

REVIEW OF INTERNATIONAL AND NATIONAL TRENDS AND BEST PRACTICES IN HOUSING

Draft report prepared by the Development Action Group on behalf of the Western Cape Housing Consortium for the City of Cape Town Housing Plan situational analysis

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REVIEW OF INTERNATIONAL AND NATIONAL TRENDS AND BEST PRACTICES IN HOUSING

1. Introduction

We live in an increasingly globalized world in which many cities share similar challenges. It is important to be aware of international trends in approaches to dealing with housing-related problems and of the lessons from best practices. Although the details of best practices may be inappropriate in a different context, often the approaches and underlying principles are applicable to most cities in less developed countries.

It should be noted that there are many “best practices” - there are over 1600 best practices on the UN-HABITAT database of best practices alone. The selection of best practices for this report is therefore fairly arbitrary, and largely depended on the relevance of the best practice to the topic at hand and the availability of information. None of the best practices are perfect, but they are all projects or programmes which have been successful in one way or another and have at least some aspects that could be replicated or adapted.

This report is based on a selective review of literature, international policy instruments, best practice databases and inputs and suggestions by a number of people involved in housing and development.¹ First, an overview of trends and best practices at the international level is given, with a focus on the Habitat II Agenda, Agenda 21 and Urban 21 initiatives and best practices recognized by UN-HABITAT. Second, there is an overview of trends and best practices within South Africa. Finally, the key issues coming out of the review of trends and best practices are discussed. Selected case studies, and some other material, are included in the appendices.

2. International trends and best practices

Cities in less developed countries face many common problems relating to rapid growth and increasing informalization (these problems have collectively been referred to as “informal hypergrowth”):²

- rapid urbanization
- growing informal settlements (in many cities in less developed countries more than 80% of the population live in informal settlements)
- increasing informalization of the economy
- increasing poverty
- environmental problems
- public health problems

There has been a gradual paradigm shift in approaches to housing policy, away from the welfarist approach of the past. The post-World War II period was dominated by public housing programmes. There was a gradual shift to sites and services programmes in the 1970s and to informal settlement upgrading programmes in 1980s. There has been a shift away from public housing programmes, even in developed countries. Since the 1990s the

¹ Inputs and/or suggestions were received from: Ted Baumann, Bay Research Consulting Services; Mark Byerley, eThekweni Municipality; Dr Marie Huchzermeyer, University of the Witwatersrand; Mark Napier, National Department of Housing; Norah Walker, City of Cape Town; Associate Professor Vanessa Watson, University of Cape Town.

² Peter Hall and Ulrich Pfeiffer: *Background Report on the World Report on the Urban Future 21*, Federal Ministry of Transport, Building and Housing of the Federal Republic of Germany, Berlin, 2000: Section...

dominant approach to housing, as reflected in international best practices and international policy instruments, has largely consisted of the following:

- An enabling approach as opposed to direct public provision of housing, i.e. a focus on policy and regulatory frameworks, land assembly, infrastructure, housing finance systems, encouragement of small builders and building materials suppliers³
- A focus on partnerships, especially with communities
- Recognising the importance of good governance in addressing housing and urban problems, e.g. through the participation and inclusion of marginalized groups
- Locating housing strategies within broader integrated development strategies that also focus on social and economic development
- A focus on informal settlement upgrading (granting secure tenure and providing basic services)
- Incorporation of the principles of sustainability (economic, social and environmental)

Since the United Nations Habitat Conference of 1976 in Vancouver there has been an increasing number of international initiatives to address the global problem of inadequate housing and unsustainable human settlements, and these initiatives have helped to formalize the new approach. UN-HABITAT (previously called the United Nations Commission on Human Settlements/UNCHS) was set up in 1976 to assist in the implementation of recommendations relating to housing and urban development.

The Habitat II Agenda, adopted at Istanbul in 1996, committed all the signatories (including South Africa) to working towards fulfilling the international right to adequate housing and a number of other objectives. These commitments reflect the key components of the international consensus on the appropriate approach to deal with housing and urban problems⁴:

- **The right to adequate housing:** government has an obligation to enable people to obtain housing and to work towards the goal of improving living and working conditions on an equitable and sustainable basis, so that everyone will have adequate housing that is healthy, safe, secure, accessible and affordable and that includes basic services, facilities and amenities.
- **Sustainable human settlements:** making efficient use of resources within the carrying capacity of ecosystems, ensuring economic/social development and environmental protection, and providing all people, particularly the vulnerable and disadvantaged, with equal opportunities for a healthy, safe and productive life in harmony with nature, their cultural heritage and spiritual and cultural values. "Promoting sustainable spatial development patterns and transportation systems that improve accessibility of goods, services, amenities and work" is important.
- **Partnerships and participation:** enabling all key actors in the public, private and community sectors to play an effective role in human settlements and housing development.
- **Gender equality in human settlements development**
- **Mobilizing finance:** mobilizing additional resources from public, private, multilateral and bilateral sources at the international, regional, national and local levels to fund housing and urban development initiatives; it was specifically recognised that local micro-credit institutions hold the most potential for housing the poor.

³ Malpezzi and Sa-Adu, 1996: "What have African housing policies wrought?", *Real Estate Economics* 24(2), pp 133-160.

⁴ Chapter III, *Habitat Agenda*; The full text of the Habitat Agenda can be found at http://www.unhabitat.org/declarations/habitat_agenda.asp.

- **Enhancing international programmes:** contributing to and participating in multilateral, regional and bilateral cooperation, technical and financial assistance programmes.
- **Monitoring progress of the implementation of the Habitat Agenda:** Quantitative and qualitative indicators are essential for planning, monitoring and evaluation.

Chapter IV of the Habitat Agenda details recommendations for key components of housing delivery strategies (see Appendix 18):

- Enabling markets to work
- Facilitating community-based provision of housing
- Ensuring access to land
- Mobilizing sources of finance
- Ensuring access to basic infrastructure and services
- Improving construction, planning, design, maintenance and rehabilitation

The international commitment to implement the Habitat Agenda was confirmed by the Millennium Declaration on Cities in 2001.⁵ Two campaigns were launched by UN-HABITAT in 2000/2001 in support of the implementation of the Habitat Agenda, around what were seen as two key prerequisites for addressing housing problems:

- Global Campaign for Secure Tenure
- Global Campaign for Good Governance

Meanwhile, the issue of sustainability in a world of finite resources had also become a high priority, as reflected in Agenda 21, a plan for achieving sustainable development in the 21st Century adopted in 1992 at Rio de Janeiro⁶. The Local Agenda 21 initiative focuses on Agenda 21 interventions at the local level. The official United Nations definition of sustainable development (as proposed by the Brundtland Commission) is: “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. Principle 1 of the Rio declaration supplements this definition: “Human beings are at the centre of concerns for sustainable development. They are entitled to a healthy and productive life in harmony with nature”. Sustainable development is regarded as having three principle dimensions:⁷

- **Economic growth:** maximizing society’s wellbeing and eradicating poverty through the optimal and efficient use of natural resources – priority should be given to the needs of the poor
- **Social equity:** uplifting the welfare of people, improving access to basic health and education services, effective grass roots participation in decision-making, etc.
- **Environmental sustainability:** conservation and enhancement of the physical and biological resource base and eco-systems

The Urban 21 initiative on sustainable urban development grew out the overlap between the Habitat Agenda and Agenda 21. South Africa was one of the four countries selected to drive the Urban 21 process (along with Germany, Brazil and Singapore). The Urban 21 Conference resulted in consensus on approaches to deal with sustainable urban

⁵ United Nations: *Declaration on Cities and Other Human Settlements in the New Millennium*, New York, 2001 (www.unhabitat.org/declarations/declaration_cities.asp).

⁶ Agenda 21 can be found at <http://www.un.org/esa/sustdev/documents/agenda21/english/agenda21toc.htm>; Chapter 7 (Promoting Sustainable Human Settlement development) specifically deals with urban development.

⁷ UNCSO: *Sustainable Development Strategies Guiding Principle Guide* http://www.johannesburgsummit.org/web_pages/nsds_guidance_executive_summary.pdf

development, as reflected in the Berlin Declaration and various strategy documents giving recommendations for dealing with urban problems in the 21st Century.⁸

Coming out of Urban 21, the key elements of the enabling approach were defined as⁹:

- Developing functioning markets with flexible supply mechanisms that provide a wide range of housing options in different locations for different affordability levels (“creating strategies which enable markets to function adequately is often more important than fulfilling targets of subsidy programmes”).
- Using public assistance to lever additional resources from elsewhere
- Concentrating on areas and groups which are active and are prepared to mobilize their own resources and to co-operate and participate in the provision of housing and building of infrastructure (“enabling has to be seen as a special form of care which concentrates on the ability for self-help and not primarily on the need for subsidies”)
- Providing urban land with security of tenure at low cost
- Providing basic services
- Simplifying planning processes and having flexible building standards

Urban form and transportation issues also need to be tackled in order to be able to address housing problems, as access to livelihood opportunities is crucial for the poor. Key Urban 21 recommendations include the following:¹⁰

- Higher densities
- Low-cost bus services on major urban corridors and the increased use of bicycles (through the provision of segregated bicycle lanes, etc.)

The Cities Alliance, a partnership of municipalities and development agencies, is a parallel initiative formed by the World Bank and UN-HABITAT¹¹. The focus of the Cities Alliance is on urban poverty eradication and supporting the initiatives of the poor. Their two main programmes, identified as key strategies in addressing urban problems, are:

- Promoting informal settlement upgrading
- Promoting inclusive and participatory approaches to urban development and sound urban governance

Together with these international initiatives to promote recommended approaches to dealing with housing and urban problems, there has also been emphasis on recognizing and promoting best practices, most notably through the UN-HABITAT Best Practice Database of good and best practices and Dubai International Awards for Best Practices to Improve the Living Environment, awarded by UN-HABITAT and Dubai Municipality every two years to ten outstanding best practices¹². The United Nations definition of “best

⁸ Peter Hall and Ulrich Pfeiffer: *Background Report on the World Report on the Urban Future 21*, Federal Ministry of Transport, Building and Housing of the Federal Republic of Germany, Berlin, 2000; also published in an edited version as *Urban Future 21. A Global Agenda for 21st Century Cities*, E&FN Spon, London, 2000.

⁹ *Ibid.*, pp. 230, 238.

¹⁰ *Ibid.*, pp. 140, 146.

¹¹ The Cities Alliance is currently carrying out a major South African study in three cities that looks at urban settlement development in general and people's housing in particular (“Cities Alliance Project on a Pro-Poor Slum Upgrading Framework for South Africa”).

¹² The UN-HABITAT best practice database can be found at <http://www.bestpractices.org/>. More information on the Dubai awards can be found at <http://www.sustainabledevelopment.org/blp/awards/>.

practices to improve the living environment” can be taken as a set of guidelines to strive for in housing programmes and projects¹³:

- Impact: Best practices have a demonstrable and tangible impact on improving people’s quality of life. Possible housing-related interventions are: the extension of safe water supply and sanitation; affordable housing, services and community facilities; access to land, secure tenure and finance; community-based planning and participation in decision making and resource allocation; inner-city core, neighbourhood and settlement revival and rehabilitation; safe and healthy building materials and technologies.
- Partnership: Best practices are the result of effective partnerships between the public, private and civic sectors of society; best practices should be based on a partnership between at least two types of actors, e.g. local authorities, non-governmental organizations (NGOs), community-based organizations (CBOs), private sector, multi-lateral agencies.
- Sustainability: best practices are socially, culturally, economically and environmentally sustainable.

Key additional issues used in identifying UN-HABITAT best practices are:

- Leadership and community empowerment
- Gender equality and social inclusion: Initiatives which: accept and respond to social and cultural diversity; promote social equality and equity, for example on the basis of income, gender, age and physical/mental condition; and recognise and value different abilities.
- Innovation and transferability

International housing-related best practices largely tend to show the practical successes of an enabling approach to housing. Key lessons from the best practices include the following:

- The importance of partnerships between government bodies, NGOs, CBOs, the private sector and donor agencies
- The especial importance of active community involvement in planning and implementing projects and programmes (one comment on best practices is that “ironically, many of these ‘success stories’ developed locally, without any input from ‘international experts’ and often with little involvement of national governments... many of the more innovative and successful donor-funded urban initiatives have been the result of these donors channelling their funding through local institutions and allowing local decisions to determine priorities, with particular attention to ensuring that low income groups were involved in these decisions”).¹⁴
- That social and development interventions need to accompany physical development interventions
- The contribution that informal settlement upgrading can make to poverty alleviation and reduction
- The importance of secure tenure in the upgrading of formal settlements
- The importance of mobilizing finance from a variety of sources: all levels of government, donor agencies, private sector and beneficiaries

¹³ UN-HABITAT: www.sustainabledevelopment.org/blp/awards/2004/guide_en.html

¹⁴ David Satterthwaite: *The Ten and a Half Myths That May Distort the Urban Policies of Governments and International Agencies*, International Institute for Environment and Development, London, 2003: pp 39-40.

A small number of representative international case studies are included in the appendices: Chilean housing policy demonstrates how a broad range of mechanisms are required to provide a range of housing options for a range of housing needs (Appendix 1); the case of Chengdu in China demonstrates how, with partnership and participation from a range of stakeholders, a relatively poor local authority was able to implement a major programme that fundamentally changed the nature of the city (Appendix 2); the case of the Slum Networking Project in India shows the importance of partnerships and participation in informal settlement upgrading (Appendix 3); the case of Hyderabad in Pakistan is a notable example of a successful managed land settlement strategy (Appendix 4); and the transfer of public rental housing to housing associations in the United Kingdom is an interesting model from a direction in which South Africa seems to be headed (Appendix 5).

3. National trends and best practices

South African cities are affected by much the same problems as that affecting other cities in the developing world, such as growing informal settlements, decay in (some) inner urban areas, increasing unavailability of well located land, growing transportation problems, increasing informalization of the economy and the inability of housing policy to deal with housing problems. In addition, South African cities also have to deal with the problem of HIV/AIDS.

The South African Housing Subsidy Scheme is based on successful experiences from around the world. The individual ownership subsidy programmes are based on the World Bank model of one-off capital grants targeted at the poor, which was successfully implemented by many governments in Latin America in the 1980s and 1990s. The institutional subsidy programme is based on successful social housing programmes in Europe. South African housing policy was initially intended to be partially modelled on Chilean policy, which provided a range of subsidy and loan mechanisms for different income groups and which relied heavily on private sector delivery (see Appendix 1). South African housing policy subsequently shifted dramatically, however, towards a focus on the public provision of largely subsidy-only houses for low income groups.

Although the dominant approach of current South African housing policy is at partially at odds with international trends, many aspects of international trends and best practice recommendations have been adopted in South Africa. For example, it has been acknowledged that housing needs to be acknowledged as an integral part of integrated development, as evidenced by the prominence given to Integrated Development Plan (IDP) processes in the housing procurement policy of 2001. The People's Housing Process policy and Institutional Subsidy programme reflect the enabling approach to housing (although the procurement policy for housing introduced in April 2001 goes against the trend towards a more enabling approach, as it essentially made local government responsible for directly providing most low-income housing).

Good governance has also been recognised as crucial for solving urban development problems. Hologram (the Horizontal Learning Programme for Local Government), a partnership of the South African Local Government Association, the Department of Provincial and Local Government, the Local Government Transformation Programme and USAID, has developed a set of benchmarks for good governance in South Africa. There is a summarised version in Appendix 20, focusing on the aspects of relevance to a housing strategy: understanding the development challenges; vision, strategy and the IDP; providing basic services to all; maximising social development and community

empowerment; focusing on vulnerable groups; change management; innovation and creativity; customer and resident focus; consultation and participation.

The key implications of these guidelines for housing are:

- Accurate and up-to-date information on delivery backlogs is essential
- There is a need for a long-term vision and strategy that takes account of trends like urbanisation and has a strategic focus on disadvantaged communities
- There needs to be sustainable delivery to decrease backlogs
- There needs to be a plan for upgrading informal settlements
- Land must be proactively identified and released for development
- A well publicised and effective indigent policy (e.g. for tenants of public rental housing) is necessary
- Policies must take gender issues and the impact of HIV/AIDS into account
- There must be a focus on partnerships and new approaches to delivery

Some of the problems with South African housing and urban development policies have included:

- Government expenditure on housing has been insufficient to successfully fund the housing subsidy programmes at the level required to have a meaningful impact on reducing backlogs. In the early 1990s the World Bank recommended that South Africa needed to devote about 5% of government expenditure to housing to be able to effectively address its housing problems, and this figure was subsequently enshrined in policy as the National Housing Goal. This goal was never achieved – the maximum expenditure on housing was 2.4% of total government expenditure, achieved in the 1997/1998 financial year (this percentage has since decreased to 1.4%, where, in terms of the Medium Term Expenditure Framework, it is likely to stay for the next few years).
- The income group targeted by housing policy has, in real terms, progressively narrowed since the Housing Subsidy Scheme was introduced in 1994. The subsidy income threshold of R3500 per month was introduced in 1994, and has not been adjusted for inflation since then (if adjusted for CPI inflation, the subsidy income threshold should currently be more than R7000 per month). In the meantime, mortgage eligibility levels have increased to over R5000 per month, resulting in (unlike the housing policy of Chile) a “grey gap” of households who qualify for neither subsidies nor mortgage loans.
- A lack of government funding and support for the one of the most crucial aspects of the enabling approach: building the capacity of communities. “For the past many years, donors such as the EU have been absorbing this cost but this is unlikely to be sustainable or capable of moving to scale”.¹⁵
- Norms and standards have been getting higher and more unaffordable by the poor, especially building standards (the introduction of National Home Builder Registration Council standards for contractor-built housing, higher standards for PHP housing, larger minimum sizes for housing units – e.g. 45m² in Limpopo).

South African housing policy has been subject to constant changes (e.g. project-linked subsidy introduced in 1994; consolidation subsidy and institutional subsidy introduced in 1995; People’s Housing Process policy introduced in 1998; New Norms and Standards for subsidized housing introduced in 1999; rural housing subsidy introduced in 2000; new procurement policy and disestablishment of Provincial Housing Development Boards in

¹⁵ Graham Tipple: *Housing and Urban Renewal in the USN – An International View*, CSIR/University of Newcastle Upon Tyne, 2003: pp 26-27.

2001; new indigent subsidies and cash contribution requirement in 2002) and this is likely to continue. Currently proposed changes in housing policy include:¹⁶

- The introduction of a higher subsidy amount for medium density housing; although a figure of R27000 was proposed in 2002, this amount has not yet been determined.
- Possible revision of the categories of beneficiaries qualifying for indigent subsidies (e.g. single women with dependents and incomes of R800 per month or less were initially proposed to be part of this category but were then excluded; this issue has apparently not yet been resolved).
- The revision of hostels redevelopment policy
- The introduction of an emergency housing policy (as per the Grootboom Judgement of 2000)
- The application of NHBRC standards (in an amended form) and introduction of a required cash contribution amount for PHP projects
- The PHP policy framework is likely to be revised, following a recent evaluation by the National Department of Housing
- Energy efficiency standards for new housing are intended to be introduced, together with incentives for improving the energy efficiency of existing housing.

The view of an international expert on the direction that South African housing policy seems to be heading is: “As the subsidy is modified over the next few years, it is likely that it will concentrate on ‘niche markets’ who are most in need of subsidized help – disabled people, single women- and child-headed households, ‘elderlies’, and people affected by HIV/AIDS, especially child-headed households”.¹⁷

The examples of the City of Johannesburg and eThekweni Municipality are interesting cases of how other major metropolitan municipalities are grappling with similar problems to that of Cape Town. Key elements of their strategies include:

- Upgrading of informal settlements (most notably the eThekweni Municipality informal settlements upgrading programme)
- Managed land settlement with incremental upgrading through the People’s Housing Process (the Gauteng Provincial Government’s “Three Phase Programme”)
- Facilitation of social housing provision by housing associations and co-operatives
- Large scale integrated development programmes in strategic locations, e.g. Cato Manor and Alexandra; both of these programmes are managed by co-ordination bodies outside of local government.

There are a number of innovative and successful housing projects in South Africa which have been recognized as best practices (see Appendix 17 for a list of notable housing best practices in South Africa). Based on an evaluation of a number of South African best practices, the Department of Housing sees the building blocks for the creation of sustainable settlements as:¹⁸

- Innovative institutional arrangements – developing innovative partnerships (“Partnering with NGOs and CBOs is crucial for the contribution of professionals who have close relationships with beneficiaries.”)

