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The challenges of providing affordable rental housing in the Pretoria inner city and surrounding areas through the Social Housing Programme (SHP)

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The challenges of providing affordable rental housing in the Pretoria inner city and surrounding areas through the Social Housing Programme (SHP)

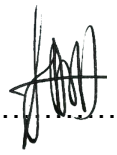
Chabedi Samuel Dibate

A research report submitted to the Faculty of Engineering and the Built Environment, School of Architecture & Planning, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of the Built Environment in the field Housing.

Johannesburg, March 2021

DECLARATION

I declare that this research report is my own unaided work. It is being submitted in partial fulfilment of the Degree of Master of the Built Environment in the field of Housing to the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination to any other University.



……

(*signed by candidate*, Chabedi Samuel Dibate)

31st day of March 2021

ABSTRACT

Rental housing has always provided a solution to urban settlements across the globe, with approximately 1.2 billion people reported to be living in rented accommodation in 2016. Economic migration to urban areas has contributed significantly to the demand for rental accommodation across major urban centres in South Africa. Research undertaken in the late 1990s, estimated the number of South African households living in shacks, hostels, and outbuildings in urban areas, at 1,075,000.

After 1994, the South African government introduced the Institutional Subsidy as a rental subsidy instrument to assist institutions that provided affordable rental accommodation or instalment sale to low income groups. This was followed by the introduction of the social housing policy in 2005, which focussed on addressing spatial restructuring of urban settlements in order to redress structural, economic, social and spatial dysfunctionalities in major urban areas. This study focussed on the challenges experienced by the social housing sector, in providing affordable rental housing in the Pretoria inner city and the surrounding areas. It was an objective of this study to understand the key obstacles faced by the social housing sector in scaling up delivery of social housing rental stock in the City of Tshwane.

DEDICATION

This study is dedicated to my late parents, Evodia and Nathaniel Dibate for having instilled good family values and helping me and my brothers to understand the benefits of delayed gratification in life. It is through their teachings and sacrifices that we followed a path that guided us to self-determination as young adults. These are the values that I endeavour to pass on to my lineage in honour of their memory.

ACKNOWLEDGEMENTS

I would like to acknowledge a few people who made this long journey more bearable with their continued messages of encouragement, selfless efforts, and genuine support. My deepest appreciation goes to my wife Naomi Dibate for believing in me. To my brother Mike Dibate, thank you for making sure that I stayed the course and completed my studies. A special message of love to my children, Masego, Dimpho and Chabedi (junior), I hope this will inspire them to pursue what is good and right, and follow their dreams, not our wishes.

A special thank you to my supervisor, a subject matter expert in the field of social housing, Ms Alison Wilson, for providing expert advice and guidance throughout the process. Her industry knowledge has helped to shape this research report into a practical guide that can be used to influence change in the social housing sector.

A message of appreciation to Professor Marie Huchzermeyer for her invaluable contributions throughout the foundation stages of this research programme. Her contributions paved a solid foundation for this research work to be undertaken in line with academic research principles and guidelines.

Finally I would like thank all research participants who took part in the study by allowing me time and space to gain insight into the sector. Your participation, commitment and dedication will go a long way in helping shape the industry and contribute to the body of knowledge in the country's social housing sector. God Bless.

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LIST OF ACRONYMS

BNG	Breaking New Ground
CAHF	Centre for Affordable Housing Finance
CCG	Consolidated Capital Grant
CoT	City of Tshwane (City refers to the municipality, whereas 'the city' refers to the municipal geographic area, also known as Pretoria)
DFI	Development Finance Institution
DPME	Department of Planning Monitoring & Evaluation
FFC	Fiscal and Financial Commission
FRESHCO	Free State Social Housing Company
GDHS	Gauteng Department of Human Settlements
HCT	Housing Tshwane Company
HDA	Housing Development Agency
IDP	Integrated Development Plans
IHS	International Housing Solutions
IRR	Internal Rate of Return
IS	Institutional Subsidy
MOE	Municipal Owned Entity
MTSF	Medium Term Strategic Framework
NASHO	National Association of Social Housing Organisations
NDoHS/NDHS	National Department of Human Settlement**s**
ODA	Other Delivery Agent(s)
QS A	Quick Scan A
QS B	Quick Scan B

QS C	Quick Scan C
R/SDF	Regional/Spatial Development Framework
RCG	Restructuring Capital Grant
RDP	Reconstruction & Development Programme
ROI	Return on Investment
RONA	Return on Net Assets
RSA	Republic of South Africa
RZ	Restructuring Zone
SACN	South African Cities Network
SHI	Social Housing Institution
SHF	Social Housing Foundation
SHP	Social Housing Programme/Policy
SHRA	Social Housing Regulatory Authority
STATS-SA	Statistics South Africa
THH	The Housing Hub
TUHF	Trust for Urban Housing Finance
UDZ	Urban Development Zone
VAT	Value Added Tax
YCH	Yeast City Housing

CHAPTER 1: RESEARCH FOCUS - City of Tshwane

1.1 Introduction

The study focuses on the challenges experienced by the social housing sector in the City of Tshwane, and how these could be resolved to improve the delivery of social housing units. It is expected that Pretoria, as the administrative capital of South Africa, has a large demand for rental accommodation as a result of the labour market trends in the area. Administrative capitals, as large urban centres, are "generally known as the productive heart of the metropolitan economy as it contains the central area of administration, business, main markets, services and utilities required in addition to the residential areas around it" (Urban-Econ, 1998 in Donaldson et al., 2003: 14).

In December 2000, the previous City of Tshwane Metropolitan Municipality (CTMM) was merged with three former Metsweding municipalities (i.e. Nokeng tsa Taemane Local Municipality, Kungwini Local Municipality and the Metsweding District Municipality), located directly east and south-east of the metropolitan area, to form the current City of Tshwane (CoT, 2018) This amalgamation led to the geographical spread of the city, increasing to an area of 6,260 km² bordered by the provinces of Limpopo to the north, Mpumalanga to the east, the Ekurhuleni and City of Johannesburg Metropolitan Municipalities to the south and the North West province to the west. At 6,260 km², the City of Tshwane covers more than a third of the surface area of the Gauteng province. Gauteng has a total surface of 18,178 km², with three metropolitan municipalities, and a total population of approximately 13 million, which is 24% of the South African population. At 3,275,152 residents, Tshwane accounts for 24% of Gauteng's total population (Stats-SA, 2016).

