stepped into the vacuum with very little understanding or appreciation of what PHP is. The policy and code has not been very helpful in respect of defining role of the support organisation and is therefore open to varying interpretation and therefore abuse.

5.4 PHP Procurement

As clear proof that provincial authorities have little understanding of PHP it intends to put in place a procurement policy that will regulate the appointment of support or secondary support organisation's to PHP projects. This ignores the fact that communities often approach NGOs at a conceptual stage in a project

and rely on them for training, capacity building and assistance in drafting PHP project proposals.

5.5 Material suppliers

Many new material suppliers are being introduced to the PHP market but material prices continue to increase while service levels decline. There are number of material suppliers who have now packaged themselves as a one-stop-shop for PHP with the purpose of profiteering in the most efficient way possible with little choice for the beneficiary except for where they would make a contribution of unpaid labour.

5.6 Attempts to Over Regulate

Increasing attempts are being made to regulate and standardize PHP projects. This has been driven by National governments realization that it has been party to a decade of poor contractor driven RDP housing delivery. This has given rise to NHBRC requirements for all contractor build housing and the threat to impose it on PHP projects as well.

6 Future trends for and the possibilities for PHP

After a decade of housing delivery with a total 1.8 million subsidy based housing on the ground it appears that national government has paused to reflect and evaluate its achievements. This moment of reflection is likely to result in a flurry of policy writing that would be designed to acknowledge the 70 % mandate achieved in the last national election. Housing and job creation has been articulated as the priorities by the masses where government needs to deliver far more effectively. This strong mandate will instill panic to address the remaining 2.5 million housing backlog in the next 5 years. PHP will not be left out of this reflective moment and is likely to receive attention from many quarters.

The disturbing thing is that all attempts to date to package PHP differently have been to speed up delivery at scale which by its nature reduces quality, participation and choice. Government seems to limit exploration of PHP to include large contractors and developers to fast tract numbers of housing delivered rather than to genuinely engage communities in participatory housing delivery. The amazing benefits of group saving, participatory town planning, participatory house design and community control in traditional PHP does not even appear to be a factor in its engagement.

The state is acutely aware of the levels unemployment and the escalating levels of inequality. The adoption of an Expanded Public Works Programme (EPWP) and the commitment to establish SETAs is testimony to this. The apparent policy shift to at scale engage in the upgrading of informal settlements raises exciting possibilities. In the hope to visibly show that the housing backlog is being dealt with, there would not be a derailment from the possibilities of a real opportunity to deepen the practice of traditional PHP. The possibility to do PHP at both

infrastructure and top structure implementation with support from government becomes real.

The acknowledgement by government that there needs to be a paradigm shift from quantity to quality in housing delivery is promising. The statement by key DOH officials that we need to produce human settlement that work further enhances the possibility of getting closer to the goal of achieving adequate housing. There is however the interesting tension that a policy shift to upgrading informal settlements will allow improvement in the living conditions to more households than delivering houses to fewer people. Upgrading of informal settlements allows for an incremental approach which is ideally suited to PHP.

An area that calls out for intervention in the housing commodity chain is the area of material supply. International experiences indicate show that efforts made to reduce the cost of materials by purchasing at scale and breaking the monopoly supply or researching creative construction material alternatives have reduced costs per unit built.

Lastly there is a need to ask why all attempts to do PHP at scale haves been focused on reducing choice and focusing on sweat equity for the household. If this approach is turned on its head, exciting possibilities emerge. The noble principles of PHP will remain intact if the focus is maximizing choice and participation for the household in terms of design, choice of materials and capacity to do certain tasks. On the other hand to contract out the mundane tasks of block laying making and material supply on massive scale can reduce costs. This approach has been affectively used in some South American countries exposed to seismic activity. In this example a number of self-help projects collectively negotiated the supply and construction of reinforced brickwork at a highly reduced rate. This approach freed up household to focus on their livelihoods and choose areas of work they could do in mutual groups over weekends

7 Conclusion

The DAG experience of PHP and the implementation model developed by DAG has proven that poor communities if supported and capacitated are willing to work hard to secure their right to adequate housing. Poor communities have also proven to be resourceful and creative if given the opportunity in the space created by Traditional PHP to actively participate and make decisions about their housing needs. Households in traditional PHP projects have invested substantial time and resources in their houses which resulted in quality and significantly larger houses. In every case these households have held on to the house and not sold off their houses cheaply as has occurred on a large scale in contractor-build RDP housing projects.

Although there have been no comprehensive evaluations of PHP, where PHP projects have been genuinely community-based, they seem to have generally

been successful (although there have been a few projects derailed by long delays in obtaining funding approval). The former Minister of Housing was quoted as saying "Self-building through the People's Housing Process has proved to be one of the most effective strategies in producing quality housing. Most of the houses built through this process were of better quality and bigger than those delivered through pure subsidy grants" (PSC, 2003).

The political obsession to deliver the numbers in the past decade has seen a gradual but steady erosion of the principles of PHP at National, Provincial, and Local Government level. The lack of a coherent and clear policy for PHP has resulted in some fancy policy footwork to present PHP as sweat equity in large developer/contractor driven projects.

An air of openness created by the New Minister of Housing and key National DOH officials to reflect critically on the past 10 years of the National Housing Subsidy Scheme creates a new opportunity. This opportunity could be well used to convert the positive government rhetoric towards PHP into sound policy shifts and resource allocation to meaningfully understand, support and implementation of PHP.

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