¹⁶ Verbal and written comments by the National Department of Housing, April 2003; Department of Housing: *Draft Report on Standards for Energy Efficient Housing in South Africa*, Pretoria, 2003.

¹⁷ Graham Tipple: *Housing and Urban Renewal in USN – An International View*, CSIR/University of Newcastle Upon Tyne, 2003: p 26.

¹⁸ Department of Housing: *Towards Sustainable Settlements: Case Studies from South Africa*, Pretoria, 2002.

- An understanding that neighbourhoods are made up of more than just houses – need to have a comprehensive approach to the creation of vibrant human settlements.
- Community empowerment through the housing process – there is a need to “move beyond consultation and incorporate education, training and the involvement of people in making contributions to their own homes... “Lack of community buy-in constitutes one of the key project risks, pointing to the need for beneficiaries to be integral partners in the development of their own area”.

At a project/programme level, some South African good practices include:

- Durban Strategic Housing Framework (see Appendix 6)
- City of Johannesburg housing strategy (see Appendix 7)
- eThekweni Municipality informal settlement upgrading programme (see Appendix 8)
- Cato Manor Development Project, Durban (see Appendix 9)
- Alexandra Urban Renewal Project, Johannesburg (see Appendix 10)
- Klapmuts housing project, Western Cape (see Appendix 11)
- Missionvale, Port Elizabeth - an example of higher densities (see Appendix 12)
- Zilweleni, Durban – an example of *in situ* upgrading in South Africa (see Appendix 13)
- Southern Pinetown, Durban – a prototypical PHP project (see Appendix 14)
- Masithembane, Cape Town – a more recent PHP project (see Appendix 15)
- The Kuyasa Fund – a housing micro-lender (see Appendix 16)

4. Key issues

There are a number of key issues that emerge from the trends and best practices:

- Accurate and up-to-date information is essential for planning, monitoring and evaluation
- Housing strategy needs to be regarded as an integral component of integrated development, along with social and economic development
- Community participation and participatory planning is essential for successful interventions
- Partnerships between local government and other government bodies, NGOs, CBOs, private sector and multilateral are crucial
- A variety of funding sources (government funds, loans, donor grant funding, beneficiary savings) need to be mobilized so as to have sufficient financial resources to tackle housing and urban problems; end-user micro-loans are especially important
- Community housing initiatives need to be supported through the People’s Housing Process mechanism
- Informal settlement upgrading needs to form the key component of housing and urban development strategies
- Managed land settlement programmes are necessary for coping with new low-income housing demand
- Social housing is important for providing alternatives to individual ownership one-house-on-a-plot development
- Hostels redevelopment is an important component of housing and urban development strategies in South Africa, and should provide for a range of options
- Special needs housing for the disabled, aged, people living with HIV/AIDS, etc., needs to be provided

- Public rental housing, whoever it is managed by, must be financially sustainable and responsive to the needs of tenants
- Affordable private rental housing must be promoted (including the regularization of backyard shack rental where appropriate)
- Energy efficient and environmentally sustainable housing needs to be promoted
- Norms and standards must be appropriate and affordable
- Good quality living environments need to be created

4.1 Accurate and up-to-date information

Accurate and up-to-date information on the housing sector is essential for planning, monitoring and evaluation. Easily accessible information is also important for public participation. UN-HABITAT has developed the following city level indicators for collection at a city level which are ideally required in order to have a good understanding of housing challenges and delivery progress in a city: ¹⁹

- Tenure types: Percentage of woman and man-headed households in the following categories: owned without mortgage; owned with mortgage; private rental; public rental/ social housing; subletting; informal tenure without rent; informal tenure with rent; other (homeless, institutions)
- Evictions: Average number of men-headed households evicted from their dwellings during the past five years; average number of women-headed households evicted from their dwellings during the past five years.
- Housing price and rent-to-income ratios: Ratio of the median of a free-market price of a dwelling unit and the median annual household income; ratio of the median annual rent of a dwelling unit and the median annual household income of renters.
- Access to land: ratio between the median price of 1 m² of highly developed land (plots serviced with roads, water and electricity) and the median household income per month; ratio between the median price of 1 m² of developed land (plots serviced with roads only) and the median household income per month; ratio between the median price of 1 m² of raw land (unserviced plots) and the median household income per month.
- Access to credit: percentage of dwellings purchased during the year that are covered by mortgage loans; percentage of dwellings purchased during the year that are covered by non-mortgage loans.
- Access to services: percentage of households with access to piped water in, or within 200m of, the dwelling; percentage of households with connection inside housing unit to piped water; percentage of households with connection inside housing unit to sewerage; percentage of households with connection inside housing unit to electricity; percentage of households with connection inside housing unit to telephone.

4.2 Integrated development with focus on social and economic development

There is a shift towards focusing on poverty alleviation and socio-economic issues in urban development interventions: “Urban housing strategies should provide more than shelter... Local housing policy as a consequence is always a housing ‘plus’ policy which involves community development goals, environmental goals, urban transportation and other forms of infrastructure (schools, hospitals, child care, etc.)... Housing subsidies are

¹⁹ UN-HABITAT: *Urban Indicators Toolkit: Guide*, Global Urban Observatory, UN-HABITAT, Nairobi, 1998 (www.unhabitat.org/programmes/guo/guo_guide.asp#b1).

social policy instruments, but they are not standalone subsidy policy instruments – it needs to complement other social policy instruments, such as family assistance, livelihood programmes, redistributive pension systems or general social assistance”.²⁰ For example, the Presidential Urban renewal programme focuses on poverty alleviation and economic development, as opposed to the RDP which mainly focused on housing, residential infrastructure and services. The experience of the RDP projects shows that it difficult to achieve real integrated development where the focus is on the quantitative delivery of houses and infrastructure, and the Urban Renewal Programme is partially an acknowledgement of this: “Decentralisation of governance structures, deepened community involvement, a more demand driven and incrementalist approach to development hold out the prospect of more sustainable development within poor communities. The priority given to human development, and especially the building of the capacities of poor people to undertake income-generating projects within their areas, and to take up opportunities outside, is important as a way of securing the economic base of sustained development”.²¹

It should be noted that housing and infrastructure can play an important role in poverty alleviation and eradication. A good example of this is the informal settlement upgrading programme in the city of Visakhapatnam in India , in which 170 settlements with a total population of 200 000 were upgraded.²² The main interventions were:

- Improvements in physical infrastructure: water, drains, communal latrines, paved roads, community halls
- Education (pre-schools, adult literacy centres), primary health care, economic development (craft-training centres, small business loans)

It was found that the improvements in physical infrastructure had a significant impact on poverty alleviation. For example, reduced flooding made roads passable, reduced burden of collecting water, able to use outdoor spaces for longer because of street lighting, increased use of outside space resulted in increase in some economic activities. The infrastructure upgrading resulted in a major improvement in quality of life. In a end-user survey, households cited key impacts as being improved access for vehicles and pedestrians (88% of households), time saving in accessing water (68%), reduction in water stagnation (58%), reduction in flooding (48%), increased use of space for social activity (44%), improvement in economic circumstances (20%), increased use of space for economic activity (13%). The table below shows the relationship found between various dimensions of poverty and physical improvements in the project (no stars meaning no impact, three stars meaning a large impact). The three key dimensions of poverty are:

- Survival: low incomes, chronic/critical ill health
- Security: irregular incomes, lack of assets, lack of empowerment
- Quality of life: poor public health, environmental hazards, discomfort/drudgery

Although the provision of physical infrastructure does not have much impact on survival, it has a certain impact on security and a very large impact on quality of life.

²⁰ Peter Hall and Ulrich Pfeiffer: *Background Report on the World Report on the Urban Future 21*, Federal Ministry of Transport, Building and Housing of the Federal Republic of Germany, Berlin, 2000: pp 230-231, 234.

²¹ Doug Hindson: “Urban Renewal Programme”, *Hologram Newsletter # 4*, 2003 (www.hologram.org.za).

²² Philip Amis and Sashi Kumar: “Urban economic growth, infrastructure and poverty in India: lessons from Visakhapatnam”, *Environment and Urbanization* 12(1) April 2000, pp 185-196.

Dimensions of poverty	Roads	Stormwater drainage	Water supply	Sanitation	Streetlighting
Survival		★	★		
Security	★★	★			★★
Quality of life	★★★	★★★	★★★	★★	★★

Source: Philip Amis: "Rethinking UK aid in urban India: reflections on an impact assessment study of slum improvement projects", *Environment and Urbanization* 13(1) April 2001, pp 101-113

Another trend of importance for housing strategy is that the use of homes for micro-enterprises is becoming more and more common. Housing plays an important role in the existence and operation of the informal economy. There is a symbiotic relationship between housing and home-based enterprises- "many households would not have a dwelling without their home-based enterprise and many enterprises would not exist without the use of a dwelling".²³

Although only R10 million out of a total budget of R1.4 billion was spent on capacity building programmes, the wide range of capacity development programmes that formed part of the Integrated Service Land Project provides an idea of the many interventions that need to accompany physical development interventions. Major social programmes (budget of R200 000+) included: IT training, training for staff of Early Childhood Development Centres, promotion of health in homes and communities, empowerment of emerging contractors, peace education programme, emergency medical care training, home ownership campaign, training for volunteers in "Come and Play" programme, training for residents around services, Babies Need Books programme, training for community involvement in management of community halls, swimming and life saving training, skills and business training, facilitating access of small business to export markets, TB/HIV information programme, and setting up and capacitating community organizations.²⁴

One of the key lessons of best practices is that, as it is difficult for a line department with a government body to achieve real integration, a relatively autonomous body outside of normal government structures is required to achieve. The Cato Manor Development Association, a separate Section 21 company with its own in-house multi-sectoral planning and implementation capacity, seems to be a particularly successful model (see Appendix 9).

4.3 Partnerships

One of the key issues coming out of international and local best practices is the importance of partnerships (e.g. as shown by the Slum Networking Project in Appendix 3). The key feature of an ideal housing delivery model proposed for cities in less developed countries is partnerships and joint ventures in housing delivery, between local government, provincial government, national government, NGOs, CBOs, private companies, multilateral organizations (e.g. United Nations bodies).²⁵ Partnerships is also a key feature of the Urban Renewal Programme announced in 2001 and the Municipal Systems Act.

There have been a number of trends driving this momentum towards increased partnerships and greater collaboration between stakeholders.²⁶

²³ Peter Kellet and A. Graham Tipple: "The home as a workplace: a study of income-generating activities within the domestic setting", *Environment and Urbanization* 12(1) April 2000, pp 203-213: p. 204.

²⁴ Integrated Serviced Land Project website: www.islp.org.za

²⁵ Alpana Sivam, David Evans, Ross King and David Young: "An approach to improved housing delivery in large cities of less developed countries", *Habitat International* 25, pp 99-113, 2001.

²⁶ Cities Alliance: www.citiesalliance.org

- the urban poor are increasingly becoming active participants in their own development and are increasingly working in partnerships with local authorities
- local authorities are becoming increasingly responsive and accountable to their citizens
- national governments have generally chosen to pursue policies of decentralisation and democratisation
- international development agencies are rethinking their urban strategies with a clearer focus on the central role that well-managed cities can play in reducing poverty

The formation of partnerships is facilitated by the White Paper on Local Government, which allows municipalities to decide to deliver a municipal service "by means of a service delivery agreement concluded with other municipalities, or organs of state, municipal business enterprises, a Section 21 company, private sector business, CBOs or NGOs, or water committees". A fundamental distinction needs to be drawn, however, between Public Private Partnerships (PPPs) and Public-Private Partnerships (PUPs). While PPPs can be important for many types of service delivery, PUPs are essential for integrated development interventions, such as housing projects and programmes. A PUP at local government level can be defined as a partnership between a municipality and either another public sector body or some form of organisation of the public (eg a NGO/CBO or CSO), in which the aim of both parties is to bring about more effective and efficient delivery, with neither party seeking financial profit. The key distinction between a Public-Private Partnership and a Public-Public Partnership is the lack of profit incentive on the part of any of the partners. This does not preclude either partner from ensuring full cost recovery, or from charging reasonable management fees.²⁷ Some guidelines for Public-Public Partnerships are included in Appendix 19.

Partnerships between local government and communities, sometimes called Municipal-Community Partnerships (MCPs) are particularly important, especially with regards to housing delivery: in developing countries "the poor invariably provide their own shelter, albeit with some help from friends and perhaps some supplies bought in the market", and they have energy, enthusiasm and time. The crucial questions are: 'how best to harness these resources, making them work more effectively? How to bring them, as they and their settlements become richer, into collaborative ventures to upgrade their own environments, retrofitting the services they could not provide at the beginning?'.²⁸

4.4 Participation/ participatory planning

A key feature of best practices is their emphasis on participation and participatory planning. The Presidential Urban Renewal Programme also places renewed emphasis on local level participation and the empowerment of poor people and communities.²⁹

²⁷ Felicity Kitchen: "Public-Private Partnerships", *Hologram Newsletter* #14, 2003 (www.hologram.org.za)

²⁸ Peter Hall and Ulrich Pfeiffer: *Background Report on the World Report on the Urban Future 21*, Federal Ministry of Transport, Building and Housing of the Federal Republic of Germany, Berlin, 2000: p 27.

²⁹ The principles of the Urban renewal programme have been spelled out in a number of speeches: State of the Nation Address of the President of South Africa at the opening of Parliament, 9th February 2001; Keynote address delivered by Sydney Mufamadi, Minister for Provincial and Local Government, at the African Cities in Change conference, 15th October 2001; Speech delivered by Minister Mufamadi at the symposium on the restructuring and rebirth of the city of Tshwane, 22nd November 2001.

Klapmuts, a winner of the International Dubai Award, is a local example of a project that succeeded largely because of community participation before, during and after the implementation of the project (see Appendix 11).

4.5 Funding

Most of the best practices are from contexts in which there was no government housing subsidy scheme: interventions are funded by a variety of means, e.g. from local government's own funds, by loans from international or national development agencies, by grant funding from international and local donor funders, and by beneficiaries' savings and credit. This has relevance for the many aspects of housing excluded from the scope of the Housing Subsidy Scheme. Many examples show that it is possible to be creative in looking for funding sources e.g. Cato Manor (extensive European Union donor funding), the City of Johannesburg housing strategy (which proposes obtaining World Bank loans), and the Slum Networking Project in Ahmedabad, which includes private sector funding and community contributions. A problem noted in the Vila-Bairro Project in Teresina, Brazil, however, is that different sources of funds may have different sets of strings attached, which can complicate large, multi-sectoral projects.³⁰

The mobilization of end-user savings and credit is particularly important. Internationally, formal financial institutions have shown an inability to address the needs of low-income households and it is unlikely that the formal sector will ever provide sufficient or appropriate housing finance for low-income households. There is therefore a need to stimulate non-profit, community-based housing micro-lenders: "micro-credit plays an important role in eradicating poverty and improving human settlements... [governments should] strengthen the institutional frameworks by which it would be possible to extend micro-credit, without collateral or security, to those living in poverty, in particular women".³¹

Micro-loan schemes around the world have showed that the poor are able to save and can be credit worthy as long as the savings and credit mechanisms are appropriate for their needs. A famous international example is the Grameen Bank in Bangladesh (although focused on income-generation micro-loans rather than housing credit), while a local example of housing micro-lending is the Kuyasa Fund (see Appendix 16). Onlending via community-based micro-lenders such as these has proven to be capable of reaching large numbers of households. For example, the Community Mortgage Programme in the Philippines provided housing finance to 456 communities (55 218 households) during 1988 to 1995, the Urban Community Development Office in Thailand provided loans to 160 organizations (15 000 households) during 1992 to 1995, and FONHAPO in Mexico gave loans to 800 communities in 6 years, which benefited 250 000 households.³²

4.6 Supporting community initiatives: the People's Housing Process

The "People's Housing Process" is a government programme for accessing additional finance to pay for support costs for projects in which communities are involved in building, or organising the building of, their own houses. The current international approach to

³⁰ Brazilian Institute for Municipal Administration (IBAM): *Vila-Bairro Project, Teresina, State of Piauí, Brazil*, Rio de Janeiro, 2002.

³¹ United Nations: *The Declaration on Cities and Other Human Settlements in the New Millennium*, New York, 2001.

³² Diana Mitlin, 1997: "Building with credit: Housing finance for low-income households", *Third World Planning Review* 19(1), 21-50; Michael Lee, 1995: "The Community Mortgage Programme", *Habitat International* 19(4), pp 529-546; Kioe Sheng Yap, 1996: "Low-income housing in a rapidly expanding urban economy: Bangkok 1985-1994", *Third World Planning Review* 18(3), pp 307-323.

housing is to support local community initiatives (a notable example is the support of the municipality of Adjame in Côte d'Ivoire for neighbourhood committees, who are involved in the building and operation of community facilities, refuse removal and the maintenance of roads and stormwater drainage; there is also a similar example in South Africa, in Pietermaritzburg, where the Ntuthukoville community performs similar role in partnership with the Msunduzi Municipality³³). The PHP policy is an attempt to support local community initiatives with regards to the provision of housing.

The Department of Housing, UN-HABITAT and the United Nations Development Programme (UNDP) established the People's Housing Partnership Trust (PHPT) in 1998. The People's Housing Process policy has been criticised for focusing on the element of "sweat equity", i.e. unpaid labour, at the expense of the far more crucial management/ decision-making aspects, and also of being overly bureaucratic (e.g. unrealistically high building standards which can restrict people's initiatives rather than supporting them). The implementation of PHP has therefore been mixed. For example, in the investigation of a typical PHP project in Free State it was found that the project was essentially a private sector developer project, but where each beneficiary household had to supply an unpaid labourer to work for the contractor. This was essentially a private developer project with the contractor building standardised houses with virtually no community participation at all (in this particular case the developer absconded with the funds, with only one house complete).³⁴

The way PHP should ideally work can best be understood by briefly examining an early community-based housing project implemented from 1996 onwards (two years before PHP policy was introduced). The Southern Pinetown project, which ultimately provided about 1500 houses (at a delivery rate regularly exceeding 100 houses per month), was essentially formulated to assist the incremental housing processes that were naturally happening in the area after the completion of site and service projects (see Appendix 14).

Although there have been no comprehensive evaluations of PHP, where PHP projects have been genuinely community-based, they have generally been very successful³⁵. The former Minister of Housing, Sankie Mthembu-Mahanyele, has said: "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".³⁶ In Gauteng it is the intention that all subsidised housing, apart from social housing, be delivered through PHP. The example of Masithembane (see Appendix 15) shows how community-managed PHP projects, in which the actions of a local community are appropriately supported, can provide a better end product than conventional contractor delivery (mainly because of the potential of PHP for increased savings mobilization and greater individual choice), while simultaneously empowering the community.

³³ Urban Sector Network: *Partnerships for Better Living Environments: An Introductory Guide to Habitable Environments Partnerships*, Johannesburg, 2003.

³⁴ Urban Sector Network: *Evaluation of the National Housing Subsidy Scheme*, Public Service Commission, Pretoria, forthcoming in 2003.

³⁵ An evaluation of the PHP Policy undertaken by Ted Bauman for the Department of Housing is soon to be released; the only currently published overview of PHP is by Mark Napier: "Supporting the People's Housing Process", in Firoz Khan and Petal Thring (eds.), *Housing Policy and Practice in Post-Apartheid South Africa*, Heinemann, Cape Town, 2003.

³⁶ "Housing programmes benefit the poor and the homeless", *Gauteng News*, October/November 2001, <http://www.gpg.gov.za/publications/2001/oct-nov/04.html>

An evaluation of housing projects across the country found a large difference between community-based PHP projects and other housing projects. The PHP policy is somewhat vague and has been interpreted in a wide variety of ways. The implementation of PHP projects has therefore ranged from numerous small PHP projects in the Free State, which had private sector developers and where each beneficiary household had to provide an unpaid labourer to work for the contractor, to projects managed by community based organizations supported by NGOs and in which each beneficiary managed their own housing process. The key features of the community-based PHP projects were³⁷:

- There is real community control. The community needs to be the developer, and this requires capacity building. The PHP project can be a stepping stone for the community organisation's involvement in other development initiatives.
- The project's Housing Support Centre is staffed by local people and managed by the local community organisation. This requires suitable training (e.g. the DAG/BIFSA 20 day Managing Housing Support Centres course).
- Support is provided by appropriate organisations, such as Homeless People's federation/People's Dialogue or DAG. This support includes: capacity building, training, assistance in setting up Housing Support Centres, assistance in accessing subsidies, assistance with project management and monitoring.
- Beneficiary households have control over their end product – choice of design, materials, selection of builder, etc. This means that households need the appropriate support to maximise their end product. This support includes technical advice and support.
- One of the most essential elements of community-based PHP projects is the promotion of savings and the provision of savings linked credit, as this is the most effective way of supporting the beneficiary to maximise their end product. Both the uTshani Fund, the Homeless People's Federation's housing loan fund, and the Kuyasa Fund provide micro-loans for housing to beneficiaries who have good savings records with savings groups. In the two community-based PHP projects investigated, all beneficiaries added savings (an average of about R2000) and at least a quarter of households had added micro-loans (typically of about R5000) to their savings. The median additional savings and credit added per house in the community-based PHP project surveyed was R6000, compared to nothing in the other two consolidation projects surveyed.
- PHP does not necessarily mean people building their own houses – most people hire local builders from the area to build their houses, although they may assist the builder with unskilled tasks such as mixing mortar and carrying blocks. PHP projects can result in the creation of more sustainable jobs than conventional contractor delivery, as the best local builders are usually able to continue to find ongoing work doing extensions and alterations in the area.
- There is increased beneficiary satisfaction, for example, 80% of households in the only community-based PHP project surveyed compared to only 47% in the other two consolidation projects surveyed. Other beneficiary surveys in community based PHP projects have also revealed satisfaction levels of 80-90%³⁸.