Figure 3.1 in Chapter 3 of this report, shows the seven planning regions of the City of Tshwane's municipality, as well as designated social housing

Restructuring Zones as approved by the municipality and the provincial government and as gazetted in terms of the national legislation. According to the TPN Rental Survey (2017), during the fourth quarter of 2017, the rental market demand in Pretoria seemed quite stable, with a similar overall trend in the Gauteng Province, as demand for rental accommodation reached slightly above market equilibrium levels. It would be interesting to see how this trend would be impacted by growing the supply of the social housing units in the city.

1.2 Problem Statement and Rationale

Various research studies have estimated the City of Tshwane's rental housing market at over 150,000 households, with social housing backlog estimated to reach 20,071 units by 2017 (SHF, 2009; City of Tshwane, 2017). The development of the City's social housing policy in 2008 was aimed at addressing the backlog in social housing delivery in responsive to the national imperative of restructuring the cities through the provision of decent affordable state regulated rental stock.

The SHRA's project pipeline register (October, 2019, update) indicates that a total of eight (8) applications were submitted for social housing project in the City, with a total of 4,535 units. SHRA also noted that two (2) of these projects have been withdrawn by applicants, with five (5) projects not having met the accreditation criteria, and the remaining project is still pending accreditation (SHRA, 2019). Considering the high demand of affordable rental in the city, against the estimated backlog of social housing delivery alluded to earlier, it is expected that the current situation in the city will receive the attention of the authorities and delivery agents. It is also a legislative requirement in terms of Section 5 of the Social Housing Act (Act 16 of 2008), for the municipality to facilitate such delivery by, among other things, (1) taking reasonable and necessary steps to incorporate such social housing in their Integrated Development Plan (IDP) and to facilitate delivery of social housing projects, (2) to facilitate the provision of access to well-

located land and buildings for social housing development in designated restructuring zones, and (3) to provide infrastructure and services for approved social housing projects in designated zones.

The study seeks to understand the challenges faced by the social housing sector in providing affordable social housing stock in the Pretoria inner city and surrounding residential suburbs. The study seeks to understand these challenges from the point of view of the social housing institutions (SHIs), other delivery agents (ODAs) and the relevant authorities.

For the purpose of the research study, suburbs within Region 3 of the City of Tshwane are the main focus. According to the IHS Global Insight and City Planning Department Report (2015), this region had an estimated population size of 707,056 people in 2018, with an average annual growth rate of about 2.2%. Region 3 suburbs include the Inner City area, the metropolitan nodes of Brooklyn and Hatfield as well as the western area of Tshwane (commonly known as Pretoria West) as depicted in Figure 2.1 below. In terms of the social housing restructuring zones demarcation, this region falls under zones A, C and D (see Chapter 3, Figure 3.1).

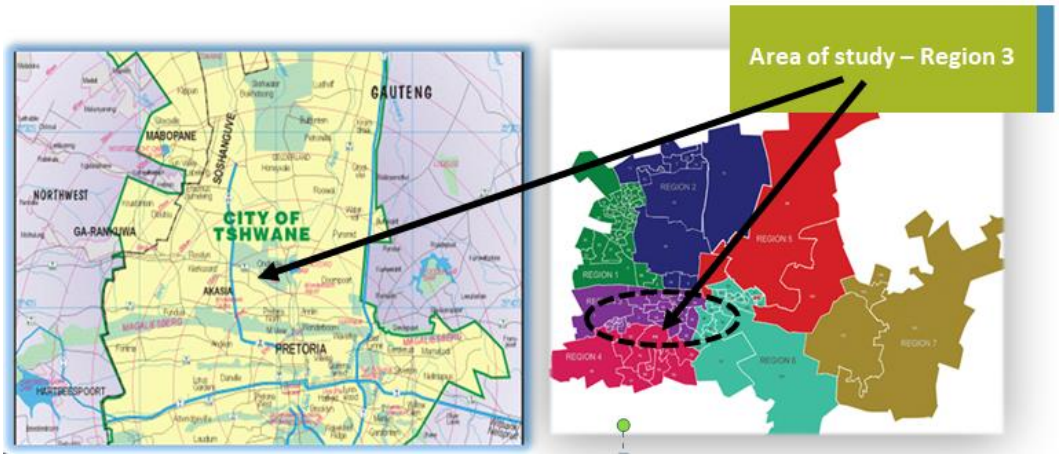


Figure 1.1: City of Tshwane locality map

Source: City of Tshwane Metropolitan Municipality

1.3 Aims and objectives of the study

The main objective of this study is to identify and understand the key challenges inhibiting the implementation of social housing programmes at scale in Pretoria's inner city and surrounding areas. Another objective of this study to understand the key obstacles faced by the social housing sector which hamper the delivery of affordable social housing rental stock as experienced by the delivery agents (SHIs and ODAs). It is also through this study that I hope to contribute to the body of knowledge on the social housing sector, and where possible, influence policy change, as well as delivery strategies, within the City of Tshwane.

1.4 Main research question

With the current high levels of demand for affordable rental housing in the Pretoria inner city area, questions need to be asked as to why social housing, as a more affordable rental option, is not dominating the affordable rental housing market in the city. This raises the main research question: What are the challenges experienced by the social housing institutions (SHIs) in providing affordable rental housing accommodation in Pretoria's inner city and the surrounding areas. The study also seeks to address the underlying sub-questions through substantive interrogation of the following issues:

1. What is the City of Tshwane's social housing delivery strategy in relation to the policy and legislative framework? Are there any shortcomings to the strategy or policy?

2. Is the SHRA's project accreditation requirements contributing towards decreasing the SHIs' and developers' (ODAs) participation in the sector participate in the sector; if so how is this accreditation affecting this participating?

3. What are the challenges inherent in accessing suitably located land to provide subsidised rental accommodation in the inner city?

4. What opportunities are there to remove bottlenecks in the delivery strategies to upscale the supply of rental stock through social housing?

1.5 The Conceptual Framework

The study focuses on the following concepts to provide more insight into the social housing sector situation in the City of Tshwane. Chapter 3 provides a more nuanced discussion of the social housing sector in the city, framed around these concepts as discussed in the section below.

1.5.1 Institutional Mechanisms

The study also looks into the possible effects of state intervention in seeking to provide institutional support (i.e. policy instruments and legislative framework) to guide and regulate this programme. Through policy development, especially the adoption of the Housing Code of 2009, the sector received more focussed institutional support and guidance, underpinned by the five pillars, namely (1) leadership offered by the state, especially the National Department of Human Settlements (NHDS); (2) the obligation of local authorities for the delivery of infrastructure services; (3) the provision of funding to SHIs and ODAs through state grants and Development Finance Institutions (DFIs) for funding accredited projects; (4) the regulation of the sector by the National Regulator (SHRA) that came into operation in 2010; and (5) the facilitation of the sector through activities such as capacity building by training providers (public and private initiatives), picking up from the work that had been done by the Social Housing Foundation (SHF) to develop industry intelligence from 1997 to 2010. The role of key stakeholders, in relation to the social housing programme, was discussed in detail in Chapter 1.

Table 1.1: Institutional mechanisms for Social Housing Sector

INSTITUTIONAL/ SECTOR ROLES					
	Leadership	**Delivery**	**Funding**	**Regulation**	**Facilitation**
DELIVERY PROCESS	ND promotes the mobilisation and development of the social housing sector Local authorities (identify restructuring zones and mobilize local SHI's) Provinces (put forward restructuring zones to ND for approval)	Local authorities provide land, infrastructure & public environs SHIs, PPP, municipal entities and the private sector are housing delivery and management agents.	SHI's, PPP's, municipal entities and the private sector compile project proposals within approved restructuring zones and submit to the Province's/ accredited local authorities. Provinces administer disbursement of grant finance NHFC and private sector provide loan funding	Province/ accredited local authority monitors project level compliance. Federations set code of good practice for members	SHC / SHF disburses capacity building grants Service providers compete to provide capacity building services Risk mitigation/ guarantees to SHIs etc.

Source: Housing Code, 2009 (RSA, 2009)

1.5.2 Location - Well-located land in designated Restructuring Zones

The social housing programme was established primarily to "redress apartheid spatial inequities" in urban centres, "by providing low-and-moderate income households with good quality and affordable rental housing in well located parts of South African cities" (HDA & NASHO, 2013). The Housing Development Agency (HDA) and the National Association of Social Housing Organisations (NASHO) in the research report conducted in 2013 argued that the city's planning processes did not focus on incorporating the social housing programme in their urban regeneration strategies. This point was similarly raised by one of the respondents, who alluded to the lack of integrated planning when spatial development frameworks are adopted by the City of Tshwane. There is generally a lack of vision in city planning to fully exploit the opportunities that the social housing programme can offer in addressing spatial inequities and foster social integration. The cities do not recognise the potential to change their

economic landscape for the better by bringing more diverse income groups into the nucleus of the cities' ecosystem through the social housing programme.

The HDA argued that local governments as spheres of the state are failing to create synergies in the quest to broaden urban restructuring initiatives and leverage government investment through social housing. This is evident in the 2013 report where the HDA found that of the 32 projects they assessed only eight "were in Urban Development Zones (UDZs)" and only two were linked to broader municipal programmes for urban regeneration (HDA, 2013: 5). As suggested in the social housing policy, municipalities through their urban regeneration and spatial planning exercises hold the power to making the social housing programme a success. One of the levers they can use to achieve this is by driving the project pipeline through facilitating access to "well-located land in designated restructuring zones" (RSA, 2009).

1.5.3 Project Viability

One of the elements of the National Department of Human Settlement's three-pronged strategy to gear up capacity and intensify delivery of social housing stock was to offer more structured support to SHIs to help them grow and consolidate their existence by giving greater focus to "viable" projects. The other two strategies envisaged by the policy were (1) use of public private partnerships (PPPs) to execute large scale, big impact projects in designated restructuring areas, and (2) supporting the growth of private sector rental provision by creating more incentives for ODAs' participation in the sector.

The SHRA assesses the viability of the SHIs and the project's eligibility criteria for approval of the Institutional Investment Grant (RSA, 2009). The study takes cognisance of the SHRA's "viability" criteria as outlined in Section 4.3 of the Sector Development and Transformation Policy of 2018, which are as follows:

(i) in terms of Section 4.3.6.2, “economic viability” refers to the socio-economic context of a project and its long term sustainability. The project must demonstrate economic feasibility, innovation and sustainability;

(ii) in terms of Section 4.3.6.3, “financial viability” refers to the project’s ability to generate sufficient income to meet operating payments, debt commitments and where applicable, to allow growth while maintaining service levels;

(iii) in terms of Section 4.3.6.4, “technical viability” refers to the project meeting land and building specifications, construction standards and access to sufficient bulk services;

(iv) in terms of Section 4.3.6.5, “commercial viability” refers to the ability of social housing products to compete in the affordable rental housing market and being responsive to market demands.

1.5.4 Management Capacity and Competence

In order to improve technical capacity and competence levels within the SHIs, policy interventions by the Housing Code of 2009 (RSA, 2009) identified a need to provide “training, technical assistance and on-the-job management support”. The outcome of this intervention would hopefully lead to more effective internal functioning of the SHIs on issues relating to personnel management and systems management, to name a few. The policy further identified interventions such as the establishment of technical resource groups (TRGs) drawn from support organisations, educational institutions and professionals and practitioners in the real estate sector. The National Regulator’s Sector Development and Transformation Policy of 2018 refers to “organisational viability and management competency” as key success factors that are essential in promoting “good governance practices and efficient management of the social housing stock” (Section 4.3.6.1, SHRA, 2018).