4.7 Upgrading informal settlements

³⁷ Urban Sector Network: *Evaluation of the National Housing Subsidy Scheme*, Public Service Commission, Pretoria, forthcoming in 2003.

³⁸ BESG: *Evaluation of the Housing Consolidation project in Luganda and Zilweleni, Southern Pinetown 1996-1998*, Durban, 1998; DAG: *Evaluation of DAG's Role in the HOSHOP Project*, internal report, Cape Town, 2000.

Supporting community initiatives in the upgrading of informal settlements is generally regarded as the key strategy that needs to be followed by local government in addressing housing and urban development problem: “In practically all informal settlements, one can observe a slow upgrading and accumulation process as a consequence of net savings – even out of very low incomes. All cities should promote and strengthen this accumulation... [There is a need] to recognize informal housing, to give the people who live in it security of tenure, a sense of stakeholderhood and pride in their home and their neighbourhood, so that they can begin to work individually and collectively to improve both. They need this and want it and they are even willing to pay out of their meager earning and savings to get it. We know from hundreds of cases, all over the world, that people can upgrade their own shelter and massive improve their own quality of life, transforming slums into middle-class villa [i.e. freestanding house] suburbs”.³⁹ Granting secure tenure is the precondition for informal settlement upgrading – some international examples of informal settlement upgrading programmes focus almost entirely on tenure regularization, e.g. the COFOPRI programme in Peru.⁴⁰

The importance of informal settlement has started to be recognized in South Africa, for example, with the Western Cape provincial government’s Informal Settlements Handbook. Case studies of informal settlement upgrading in South Africa have shown the “advantages of accommodating people where they have chosen to live, where they have built up social networks, and where the opportunities for accessing the benefits of the city are often superior to those in distant locations”.⁴¹

Relocation of informal settlements is sometimes required, but “should only be attempted where there are serious health hazards which cannot be abolished or where shifts in location have increased the opportunity costs of reserving valuable land which is urgently needed for inner city jobs. In both cases, the poor who are threatened should be offered accessible and affordable substitutes”.⁴²

A good example of an informal settlement upgrading programme in South Africa is the eThekweni Municipality’s programme (see Appendix 8). There are many examples of *in situ* upgrading from around the world. Zilweleni is an example of a pioneering *in situ* upgrading in South Africa (see Appendix 13). It is also important to note that social and economic development need to be addressed together with physical development.

4.8 Managed land settlement

Managed land settlement is regarded as an essential strategy for dealing with new housing demand. Hyderabad in Pakistan is an international example, while the “Three Phase” programme in Gauteng is the most notable example of land release/incremental upgrading in South Africa (see Appendices 4 and 7).

4.9 Social housing

Social housing has been enthusiastically embraced in South Africa, but with mixed results. There has been a recognition that rental and co-operative housing needs to be promoted

³⁹ Peter Hall and Ulrich Pfeiffer: *Background Report on the World Report on the Urban Future 21*, Federal Ministry of Transport, Building and Housing of the Federal Republic of Germany, Berlin, 2000: pp 27, 237-8.

⁴⁰ Zoila Zang: *COFOPRI, an Experience of Land Tenure Regularization in Informal Settlements in Peru*.

⁴¹ Department of Housing: *Towards Sustainable Settlements*, Pretoria, 2002: page 100.

⁴² Hall and Pfeiffer, 2000: p 237.

as they provide an alternative form of tenure to individual ownership (e.g. in the Housing Minister's speech), but options such as rent-to-buy and installment sale still result in one-house-on-a-plot individual ownership. An evaluation of the Housing Subsidy Scheme found that⁴³:

- One of the main reasons institutional housing is being implemented is to get the higher subsidy amount for people in the 0-R1500 pm income bracket and then to convert to individual ownership as soon as possible. This is because the subsidy amounts for the R1500-R3500 pm income group are inadequate.
- Good urban quality with high densities is being created - a gross residential density of 120 dwelling units per hectare in the case of the Shayamoya social housing project in Durban.
- Virtually all institutional housing projects have problems with non-payment due to unaffordability. This is partially because the under R3500 pm income group is a fairly vulnerable and affected by unemployment. This is also partially because the monthly costs are so much higher than for equivalent sized ownership housing (e.g. the monthly cost excluding electricity of a 64m² Cape Town Community Housing Company unit is R790, compared to 52-66m² individual ownership PHP houses in Masithembane, where the only regular cost (excluding electricity) is the loan repayment for the housing loan, typically about R200 per month. Other surveys have confirmed that social housing tenants can afford to pay far less than the commonly accepted 25% of their income on housing costs.⁴⁴

There are a number of interesting examples of green field social housing projects in South Africa that show that social housing has an important role to play in providing high density housing, especially on well located infill sites, and for providing housing for the R1 500 - R3 500 per month income group (and above: the City of Johannesburg is looking at ways of raising finance for including households of up to R7 500 per month in social housing projects). Shayamoya in Durban and Belgravia Valley in East London are examples of rental accommodation being provided in newly-built blocks of flats (three- to four-storey walkups in Shayamoya and two- to three-storey walkups in Belgravia Valley). Co-operative social housing is becoming more popular in South Africa, as it facilitates maximum resident participation; Troyville and Newtown in Johannesburg are examples of green field co-operative housing projects.⁴⁵

4.10 Hostels redevelopment

Dealing with large-scale hostel accommodation for migrant workers is something that seems to be unique to South Africa. There is a wide range of housing needs amongst hostel residents, and it is important that a range of design and tenure options are provided.⁴⁶ The City of Cape Town's public sector hostel upgrading programme, especially the New Flats in Langa, is probably the most successful example of public sector hostel upgrading in South Africa. The physical environment being created is impressive - the main concern is about long-term affordability and sustainability.

⁴³ Urban Sector Network: *Evaluation of the National Housing Subsidy Scheme*, Public Service Commission, Pretoria, forthcoming.

⁴⁴ Department of Housing: "Post-occupancy survey of tenants in Pharoeh Park Social Housing Project clears up misunderstandings", *Towards Sustainable Settlements: Case Studies From South Africa*, Pretoria, 2002.

⁴⁵ For some more details of these cases see "Shayamoya social housing project", "High quality inner city living in East London" and "Co-operative housing in Johannesburg's inner city" in *Towards Sustainable Settlements: Case Studies From South Africa*.

⁴⁶ Urban Sector Network: *Design Options and Delivery Models for Hostels Redevelopment*, Johannesburg, forthcoming; Urban Sector Network: *Tenure Options and Management Models for Hostels Redevelopment*, Johannesburg, forthcoming.

4.11 Special needs housing

Providing special needs housing, e.g. for disabled people and the aged, is important. The impact of HIV/AIDS is making this even more important. Institutional subsidies have been used for transitional housing for short term accommodation and people infected or affected by HIV/AIDS (70% of the institutional subsidy can be paid out without having to identify individual beneficiaries).

Short term accommodation for homeless people

There have been a number of innovative projects to provide short term accommodation for transient and temporarily homeless people, in order to reduce numbers of people sleeping on the streets.

“Strollers” is an institutional housing project in Durban that provides accommodation for people who occasionally visited the city centre and ended up sleeping on the pavements. Strollers has 300 beds, rented out from rents of R14-27 a night. The accommodation is owned and managed by a Section 21 company set up by the Municipality. There are public ablution facilities, pay showers, pay lockers, pay laundry facilities and kiosks for informal traders. The project has provided short-term accommodation for many people who would otherwise have had to sleep on the street, but has proven to be unaffordable for many. Ways of reducing costs are being investigated. Adjacent to this project is the Mansell road project, which provided housing and facilities for street traders who used to sleep on the pavement: 44 shops/housing units, stalls, ablution facilities (including solar-powered pay showers), lock-up facilities for traders. Each shop/housing unit consists of a shop with a sales hatch, with two habitable rooms behind the shop, leading to a communal courtyard.⁴⁷

Cornelius House in Johannesburg is a four storey building on the edge of the CBD run by a NGO called the Johannesburg Trust for the Homeless. 67 units (ranging from single person units to family units) provide accommodation for a total of 200 people. The accommodation is targeted at people earning between R400 and R1 250 per month. Homeless people who are being rehabilitated into society (the Johannesburg Trust for the Homeless also runs various personal upliftment and job skills programmes) – the intention is that Cornelius House provides accommodation for up to 18 month, after which permanent accommodation is found. Rents range from R100 to R250 per month. There are communal ablution facilities on each floor, and a communal kitchen, dining area, recreational area and laundry.⁴⁸

HIV/AIDS

Dealing with HIV/AIDS is mainly an issue of education and health care, and people living with HIV/AIDS are ideally best cared for through home-based care. In some cases this is not possible, however, and institutions for children and adults with HIV/AIDS are necessary; the Housing Subsidy Scheme can play a small role in funding the land, infrastructure and building costs of HIV/AIDS orphanages, hospices and small scale

⁴⁷ Department of Housing: “Mansell Road: Accommodating informal traders in Durban’s city”, & “Strollers short-term overnight accommodation”, Towards Sustainable Settlements: Case Studies from South Africa, Pretoria, 2002; Mark Byerley, personal communication.

⁴⁸ Department of Housing: “Rest your head for a time: temporary rental accommodation for the destitute”, Sustainable Settlements: Case Studies from South Africa, Pretoria, 2002.

cluster homes, e.g. for a “house mother” and 6 children (bearing in mind that this is a small part of the total cost involved in setting up, staffing and running such facilities)

The Built Environment Support Group in KwaZulu-Natal has pioneered the provision of housing for the growing number of HIV/AIDS orphans. Transitional subsidies have been used to establish a place of safety for HIV/AIDS orphans in Pietermaritzburg, and the operational costs are covered by the foster care grant. A hospice for HIV/AIDS victims in Durban, to also be funded through transitional subsidies, is planned.⁴⁹

Ethekwini Municipality plans to access houses re-possessed from owners who defaulted on their mortgage for accommodating HIV/AIDS orphans. Two houses for 6 children each and a ‘house mother’ are proposed. Child support grants are to be accessed from the Department of Social Development. The houses are to be bought by Child Welfare, a NGO, and the Department of Housing will reimburse them with subsidy funds, with the money going into an endowment fund so that the interest earned can supplement the operating costs. Another proposal by the eThekweni Municipality is to provide extensions to private houses where crèche supervisors/ care givers have informally adopted children whose parents/ care givers have died. It has been noted that the big issue in both projects is the lack of the institutional capacity of welfare organizations to monitor the activities of such institutions to ensure that the facilities and grants are being used for their intended purposes and that the children are receiving adequate care.⁵⁰

4.12 Public rental housing

The trend in South Africa is towards cost recoverable rentals, driven by the phasing out of rental subsidies over 5 years (introduced in 2002). Simultaneously there is a trend towards local authorities divesting themselves of their rental housing, driven by financial pressures, the discount benefit subsidy and the global ideological shift from the paternalistic welfare approach to a neo-liberal market approach. There is much that can be learned from similar processes in other countries, e.g. Britain, which led the trend away from public rental housing and pioneered large-scale transfer of public rental stock to newly-established housing associations (see Appendix 5).

On the other hand, there has also been a partially contradictory policy shift away from focusing on individual ownership only towards promoting rental housing (and co-operative housing), through the National Presidential Job Summit Housing Pilot Programme and the Public Sector Hostel Redevelopment Programme⁵¹.

The large local authorities in South Africa are having to grapple with high levels of non-payment. With the shift to cost recoverable rentals (or to Co-operatives or Sectional Title), it is becoming increasingly important that public rental housing is targeted at those who can afford to pay (as individual ownership is currently a far cheaper option due to the way rates and service charge rebates are structured). The eThekweni Municipality’s policy for the rehousing of indigent tenants, as an alternative to eviction, is a possible model

⁴⁹ Graham Tipple: Housing and Urban Renewal in USN – An International View, CSIR/University of Newcastle Upon Tyne, 2003.

⁵⁰ Mark Byerley, personal communication.

⁵¹ Housing budget speech of the former Housing Minister, Sankie Mthembu-Mahanyele to the National Assembly 14 May 2002.

(although it is dependent on the availability of well located individual ownership housing projects)⁵²:

- Tenants who cannot afford to pay rent and service charges because of their financial circumstances, will be transferred to subsidy driven development houses without any cost. They will be eligible for 6 kilolitres of free water and will be able to access electricity through pre-paid electricity meters.
- The tenants will benefit in that they will be granted preferential access to housing opportunities.
- Rental arrears that have accumulated in the tenants' accounts as at 30 June 1999, will be written-off in full and the tenants will be allowed to pay the balance of arrears over a period of 36 months. The interest accumulated in the account will also be written-off in full.
- If indigent tenants wish to access employment opportunities and thus to remain in their existing dwelling, this will be made possible to them through the Council's Poverty Alleviation Programme. Tenants will be able to settle any outstanding arrears over a 36 month period.

4.13 Private rental housing

Private rental housing markets have been severely neglected or restricted in most cities, for example, by rent control. Private rental has an important role to play, however: "Functioning urban rental markets are the most efficient supply source for migrants and young families... Creating a formal private rental housing sector in developing countries is a basic tool for the reduction of informal shelter... It often only recognizes and formalizes existing rental relationships").⁵³

The Rental Housing Act of 1999 was an attempt to begin facilitating the provision of appropriate rental housing in South Africa. Proposals for facilitating small scale rental in South Africa have included recommendations around access to small loans for landlords, flexible building regulations and facilitating legally enforceable contracts.⁵⁴ An example in South Africa of (proposed) intervention in small-scale private rental can be found in the Alexandra Renewal Project (see Appendix 10).

4.14 Energy efficiency and environmental sustainability

Incorporating principles of energy efficiency and environmental sustainability in housing is crucial to ensure sustainability. There have been a number of attempts at producing guidelines for sustainable low-cost housing⁵⁵ and there have been a number of sustainable housing pilot projects, e.g. Thlolego Eco-Village in North West, and a number more are planned, e.g. in Ivory Park as part of the Midrand Eco-City programme and by the City of Johannesburg at Cosmo City. In Thlolego, the houses are built of earth brick (the additional thermal mass gives a 50-60% saving on heating and cooling costs), passive solar energy is used to reduce water heating and cooking costs, there are composting

⁵² Appropriate Rehousing Option for Indigent Tenants Of Council's Housing Projects, press release, eThekweni Municipality, 11 April 2002.

⁵³ Peter Hall and Ulrich Pfeiffer: Background Report on the World Report on the Urban Future 21, Federal Ministry of Transport, Building and Housing of the Federal Republic of Germany, Berlin, 2000: pp 230-231, 234.

⁵⁴ Vanessa Watson *et al.* : *Subletting: Towards an Appropriate Policy Response*, Urban Problems Research Unit, Cape Town Working Paper No. 52 (Occasional Paper No. 39), Cape Town, 1994.

⁵⁵ Departments of Environmental Affairs and Tourism, Housing and Minerals and Energy: *Environmentally Sound Low Cost Housing: Draft Guidelines for Implementation*; Pretoria, 1998; Department of Minerals and Energy: *Manual for Energy Conscious Design*, Pretoria, 1996.

toilets, and rainwater and grey water (from sinks and baths) is used for “permaculture” vegetable gardens (permaculture is a high-yield, organic approach to agriculture; even the poorest households in Thlolego grow enough food to sustain themselves).⁵⁶

Some of the key issues with regard to energy efficiency and environmental sustainability in housing are:

- Optimising land use through higher densities, e.g. Missionvale (see Appendix 12)
- Given increasing water scarcity it is important to look at dry sanitation or water-saving systems.
- Water conservation: Dual flush toilets, flow-control showers and taps, stormwater and rainwater harvesting
- Saving on energy, e.g. through solar orientation, insulation and the use of solar energy
- Greening of external space
- Use of external space for urban agriculture
- Use of materials that have a lower environmental impact than cement, steel, etc.

4.15 Appropriate norms and standards

Appropriate norms and standards have long been recognized as essential for ensuring the affordability of housing: “If standards are enforced in a low-income housing scheme, the poor cannot afford to live in the scheme and are forced to live in illegal settlements below acceptable standards. However, if standards are waived, living conditions can improve gradually, as many allottees will invest in the improvement of their houses whenever they can”.⁵⁷ In the example of Hyderabad, very low income people were only able to be targeted through having low levels of infrastructure and by waiving building standards (see Appendix 4).

4.16 Creating good quality living environments

Virtually all housing-related best practices have the explicit objective of creating good quality living environments. The ways that this can be achieved are numerous: through participatory planning that takes the needs of people into account, through higher densities and a layout based on creating social spaces, through innovative design of housing units, through the landscaping and greening of the external environment, through integrated development projects that provide a wide range of facilities and amenities, and through the location of housing projects close to existing social and economic opportunities.

5. Conclusions

Some implications that need to be taken forward into the City of Cape Town Housing Plan are:

- A cohesive overall vision for the future development of the city is needed (there especially needs to be alignment between housing, urban planning and transportation).
- The City needs to adopt a participatory, inclusive approach to tackling housing problems, based on partnerships with other stakeholders (e.g. the Provincial

⁵⁶ Department of Housing: “Thlolego development project pilots holistic environmental management”, Sustainable Settlements: Case Studies from South Africa, Pretoria, 2002.

⁵⁷ UNCHS: *The Incremental Development Scheme: A Case Study of Khuda-Ki-Basti in Hyderabad, Pakistan*, Nairobi, pp. 40-41.

Housing Department, National Housing Finance Corporation, National Urban reconstruction and Housing Agency, People's Housing Partnership Trust, Social Housing Foundation, CBOs, NGOs, private companies, and international institutions and donor agencies). The necessary structures and institutional arrangements need to be put into place to ensure this.

- Funds need to be mobilized to be able to fund interventions beyond the scope of the Housing Subsidy Scheme, e.g. local government's own funds, loans from international or national development agencies, grant funding from international and local donor funders, and by facilitating the access of low-income households to appropriate forms of savings-linked housing credit through partnerships with appropriate micro-lending organizations.
- An informal settlement upgrading programme, in which appropriate security of tenure and basic services are provided (followed by appropriate support for incremental upgrading) should be the main priority of the City's housing strategy
- A managed land settlement programme (provision of service sites and appropriate security of tenure, followed by appropriate support for incremental upgrading) needs to provide for new low-income housing demand.
- One or more major integrated development programmes that would fundamentally change the structure of the city and have a major impact on addressing housing and urban development problems in the city needs to be identified and implemented, e.g. Ysterplaat/ Wingfield (and the Cato Manor Development project model of setting up an autonomous body with appropriate in-house capacity to co-ordinate the programme needs to be investigated).
- Social housing (long-term rental or co-operative housing) needs to be promoted, especially on infill sites, in order to provide an alternative to individual ownership one-house-on-a-plot housing.
- Special needs housing pilot projects need to be developed, in partnership with other relevant bodies, for vulnerable groups (based on needs assessments).
- The possible transfer of public rental housing and redeveloped hostels to newly established housing associations in areas where tenants are in favour of this needs to be investigated; the City will still need to play a role in these housing associations after transfer, though.
- Principles of energy efficiency and environmental sustainability need to be incorporated into all projects (which will require additional funding); over and above this, there should also be sustainable housing pilot projects which incorporate appropriate building technologies, water and energy saving devices and small-scale urban agriculture.
- An enabling approach needs to be adopted by the City with regards to all forms of low-income housing delivery for which they are not required to play a direct role in by policy: e.g. social housing, private rental housing, housing consolidation projects, "gap housing". Necessary policies and interventions need to be developed to ensure that the housing market functions effectively.
- Simplified planning processes and flexible and appropriate building standards need to be developed, in order to speed up housing delivery and ensure that it is affordable to the poor.

6. Appendices: case studies

- Chilean housing policy
- Chengdu, China
- Slum Networking Project, Ahmedabad, India

- Hyderabad Incremental Development Scheme, Pakistan
- Transfer of public rental housing in the United Kingdom
- Durban Strategic Housing Framework
- City of Johannesburg “Egoli 2010” Housing Strategy
- eThekweni Municipality Informal Settlement Upgrading Programme
- Cato Manor Development Project, Durban
- Alexandra Urban Renewal Project, Johannesburg
- Klapmuts, Western Cape
- Missionvale, Port Elizabeth
- Zilweleni, Durban
- Southern Pinetown, Durban
- Masithembane, Cape Town
- The Kuyasa Fund, Cape Town

Appendix 1: Case study - Chilean housing policy

The housing policy developed in Chile in the 1980s, with its one-off capital subsidies, range of different subsidy mechanisms for different target groups and encouragement of private sector involvement has been very influential internationally, and was one of the models for South Africa's housing policy.

Under the Ministry of Housing and Urbanism, there is a decentralized agency called the Regional Service of Housing and Urbanization (SERVIU) which is responsible for implementing housing programmes.

Chile had a two tier system, which has since become more complex as more subsidy mechanisms have been added. The Means tested Basic Housing Unit was introduced in 1981 for low-income households who are unable to get loans. They get access to a minimum of a 25m² basic house. The Ficha-CAS means testing questionnaire, in which households are awarded points based on living conditions and income, was used for means testing. Local authority officials administer the questionnaire in the home - it is used as the basis for all social support programmes. Chile has been described as a "neo-liberal welfare state", and has a relatively well developed social support policy that includes social support policy includes state pensions, family allowances, housing subsidies, access to free health care and school feeding programmes. A Progressive Housing subsidy programme was introduced in the 1990s for self-help incremental housing, mainly aimed at groups of beneficiaries: in phase one households get access to a serviced site and wet core and have to complete the house by themselves, and then in phase two (i.e. a few years later) get access to a subsidy to improve or extend their house.

The non-means tested Unified Subsidy, which was a subsidy certificate aimed at middle-income families who fulfilled a savings contract with a bank. The certificate could then be exchanged on the open market. The beneficiary therefore has maximum choice of where to live and what type of housing unit they want. The certificate can be used for:

- Buying serviced site from a developer and constructing a housing unit on it
- Buying housing unit on serviced site from a developer
- Buying an existing property from the current owner

The beneficiary does not have to meet any eligibility criteria to get a subsidy – the subsidy is granted for all houses below a certain price. The lower the price of the house the greater the subsidy. In practice most mortgage loans to lower-income people have been granted by the Chile's national housing bank, and this has not been unproblematic: as with the experience of most national housing banks there have been problems relating to long processing times for loan applications (of up to four years) and a reluctance to foreclose on properties (which resulted in high levels of arrears).

There is also a special subsidy programme for people over the age of 60.

In 2002 a new subsidy programme, Joint Housing Projects (*Proyectos Habitacionales Solidarios*), was introduced to target the poorest 20% of the population, aimed at households below the socio-economic poverty line (as determined by the Ficha-CAS test) who are organized in groups. They can obtain a subsidy that together with savings can help them access a new house or purchase and improve an existing house. For building new housing households need to be organised into savings groups of at least 10 people and must have the support of an organisation such as a local authority, NGO or private company.

An important feature of Chilean housing policy is that it is not just about the provision of housing units but is also concerned with urban form and the creation of holistic living environments. New subsidised housing is provided in neighbourhoods of up to 300 housing units, together with greening of the area and the provision of plazas (public spaces) and neighbourhood-level facilities. The minimum standards for urban facilities provided with new housing are:

- For 30 to 70 households: 200m² children's playground; 80m² recreational area
- For 71 to 200 households: 400m² playground; 200m² recreational area; multipurpose community hall of 120m²
- For 201 to 300 households: 800m² playground; 600m² sports field; multipurpose community hall of 120 m²

Another important reasons for the relative success of Chile's housing policy is that all house price eligibility levels, subsidy amounts, loan amounts and savings requirements are stated in units (*Unidad de Fomento*) – the value of a unit is adjusted every three months based on changes in the Consumer Price Index, so that there is no inflation lag. For example, the first phase progressive housing subsidy is 132 units with a savings requirement of 8 units, while the second phase progressive subsidy is 18 units plus a loan of 47 units and a savings requirement of 5 units.

Chile's housing subsidy scheme is a good example of a multi-tiered system that attempts to provide a range of solutions for a range of housing needs, ranging from the poor to the middle class, aimed at both individuals and groups, and including a mixture of subsidies, savings and credit. It has been found, however, that having a savings requirement at all levels can discriminate against the very poor.

References: Personal communication and documentation from the Chilean Ministry of Housing and Urbanism; website of the Chilean Ministry of Housing and Urbanism; Alan Gilbert (1997): "On subsidies and home ownership", *Third World Planning Review* 19(1), pp 51-70; Ben Richards (1995): "Poverty and housing in Chile: The development of a neo-liberal welfare state", *Habitat International* 19(4), pp 515-527.

Appendix 2: Case study - Chengdu, China

The Fu and Nan Rivers Comprehensive Revitalization Plan in Chengdu, China, was a comprehensive programme to solve the city's environmental problems and revitalize the city. The programme also had major housing implications. It is a winner of the Dubai International Award for Best Practices to Improve the Living Environment.

In 1993, Chengdu started the Fu and Nan Rivers Comprehensive Revitalization Plan to try and address the severe problems of pollution and environmental deterioration in the city. Using the principles of participatory planning and partnership, the plan was able to raise awareness of the general public and mobilize multiple stakeholders to invest in a sustainable future for the city and its inhabitants. The project involved the relocation of 30 000 households from informal settlements along the banks of the rivers.

The municipal government made the Fu and Nan Rivers Revitalization its number one priority. It set up project headquarters and a team led by the Mayor and the heads of departments in charge of construction, planning, land administration, parks and gardens, environmental protection and supervision. The plan was discussed with panels of experts and the general public and, as a result, won the support of the local legislature and finance, which guaranteed its success.

Funding the project was the biggest problem. The project demanded a capital investment of 3 billion yuan (US\$360 million), the equivalent of an entire year's revenue. To solve this problem, the municipal government established multi-stakeholder partnerships with civil society organisations, neighborhood associations, schools, educational and research institutions, private real estate developers, State administrations and construction companies. Besides earmarking a large portion of its budget, the municipality was able to take advantage of the comprehensive redevelopment plan to implement joint ventures with the private sector, the proceeds of which were re-invested in the project. Human resources and expertise were also required and the department in charge of planning invited experts from institutions of higher learning and research institutes to serve as technical advisers.

Project procurement and contracting was carried out in line with internationally accepted practice, including competitive bidding, thus ensuring the trust and confidence of the private sector. The project resulted in the creation of 500 000 jobs, the impact of which was felt both locally and in the region. As results and impact became visible and tangible, more than 3 million local residents made voluntary in-cash and in-kind contributions to various components of the project.

The relocation was completed within 18 months, in 1995, without a single case of forced eviction. At one point, the municipal government stopped building its own office building to reallocate 300 million yuan (US\$36 million) to the construction of new residential neighbourhoods for the relocation. By respecting neighbourhood relations and moving as many households into the same new estates as possible, traditional social ties have been maintained and traditional culture also respected. Particular attention was paid to the integration of older people, women and children. The relocation also demonstrated the effectiveness of participatory planning and decision-making processes.

Decent and affordable housing was provided for over 30 000 households previously inhabiting the slums on the banks of the rivers. A series of other projects dealt with sewage, industrial effluent, infrastructure, transport and communications, and parks and gardens.

Of the land that was vacated by the informal settlement dwellers, the municipal government used 660 hectares for the comprehensive rehabilitation project and opened bids for 860 hectares for commercial development. This enabled the Municipality to raise an additional US\$200 million for the project.

Some of the impacts of the project include: “The removal of the shanties and the social inclusion of its inhabitants have resulted in substantial reductions in crime and have vastly improved the reputation and perception of safety of the city... The project generated substantial economic returns and benefits for the city and its surrounding communes. The infrastructure and construction components of the project have boosted all local industries and sectors of the economy, most notably in construction, building materials, transportation and management. The per capita GDP of Chengdu went from US\$540 in 1993 to US\$1,340 in 1998... The successful and smooth relocation of the shanty dwellers to new housing estates not only achieved the project's social objective of improving living conditions but also resulted in the social inclusion of 100,000 previously excluded people... The infrastructure components of the project have boosted economic development and endowed Chengdu with a diversified economy including construction, environmental planning and management, building materials, iron and steel and their related service and support sectors. The booming development of the service sector has reduced dependence on resources in economic development, thus strengthening environmental protection in economic development. The direct economic benefit is estimated at US\$280 million...Chengdu is a less developed city in a developing country. Compared to the coastal cities of China, it lacks funds, technology and benefits less from foreign direct investment. The most important lesson learned is that such a city can rely on its own resources and efforts to achieve tangible improvements in the living conditions of its inhabitants.

The example of Chengdu demonstrates how with vision and political will, a relatively poor municipality was able to undertake a major integrated development project which fundamentally transformed the nature of the city, improved the living conditions of large numbers of people and resulted in enormous economic benefits.

Reference: UN-HABITAT: “Comprehensive revitalisation of Chengdu”, Best Practices Database (www.sustainabledevelopment.org/blp/).

Appendix 3: Case study - Slum Networking Project, Ahmedabad, India

Ahmedabad is a city in India with large numbers of people living in informal settlements. The Slum Networking Project was a programme to upgrade small “slums” (i.e. informal settlements) in the city of Ahmedabad, initiated in 1995. The pilot project was implemented in Sanjay Nagar in 1996-1997, and a further 19 settlements were subsequently upgraded. The Slum Networking Project was recognised as a Global Best Practice at the Habitat II Conference in 1996.

The Slums Networking Project was formed by a partnership between local government, CBOs, NGOs and the private sector:

- The Ahmedabad Municipal Corporation, the local authority (who was responsible for carrying out the physical development)
- Community organisations in the targeted informal settlements
- A NGO called SAATH; two other NGOs later joined : the Self Employed Women’s Association (SEWA) and the Mahila Housing Trust
- Arvind Mills, a major private sector corporation based in the city, which acknowledged that it had a role to play in help in solving problems in the city (it set up the SHARDA Trust to co-ordinate the social development component of the programme)

The programme had a dual focus on physical development and community development:

- Physical development: individual water supply and sanitation, roads, pavements, stormwater drainage, streetlighting, solid waste management, landscaping
- Community development: setting up neighbourhood and women’s groups, youth activities, mobilizing community savings, preprimary education, adult literacy, community health, mother and child care, supporting income generating activities, facilitating access of small businesses to finance and trade

The project revealed that infrastructure provision can result not only in poverty alleviation but poverty reduction. Although the programmes to stimulate income generation have not been immediately successful, the physical development resulted in a significant improvement in health, increased enrolment of children in education, and increased time for women to spend on household activities and income generation activities.

The project also confirmed that security of land tenure, even if only *de facto* security, is a precondition for community involvement – the local authority granted secure tenure of 10 years to all residents in the informal settlements, which made the upgrading possible.

The project also demonstrated the importance of partnerships. The Ahmedabad Municipal Corporation has entered into a range of partnerships in recent years, and a participatory approach to development has become an integral part of its strategy. Finally, the savings-based micro-credit granted by the Self-Employed Women’s Association (SEWA) also played a crucial role in helping mobilize finance from the communities.

Appendix 4: Hyderabad Incremental Development Scheme, Pakistan

Hyderabad has a population of over one million people, about 25% of whom live in informal settlements. The Municipal Corporation of Hyderabad has a dual strategy of upgrading informal settlements in the inner city while also providing new serviced sites on the urban periphery.

In the Khuda ki Basti project, the Hyderabad Development Authority was able to incorporate the lessons from their previous attempts at implementing conventional site and service projects. In these previous projects it had been found that:

- Planning and allocation periods were complex, resulting in lengthy time delays
- The projects were unaffordable for the poor

In contrast, the Khuda ki Basta project was designed for the very poor. Very basic services were provided (communal water supply, public transport), with provision made for their upgrading. A reception area was set up in the scheme where households could erect a temporary shelter or rent a room while they waited for their application for a site to be processed. The key to the project's success was that administration and allocation procedures were very simple and rapid: households applied for a plot by submitting a photocopy of their ID card, and they were allocated a plot within 12 days.

There was a low down payment and low monthly charges. Beneficiaries are required to complete construction of a house immediately (no building standards were applied in the project). This was a major departure from the previous projects, where there had been periods of up to a year for beneficiaries to build a house on their plots, which had often resulted in plots being allocated to people who never occupied them.

The legal transfer of tenure only takes place once the beneficiary has paid all their instalments (i.e. instalment sale). In this way, the Hyderabad Development Authority has a way of cancelling the allocation of beneficiaries who leave the project (beneficiaries leaving the project can be raid a proportion of the money they have paid for the plot).

The scheme was successful in a number of respects:

- It reached the poorest 10% of the population, which none of the conventional site and service projects had done.
- The time lag in implementing projects was eliminated, because households are immediately allocated plots, which are then subsequently upgraded while the household is living there.
- There was a continuous supply of plots at the same price to ensure that there was never a shortage of land in the area, which could have resulted in speculation (people with housing elsewhere obtaining plots to rent out accommodation) or land invasions resulting in overcrowded informal settlements that would be considerably harder to upgrade.

The Hyderabad Incremental Development Scheme provides a model of managed land settlement: the rapid release of land with basic services to the landless poor in order to avoid the growth of unplanned and unserviced informal settlements.

References: UNCHS: *The Incremental Development Scheme: A Case Study of Khuda-Ki-Basti in Hyderabad, Pakistan*, Nairobi, 1991; Norah Walker *et al.*: *Overview of Housing Delivery Systems in South Africa and Selected International Case Studies*, National Housing Forum, Johannesburg, 1993.

Appendix 5: Case study - Privatisation of public rental housing in the United Kingdom

By 1980, about 30% of all housing stock in the UK was local authority-owned public rental housing. The transfer of local authority housing began in the early 1980s, as part of the privatisation policies of Margaret Thatcher's government. In 1988 there was a shift from the transfer of public rental housing to individuals towards the transferring of all the public rental stock of a particular local authority to newly established housing associations.

This resulted in a dramatic increase in the social housing sector, i.e. rental housing owned and managed by non-profit voluntary housing associations, which had previously been very small (in 1980 only 2.5% of housing stock had been owned and managed by voluntary housing associations).

By 2002, about 900 000 housing units had been transferred to newly-established housing associations, and housing associations were well on their way towards owning more housing stock than local authorities. The government is strongly promoting large scale stock transfer, but transfer only occurs if the majority of councillors and tenants is in favour of it.

The main reason behind this dramatic shift was because of poor management of rental stock by local authorities - local authority housing departments had to deal with large numbers of rental units and often became far too large, bureaucratic and remote from their tenants. In contrast, the size of the newly established housing associations is limited (by policy) to 12 000 housing units.

The new housing associations set up to take ownership of transferred housing stock differed from traditional housing associations in that they strong representation from tenants and local authorities: typically the boards consist of equal numbers of tenant representatives, local authority representatives and independent board members.

An overall assessment of the UK experience is that "regulated, subsidised, non-profit bodies so seem to offer the prospect of a socially and politically acceptable rental housing sector". There are, however, some concerns.

For example, there is no alternative policy for dealing with situations where tenants are opposed to the transfer of their housing and want to remain as local authority rental housing. In addition, the transfer of public rental housing to housing associations results in a loss of democratic control by elected politicians towards "largely self-appointing self-perpetuating" boards who are "in a weak position in relation to their paid, fulltime, expert staff". Finding suitable independent board members is also a problem.

It should also be noted that housing associations in the UK are only sustainable because tenants continue to receive rental allowances, which cover most of the operating costs of the housing associations. In addition, loans for the provision of new housing by housing associations can be hard to come by: financial institutions in the UK see housing associations not as commercial undertakings but as social institutions sensitive to changes in government policy, and which offer as collateral property for which little market exists. There have accordingly regularly been calls for the establishment of a National Housing Bank in the UK to borrow funds from the private sector to onlend to housing associations and private landlords.

References: Peter Malpass: *Modernising the Delivery of Housing Services: Reflections of Recent Experience in the UK*, paper presented at the Western Cape Provincial Housing Conference, 25-27 March 2002;
Stephen Merrett and Ross Cranston: *A National Housing Bank*, Fabian Society Pamphlet No. 522, London, 1992.

Appendix 6: Case study - Durban Strategic Housing Framework

The Durban Metropolitan Housing Service Unit, established in 1997, was the forerunner of the current eThekweni Metropolitan Housing Service Unit. During 1998-1999 it formulated a comprehensive housing strategy which has been successful in guiding its housing actions since then. A wide range of assistance programmes were identified, and there was a recognition that the municipality would need to commit substantial funds to housing (from the Durban Metropolitan Housing Development Account), as the housing subsidy funds on their own were inadequate. The Housing Development Account had substantial funds available for supplementing housing subsidy funding (the fund had been established by the old Durban City Council in the early 1990s with money from loan repayments written off by the National Housing Commission; the Metropolitan Housing Unit's operating costs since its inception have basically been paid for from the interest on this fund).

The key challenges identified in the housing strategy were:

- How to access and secure more funds for the sector
- How to maintain and build existing capacity (public sector, NGOs, CBOs, private sector)
- How to improve quality (e.g. house size, location of projects)
- How to respond to needs (the backlog in 1998 was estimated at 240 000 units: a delivery rate of 24 000 was required to eradicate the backlog in 10 years, while the average actual delivery rate was about 15 000 units per year; a related problem was that projects were often "gate-kept" by communities or politicians and were not available for meeting the broader housing need).
- Upgrading of informal settlements
- Meeting national norms and standards: being able to provide a reasonable serviced site and a habitable dwelling with limited funds (the cost of a typical serviced site at conventional municipal standards was about R14 000 at the time, compared to the subsidy component of R7 500 for land and infrastructure, while the cost of a 30m² house was typically R12 000-15 000 at the time, compared to the subsidy component of R8 500 for the top structure).
- AIDS and future housing needs: orphan children and the elderly will form a greater proportion of the population, thus necessitating more communal housing.

The overall strategy was seen as falling in two broad areas:

- Facilitating housing sector performance: demand side facilitation (access to subsidies and end-user finance) and demand-side facilitation (making land available, promoting small contractors, streamlining approval processes, access to bridging finance)
- Managing human settlements: improving the quality of life in existing informal settlements, e.g. through upgrading, and in new development areas, e.g. through environmental initiatives or influences on spatial planning.

Three strategic pillars of the housing strategy were identified:

- Delivery: "The concrete realisation of housing opportunities and associated infrastructure"
- Creating an enabling environment for delivery
- Sectoral co-ordination: "co-ordination of roleplayers in the sector as well as other actors and sectors related to the provision of housing"

The proposed housing assistance programmes were:

- Land release: funding of land purchase, planning and provision of basic services, both for partial in-situ upgrading and managed land settlement (intention was to spend R25 million of municipal funds per year on providing 5000 serviced sites per year; it was estimated that only 60% of this could eventually be recovered from housing subsidies, as cost of the provision of the temporary emergency services, and services like communal ablution blocks, would have to be absorbed by the municipality); the cost of providing basic services for managed land settlement of partial *in situ* upgrading was estimated as R5000 per site (land cost, town planning, surveying, engineering design, water supply, basic VIP latrine, emergency access, site transfer).
- Bridge funding of priority projects (intention was to spend R26 million of municipal funds per year on bridge financing urgent projects)
- Developer partnership: to support developers in the rapid initiation and implementation of quality housing projects (through building the project management capacity of the housing department, so that every project in the municipal area had a housing department project manager assigned to it)
- Developer finance: provision of bridging finance loans to non-profit developers and bridging finance guarantees for private sector developers, /guarantees, project packaging and implementation grants to non-profit developers for priority projects (it was intended)
- Infrastructure financing: bridge financing of bulk and internal infrastructure (it was expected to spend R81 million per annum of municipal funds on this)
- Top structure grant: To add an additional matching grant of up to R2 000 to beneficiaries who meet savings requirement (R30 million per year)
- Strategic grants: grants to for research and development or innovative or emergency interventions (R8 million per year)
- Housing institutions: To provide startup and project grants and loans to housing institutions (R26.6 million per year)
- End user loans: To facilitate loan access for households to housing projects through information and outreach (information services to potential low income homeowners on what home loan products are currently available, eligibility criteria, etc.) and through providing grants to the Home Loan Guarantee Company and/or NURCHA (R300 000 per year). This was to be targeted at households with at least one person in secure formal employment and a minimum income of R1200 per month. It was estimated that a grant of R300 000 could potentially provide R25 million of loan finance per year.