NASHO argues, through their Business Capability's matrix, that as SHIs progress through various levels of their trajectory, different skills and competencies would be required at different stages of their business. The point being made is that, for example, a newly established SHI with a portfolio of some 300 units acquired over a 3-year period, should focus on skills and capacity to better analyse the local market and have a better understanding of the dynamics of cost-effective turnkey procurement strategies, as well as the ability to understand the intricacies of tenant management in their buildings (NASHO, 2016). This, they argue, although important, should not be the focus of a well-established SHI which has over 3000 units under management, with over seven years' experience. This SHI's development capacity should be focussed on more specialised skills such as having "adept business skills" to understand the market dynamics, strong "negotiations skills" and better understanding of the "finance" environment and financial modelling (ibid: 10).

1.6 Research Methodology

1.6.1 Research paradigm

This study followed a qualitative research method. The key strength of the participatory research process lies in establishing good relations and cooperation with the research participants in order to provide a good insider perspective for the research. This method uses qualitative techniques to "evaluate the performance of programmes in their natural settings" (Mouton, 2001: 161). The research primarily focusses on the challenges inherent in using/providing social housing as a form of tenure to provide affordable rental accommodation in the Pretoria CBD and the surrounding areas. The challenges are investigated through the lens of social housing institutions and other delivery agents which are active within the area of study, and includes both private and public entities.

1.6.2 Research instruments

The study utilises both primary and secondary data directly obtained from various sources, through semi-structured interviews with selected participants and a review of relevant documents such as sector reports and related research material. Primary information was sourced from entities that were approached for interviews. For example, sources of information include data from the National and Provincial Human Settlements Departments, the Social Housing Regulatory Authority (SHRA) and the local authority and its entities (City of Tshwane Municipality).

The research sought access to relevant sector documentation, including:

- legislative and regulatory frameworks;
- applicable policies and how they impacted the sector;
- strategic plans, such as IDPs for the municipality;
- annual performance plans (the National Regulator);
- various research reports;
- sector reports.

Interview questionnaires were developed to be used for both semi-structured face-to-face interviews, as well as telephonic and email correspondences. The main interviews were conducted face-to-face with identified interviewees, and follow-up interviews were arranged where additional information was required.

1.6.3 Selection of interviewees

Formal interviews were conducted with officials, senior personnel and technical staff members that had been identified as key players in the provision of the required information for the study. The identified organisations, included the Provincial Human Settlements Department, the Social Housing Regulatory Authority (SHRA), local government housing officials, the municipality's social housing entity, private developers and

social housing institutions, development finance institutions in the sector, and the social housing voluntary association (NASHO). Efforts to interview relevant officials at the Gauteng Department of Human Settlements responsible for the social housing programme were unsuccessful as none of the officials contacted could commit the time to participate in the study. At the time of concluding the report (almost six months after they had been contacted and requested to participate on numerous occasions), the GDHS officials were still in the process of getting their Head of Department's approval to participate in the study. This is apparently a new procedure to be followed by officials. The GDHS should commit to participating in future research work in order to contribute to sector knowledge base as well demonstrating public accountability in execution of their mandate.

1.6.4 Analysis of interview material

In order to analyse empirical data collected from the interviews and secondary sources, a content analysis method has been used. This method was preferred as an ideal approach as it follows an unobtrusive process which does not only rely on the interaction and reaction of the research participant. Understanding that the authenticity of the research data can be questionable makes this method an appropriate approach, where the risk of any inaccuracies in analysing the results of the interview are eliminated (Mouton, 2009). The method makes the external validity of the findings limited to what is available at the time of research. It was expected that a conceptual (content) analysis method would be utilised to analyse the empirical data gathered. This method, as explained by Wilson (2016), makes inferences, based on the patterns that emerge, as concepts or themes from the systematic analysis of empirical data gathered during a research study.

The research utilises qualitative content analysis of information such as performance reports, annual reports, speeches by key persons, etc. in order to address exploratory or descriptive questions in the study. This included

an analysis of trends and achievements of performance targets for the social housing programme as published by the Social Housing Regulatory Authority in their annual performance plans.

1.7 Ethical considerations

This research was conducted in compliance with the School of Architecture and Planning Ethics Committee, as well as the University of the Witwatersrand's Ethics Policy and Code of Conduct. All relevant documentation was submitted for the University's approval before commencement of the fieldwork. I have also consulted and perused the University's "Guidelines for Human Research Ethics Clearance Application (non-medical)" to understand the requirements for compliance with the ethical codes. An Ethics Clearance Certificate, authorising the me to engage with external stakeholders was granted by the University's Ethics Committee. Participants were given an opportunity to either consent or deny participation in the research study, through a self-explanatory participation information sheet and consent form.

1.8 Expected Findings

It was anticipated that the study would provide insight into some of the inherent challenges in the sector, specifically from the perspective of the developers (SHIs), policy makers and the social housing regulator. The study expected to obtain the following findings:

1. A lack of access to suitably located state-owned land at low or no cost within the urban centre, making it difficult for social housing schemes to be viable.

2. Barriers to entry for new property developers (mainly new social housing institutions) due to the accreditation process, inadequate institutional support and other impediments.

3. Low incentives for established private developers to participate in the

social housing sector where profit margins are perceived to be relatively lower than other markets due to the regulated rental levels.

4. Poor effort by the local authority to implement the social housing policy to create an enabling environment for the sector to thrive, by actively identifying potential projects, the conversion of old housing stock and the conversion of other building to establish social housing units.

5. Lack of political will and inadequate co-operation and integrated planning by the three spheres of government to unlock the opportunities within the city to bolster the social housing sector as a driver of spatial restructuring.

1.9 Limitations

1. The research project is based on a qualitative study from a limited sample of respondents identified as key stakeholders in the South African social housing sector.

2. The study relied on the quality of the respondents' answer during the interviews.

3. The study derived a conceptual model from the main themes identified in the literature rather than the limited social housing theoretical framework available in South Africa.

1.10 Structure of the thesis

The first chapter of this report provides the rationale of the study followed by an outline of the aims and objectives. The main research question, as well the sub-questions are discussed in detail, followed by assumed findings envisaged at the end of the study. An introduction of the conceptual framework is given through the review of literature to describe the themes that are conceptualised in the report.