Most of these programmes have subsequently been implemented, although some programmes were not able to be implemented as per the plan. The introduction of the new procurement policy for Greenfield projects necessitated a shift from facilitating projects to actually being the developer (although the strategy had intended to build up project management capacity to facilitate delivery in any event). No top structure grant was approved to reward savers as the legal opinion was that it was illegal for the municipality to “enrich” individuals from municipal funds. However, what does happen is that Council makes grants available for the internal infrastructure component (typically about R3500 per unit) to ensure that higher levels of service are delivered compared to what can be afforded from the subsidy and to release more of the subsidy for the house construction (the local authority is the owner of the infrastructure, so it is possible for the municipality to subsidize infrastructure). The programme to facilitate housing loans was launched by Ithala Development Corporation with HLGC and NURCHA guarantees, but the municipality chose not to make any grant funding available for this programme due to what was considered to be relatively high interest rates (28%). According to Ithala, the housing loan

programme in Durban is progressing well, but the Home Loan Guarantee Company pulled out of the initiative, so only Ithala and NURCHA are now involved.

The Durban Metropolitan Housing Unit strategy shows the importance of using additional funds for housing and the variety of ways in which they can be used. In all, projected municipal expenditure on these housing assistance programmes in Durban up to 2020 was projected at up to R3.5 billion, equivalent to more than 60% of the value of the housing subsidies expected to be received in this period (although some of this expenditure was to be recovered through loan repayments or subsidies). The largest single items of expenditure were the provision of bulk infrastructure (although part of this cost was to be covered by CMIP subsidies) and the subsidisation of internal infrastructure.

References: Local Government Assistance Programmes, Durban Metropolitan Housing Service Unit, Durban, 1999. Personal communication Mark Byerley, Housing Department, eThekweni Municipality

Appendix 7: Case Study - City of Johannesburg Egoli 2010 Housing Strategy

The housing problem in Johannesburg includes the following:

- 89 informal settlements with a total of 170 000 households
- 418 000 households in backyard shacks
- 27 public sector hostels with 47 000 beds: 50% of the hostels require further upgrading
- 145 000 public rental housing units, of which 60% require upgrading
- 35 000 “degraded” inner city housing units
- 4500 street people

The mission of the City of Johannesburg Housing Department is “to facilitate the provision of habitable environments for communities with adequate infrastructure, economic opportunities and social services within a city that is integrated and financially sustainable, through the delivery of housing opportunities, on a progressive basis, which are affordable, safe and secure.”

Objectives of the City of Johannesburg Housing Department:

- Accelerated housing delivery
- Alleviation of key deficiencies in current housing practice
- Aligning housing delivery with other sustainability initiatives
- Facilitate awareness of, and market transformation for, sustainable housing practice

The Housing Department has a plan to virtually eradicate the housing backlog in Johannesburg by 2007, by focusing on tenure regularization and the provision of basic services through managed land settlement and informal settlement upgrading. The preparation of Housing Strategy, which flows out of the Egoli 2010 vision, was funded by USAID. It is estimated that the City of Johannesburg will require an additional R300 million over and above housing subsidy fund to implement the strategy – it was reported that they were negotiating with the World Bank around access to loan finance. Amos Masondo, executive Mayor of Johannesburg, has been quoted as saying: "The needs of our people are vast and yet the resources are limited. We will continue to fast track the housing backlog. We remain optimistic that our goal of creating a better life for all will be achieved".

The City of Johannesburg has made a dramatic shift away from contractor-built “RDP housing” towards a focus on managed land settlement/informal settlement upgrading for the 0-R2500 per month income group, together with the facilitation of social housing for the R1500-R3500 per month income group (and for the R3500-7500 per month income group – the Gauteng Department of Housing is looking at how to finance support for this income group). In 2002, the City of Johannesburg announced that its two current “RDP housing” projects, in Bram Fischer, Dobsonville, and Dieplsoot, would be the last such projects implemented by the City, as it was shifting to an incremental approach in which the topstructure would be delivered through a People’s Housing Process approach.

The three main housing delivery strategies of the City of Johannesburg are:

- Mayibuye/ Essential Services programme – provision of secure tenure and basic services for managed land settlement and informal settlements. All settlements are to have proper infrastructure and be formalised by 2005; 54 informal settlements are to be upgraded and 26 are to be relocated (the other 9 informal settlements in Johannesburg are in Alexandra, and therefore fall outside the responsibility of the City of Johannesburg Housing Department).

- People's Housing Process/ Housing Consolidation – support for housing improvements in managed land settlement and upgraded informal settlements (Housing Support Centres, capacity building, construction skills training, savings-linked credit)
- Social housing – mainly the refurbishment of rundown inner city blocks of flats by housing associations and co-operatives (it is planned to refurbish 6947 housing units in the city centre in the 2002-2005 period).

The first two strategies are part of the Gauteng Provincial Housing Department's "Three Phase" Programme. The three phases are:

- Phase 1 (Mayibuye): land acquisition, preliminary engineering design report, environmental impact assessment, township approval, pegging of plots, general plan approval, subsidy administration, conveyancing, transfer of properties
- Phase 2 (Essential Services): detailed engineering design, tender process for procurement of contractor
- Phase 3 (PHP/Housing Consolidation): improvement of the top structure.

Other components of the City of Johannesburg Housing Strategy are:

- Public rental stock is being transferred to the ownership of tenants. The City of Johannesburg wants to transfer all of its public rental stock by 2005.
- Land invasions: there is a "zero tolerance" approach to illegal land invasions. A Rapid Response Unit has been formed within the Johannesburg Metropolitan Police Department to "crack down on land invaders".
- Backyard shacks: Backyard shack dwellers are being registered, and it is intended to "regularize" backyard shacks in some way (a pilot project to explore different regularization options is planned).
- Hostels: upgrading to family units for rental (in line with the national shift in hostels policy)

The Johannesburg Development Agency has been set up by the City of Johannesburg as its development agency. The focus areas in the Johannesburg inner city are:

- Better buildings programme: upgrading of deteriorating buildings
- Social housing: conversion of deteriorating blocks of flats to social housing
- Transitional Housing – a mixture of housing and welfare, to provide short term accommodation (up to 2 years) for homeless individuals and families, provides communal facilities and provides skills and training for residents. A huge need for this has been identified, for example, it is expected that by 2010 there will be approximately 140 000 HIV/ AIDS orphans in the Johannesburg inner city (it has been found that children in distress usually move to the city centre).

References: City of Johannesburg Website (www.johannesburg.gov.za); Shimi Maimela: Housing the City: *Rolling out identified strategic priorities identified by sustainable housing strategy for the City of Johannesburg*, presentation made at Urban Sector Network workshop, Johannesburg, 1 October 2002; Urban Sector Network report on Institute for Housing in South Africa (IHSA) Seminar, Johannesburg, 2 July, 2002; Note: some of the figures and target dates differ in different sources – where there are conflicting figures, the figures of Shimi Maimela (who is the Director of Housing of the City of Johannesburg) have been used.

Appendix 8: Case study - eThekweni Municipality's informal settlement upgrading programme, Durban

There are an estimated 195 000 informal dwellings in the eThekweni municipal area (Durban), excluding the newly incorporated rural areas.

First of all, an audit, assessment and evaluation of all 554 informal settlements were undertaken. Informal settlements were then categorized in one of essentially three intervention categories, depending upon whether subsidies had already been approved for the project and whether the land the informal settlement was on was developable:

- Full *in situ* upgrade (99 settlements with 74 400 dwellings): provision of full level of infrastructure, formal topstructures and individual ownership, using project-linked subsidies. It has been estimated that 30% of these households will need to be relocated due to the need to dedensify overcrowded settlements.
- *In situ* upgrade/ land release (316 settlements with 110 000 dwellings): provision of basic services and granting of interim security of tenure until project-linked subsidies can be obtained for full *in situ* upgrading. Again, it was estimated that about 30% of households would need to be relocated because of the need to dedensify; over and above this, a number of informal settlements had portions of the site unsuitable for development, which could mean that an even greater number of households in the settlement would require relocation.
- Relocation (146 settlements with 10 100 dwellings): where the entire settlement needed to be relocated due to location in flood plains, on steep slopes or unstable soils, in land zoned as part of the Durban Metropolitan Open Space System (D'Moss) or earmarked for important development projects (schools, clinics, roads, reservoirs, etc). Settlements on pieces of developable land too small for viable projects were also identified for relocation.

As can be seen, only 5% of households lived in informal settlements that needed to be relocated. The audit, assessment and evaluation stage was followed by prioritization of projects for upgrading and for relocation. These prioritization lists were not made publicly available, in order to avoid attempts at “queue jumping” by communities. The prioritization model for upgrading considered the following factors: land ownership, location, age of settlement, percentage of relocations required, project size, geotechnical conditions, availability of bulk infrastructure. The prioritization model for relocation included the following factors: fire risk, flood risk, geotechnical conditions, environmental health conditions, plans for the site (e.g. for facilities or infrastructure). The prioritization of settlements for relocation was co-ordinated by the Housing unit, but involved other departments like Disaster Management and Fire and Emergency Services.

A 15 year plan to eliminate informal settlements in the municipal area was subsequently developed, based on the availability of housing subsidies and municipal funding:

- Full upgrading: 8 700 units per year, funded by project-linked subsidies plus an average top-up of R3500 per unit from municipal funds for internal infrastructure costs.
- *In situ* upgrade/ land release: 2500 units per year, funded by a land release subsidy of R5 000 per unit from municipal funds to provide basic services; it is estimated that R3 000 of this amount will be able to be recovered from the project-linked subsidy, when that is eventually obtained, leaving the rest of the subsidy amount for the completion of the upgrade.
- Special interventions: For informal settlements low down on the prioritization list for upgrading, it was planned to make emergency interventions for health reasons, e.g.

ablution blocks, toilets, lighting. R5 million per year of municipal funds are intended to be set aside for this.

The eThekweni Municipality informal settlement upgrading programme shows the importance of informal settlement upgrading as a strategy for dealing with housing problems: Of the 16 000 units planned to be delivered each year as part of the overall housing strategy, 11 200 (70%) will be in informal settlement upgrading projects. It must be noted, however, that eThekweni Municipality also has a full range of other housing delivery interventions, however: green field full subsidy projects, green field land release projects, social housing, special needs housing (the homeless and people affected by HIV/AIDS). In addition, the Cato Manor Development Project is also providing housing on a large scale.

Reference: Maurice Makhathini, Cogi Pather and Faizel Seedat: The eThekweni Municipality's Informal Settlement Programme, paper presented at the Western Cape provincial Housing Conference, Cape Town, 24-27 March, 2003.

Appendix 9: Case study - Cato Manor Development Project, Durban

Cato Manor is a 1 800 hectare area located seven kilometres to the west of Durban's Central Business District (CBD). The Cato Manor area is a large, well located piece of vacant land close to the CBD, and a significant opportunity for contributing towards the restructuring of the city. Ultimately, over 25 000 housing units are intended to be provided here. The Cato Manor Development Project (CMDP) is the largest integrated development project in South Africa, and demonstrates that development can and must be comprehensive, holistic and integrated. Internationally, the CMDP has been recognized as a best practice by UN-HABITAT.

The broad objective of the CMDP is to facilitate the development of a balanced community through the provision of infrastructure, together with promoting community development through local economic development and encouraging civil society.

The Cato Manor Development Association (CMDA) is a Section 21 company set up to co-ordinate the Cato Manor Development Project. The CMDA acts as agent to the eThekweni Municipality, KwaZulu-Natal Provincial Housing Department and the European Union (which has provided grant funding and technical assistance to the project).

In 1995 the CMDP was designated as a Presidential Lead Project of the Reconstruction and Development Programme (RDP). In 1997 the Cato Manor Development Association (CMDA) received R150 million of grant funding from the European Union (EU) as part of the EU's Programme for Reconstruction and Development in South Africa.

The CMDA's mission is: "to ensure that Cato Manor is rapidly developed into an holistic, sustainable, quality urban environment, in a manner that leads to the generation and redistribution of economic opportunities, builds local capacity and improves the standard of living of the poor. The CMDA endeavours to do so in a manner that is innovative, replicable, environmentally sound, non-discriminatory, has a positive influence on the development of the metropolitan area and will generate models for future urban development projects."

The functions of the CMDA are:

- To formulate policies specific to the development of Cato Manor and the requisite plans and programmes necessary to guide it
- To identify and programme the resources necessary for the implementation of the development, and to identify and mobilise public and private sector agencies with the capacity to implement it
- To develop, manage and maintain systems to co-ordinate the activities of the agencies involved in implementation
- To establish and operate an information system to monitor and report on the progress of the development.

The CMDA was set up on the assumption that it would be an overall co-ordinating body and the actual implementation would be completed by other bodies. But, due to the "highly politicised context, with high risks and low return scenarios", the CMDA ended up having to build up its in-house capacity to implement projects.

As a special purpose vehicle, the CMDA was able to mobilise "a successful partnership between the public-public sectors (provincial and local governments) to deliver the Cato

Manor project which would not have been possible if the project was located within either provincial or local government structures".

The Cato Manor Development Project involves a number of housing projects that will provide housing for 25 000 households: 6 informal settlement upgrading projects, 11 green field incremental housing projects, 6 credit-linked housing projects (e.g. the Chesterville Bond Housing Project) and 4 social housing projects. A variety of housing delivery models has been used: large contractor delivery, supported small contractor delivery and supported self-build. A variety of housing types have been built: freestanding incremental housing, semi-detached and attached housing, double storey maisonettes and three- to four-storey walk-up housing.

Even though the area is very hilly (typically with slopes of 1:3 to 1:6), with efficient layout design and reduced minimum widths for roads, gross residential densities of 40-55 dwelling units per hectare have been achieved for the individual ownership housing (and up to 120 dwelling units per hectare for the social housing).

There is an overall urban development framework for the area based on activity corridors along the major movement routes. There has also been an innovative clustering of facilities: a high school, primary school, library, community hall and sports fields are grouped together to enable sharing of facilities and thus avoid duplication. The Cato Manor area is criss-crossed by the Durban Metropolitan Open Space System (D'Moss), and urban agriculture projects have been initiated in some of these areas.

One of the main lessons of Cato Manor is that part of the reason for the success of the Cato Manor Development Project has been that it has been co-ordinated by an autonomous Section 21 Company. This meant that much political conflict was avoided, and there was a dedicated team devoted to making the project work free of the sectoral restrictions of government structures (a quote from CMDA is: "a dedicated urban management agency such as the CMDA can certainly make an effective intervention into a complex and politicised environment, and make a difference"). The CMDA developed considerable in-house capacity for facilitation and project management, and was able to access significant donor funding (projects of national significance with bold objectives can clearly access international donor funding). Separating the Cato Manor project from the responsibility of the Durban/eThekweni housing department also seems to have been positive, as it is possible that the capacity of the department would have been absorbed by Cato Manor to the neglect of other areas.

References: Cato Manor Development Association website (www.cmda.org.za); Department of Housing: "Integrated planning in Cato Manor delivers more than housing", *Towards Sustainable Settlements: Case Studies From South Africa*, Pretoria, 2002; Felicity Kitchen: "Public-Private Partnerships", Hologram Newsletter #14, 2003 (www.hologram.org.za).

Appendix 10: Case study - Alexandra Urban Renewal Project, Johannesburg

The Alexandra Urban Renewal Project aims at fundamentally changing the physical, social and economic environment of the densely overcrowded Alexandra area in Johannesburg by reducing levels of unemployment, creating a clean and healthy environment, providing services at an affordable and sustainable level, reducing levels of crime and violence, upgrading existing housing environments and creating affordable additional housing opportunities.

The Alexandra Urban Renewal Project is an integrated development project that includes economic development, social development and physical development initiatives. The programmes and sub-programmes (each with its own team) are:

- Economic Development: Local Economic Development; Public Safety and Security; Local Government Capacitation; Heritage, Arts and Culture
- Social Development: Education, Health, Welfare, Sports and Recreation
- Physical Development: Housing, Spatial Planning and Environment, Engineering Services

This is a joint initiative between many stakeholders, including national, provincial and local government, the Greater Alexandra community, NGOs, the private sector and community-based organisations (CBOs). The Alexandra Urban Renewal is being driven by the Provincial Housing Department's Urban Renewal Agency, with the programme manager (in charge of a multi-disciplinary project team) reporting to the head of the Provincial Housing Department.

A budget of R1.3 billion has been allocated by the national government and substantial budgets have also been committed by the Gauteng Provincial government and the City of Johannesburg.

The objective of the Housing Programme is "to create a secure and healthy housing environment within an upgraded and well-integrated Alexandra that provides housing choice, is affordable, developed at manageable densities, and is regulated. Such an environment must provide security of tenure and access to basic services, social and economic opportunities."

The Housing Programme (as described in the project proposal) includes the following components:

- Upgrading of existing formal stock: Mechanisms include access to finance and technical advice. Contributions of savings and/or sweat equity are rewarded.
- Green field projects on vacant land, e.g. Ext 7, RCA, Boikhutsong, Marlboro Gardens, Far East Bank.
- Upgrading of informal settlements (there are nine informal settlements in Alexandra)
- Transfer of public rental housing: Publicly owned housing is being transferred into private ownership in terms of the discount benefit scheme. Where necessary conflicting land occupation rights are being resolved so as to enable this transfer to occur.
- Delivery of social housing: A number of projects have already been undertaken or initiated to provide institutional and/or rental options for residents of Alexandra (most notably the All Africa Games Village, a social housing project of 1800 units).
- Small-scale rental: A proportion of informal housing which has been constructed in backyards and in freestanding locations should be retained, upgraded and redeveloped as rental accommodation. The land-use management framework, the

location and capacity of services infrastructure, and the building by-laws will all influence which informal housing areas are to be upgraded and the standards to be applied. The housing support mechanisms (including access to finance, technical advice and materials) will assist the upgrading process.

- Redevelopment of hostels: Conditions in the hostels are being improved so as to create a habitable and pleasant living environment for the occupants. Some dedensification to ensure acceptable occupancy levels will be necessary. A range of single and household self contained units will be provided. A main focus will be to integrate the hostels into the surrounding areas
- Housing delivery for people with special needs: People living with HIV/AIDS, AIDS orphans and children at risk, the aged and people with physical disabilities.
- Relocation and resettlement of households from unsafe and badly situated locations: relocating people living in unsafe and badly situated locations to other areas in which alternative and appropriate housing solutions can be provided. This project will be undertaken through the following sub-projects, e.g. 5500 households on the banks of the Jukskei River, about 3 800 households on a landfill site at S'tswetla, households living in shacks along London Road, and households living in shacks on school sites.
- Land identification and development: identifying, acquiring and developing land close to Alexandra so as to house residents of Alexandra who will be displaced from their current housing arrangements through dedensification.
- Development of an effective supporting environment for housing: this involves encouraging the ongoing improvement of housing, including both formal and informal housing, through Housing Support Centres, end-user finance institutions and rental housing institutions. The programme includes: the establishment of at least two Housing Support Centres to provide support for ongoing improvement of housing (plan drawing, assistance with plan approval procedures, technical advice, access to trained builders, access to building materials, access to end-user finance); the identification of at least five organizations to provide end-user finance, through the Housing Support Centres, to support incremental housing delivery; the establishment of appropriate institutions to manage rental housing stock in Alexandra.
- Housing consumer education programmes: Consumer focused education on housing issues is being undertaken to promote a better understanding of individual responsibilities with respect to housing. The education programmes are targeted at all groups (owners, those in institutional rental housing, hostel residents, and small-scale private landlords and tenants).
- Housing regulation and governance: The development and administration of effective housing allocation systems, the resolution of land claims/unclear tenure issues, the development of appropriate building controls and land use management systems, and the training and capacity building of local government officials.
- Planning support for housing: Developing the physical planning frameworks within which housing will be undertaken including the development and prioritisation of area precincts, the surveying of conditions within each precinct and the development and execution of community participation programmes for precinct based housing projects.

Dealing with a large number of different communities has obviously not been trouble-free. An assessment found that "implementation has at times been marked by considerable conflict, with some poor communities resisting removals for fear that they would not be accommodated within planned new housing estates."