Lastly, an overview of the research methodology is given with the detailed methodology discussed in a separate chapter.

Chapter 2 is the first part of the literature review, and provides an overall view of the study by setting the scene about what the 'social housing programme' entails, detailing how the sector has evolved since inception through policy, regulatory and legislative frameworks. It also provides an in-depth outline of the key role players in the sector, explaining their roles and responsibilities as required by legislation. A brief overview of the international social housing sector is also given and how the sector has developed over the years.

The chapter also looks into the outcome of the sector review process by the Department of Planning, Monitoring and Evaluation (DPME) where they assessed sector performance during the eight years ending 2014. The purpose was to identify challenges in the sector and make recommendations that would require state interventions to refocus the sector into achieving a better trajectory going forward.

Furthermore, this chapter also looked at the role of the municipality (City of Tshwane) in the context of its constitutional mandate to provide citizens with adequate housing. Planning instruments and overarching legislation in the form of Integrated Development Plans and the Municipal Systems Act (respectively) were also referred to in discussing the municipality's limitations in addressing challenges at a planning level.

The third chapter is the development of the conceptual framework through a detailed review of relevant literature that underpins the main themes of the report. The review is structured around key themes of "well located land" and how this is key to unlocking the potential of the social housing sector. Also discussed is the theme "institutional mechanisms" which refer to all instruments of support provided by the state to SHIs and ODAs. The chapter also looks at sub-themes flowing from the main themes, i.e. "capacity" of the delivery agents/SHIs and "viability" (financial, technical, economic, etc.)

of the projects and how these could impact delivery and the overall sustainability of the programme.

Chapter 4 outlines the research methodology used to execute the study. A discussion on the approach explains how the research paradigm (qualitative method) is applied, using various research instruments to collate data. This includes conducting semi-structured interviews with respondents, a review of legislation, policies, regulations, sector reports, other research reports and state strategic planning documents. The chapter concludes by discussing how the results will be analysed, and more importantly, how ethical considerations are applied to remain compliant with ethics policies and the University of the Witwatersrand's research code of conduct.

Chapter 5 provides an in-depth discussion of the empirical data collated during the study. The chapter further discusses the profile of each interview respondent, and the relevance of their position or role in the sector. Data is subsequently unpacked for further analysis, and framed around the key themes of the research.

Chapter 6 provides a detailed analysis of the findings that arose from the empirical data gathered, followed by the final chapter (Chapter 7) drawing conclusions and making recommendations for future research work required in order to contribute to the development of the social housing sector.

CHAPTER 2: LITERATURE REVIEW - CONTEXTUAL BACKGROUND

2.1 Introduction

Rental housing has always provided a solution to urban settlements across the globe, with approximately 1.2 billion reported to be living in rented accommodation (Gilbert, 2016). In the South African context, economic migration to urban areas has contributed significantly to the demand for rental accommodation in major urban centres. Research undertaken in the late 1990's, during the early years of democracy in South Africa, estimated the number of households (under the informal rental market) living in shacks, hostels, and outbuildings in urban areas, at 1,075,000 (Gilbert, Mabin, McCarthy, Watson, 1997). The migrant labour system was a key feature in the economic development of South Africa, as it influenced the movement of people from rural areas to more developed urban centres to seek jobs and economic opportunities. Circular migration in the post-apartheid era still persisted even after the collapse of apartheid legislation that inhibited and controlled the urbanisation of African communities. In post-apartheid South Africa, the expectation was that circular migration would decline as "people would be able to settle permanently near the places where they worked" (Todes, Kok, Wentzel, Van Zyl & Cross, 2010: 340).

With the advent of democracy in 1994, the focus of the new government was to address the housing delivery backlog through various interventions which included rental and ownership as forms of tenure. The implementation of social housing projects in South Africa, under the then Department of Housing, dates back to 1997, when institutional subsidies were utilised to finance social housing projects (SHRA, 2016). By 2008, the new social housing policy was developed to address the limitations of the institutional subsidies and to create an enabling environment for the further development of the social housing sector (ibid).

A social housing policy was developed in 2005, and thereafter, a social housing implementation framework emerged after the Social Housing Act was enacted in 2008, which hinged on three key instruments i.e. (i) spatial restructuring of urban settlements in order to address structural, economic, social and spatial dysfunctionalities, thereby promoting integration of the society, (ii) provision of financial instruments in the form of capital grants and institutional subsidies and (iii) institutional arrangements and arrangements, which identified key stakeholders in the social housing programme, their relationship and respective roles in the sector (RSA, 2005; SHRA, 2016).

In developed countries, many governments that provided affordable rental schemes in the form of state regulated public housing and social housing experienced challenges that could provide lessons to the South African social housing sector. Some of these challenges led to a range of policy and legislative interventions in an effort to stabilise the impact on the economic environment.

In Britain, one of the reasons for the policy shift was to respond to the financial impact that public housing imposed to limited public sector budgets, as the state battled to keep up with maintenance and ownership costs of public rental housing. This prompted the authorities to transfer the units to private entities, such as housing associations and developers (UNHABITAT, cited 2011a in Gilbert, 2016,) in order to raise finance to address building maintenance challenges.

In Sweden, a significant shift in housing policy between 1986 and 2001 led to the state reducing their intervention in public housing for lower income groups in favour of market based private sector housing co-operatives (Andersson and Turner (2014). The subsequent tenure conversions was criticised for failing to provide neighbourhood stability and economic development as experienced in some parts of Stockholm due to the effects of gentrification (ibid).

In France, polarisation of social housing residents often led to the stigmatisation of such schemes, thereby exacerbating social ills and the division of communities according to class (Willmott & Murie, 1988). These are some of the unintended consequences of providing public housing to assist poor communities with access to housing in developed countries.

The sections below provide an overview of relevant legislation, policies and regulations formulated to deal with the question of progressive realisation of the right to adequate housing. Over the years, legislation and policy frameworks have been refined to deal with some of the challenges that were experienced during various stages of implementation.

2.2 Overview of the social housing sector in South Africa

Although social housing in South Africa has its origins in the 1920's when the government took a proactive approach to address white working class poverty (Fish, 2003), the current social housing landscape is underpinned by policy and legislation, i.e. the Social Housing Policy (2005), the Housing Code (2007; revised in 2009) and the Social Housing Act (Act 16 of 2008). It is in this framework that the programme is clearly defined, differentiating it from the previous model of the 1920, while articulating its primary objectives (SHRA, 2017).

The evolution of the sector as evidenced through public rental housing in the 1940's demonstrate the long history of how the sector prevailed and developed over the years in South Africa (Social Housing Foundation, 1998 in Fish, 2003). Social Housing as understood today is defined in the Social Housing Act (Act 16 of 2008) as a

> "rental or co-operative on housing options for low to medium income households …which requires institutionalised management and which is provided by a social housing institution or other delivery agents in approved projects in designated restructuring zones with

the benefits of public funding" (RSA, 2008).

2.3 Legislative, Regulatory and Policy Framework

In terms of the supreme law of the country, housing as an adequate shelter, is considered a basic human need. Chapter 2 (Bill of Rights) of the Constitution, Section 26, puts the obligation on the state to take "reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right" to everyone to have adequate access to housing. As a result of this obligation and constitutional and developmental mandate, the South African government has since 1994, developed a myriad of legislation and policies to give effect to this right.

Kate Tissington, Senior Researcher at SERI, emphasises that the government in addressing the right to adequate housing, would need to take a "kind of holistic approach to such development issues that would fundamentally redress the lingering spatial and socio-economic divide across South African cities and towns" (Tissington, 2011:11). This is particularly so because the right to adequate housing is intrinsically bound up with a number of other cross-cutting rights, including the right to public participation, equality, human dignity, just administrative action, access to information and access to justice, as well as a range of socio-economic goods and amenities (ibid).

2.3.1 White Paper on Housing Policy (1994)

The White Paper on Housing (RSA, 1994) was a framework (in the absence of legislation) to provide for the country's ambitious housing development target of building one million state-funded houses in the first five years of office. This policy was adapted from the ANC's (abandoned) Reconstruction and Development Programme (RDP) (Tissington, 2011).

The National Housing Subsidy Scheme (NHSS), which, among other subsidy systems, was the cornerstone of this early policy, and provided capital subsidies for housing to qualifying beneficiary households to take full

ownership. The focus of this housing policy in the period after 1994 was on delivering housing commodities to as many households as possible. The delivery of houses was seen as a goal in its own right, and was linked to lower order rights as specified in the constitution (RSA, 2009).

2.3.2 The Housing Act, 1997 (Act 107 of 1997)

Section 2(1)(a) of the Housing Act (Act 107 of 1997) requires national, provincial and local spheres of government to give priority to the needs of the poor in respect of housing development. Section 2(1)(e)(iii) of the Act promotes the establishment, development and maintenance of socially and economically viable communities of safe and healthy living conditions to ensure the elimination and prevention of slums and slum conditions. Section 2(1) (e)(vii) promotes higher density housing development to ensure economical utilisation of land and services. Legislation affirms the government's position in addressing the needs of the poor through a programme that seeks to provide affordable, regulated and safe living environments. The Act undoubtedly articulates the government's obligation to create and uphold an enabling environment for social housing development, through various instruments including legislation, regulations, financial, and policy framework.

2.3.3 The Rental Housing Act, 1999 (Act 50 of 1999)

The Rental Housing Act, Act 50 of 1999 regulates the relationship between landlords and tenants in all types of rental housing, including the social housing sector. Section 2(1)(a)(i) of the Act stipulates that it is the government's responsibility to "promote a stable and growing market that progressively meets the latent demand for affordable rental housing among persons historically disadvantaged by unfair discrimination and poor persons, by the introduction of incentives, mechanisms and other measures that improve conditions in the rental housing market.". Section 3(1) of the Act gives the Minister powers to "introduce a rental subsidy housing programme, as a national housing programme as contemplated in Section

3(4)(g) of the Housing Act, 1997 (Act 107 of 1997), or other assistance measures, to stimulate the supply of rental housing to property for low income persons". Tissington (2011) argues that it is unclear if the Department of Human Settlements could regard its then social/rental subsidy programmes as having fulfilled these obligations given the many challenges and low delivery of rental stock within urban centres.

2.3.4 The Housing Policy (from 1999 to 2004)

In order to give better context to the challenges inherent in the social housing sector in South Africa, it is important to discuss the underpinning policy framework that guides the sector's existence.

(i) National Housing Code (2000, revised in 2009)

The National Housing Code, developed in 2000, is a national housing policy which provided procedural guidelines for its effective implementation through the inclusion of the National Housing Programmes (RSA, 2009). In 2009, the NDHS adopted the revised National Housing Code, with its main focus on introducing new programmes and updating the government's various housing assistance programmes. In the new codes, the NDHS identifies three programmes as core programmes for future housing delivery, i.e. the Integrated Residential Development Programme (IRDP), Upgrading of Informal Settlements Programme (UISP) and Social/Rental Housing. Under the National Housing Code of 2000, the social housing programme accessed the Institutional Subsidy to provide rental subsidies to institutions that provided affordable rental accommodation or instalment sales to low income groups (SHRA, 2019). This policy was revised in 2009, refining the subsidy instruments to focus on social housing development, and to be disbursed by the provincial governments (RSA, 2009). The development of a new social housing policy, as articulated in the National Housing Code of 2009 (RSA, 2009) signified a policy shift by the state after recognising the relevance of the state housing programme towards the achievement of a wide range of objectives.

(ii) Breaking New Ground (2004)

With almost 10 years into democracy, the National Department of Human Settlements (NDHS) embarked on a review of their housing policy to address gaps that would enable them to deliver housing at scale, particularly among the poor communities. Through the new policy, a comprehensive plan for the development of Integrated Human Settlements, entitled Breaking New Ground, the NDHS's vision was among other things, (1) to utilise housing as an instrument for the development of sustainable human settlements, in support of spatial restructuring; (2) to combat crime, promote social cohesion and improve the quality of life for the poor; (3) to leverage growth in the economy; and (5) to utilise the provision of housing as a major job creation strategy (RSA, 2004).