The main lesson of the Alexandra Urban renewal Project is that housing has a large role to play in urban renewal - upgrading existing dwellings, upgrading informal settlements, in fill developments, densification, etc. Although having a significant housing component, the project looks holistically at all problems in the area. For example, among the physical projects for 2002/2003 are the upgrading of existing cemeteries (there are 34 Ha of cemeteries in Alexandra)., the greening and redevelopment of public parks, the surfacing of roads, the distribution of more than 40 000 waste bins, and social development programmes included a social stress management strategy and a HIV/AIDS prevention and management strategy.

References: Alexandra Urban Renewal Project website (www.alexandra.co.za); Doug Hindson: "Urban Renewal Programme", *Hologram Newsletter #4* (www.hologram.org.za)

Appendix 11: Case study - Klapmuts, Western Cape

The Klapmuts project, near Stellenbosch, is a UN-HABITAT best practice and a winner of the Impumelelo Award. The project demonstrates the successes that can be achieved with strong community participation and with strong leadership promoted community responsibility for improving their own living conditions through initiative and self-reliance.

. Environmental issues also played a strong role in the project, with the preservation of a wetland adjacent to the project and the development of a riverside park.

Klapmuts is a small town of about 5 000 inhabitants within the Stellenbosch municipal area. In the early 1990s the settlement consisted of only 200 formal houses and two informal settlements with a total of 770 households (mainly temporary farmworkers). The settlement was served by a badly polluted borehole as its only water supply and a bucket system for sanitation. Road access was a major problem in wet weather. In 1993-1994 the Stellenbosch Municipality initiated the project to provide infrastructure to the town and housing for the residents of the informal settlements.

A Development Forum was established in 1995 to work with the municipality. The Forum facilitated strong community participation in the design and implementation of infrastructure and housing projects. A beneficiaries' Project Committee was later set up. Amongst the tasks assigned to the Project Committee were decision making on the house options and physical layout of the project. A consortium of two local emerging contractors was selected to be the contractor on the project. The community participation processes worked well at all stages of the project.

The project began implementation in 1996. During 1996, bulk water and sanitation projects had been completed together with the reticulation system to service the existing houses. Labour-intensive construction methods were employed and accredited training provided. This was followed in 1997 by the first phase of the housing project. As the number of residents in the informal settlements grew rapidly, the project was expanded until eventually 830 houses were provided (mainly 24-27 m² concrete block houses, but there were also a few 54m² steel frame houses in the first phase, but they were not successful because people had to build the walls before they could move in and some households struggled to afford to be able to do this).

The community decided to allocate a portion of their housing subsidies to developing public open spaces. The first project was for restoring and landscaping a 2km section of the main river through Klapmuts. Local youth brigades were involved in the maintenance of the riverine vegetation and surrounding bush. The project is about a kilometre away from Klapmuts station, and a walkway along the river and under the railway line, with a paved pathway, benches and lighting was constructed so that people can safely get to the station (previously many people used to get knocked over when crossing the railway line).

The Project Forum continues to have a major role to play in monitoring the maintenance of open space in the area and refuse removal. The school is also involved in environmental management, i.e. collecting litter from the wetlands area. The Forum also nominated a few people to be responsible for the delivering of municipal accounts and collecting of payments (for a fixed salary and commission), and apparently this has worked quite well, with payment levels increasing from virtually nothing to about 90% (this is particularly noteworthy as significant rates and service charges rebates for low-income households had not yet been introduced at the time).

In parallel with the delivery of housing and services, the community have been participating in an ongoing project to produce an Integrated Development Framework to guide the provision of housing and services and creating opportunities for economic growth through private sector and community based initiatives (as the major problem faced by residents of the town is the lack of job opportunities, which necessitates people having to look for work in Stellenbosch and Cape Town).

References: Urban Sector Network: Evaluation of the National Housing Subsidy Scheme, Public Service Commission, Pretoria, forthcoming; UN-HABITAT: "Housing and infrastructure development through self-reliance, Klapmuts", Best Practices Database (www.sustainabledevelopment.org/blp/).

Appendix 12: Case study - Missionvale, Port Elizabeth

Missionvale is a project of 493 houses in Port Elizabeth. This was one of the first housing subsidy projects in South Africa to demonstrate that double storey row housing was possible and affordable within the constraints of the project-linked subsidy (there have since been similar projects in South Africa, for example, the iSLP High density housing in Cape Town).

The project was implemented by the Delta Foundation. Partners included the community (the Missionvale Development Trust), a NGO called the Urban Services Group, the Institute of Building research and Support at Port Elizabeth Technikon and the Port Elizabeth Municipality.

Missionvale was able to achieve densities of up to 50 dwelling units per hectare. Despite negative perception of higher density housing, beneficiaries were persuaded of the benefits of smaller plots and double storey row housing because the land and infrastructure costs meant that more living space could be provided within the subsidy amount. Each household could choose from a range of house options, from a 30 m² free standing single storey house to a 56m² double storey attached house.

In Missionvale, it was found that an attached house of 52-56m² on a 110-120m² plot cost the same as a 30m² free standing house on a 240m² plot, due to the savings made by reduced plot size through better use of space, and sharing of walls and service connections. The Port Elizabeth Municipality contributed significantly to these costs savings by allowing shared sewer connections. The following house options provided in Missionvale each cost the subsidy amount at the time, i.e. R17 250:

- 30m² free standing house on a 240m² plot
- 36m² semi-detached house on a 150m² plot
- 40 m² row house on a 140 m² plot
- 48 m² semi-detached house on a 130 m² plot
- 52 m² row house on a 120 m² plot
- 56 m² quad house (i.e. where each house is one of four forming a square) on a 110m² plot

In the Missionvale project, houses were laid out in 14 pedestrian-orientated “precincts” of about 35 houses each clustered around communal social spaces. Although the layout of Missionvale is not entirely successful, due to the wide range of different housing types, other projects (such as the iSLP high density housing) show that there is the potential for a better living environment to be created by row housing than by free standing matchbox houses, because streets are more enclosed and sheltered, and therefore are more useable as social spaces.

The Missionvale project is a winner of the Impumelelo Award and is recognised as a good practice by UN-HABITAT.

References: Delta Foundation: Missionvale, Port Elizabeth: High residential densities in new low-income developments, Port Elizabeth, 2000. Department of Housing: “Higher densities and bigger units in Missionvale, Port Elizabeth”, Towards sustainable settlements: Case studies from South Africa, Pretoria, 2002.

Appendix 13: Case study - Zilweleni, Durban

The Zilweleni (“we are struggling”) Residents Association (ZRA) was formed in 1989 by a small community of 84 tenant households in the area of Desai in Southern Pinetown to protect themselves against eviction by the landowners. In 1990 the ZRA approached a NGO called the Built Environment Support Group (BESG) with a request for assistance in negotiating the buying of the land and in upgrading the settlement.

BESG and the ZRA then prepared a proposal to access funding from the IDT capital subsidy scheme which had just been established. In terms of this scheme, a capital subsidy of R7500 was available to provide households with incomes of under R1000 per month with serviced sites. An application for subsidies totalling R1.4 million was approved by the IDT in 1991. Detailed development plans were completed by 1992. The project was on a 16 hectare piece of land and consisted of 187 serviced sites. The services consisted of yard taps, VIP latrines, gravel roads and stormwater drainage channels.

The ZRA decided to implement the project itself and set up the Zilweleni Development Trust (ZDT), consisting of five community members, to be the developer. The ZDT appointed BESG as the project manager, and the project was implemented in 1993-1994. Community members were involved in many aspects of the project, including security, site pegging, allocations, and toilet construction. Sinqobile Contractors, a partnership of unemployed residents who were trained in basic building skills, was formed to undertake the construction of toilets for the project. A community blockyard was established to make concrete blocks for the toilets (and to sell to residents in the area who wanted to improve their housing).

An innovative approach was used for determining plot layout. Community based surveyors were used to meet with groups of neighbouring households to decide where plot boundaries should go. The community as a whole decided where the roads should go. This necessitated a few people having to move – the ZDT provided those people with small loans to enable them to rebuild new houses.

Although plot sizes and shapes are irregular, the overall living environment created was much better than most new housing projects, as investment in existing housing was preserved, existing vegetation was maintained, and existing social and economic networks were not disrupted. The granting of secure tenure and the provision of basic services resulted in building boom in Zilweleni, as households saved up money and began upgrading their housing, by adding on concrete block extensions or replacing their existing structures with concrete block.

Some of the community members who received training on the Zilweleni project went on to long-term careers as builders. The training of a number of community members in building skills and blockmaking also provided great impetus for the consolidation of the area. The provision of secure tenure and infrastructure, and the capacity building of the community organisation and skills training of members of the community, stimulated further development in the area. The ZDT was involved in building a crèche and later a community advice office in Zilweleni. Many of the property owners began to improve their housing, and many concrete block houses were subsequently built, even without any formal external support.

The Zilweleni project was one of the first instances where a community based development organisation (CBDO) acted as a developer in South Africa. The project

clearly demonstrated the success of the community based development model for *in situ* upgrading, and shows how *in situ* upgrading can result in a much better quality living environment than relocation to a new housing project or a rollover upgrading project would have. The community subsequently named the area Sinqobile (“we have won”).

References: Built Environment Support Group: *Evaluation of the Housing Consolidation Project in Luganda and Zilweleni, Southern Pinetown 1996-1998*, Durban, 1998; *Housing in Southern Africa: “Community goes from ‘We are struggling’ to ‘We have won’ ”*, 1995.

Appendix 14: Case study - Southern Pinetown, Durban

The Southern Pinetown project pioneered a community managed approach to housing delivery in which the individual choice of beneficiaries was maximized. At the time the project was unique in that it demonstrated an innovative approach to housing delivery using small contractors and community housing advisors and it was driven by community organisations.

The project, which ultimately provided about 1500 houses (at a delivery rate regularly exceeding 100 houses per month), was essentially formulated to assist the incremental housing processes that were naturally happening in the area (after the completion of site and service projects). Site and service projects had been implemented in the area in 1993-1994; people had initially built informal structures on their serviced sites but many people subsequently began saving up and incrementally improving their houses or replacing them with concrete block houses, all without any external support whatsoever. Whereas most people had built their informal houses themselves, the new concrete block structures were largely built by small builders from the area. Research conducted in the area showed that although many people were successfully able to provide their own housing through savings, buying materials from materials suppliers and hiring local builders, there were a number of ways in which the process could be made easier and more efficient through the provision of the following types of support:

- Finance (subsidies, loans)
- Technical advice and support (especially with regard to house design and the purchase of building materials)
- Training of small builders (both to increase the number and quality of small builders)

When the consolidation subsidy was introduced in 1995, this opportunity was made use of. The two community organizations in the area from the Sibambisene Joint Venture to be the developer in the project, with a NGO as the project manager. Funding from the Independent Development Trust was obtained to fund the cost of community –managed housing support centres and housing support centre staff to provide advice to beneficiaries and monitor implementation of the project. Four housing advisors, based at two housing support centres, were employed. Beneficiaries had complete freedom of choice as to building materials, which builder to hire and house design. Beneficiaries used order forms showing the amount of their subsidy to order materials from the four building materials suppliers accredited to the project and to hire accredited small builders. The local authority building inspector then certified completion of the structures, enabling payment to be made to the suppliers and builders (the local authority, Inner West Council, was the manager of the subsidy funds and responsible for paying the builders and suppliers).

The project was able to achieve delivery rates of over 100 houses completed a month, all managed and constructed by community members with minimal external support (capacity building, an external project manager, local authority building inspectors, etc). Less than 5% of the beneficiaries built their own houses, the majority preferring to use small local contractors. Up to 60 builders worked on the project, providing employment for over 200 community members. About 95% of the beneficiaries were satisfied with the project while 98% felt the project had improved the area. The building cost per square metre was less than half what the lowest contractor estimate was. By encouraging competition between materials suppliers the cost of materials was able to be brought down. Due to competition between the suppliers, the nominal price of a standard bundle of building materials actually decreased by 19% over the first two years of the project (a decrease of 34% in real terms).

The Southern Pinetown consolidation project piloted the small contractor housing delivery model. The use of community based housing advisors and local contractors had not been tested in practice in South Africa before, and it proved to be an extremely efficient and affordable way of providing housing at scale. The co-operation between CBOs, an NGO and the local authority on the project also demonstrated the advantages of organisations working together in partnership. The main reasons for the project's success were considered to be firstly, the capable community organisations in the area which had strong links to an innovative housing NGO. Secondly, the consolidation subsidy was large enough to deliver a house of reasonable size and quality when the small contractor or self-build options were exercised. Thirdly, there was a fairly well developed network of small builders and building material suppliers in the area. Finally, at the time there were no housing norms or standards that needed to be complied with.

References: Built Environment Support Group: Evaluation of the Housing Consolidation project in Luganda and Zilweleni, Southern Pinetown 1996-1998, Durban, 1998; CSIR/Department of Housing: Box on "Southern Pinetown Housing Consolidation Project" in *State of Human Settlements Report: South Africa 1994-1998*, Pretoria, 2001.

Appendix 15: Case study - Masithembane, Cape Town

The Masithembane housing project involved the provision of 220 houses in Sections U, V and W in Site B, Khayelitsha. The project made use of the consolidation subsidy. A People's Housing Process approach, in which beneficiaries take responsibility for managing the provision of their own housing, was used in the project.

In the mid-1990s people in Site B began to hear about the new housing subsidy scheme and about the People's Housing Process in particular. A group of twenty residents from W Section who lived in shacks on serviced sites formed the Masithembane People's Housing Association in March 1997. Their motto was "people building people building houses" and their intention was to help themselves and other people in the area acquire adequate housing.

The Masithembane People's Housing Association approached the NGO Development Action Group (DAG) for assistance. An application for 220 consolidation subsidies was submitted to the Provincial Housing Development Board in 1998 and approved in 1999 (the Provincial Housing department had recommended 200 households as a minimum size for PHP projects; the membership of the Masithembane People's Housing Association continued to grow rapidly after the submission of the application). To empower the community to manage the projects, community members attended DAG's Housing Leadership, Community Housing Development Management and Housing Support Centre Management courses. The Housing Leadership Course is a 5 day course which gives some practical leadership skills and an overview of the housing subsidy scheme to committee members. The Community Housing Development Management Course is a 5-day course which goes into housing policy in greater detail, and gives an overview of the housing project cycle and the roles of different participants in housing projects. The Housing Support Centre Management Course is a 20 day course aimed at the community members who will run the housing support centre, and includes 10 days of theory on project management and building construction, and 10 days of practical construction training. DAG assisted in establishing the housing support centre, which was staffed by community members, setting up the systems and procedures for ordering materials and monitoring construction. Masithembane decided to manage their project themselves, with some assistance from Marnol Projects, a materials supplier. The housing support centre staff (a construction controller and community liaison officer, plus some committee members who worked on a voluntary basis) gave advice to beneficiaries, submitted application forms and managed the implementation of the project.

Beneficiaries in the projects chose their own house designs and builders, and the construction of the houses was monitored by the community construction controller. Most people hired local builders to build for them (28 local builders were involved in the project), and hired helpers to assist the builder. Some people also assisted their builder with tasks like carrying blocks and mixing cement. The promotion of household savings to supplement the subsidy amount was also an important part of the project. Households were encouraged to save in a variety of forms, which included saving cash, saving on the cost of building materials by reusing materials from their shacks, and saving on labour costs by carrying out some construction tasks themselves. The Kuyasa Fund granted 42 loans, totalling R132 500, to members of the Masithembane project. Loans were generally in the R1000 to R4000 range (with an average of R3000). Because of the encouragement of individual choice and household savings, and the provision of housing loans by the Kuyasa Fund, these houses meet the specific needs of each household, and are of better quality and larger size (36-66m²) than houses in most conventional housing projects.

A demonstration house which incorporated principles of adequate shelter and energy efficiency was built in the project (the house was subsequently used as the housing support centre). The core house is 27m² in size, is adequately damp resistant and well ventilated, has a ceiling which reduces heating requirements by approximately 50%, and does not have asbestos roof sheeting, for health reasons, as after 15 years or so, the roofsheets can start to fray at the edges and dangerous asbestos fibres that can cause respiratory diseases can be released). The demonstration house had a 15m² extension with insulated walls of corrugated iron. Many of these principles were subsequently incorporated into houses in the area.

The Masithembane project is seen as one of the most successful People's Housing Process projects in the country. It is the first People's Housing Process project to finish building its houses within the allocated time period of 12 months. The project has inspired other communities to form housing associations. The project has also managed to build organisational capacity and hard individual building skills. Women's leadership was also built. As a result, two women from Masithembane were employed by a private company to be facilitators of people's housing project in other communities. The greatest benefit of the project has been the empowerment of the community. Initially many people were sceptical of the organisation's ability to deliver housing, but their success has encouraged more and more people to join Masithembane. There is an overall sense of pride and achievement that the committee was able to deliver what they promised. They now have over 800 members and are beginning to get involved in other development initiatives, including a second phase of the housing project. The Masithembane project has been recognised as a best practice by the National Department of Housing and is a winner of the Impumelelo Award.

References: Department of Housing: "The story of 'People building people building houses' in Khayelitsha", *Sustainable Settlements: Case Studies from South Africa*, Pretoria, 2002; *People's Stories: The People's Housing Process in Khayelitsha*, Cape Town, a video made by the Development Action Group and the Community Video Education Trust for the People's Housing Partnership Trust, 2001.

Appendix 16: Case study - The Kuyasa Fund, Cape Town

The housing subsidy on its own is insufficient to provide adequate housing. It is also difficult for low-income people to get access to affordable credit. The Kuyasa Fund is an innovative non-profit housing micro-lending organization based in Cape Town which has been able to provide housing finance to poor people while having an excellent repayment rate.

The minimum monthly income required for a mortgage loan is about R5000 per month. Over and above this, mortgage loans are inappropriate for low-income people for a number of reasons: they involve large amounts of money (typically a minimum of about R60 000), are very long term (usually 20 years), property is used as collateral (i.e. the borrower can lose their property if they cannot repay the loan) and conventional banks usually operate via their branch offices and the postal service whereas low-income loan schemes necessitate having loan officers constantly out in the field interacting with borrowers and applicants. With regard to micro-loans (generally below R10 000), only people in formal employment and whose place of employment has a payroll deduction facility are able to access these, which excludes most housing subsidy beneficiaries.

Low-income people need housing finance mechanisms that involve small amounts of money, much shorter repayment periods and alternative forms of security (e.g. savings deposits, peer pressure of a savings group, movable assets, etc.). The Kuyasa Fund was therefore established in 2000. It promotes the formation of savings groups and then offers loans to savers who have saved up a deposit and have a good savings record.

The Kuyasa Fund is directly involved with more than 50 savings groups, representing more than 1400 savers, and has given loans totalling over R2 million to over 600 households (as of the end of the 2002/2003 financial year). Loans are in the range of R1 000 to R10 000 and the average loan is R3 800. The applicant must have saved for a minimum of six months, and the maximum loan granted is limited to three times the savings (the average savings amount of Kuyasa borrowers is R2700). The repayment period is up to 30 months, with an average of 18 months. Over 70% of borrowers are women and over 65% of borrowers are unemployed or are informally employed. The loans have had an enormous impact in terms of the size and quality of housing that is provided (the loan gets added onto the subsidy and savings), and the repayment rate has been very good. The cost recoverable interest rate the loans are provided at is 32% p.a., which is higher than the interest rate a middle-income person could get on a large loan from a bank (because of the far greater intensity of work required for a small low-income loan), but is considerable less than the interest rates demanded by informal money-lenders and cash loan companies (typically 30-40% p.m., i.e. over 300% p.a.).

The Kuyasa Fund loan cycle consists of the following stages:

- Marketing: Potential Kuyasa clients must be ineligible for formal housing finance (i.e. earning less than R1 500 a month and/or informally employed); saving regularly, preferably on a group basis; and about to receive a PHP-route housing subsidy or have recently received one (which implies secure tenure). Clients hear about Kuyasa from other households or Housing Support Centres in their area, from other institutions, or from the provincial or municipal authorities. Kuyasa loan officers make presentations to groups of potential clients on request.
- Origination: Once potential borrowers have decided to take a loan, they pay an administration fee of R35 to the loan officers. They then go to Kuyasa's head office to complete an application. At this time they are told the amount they must deposit

for security deposit fees and credit life assurance, and a reference number for depositing into Kuyasa's account.