However, this policy was criticised for failing to address the weaknesses of previous policies with regard to providing "clear direction on the difficult political issues of land ownership, the land market and rights around property values" (Tissington, 2011: 66). Under this policy, restructuring zones within municipalities emerged as designated zones for social housing development (RSA, 2004)

2.3.5 The Social Housing Act, (Act 16 of 2008) and Regulations (2012)

The Social Housing Act (Act 16 of 2008) acknowledges a need for a regulated social housing sector to provide affordable rental housing for low to medium income households who cannot access housing in the open market. By its nature, social housing is underpinned by the principle of rental as a form of tenure (RSA, 2008). The Social Housing Regulations (2012) recognise the pursuant relationship between the tenants and the landlord (SHIs) as a rental agreement being governed by the provisions of the Rental Housing Act (Act 50 of 1999).

The Social Housing Act led to the establishment the Social Housing Regulatory Authority (SHRA) whose purpose includes amongst other

things, regulating SHIs and overseeing the disbursement of the Restructuring Grant as well as other forms of grants (RSA, 2008). The Act also seeks to promote sustainability in the social housing environment, through various responsibilities assigned to all spheres of government and other stakeholders (ibid).

2.4 Key stakeholders and responsibility in the social housing sector

2.4.1 Social Housing Regulatory Authority (SHRA)

The Social Housing Regulatory Authority (SHRA) was established in 2008 by the Social Housing Act, and was brought into operation in 2010 by the Minister of Human Settlements, in terms of Section 7(1) of the Social Housing Act, and remains accountable to the Minister and Parliament. SHRA's key responsibility is to regulate the social housing sector (SHS), and mainly the social housing institutions (SHIs) who have obtained public funds to implement and manage social housing projects.

In terms of Section 11, the SHRA has the power to enter into suitable agreements with Social Housing Institutions and Other Delivery Agents for the protection of the government's investment in Social Housing and also to conduct compliance monitoring through regular inspections and to enforce compliance, where necessary, through exercising its powers set out in terms of Section 12 of the Act.

Before the establishment of the SHRA, a non-profit company was set up in 1997 in terms of Section 21 of the Companies Act 61 of 1973. The Social Housing Foundation (SHF) was established to facilitate and capacitate the development of the social housing sector in South Africa. Some of the roles and responsibilities of the SHF were to assist primarily in developing and building capacity for SHIs, through "expertise, products and services grounded in knowledge of the challenges of the social housing environment" (Tissington, 2011: 24).

2.4.2 National Department of Human Settlements (NHDS)

In accordance with Section 3(1)(a) and (b) of the Social Housing Act, the National Department of Human Settlements (NDHS) has a responsibility to monitor the national regulator (SHRA), as well as create and uphold an enabling environment for the sector through the provision of a legislative, regulatory and policy framework. The Act also mandates the NDHS to, among other things, establish joint capacity with the municipalities and provinces to support social housing initiatives; establish capital and institutional investment grants and designate restructuring zones (RZs) submitted by provinces as identified by municipalities through the Integrated Development Planning (IDP) process (RSA, 2008).

2.4.3 Provincial Government (Gauteng Department of Human Settlements)

Section 4 of the Social Housing Act confers powers and obligations upon the provincial Human Settlements Departments to ensure that compliance with national and provincial social housing norms and standards is maintained with regard to social housing projects. In terms of Section 4(1)(g) they have the responsibility to approve, allocate and administer capital grants, in the manner contemplated in the social housing plan, in approved projects. This role has since changed with the consolidation of the Individual Subsidy and Restructuring Capital Grants into a Consolidated Capital Grant (SHRA, 2019). It is not clear what the provinces' revised roles are under this new single funding stream which is administered by the SHRA. The Gauteng Provincial Human Settlements Department was not available to provide clarity on this matter.

2.4.4 The Municipality (City of Tshwane)

Section 5 of the Social Housing Act requires any municipality in whose jurisdiction a demand for social housing has been identified, to take reasonable and necessary steps to incorporate such social housing in their Integrated Development Plan (IDP) and to facilitate the delivery of social

housing projects. The Act also requires the municipality to provide access to land and building for social housing development in designated restructuring zones, and to provide infrastructure and services for approved social housing projects in designated zones. Social housing delivery strategies could include both 'greenfields' (new developments) and 'brownfields' (conversion of existing stock and conversion of existing non-residential stock) (RSA, 2008). In 2008 the municipality's social housing policy of 2005–2015 was approved by the Council with the intention of being utilised to create an enabling environment for implementation of the social housing programme and upscale delivery in the city (City of Tshwane, 2008).

2.4.5 The National Housing Finance Corporation (NHFC)

The Social Housing Act, requires the National Housing Finance Corporation (NHFC), as a state-owned development funding institution to play a meaningful and supporting role in the social housing sector. The NHFC is required in terms of the Act to provide public funding for social housing, and to guarantee loan funding from other support mechanisms aimed at facilitating funding to social housing developers (Social Housing Institutions and Other Delivery Agents). The NHFC is currently being consolidated with the National Urban Reconstruction and Development Agency (NURCHA) and the Rural Housing Loan Fund (RHLF) as part of the process towards the establishment of a new Human Settlements Development Bank (SHRA, 2019: 21). The Minister of Human Settlements is expected to clarify the role and functions of the bank through *Gazette* notice.

2.4.6 Social Housing Institutions

The Social Housing Act, Act 16 of 2008, defines a Social Housing Institution as an institution fully accredited or provisionally accredited under this Act which carries or intends to carry on the business of providing rental or co-operative housing options for low to medium income households. This rental arrangement excludes immediate individual ownership as defined under the

Alienation of Land Act, 1981 (Act 68 of 1981). In terms of the social housing policy, SHIs are the key delivery agents of social housing projects (RSA, 2009). The legal formation of these SHIs varies from not-for-profit entities, both private and public entities, as well as private companies governed by the New Companies Act, Act 71 of 2008. The Act also allows SHIs to organise themselves in the form of housing co-operatives as established through the Co-operatives Act, Act 14 of 2005). SHIs, as accredited by SHRA, are eligible to receive grants for the purpose of undertaking social housing development, and must comply with the provisions of the Act and the conditions set out by SHRA to maintain their accreditation status (RSA, 2008).