- Evaluation and Approval: Loan officers run ITC checks and collect required documentation. They then make a recommendation. The Kuyasa manager then makes a decision based on the information gathered by the loan officers.
- Disbursement: Clients come to the head office to collect a cheque, which he or she must either deposit into a bank account or cash. The client then uses the loan to build a house, adding equity in the form of accumulated savings. Loan officers check periodically to see that the loan is being used as per the application.
- Repayment: The client is given a card with a client number that is to be entered on deposit slips to allow the head office to identify deposits. The loan officer visits the client and obtains a commitment to repay directly into Kuyasa's bank account on a specified date. The loan officer completes a client contact sheet recording the visit, as well as a promise to pay (PTP). The PTP is filed and recorded in a diary at the Kuyasa office. Deposits are monitored daily and clients who do not uphold their commitments receive a follow up visit, letter, or telephone call. Loan officers only play a role in repayment if clients are in arrears, to which the head office will alert them.

The loans granted by the Kuyasa Fund have had an enormous impact in terms of the size and quality of housing that is provided (the average house size built by Kuyasa borrowers is over 50m², and many borrowers have used loans to add ceilings or to plaster their houses) and the repayment rate has been excellent. The experience of the Kuyasa Fund demonstrates that informally employed people with low incomes are not the high credit risk that they are usually perceived to be.

References: The Kuyasa Fund: *Strategy Document; Case Study for People's Housing Partnership Trust.*

Appendix 17: Case study - Notable housing best practices in South Africa

Each of the housing-related projects below has been recognised as a “best practice” in at least two of the following ways: award of good or best practice status by UN-HABITAT for (Best Practices to Improve the Living Environment); winning an Impumelelo award for “projects that enhance the quality of poor communities in innovative ways” (see the Impumelelo Trust’s web site at www.impumelelo.org.za for more details); being listed as a best practice in the National Department of Housing’s book of best practices (*Towards Sustainable Settlements: Case Studies From South Africa*, Pretoria, 2002):

- All Africa Games Village, Johannesburg: green field social housing project (UN-HABITAT best practice; Department of Housing best practice)
- Cato Manor Development Project, Durban: integrated development programme (UN-HABITAT best practice; Impumelelo award winner; Department of Housing best practice)
- Belgravia Valley, Housing Association of East London (HAEL): green field social housing project (UN-HABITAT good practice; Department of Housing best practice)
- Klapmuts, Western Cape: green field housing project (UN-HABITAT best practice; Impumelelo award winner)
- Masithembane, Cape Town: PHP housing project (Impumelelo award winner, Department of Housing best practice)
- Missionvale, Port Elizabeth: green field housing project (UN-HABITAT good practice; Impumemelo award winner; Department of Housing best practice)
- Quarry Heights, Durban: a fast track green field housing project built to accommodate residents urgently relocated from an informal settlement in a hazardous location (Impumelelo award winner; Department of Housing best practice)
- Thlolego Eco-Village, North West: sustainable housing project (UN-HABITAT good practice; Department of Housing best practice)

Appendix 18: Guidelines for Public-Public Partnerships (based on the lessons of best practices)

- Clear objective: A clearly stated objective, agreed upon by all relevant parties, is crucial to the success of the partnership.
- Clear definition of responsibilities/legal agreements and contracts: Contractual relationships between the key role players need to be established, with the roles, responsibilities and authority of the partners clearly outlined. Tasks need to be identified and allocated.
- Business Plan: It is preferable that a business plan be prepared.
- Institutional set-up: The appropriate institutional structure for the partnership must be considered. The more successful partnerships have involved specific structures (e.g. a Trust or Section 21 company) that have responsibility for driving the project. Where a separate legal structure is not feasible or desired, it is useful to establish a dedicated unit through staff- secondment etc., or a fairly powerful working group or committee to ensure that the project does not become lost in the general bureaucracy.
- Community involvement - participation vs. representation: It is important to define the stakeholders and how and what their participation and involvement is. Communication with the community needs to be a two-way process whereby community stakeholders are provided information, as well as provide input from their perspective.
- Vision: Having a shared vision of the ultimate goals of the project seems to be very important.
- Innovation: An innovative, experimental and flexible approach, to overcome bureaucratic hurdles and implement a new way of thinking about problems and solutions is invaluable.
- Capacity issues: All parties need the capacity to participate as equals, and to monitor the project effectively. A well-resourced NGO, other government body or parastatal can assist. In this case, it is important that skills transfer and capacity building of the under-resourced partners take place.
- Monitoring: The performance of the financial, administrative, supervisory and reporting systems needs to be monitored and, where appropriate, amendments made.
- Evaluation: Milestones should be established for preparing funding proposals, securing funding approval and submitting progress reports to stakeholders, and for evaluating the project.
- Champion of project: Having a project champion is beneficial, either a funder, key political figure, or ward councillor.
- Effective Board: An effective Board is critical. Board members must be skilled and understand their obligations and responsibilities. They must have the trust of key stakeholders. Representation does not necessarily lead to and may inhibit effective governance. Capacity building of Board members is important when necessary.
- Communication: Ongoing communication between all partners, key stakeholders and the community is essential.
- Focus: A focussed project, both in terms of geographic location and overall mandate tends to be more successful.
- Accountability: Accountability issues need to be made clear e.g. to funders, community, local government, etc.

- Mandate: The project needs an explicit, documented financial, funding and public mandate. This needs to specify both process and product, with identified outcomes and measurable targets.
- Funding/financial considerations: The project must have access to finance in a manner that allows flexibility. It is important to have the management tools and systems to plan and manage funding and cash flow effectively.
- Sustainability: Consideration needs to be given to means of sustaining the project. Capital expenditure will be wasted if funds for staffing and maintenance are not ongoing. This should be built into the business plan.
- Political considerations: It is important to separate the political from the operational. An effective contract, spelling out the respective roles of politicians, officials etc. is very useful. Political buy-in from politicians and the community is extremely important.
- IDP: In order to ensure the sustainability of the project, it is important that it be linked effectively to the IDP.

Reference: Felicity Kitchen: "Public-Private Partnerships", *Hologram Newsletter* #14, 2003 (www.hologram.org.za).

Appendix 19: Chapter IV of the Habitat Agenda

3. Shelter delivery systems

(a) Enabling markets to work

71. In many countries, markets serve as the primary housing delivery mechanism, hence their effectiveness and efficiency are important to the goal of sustainable development. It is the responsibility of Governments to create an enabling framework for a well-functioning housing market. The housing sector should be viewed as an integrating market in which trends in one segment affect performance in other segments. Government interventions are required to address the needs of disadvantaged and vulnerable groups that are insufficiently served by markets.

Actions

72. To ensure market efficiency, Governments at the appropriate levels and consistent with their legal authority should:

- (a) Assess housing supply and demand on a gender-disaggregated basis and collect, analyse and disseminate information about housing markets and other delivery mechanisms, and encourage the private and non-profit sectors and the media to do the same, while avoiding duplication of efforts;
- (b) Avoid inappropriate interventions that stifle supply and distort demand for housing and services, and periodically review and adjust legal, financial and regulatory frameworks, including frameworks for contracts, land use, building codes and standards;
- (c) Employ mechanisms (for example, a body of law, a cadastre, rules for property valuation and others) for the clear definition of property rights;
- (d) Permit the exchange of land and housing without undue restriction, and apply procedures that will make property transactions transparent and accountable in order to prevent corrupt practices;
- (e) Undertake legislative and administrative reforms to give women full and equal access to economic resources, including the right to inheritance and the ownership of land and other property, credit, natural resources and appropriate technologies;
- (f) Apply appropriate fiscal measures, including taxation, to promote the adequate supply of housing and land;
- (g) Periodically assess how best to satisfy the requirement for government intervention to meet the specific needs of people living in poverty and vulnerable groups for whom traditional market mechanisms fail to work;
- (h) Develop, as appropriate, flexible instruments for the regulation of housing markets, including the rental market, taking into account the special needs of vulnerable groups.

(b) Facilitating community-based production of housing

73. In many countries, particularly developing countries, more than half the existing housing stock has been built by the owner-occupiers themselves, serving mainly the lower-income population. Self-built housing will continue to play a major role in the provision of housing into the distant future. Many countries are supporting self-built housing by regularizing and upgrading programmes.

Actions

74. To support the efforts of people, individually or collectively, to produce shelter, Governments at the appropriate levels should, where appropriate:

- (a) Promote self-built housing within the context of a comprehensive land-use policy;
- (b) Integrate and regularize self-built housing, especially through appropriate land registration programmes, as a holistic part of the overall housing and infrastructure system in urban and rural areas, subject to a comprehensive land-use policy;
- (c) Encourage efforts to improve existing self-built housing through better access to housing resources, including land, finance and building materials;
- (d) Develop the means and methods to improve the standards of self-built housing;
- (e) Encourage community-based and non-governmental organizations in their role of assisting and facilitating the production of self-built housing;
- (f) Facilitate regular dialogue and gender-sensitive participation of the various actors involved in housing production at all levels and stages of decision-making;
- (g) Mitigate the problems related to spontaneous human settlements through programmes and policies that anticipate unplanned settlements.

(c) Ensuring access to land

75. Access to land and legal security of tenure are strategic prerequisites for the provision of adequate shelter for all and for the development of sustainable human settlements affecting both urban and rural areas. It is also one way of breaking the vicious circle of poverty. Every Government must show a commitment to promoting the provision of an adequate supply of land in the context of sustainable land-use policies. While recognizing the existence of different national laws and/or systems of land tenure, Governments at the appropriate levels, including local authorities, should nevertheless strive to remove all possible obstacles that may hamper equitable access to land and ensure that equal rights of women and men related to land and property are protected under the law. The failure to adopt, at all levels, appropriate rural and urban land policies and land management practices remains a primary cause of inequity and poverty. It is also the cause of increased living costs, the occupation of hazard-prone land, environmental degradation and the increased vulnerability of urban and rural habitats, affecting all people, especially disadvantaged and vulnerable groups, people living in poverty and low-income people.

Actions

76. To ensure an adequate supply of serviceable land, Governments at the appropriate levels and in accordance with their legal framework should:

- (a) Recognize and legitimize the diversity of land delivery mechanisms;
- (b) Decentralize land management responsibilities and provide local capacity-building programmes that recognize the role of key interested parties, where appropriate;
- (c) Prepare comprehensive inventories of publicly held land and, where appropriate, develop programmes for making them available for shelter and human settlements development, including, where appropriate, development by non-governmental and community-based organizations;
- (d) Apply transparent, comprehensive and equitable fiscal incentive mechanisms, as appropriate, to stimulate the efficient, accessible and environmentally sound use of land, and utilize land-based and other forms of taxation in mobilizing financial resources for service provision by local authorities;
- (e) Consider fiscal and other measures, as appropriate, to promote the efficient functioning of the market for vacant land, ensuring the supply of housing and land for shelter development;

- (f) Develop and implement land information systems and practices for managing land, including land value assessment, and seek to ensure that such information is readily available;
- (g) Make full use of existing infrastructure in urban areas, encouraging optimal density of the occupation of available serviced land in accordance with its carrying capacity, at the same time ensuring the adequate provision of parks, play areas, common spaces and facilities, and plots of land for home gardening, as appropriate;
- (h) Consider the adoption of innovative instruments that capture gains in land value and recover public investments;
- (i) Consider the adoption of innovative instruments for the efficient and sustainable assembly and development of land, including, where appropriate, land readjustment and consolidation;
- (j) Develop appropriate cadastral systems and streamline land registration procedures in order to facilitate the regularization of informal settlements, where appropriate, and simplify land transactions;
- (k) Develop land codes and legal frameworks that define the nature of land and real property and the rights that are formally recognized;
- (l) Mobilize local and regional expertise to promote research, the transfer of technology and education programmes to support land administration systems;
- (m) Promote comprehensive rural development through such measures as equal access to land, land improvement, economic diversification, the development of small and medium-scale cities in rural areas and, where appropriate, indigenous land settlements;
- (n) Ensure simple procedures for the transfer of land and conversion of land use within the context of a comprehensive policy framework, including the protection of arable land and the environment.

77. To promote efficient land markets and the environmentally sustainable use of land, Governments at the appropriate levels should:

- (a) Re-evaluate and, if necessary, periodically adjust planning and building regulatory frameworks, taking into consideration their human settlements and economic, social and environmental policies;
- (b) Support the development of land markets by means of effective legal frameworks, and develop flexible and varied mechanisms aimed at mobilizing lands with diverse juridical status;
- (c) Encourage the multiplicity and diversity of interventions by both the public and private sectors and other interested parties, men and women alike, acting within the market system;
- (d) Develop a legal framework of land use aimed at balancing the need for construction with the protection of the environment, minimizing risk and diversifying uses;
- (e) Review restrictive, exclusionary and costly legal and regulatory processes, planning systems, standards and development regulations.

78. To eradicate legal and social barriers to the equal and equitable access to land, especially the access of women, people with disabilities and those belonging to vulnerable groups, Governments at the appropriate levels, in partnership with the private sector, non-governmental organizations, the cooperative sector and community-based organizations, should:

- (a) Address the cultural, ethnic, religious, social and disability-based causes that result in the creation of barriers that lead to segregation and exclusion, inter alia, by encouraging education and training for peaceful conflict resolution;

- (b) Promote awareness campaigns, education and enabling practices regarding, in particular, legal rights with respect to tenure, land ownership and inheritance for women, so as to overcome existing barriers;
- (c) Review legal and regulatory frameworks, adjusting them to the principles and commitments of the Global Plan of Action and ensuring that the equal rights of women and men are clearly specified and enforced;
- (d) Develop regularization programmes and formulate and implement such programmes and projects in consultation with the concerned population and organized groups, ensuring the full and equal participation of women and taking into account the needs differentiated by gender, age, disability and vulnerability;
- (e) Support, inter alia, community projects, policies and programmes that aim to remove all barriers to women's access to affordable housing, land and property ownership, economic resources, infrastructure and social services, and ensure the full participation of women in all decision-making processes, with particular regard to women in poverty, especially female heads of households and women who are sole providers for their families;
- (f) Undertake legislative and administrative reforms to give women full and equal access to economic resources, including the right to inheritance and the ownership of land and other property, credit, natural resources and appropriate technologies;
- (g) Promote mechanisms for the protection of women who risk losing their homes and properties when their husbands die.

79. To facilitate access to land and security of tenure for all socio-economic groups, Governments at the appropriate levels, including local authorities, should:

- (a) Adopt an enabling legal and regulatory framework based on an enhanced knowledge, understanding and acceptance of existing practices and land delivery mechanisms so as to stimulate partnerships with the private business and community sectors, specifying recognized types of land tenure and prescribing procedures for the regularization of tenure, where needed;
- (b) Provide institutional support, accountability and transparency of land management, and accurate information on land ownership, land transactions and current and planned land use;
- (c) Explore innovative arrangements to enhance the security of tenure, other than full legalization, which may be too costly and time-consuming in certain situations, including access to credit, as appropriate, in the absence of a conventional title to land;
- (d) Promote measures to ensure that women have equal access to credit for buying, leasing or renting land, and equal protection for the legal security of tenure of such land;
- (e) Capitalize on the potential contribution of key interested parties in the private formal and informal sectors, and support the engagement of non-governmental organizations, community organizations and the private sector in participatory and collective initiatives and mechanisms appropriate to conflict resolution;
- (f) Encourage, in particular, the participation of community and non-governmental organizations by:
 - (i) Reviewing and adjusting legal and regulatory frameworks in order to recognize and stimulate the diverse forms of organization of the population engaged in the production and management of land, housing and services;
 - (ii) Considering financial systems that recognize organizations as credit holders, extend credit to collective units backed by collective collateral and introduce financial procedures that are adapted to the needs of housing production by the people themselves and to the modalities through which the population generates income and savings;
 - (iii) Developing and implementing complementary measures designed to enhance their capabilities, including, where appropriate, fiscal support, educational and training programmes, and technical assistance and funds in support of technological innovation;

- (iv) Supporting the capacity-building and accumulation of experience of non-governmental organizations and peoples' organizations in order to make them efficient and competent partners in the implementation of national housing plans of action;
- (v) Encouraging lending institutions to recognize that community-based organizations may act as guarantors for those who, because of poverty or discrimination, lack other sources of equity, giving particular attention to the needs of individual women.

(d) Mobilizing sources of finance

80. Housing finance institutions serve the conventional market but do not always respond adequately to the different needs of large segments of the population, particularly those belonging to vulnerable and disadvantaged groups, people living in poverty and low-income people. In order to mobilize more domestic and international resources for housing finance and extend credit to more households, it is necessary to integrate housing finance into the broader financial system and to use existing instruments or develop new instruments, as appropriate, to address the financial needs of people having limited or no access to credit.

Actions

81. To improve the effectiveness of existing housing finance systems, Governments at the appropriate levels should:

- (a) Adopt policies that increase the mobilization of housing finance and extend more credit to people living in poverty, while maintaining the solvency of credit systems;
- (b) Strengthen the effectiveness of existing housing finance systems;
- (c) Enhance the accessibility of housing finance systems and eradicate all forms of discrimination against borrowers;
- (d) Promote transparency, accountability and ethical practices in financial transactions through support from effective legal and regulatory frameworks;
- (e) Establish, where necessary, a comprehensive and detailed body of property law and property rights, and enforce foreclosure laws to facilitate private-sector participation;
- (f) Encourage the private sector to mobilize resources to meet varying housing demands, including rental housing, maintenance and rehabilitation;
- (g) Support the competitiveness of mortgage markets and, where appropriate, facilitate the development of secondary markets and securitization;
- (h) Decentralize, as appropriate, the lending operations of mortgage markets and encourage the private sector to do the same in order to provide greater physical access to credit, especially in rural areas;
- (i) Encourage all lending institutions to improve their management and the efficiency of their operations;
- (j) Encourage community mortgage programmes that are accessible to people living in poverty, especially women, in order to increase their productive capacity by providing them with access to capital, resources, credit, land, technology and information so that they can raise their income and improve their living conditions and status within the household.

82. To create new housing finance mechanisms, as necessary, Governments at the appropriate levels should:

- (a) Harness the potential of non-traditional financing arrangements by encouraging communities to form housing and multi-purpose community development cooperatives, especially for the provision of low-cost housing;
- (b) Review and strengthen the legal and regulatory framework and institutional base for mobilizing non-traditional lenders;

- (c) Encourage, in particular by removing legal and administrative obstacles, the expansion of savings and credit cooperatives, credit unions, cooperative banks, cooperative insurance enterprises and other non-bank financial institutions, and establish savings mechanisms in the informal sector, particularly for women;
- (d) Support partnerships between such cooperative institutions and public and other financing institutions as an effective means of mobilizing local capital and applying it to local entrepreneurial and community activity for housing and infrastructure development;
- (e) Facilitate the efforts of trade unions, farmers', women's and consumers' organizations, organizations of people with disabilities and other associations of the populations concerned to set up their own cooperatively organized or local financial institutions and mechanisms;
- (f) Promote the exchange of information on innovations in housing finance;
- (g) Support non-governmental organizations and their capacity to foster the development, where appropriate, of small savings cooperatives.

83. To facilitate access to housing for those not served by existing finance mechanisms, Governments should review and rationalize, where appropriate, systems of subsidies through policies that will ensure their viability, equity and transparency, thus allowing many people without access to credit and land to enter the market.

(e) Ensuring access to basic infrastructure and services

84. Basic infrastructure and services at the community level include the delivery of safe water, sanitation, waste management, social welfare, transport and communications facilities, energy, health and emergency services, schools, public safety, and the management of open spaces. The lack of adequate basic services, a key component of shelter, exacts a heavy toll on human health, productivity and the quality of life, particularly for people living in poverty in urban and rural areas. Local and state/provincial authorities, as the case may be, have the primary responsibility to provide or enable delivery of services, regulated by appropriate legislation and standards. Their capacity to manage, operate and maintain infrastructure and basic services must be supported by central Governments. There are, however, a host of other actors, including the private sector, communities and non-governmental organizations, that can participate in service provision and management under the coordination of Governments at the appropriate levels, including local authorities.

Actions

85. To safeguard the health, safety, welfare and improved living environment of all people and to provide adequate and affordable basic infrastructure and services, Governments at the appropriate levels, including local authorities, should promote:
- (a) The supply of and access to adequate quantities of safe drinking water;
 - (b) Adequate sanitation and environmentally sound waste management;
 - (c) Adequate mobility through access to affordable and physically accessible public transport and other communications facilities;
 - (d) Access to markets and retail outlets for selling and purchasing basic necessities;
 - (e) The provision of social services, especially for underserved groups and communities;
 - (f) Access to community facilities, including places of worship;
 - (g) Access to sustainable sources of energy;
 - (h) Environmentally sound technologies and the planning, provision and maintenance of infrastructure, including roads, streets, parks and open spaces;
 - (i) A high level of safety and public security;

- (j) The use of a variety of planning mechanisms that provide for meaningful participation to reduce the negative impacts on biological resources, such as prime agricultural land and forests, that may arise from human settlements activities;
- (k) Planning and implementation systems that integrate all of the above factors into the design and operation of sustainable human settlements.

86. To ensure more equitable provision of basic infrastructure and service delivery systems, Governments at the appropriate levels, including local authorities, should:

- (a) Work with all interested parties in providing serviced land and in allocating adequate space for basic services as well as for recreational and open spaces in the development of new schemes and the upgrading of existing ones;
- (b) Involve local communities, particularly women, children and persons with disabilities, in decision-making and in setting priorities for the provision of services;
- (c) Involve, encourage and assist, as appropriate, local communities, particularly women, children and persons with disabilities, in setting standards for community facilities and in the operation and maintenance of those facilities;
- (d) Support the efforts of academic and professional groups in analysing the need for infrastructure and services at the community level;
- (e) Facilitate the mobilization of funds from all interested parties, especially the private sector, for increased investment;
- (f) Establish support mechanisms to enable people living in poverty and the disadvantaged to have access to basic infrastructure and services;
- (g) Remove legal obstacles, including those related to security of tenure and credit, that deny women equal access to basic services;
- (h) Promote dialogue among all interested parties to help provide basic services and infrastructure.

87. To ensure the efficiency of infrastructure and the provision of services and their operation and maintenance practices, Governments at the appropriate levels, including local authorities, should:

- (a) Create mechanisms to promote autonomous, transparent and accountable management of services at the local level;
- (b) Create an enabling environment to encourage the private sector to participate in the efficient and competitive management and delivery of basic services;
- (c) Promote the application of appropriate and environmentally sound technologies for infrastructure and delivery of services on a cost-effective basis;
- (d) Promote partnerships with the private sector and with non-profit organizations for the management and delivery of services; where necessary, improve the regulatory capacity of the public sector; and apply pricing policies that ensure economic sustainability and the efficient use of services as well as equal access to them by all social groups;
- (e) Where appropriate and feasible, establish partnerships with community groups for the construction, operation and maintenance of infrastructure and services.

(f) Improving planning, design, construction, maintenance and rehabilitation

88. With rapid urbanization, population growth and industrialization, the skills, materials and financing for the planning, design, construction, maintenance, and rehabilitation of housing, infrastructure and other facilities are often not available or are of inferior quality. Public policy and private investment should, together, facilitate an adequate supply of cost-effective building materials, construction technology and bridging finance to avoid the bottlenecks and distortions that inhibit the development of local and national economies. By improving quality and reducing the cost of production, housing and other structures will

last longer, be better protected against disasters, and be affordable to low-income populations and accessible to persons with disabilities, which will provide a better living environment. The potential for job creation and other positive external socio-economic impacts of the construction industry should be harnessed; its activity should be brought into harmony with the environment, and its contribution to overall economic growth should be exploited, all to the advantage of society at large. Institutional support should also be provided in the form of industrial standards and quality control, with particular attention to energy efficiency, health, accessibility, and consumer safety and protection.

89. Meeting the actual needs of individuals, families and their communities cannot be achieved by looking at shelter in isolation. The provision of adequate social services and facilities, the improvement and rationalization of urban planning and shelter design to cope firmly with the actual needs of communities, and the provision of technical and other relevant assistance to the inhabitants of unplanned settlements are essential for the improvement of living conditions.

Actions

90. To respond effectively to the requirements for appropriate planning, design, construction, maintenance and rehabilitation of shelter, infrastructure and other facilities, Governments at the appropriate levels should:

- (a) Encourage and support research and studies to promote and develop indigenous planning and design techniques, norms and standards to match the actual needs of local communities;
- (b) Encourage public participation in assessing real user needs, especially gender needs, as an integrated action of the planning and design process;
- (c) Encourage the exchange of regional and international experience of best practices and facilitate the transfer of planning, design and construction techniques;
- (d) Strengthen the capacities of training institutions and non-governmental organizations to increase and diversify the supply of skilled workers in construction and promote apprenticeship training, particularly for women;
- (e) Make use of contracts with community-based organizations and, where applicable, the informal sector for the planning, design, construction, maintenance and rehabilitation of housing and local services, especially in low-income settlements, with an emphasis on enhancing the participation and, thus, short- and long-term gains of local communities;
- (f) Strengthen the capacity of both the public and private sectors for infrastructure delivery through cost-effective, employment-intensive methods, where appropriate, thereby optimizing the impact on the creation of employment;
- (g) Promote research, exchange of information and capacity-building with respect to affordable and technically and environmentally sound building, maintenance and rehabilitation technologies;
- (h) Provide incentives for engineers, architects, planners and contractors and their clients to design and build accessible energy-efficient structures and facilities by using locally available resources and to reduce energy consumption in buildings in use;
- (i) Provide training to professionals and practitioners in the construction and development sector to update their skills and knowledge in order to promote the development of shelter programmes that serve the interests and needs of women, persons with disabilities and disadvantaged groups and that ensure their participation at all stages of the shelter development process;
- (j) Adopt and ensure the enforcement of appropriate standards relating to planning, design, construction, maintenance and rehabilitation;

- (k) Support private-sector initiatives to provide bridging loans to builders at reasonable interest rates;
- (l) Support professional groups in offering technical assistance in planning, design, construction, maintenance, rehabilitation and management to community-based organizations, non-governmental organizations and others engaged in self-help and community-based development;
- (m) Strengthen and make more transparent government regulatory and inspection systems;
- (n) Join with professional societies to review and revise building codes and regulations based on current standards of engineering, building and planning practices, local conditions and ease of administration, and adopt performance standards, as appropriate;
- (o) Support non-governmental organizations and other groups to ensure full and equal participation of women and persons with disabilities in the planning, design and construction of houses to suit their specific individual and family requirements.

91. To promote and support an adequate supply of locally produced, environmentally sound, affordable and durable basic building materials, Governments at the appropriate levels, in cooperation with all other interested parties, should:

- (a) Where appropriate, encourage and support the establishment and expansion of environmentally sound, small-scale, local building materials industries and the expansion of their production and commercialization through, inter alia, legal and fiscal incentives and the provision of credit, research and development, and information;
- (b) As required, provide policies and guidelines to facilitate fair market competition for building materials with enhanced participation of local interested parties and establish a public mechanism to enforce them;
- (c) Promote information exchange and the flow of appropriate environmentally sound, affordable and accessible building technologies and facilitate the transfer of technology;
- (d) With adequate attention to safety needs, reformulate and adopt building standards and by-laws, where appropriate, to promote and permit the use of low-cost building materials in housing schemes, and use such materials in public construction works;
- (e) Where appropriate, promote partnerships with the private sector and non-governmental organizations to create mechanisms for the commercial production and distribution of basic building materials for self-help construction programmes;
- (f) Evaluate on a regular basis the progress made in the pursuit of the above objectives.

92. To enhance the local capacity for environmentally sound production of building materials and construction techniques, Governments at the appropriate levels, including local authorities, in cooperation with all interested parties, should:

- (a) Intensify and support research efforts to find substitutes for or optimize the use of non-renewable resources and to reduce their polluting effects, paying special attention to recycling, reuse of waste materials and increased reforestation;
- (b) Encourage and promote the application of low-energy, environmentally sound and safe manufacturing technologies backed by appropriate norms and effective regulatory measures;
- (c) Adopt mining and quarrying policies and practices that ensure minimum damage to the environment.

Appendix 20: Hologram municipal benchmark

Note: The full version of this table can be found at www.hologram.org.za.

Key areas	Positive indicators	Negative indicators	Important questions
<p>Understanding the development challenges: the ability of municipalities to develop an accurate picture of the development challenges in their area, taking into account also the movement of people from rural to urban areas.</p>	<ul style="list-style-type: none"> • Capacity within municipalities to analyse demographic trends and track service provision • Understanding among all councillors of the delivery challenges, particularly with regard to water, electricity, solid waste and refuse • Consistent understanding across departments of service delivery challenges, with departments planning on the basis of common statistics • Broad public understanding of delivery challenges • Access to information about delivery challenges and the number of residents that live without access to basic services • An accurate picture of the different service levels that still exist across the municipality • Detailed information about employment, unemployment and skills levels in the municipal area 	<ul style="list-style-type: none"> • No accurate statistics about residents and households without access to services • Departments and branches drafting policy and making policy decisions based on outdated statistics, or using different ones • Disagreement within the municipality about the size of delivery challenges • No accurate picture of the extent to which service levels are equitable, particularly between wealthy and poor areas • No understanding or analysis of the impact of HIV/AIDS on the communities served by council as well as the council workforce 	<ul style="list-style-type: none"> • Do most councillors know off-hand what the key socio-economic challenges in the area are, eg how many people don't have access to water and sanitation, how many people live in shacks? • Is there a broad understanding among members of the public and media of the balancing act council must perform to meet the needs of those without services and to service established areas? • Is census data and other demographic data used by the municipality? • Is data about the municipal area broadly available, including on the municipal website? • Is the IDP based on an accurate analysis of delivery challenges?

Key areas	Positive indicators	Negative indicators	Important questions
<p>Vision, strategy and the IDP: the municipality's ability to develop a vision and strategy, concretised in the IDP as well as a longer term development strategy, which reflects the interests of all sections of the community. These should be realistic and translatable into achievable priorities and a programme of action.</p>	<ul style="list-style-type: none"> • Widespread, early consultation with communities around the development of the vision and its priorities • Responsiveness to national issues • Connections between policy areas (as opposed to the entrenchment of silos) • Integrated approach to economic, social and environmental issues • Strong corporate leadership and joint working around the main strategic priorities • Strategic focus towards disadvantaged communities and areas of community concern such as crime and safety • Strategy addressing the well being of future generations • Pro-active anticipation of and preparation for new trends and developments (such as rapid urbanisation) • Engagement with partner organisations • High standard of ethics and concern for equality • Participation by all elected councillors in the development of the vision and IDP and its review • Senior officials demonstrate a good understanding of the vision, priorities and their political purpose. • A long term vision and strategy has been adopted 	<ul style="list-style-type: none"> • Absence of vision, IDP or strategy unclear or non-existent • Vision/IDP is vague and does not translate into practical priorities • The vision is short-term and only extends as far as the next election • Evidence that particular groups feel excluded from the vision • There is little awareness among staff of council's overall purpose and priorities • The council is characterised by departmentalism, silos, competitive culture and conflict, instead of being unified around the vision/IDP 	<ul style="list-style-type: none"> • Is there clarity about the main strategic issues facing the local community and the municipality? • Is there consensus about priorities among stakeholders • What specific arrangements have been made to consult around and communicate the vision for the city/town/district externally and internally? And how successful have these been? How do leaders set and communicate values and standards of behaviour to the rest of the organisation and partners? • Does the public believe that the council sets and maintains high levels of honesty? • Is there a clear understanding of the respective roles of councillors and officials in the development and implementation of the IDP? • Does the IDP reflect the major challenges facing the municipality
<p>Providing basic services to all: Local government is responsible for the provision of household infrastructure, community infrastructure and services. Apart from being a constitutional right, the extension of services is vital for social and economic development and improving the lives of the poorest residents.</p>	<ul style="list-style-type: none"> • Increased service levels on an ongoing basis • Backlog in service provision is being steadily eroded • Service provision exceeds the formation of new households • The provision of appropriate and affordable services • A sustainable service delivery strategy • The municipality's ability to lobby support from other levels of government to provide infrastructure 	<ul style="list-style-type: none"> • Growing basic service backlog • Areas in which services are newly installed but not maintained • Health problems such as cholera, TB and high infant mortality in particular areas • Residents unable to pay for appropriate services 	<ul style="list-style-type: none"> • Do plans exist to deal with service backlogs in the areas of water, sanitation, refuse removal and electricity? • Do members of the community have faith in the council's ability to provide basic services • Does the council have a plan for informal settlements? • Is the municipality reaching and servicing the poorest of the poor?

Key areas	Positive indicators	Negative indicators	Important questions
<p>Maximising social development and community empowerment: the role the municipality plays in the social development of communities, in particular providing amenities and services that support the development of healthy communities, especially in poor areas.</p>	<ul style="list-style-type: none"> • Policies and programmes aimed at alleviating poverty • Land is proactively identified and released for development • Municipal projects contribute to job creation • Recreational and community facilities are seen as important municipal services and recognised in the budget • Grants-in-Aid support social and economic development 	<ul style="list-style-type: none"> • No affirmative procurement policy • Housing development hampered by inability to release land, poor relationships with other spheres of government and lack of policy • Increasing levels of unemployment • No policy around child care facilities • No or little attention to safety and security issues • Little attention is paid to sustaining the natural environment 	<ul style="list-style-type: none"> • 55% of South Africa's population presently live in cities, but by 2030 this will have increased to 70%. This will impact on both rural and urban areas. What plans does the council have to deal with this? • Do members of the public know how to access rebates and benefit from the indigent policy? • Is there a plan and policy to provide community facilities in areas where these do not exist? • Has the council been able to redress unequal access to municipal facilities?
<p>Focussing on vulnerable groups: poverty and unemployment remain key challenges for municipalities. This section explores the extent to which municipalities are responsive to vulnerable communities.</p>	<ul style="list-style-type: none"> • A pro-poor service delivery strategy • The council has a well-publicised indigent policy • The indigent policy is being implemented • Council amenities make provision of access for disabled people • Gender issues are taken into account at all levels of planning • Strategy and policy to deal with the impact of HIV/AIDS • Council planning takes into account safety and security concerns, particularly potential threats to women and children 	<ul style="list-style-type: none"> • An indigent policy that many poor residents are unaware of • An Indigent policy that is not easy to understand or access • Services are not affordable or appropriate • Lack of pro-poor focus • Little or no attention to gender issues • A growing number of people affected by HIV/AIDS • Marginal communities are unable to hold the municipality accountable 	<ul style="list-style-type: none"> • Does the council know how many residents are poor? • Are appropriate services available to residents who have little or no money to pay? • Is there an understanding of the impact HIV/AIDS will have on communities, including their ability to pay for services? • How does the municipality deal with child-headed households? • Is the municipality working with other spheres of government when it comes to tackling challenges resulting from HIV/AIDS? • How does council policy empower women?
<p>Change Management: council leadership's ability to facilitate and manage change for continuous improvement and customer and citizen focussed outcomes. It also refers to the leadership required in this period of transition following the final demarcation of municipalities.</p>	<ul style="list-style-type: none"> • Communication about change and the need for it throughout the municipality • Proactive management of the different impact of change on staff at different levels • Change being viewed as an opportunity • Change processes are planned, supported and resourced • Change processes are continuously evaluated • The council feels comfortable with challenge • Councillors and staff are empowered to contribute their views about the future • Council learns from successful as well as unsuccessful change 	<ul style="list-style-type: none"> • Little or no acceptance of the need for change • Negativity about, and fear of, change • Aversion to risk-taking 	<ul style="list-style-type: none"> • How are staff and councillors equipped to deal with change both personally and organisationally • How much scope do staff have to initiate change? • How do officials and councillors shape change and play a part in implementation?

Key areas	Positive indicators	Negative indicators	Important questions
<p>Innovation and creativity: the ability of councillors and senior officials to think and operate outside "the box", challenging the status quo and repositioning the council to create or take advantage of opportunities and anticipate problems. It also refers to the ability of leaders to make an assessment of risks.</p>	<ul style="list-style-type: none"> • Welcoming the discussion of new ideas and allowing them to be freely communicated • Actively encouraging new approaches and experimentation • A stated commitment to encouraging learning and a council that is actively learning from other local authorities • Structures exist to ensure that good practice developed in one section of the organisation is transferred to others • Encouraging risk-taking • Examples of innovation identifiable throughout the organisation • Arrangements for transferring good practice across the council are effective • All new approaches are fully evaluated and lessons are being learnt <ul style="list-style-type: none"> · Being recognised by other municipalities as a centre of good practice and innovation • New approaches to service delivery are being developed • Public-private partnerships help deliver services • Innovation is rewarded 	<ul style="list-style-type: none"> • No or few examples of new and different approaches • Creativity is discouraged • Inappropriate risk-taking 	<ul style="list-style-type: none"> • How is learning shared and transferred across the municipality? • How are councillors and staff encouraged to think laterally? • Does the council seek to learn by comparing its performance with that of others? • Does the council think that it is being innovative when it is not?
<p>Partnership and alliance-building: the ability of a council to bring organisations together to develop a collective and collaborative capacity in order to initiate and implement policies and practice that benefit the whole community. This includes meeting the constitutional imperative of "co-operative governance" with other spheres of government.</p>	<ul style="list-style-type: none"> • A commitment to working with partners • Local strategic partnership with well-balanced representation from different sectors • Cross representation on boards and committees of partner agencies • Time spent building an understanding of other organisations • A strategic approach to partnership is producing positive and practical outcomes • Strategic service delivery partnerships are being developed • Community participation is a key part of IDP and other processes 	<ul style="list-style-type: none"> • Few attempts to communicate or engage with other sectors • No obvious signs of partnerships working in practice • Partners are only brought together to support bids for external funding • Some groups obviously excluded from partnerships • Council domination of local partnerships • Partnerships seen as "talk shops" and ineffective • Poor relationship between spheres of government 	<ul style="list-style-type: none"> • What are the characteristics of the council's approach to partnerships? • Have partnerships been built with the private sector, community organisations and trade unions? • Is community planning based on a shared analysis of needs and resources? • How is the relationship between district and local councils in non-metro municipalities? • How have arrangements for joint working been structured? • How has the local authority engaged with the business sector and what is the level of investment in local partnerships • Are there any major public/private partnerships? • Does the council actively seek partnerships with other public sector bodies and the local voluntary and community sectors? • Are there any notable successes and problem areas?

Key areas	Positive indicators	Negative indicators	Important questions
<p>Customer and resident focus: council's outward focus on customer and citizen needs and their access to services. It also refers to the necessary political and management structures, resource allocation and systems and processes that exist to service customers and residents.</p>	<ul style="list-style-type: none"> • Services are designed to reflect public interests and expectations • Regular monitoring, review and evaluation of services takes place involving users and citizens • There is an excellent customer interface and access to services • A "customer-first" ethos exists within the council • One-stop shops and shared call centres make it easy for customers to interact with the council and its constituent parts • Having a reputation for active and enthusiastic development of services to improve responsiveness to customer needs • Mechanisms to seek the views of and learn from service users and residents • Council is responsive to the specific needs of disabled users and citizens 	<ul style="list-style-type: none"> • Poor customer care • Fragmented responses to queries from the public • Residents don't know how to contact the council or their local councillor • Frontline staff don't speak all the right languages • Staff do not understand or implement the <i>Batho Pele</i> principles 	<ul style="list-style-type: none"> • How is the council improving its focus on customer needs? • Are service users ever asked about their needs? • Are surveys carried out to measure public opinion? • Can the website be used for complaints or queries? • Is e-mail and correspondence to the council effectively dealt with? • Is there a user-friendly complaints procedure? • Are complaints actively monitored? • Are service opening hours planned around user requirements or council convenience? • Are there examples of joined up service delivery or shared premises by different spheres of government to provide one-stop access? • Are customer and resident charters in place?
<p>Consultation and participation: Creating specific and meaningful opportunities to listen to the views of communities, stakeholders and partners is a vital aspect of developmental local government. Consultation and participation provide an opportunity for the council to improve its performance by responding to the needs and interests of communities and where appropriate involving them more actively in decision-making, service improvement and budget planning.</p>	<ul style="list-style-type: none"> • Where consultation is required by law the municipality does more than the minimum required • The council is seen as a "listening council" that acts on responses to consultation • Councillors and staff are trained to manage effective consultation processes • Consultation is widespread and well co-ordinated • Consultation processes are strategic, have clear goals and are aimed at stimulating public participation • Feedback is given to communities following consultation processes • Ward committees or sub-councils are used to facilitate consultation 	<ul style="list-style-type: none"> • The council listens but does not take account of what it hears • There is a concern that consultation raises unrealistic expectations and should therefore be avoided • There is no follow-through from consultation processes • Consultation is not accompanied by civic education which contextualises and explains the consultation process. 	<ul style="list-style-type: none"> • Does the council co-ordinate consultation effectively? • Do residents feel that their views are taken seriously? • Does the council have a broad range of contacts to avoid consultation overload of a few? • What arrangements exist to consult with specific constituencies, such as women and youth? • How is consultation evaluated?