2.4.7 Other Delivery Agents (ODAs)

Section 6(2) of the Social Housing Act recognises Other Delivery Agents (ODA) as legitimate entities, who may undertake approved projects in designated restructuring zones with the benefit of public funding to the extent determined in the social housing programme pursuant to agreements concluded with the Regulatory Authority as contemplated in sections 11(3)(d) and 19(1)(b)(i). The social housing policy has made it possible for ODAs to get institutional and funding support from the social housing programme, even though such support may be limited as compared to that of SHIs (RSA, 2008; RSA, 2009; SHRA, 2019).

2.4.8 National Association of Social Housing Organisations (NASHO)

Established in 2002, the National Association of Social Housing Organisations (NASHO) is an independent member-based association of social housing institutions (SHIs) across South Africa. In order to facilitate growth in the Social Housing sector, NASHO provides services to member organisations and the sector at large, through research, advocacy work, capacity building of SHI and technical advisory services, among others (RSA, 2009). According to NASHO's interview respondent, their primary objective is "to assist in building a strong and sustainable social housing

sector in South Africa with Social Housing Institutions at the heart of the delivery".

2.5 Policy evolution – South Africa versus the Global North

Approximately 3.9 million households (17 % of the population) in England live in what is usually described as social housing (CIH, 2018). Falling into this category of housing are homes provided by either municipalities, housing associations or other organisations on a not-for-profit basis at a below-market rent. In developed countries, many governments have over the years provided affordable rental schemes in the form of state regulated 'public housing' and other interventions, such as rent control as a form of regulating the private sector rental market and to influence the supply of housing (ibid).

Using the "right to buy" policy of the 1980's, Britain saw sitting tenants being offered the opportunity to buy the public housing units they occupied. There are ongoing debates about how this 'rent to buy' policy is eroding the limited affordable social rental housing stock, with advocacy groups like the Chartered Institute of Housing (CIH) through their research project, anticipating the decline of units to reach 230,000 by 2020 due to various factors, among others, demolitions, and the right to buy initiatives. The CIH argues that the disposal of public housing stock will significantly reduce stock, resulting in a devastating effect on beneficiaries of social housing schemes as it seeks to provide affordable access to housing for poor communities (CIH, 2018).

In South Africa, owing to many challenges experienced by the provincial and local municipalities in managing public housing, the National Department of Housing (since 2009 called the Department of Human Settlements), through the 1997 Housing Codes, mandated the custodian of public housing to transfer such units to occupiers. In order to fast-track the transfer process, given the 5-year time period set for this, the Discount Benefit Scheme (DBS) was introduced. This was followed by the

amendment of the Housing Act, No. 107 of 1997 to Act 28 of 1999 which allowed for the phasing out of all subsidies granted in terms of the previous legislation (SHF, 2005). By 2005, this phase-out programme (POP) saw some 415,000 public housing stock being transferred to beneficiaries under the DBS scheme, leaving approximately 400,000 units still in the hands of the state, as these were deemed 'difficult to transfer' due to a myriad of reasons including legal, tenure, financial and others. There was further recognition by the state that this housing stock could be used to expedite social housing delivery by extending transfers to social housing institutions, but it remains unclear as to whether this plan was implemented (ibid:1).

A new policy framework in the National Housing Code (RSA, 2009) was put in place and introduced the Enhanced Extended Discount Benefit Scheme (EEDBS) to support decisions made regarding the transfer of pre-1994 housing stock. The new scheme (EEDBS) superseded all other policies, as it sought to deal with complex issues encountered in the implementation of the initial DBS and POP transfer processes.

The Breaking New Ground policy in 2004 was a policy instrument that recognised the opportunity to "... deliver housing products that provide adequate shelter to households whilst simultaneously enhancing flexibility and mobility…" and this would entail "the establishment of institutional mechanisms to hold housing as a public asset over a period of time" through social housing institutions (RSA, 2004: 27).

In 1945, Britain's labour government embarked on an aggressive drive to build public housing through local authorities in order to reduce housing shortages created by destruction during the Second World War. The mass housing policies saw a significant rise in public housing stock which dominated the landscape of most British towns and cities (Willmot & Murie, 1988). This was, however, not without problems and the policy was soon out of favour with authorities, economists and planners, owing to growing concerns of maintenance backlogs, and the increased costs of construction.

Large scale construction of public housing also put a financial burden on the national fiscus, while affecting the aesthetics of the city's landscape (ibid). Even though public housing grew dramatically within three decades after the war, the 1970 policy shift by the British government started pushing for more private ownership of social housing stock through social housing co-operatives and housing associations. Malpas (2001), however, argues that the "de-municipalisation" of council housing does affect local accountability as it moves control of municipal assets to regulated social landlords (RSLs), which in essence shifts the responsibility of service delivery away from the local authority to the central government, as the regulator of RSLs.

In France, moving public stock away from local authorities meant a shift of control away from the state, as their model favoured the use of independent private bodies called HLM, i.e. *Habitation Loyer a Modere* or loosely translated, "housing at moderate rents" to build and manage social housing units (Willmot & Murie, 1988). The lessons learnt and the effects of a policy shift in the British social housing sector, the French model and many other examples across the globe should be understood in their proper context if South Africa is to refine its social housing policies when the programme gains momentum. The Social Housing policy in South Africa (RSA, 2009) does recognise the transfer of public housing to SHIs as a means of intensifying the programme to provide affordable rental to beneficiaries.

2.6 What can South Africa learn from other countries

The social housing model that South Africa followed could have unintended consequences, hence the need for policymakers to understand what other countries have experienced over the years (see 1.6 below). One of those consequences would be the financial burden that comes with the transfer of public housing to social housing entities, particularly if no proper measures are put in place to deal with building maintenance backlogs and defaulting tenants. The significance of learning from other models can be demonstrated by the experiences of European countries. For example,

although “mass provision of social rented housing from the 1950’s in Europe reduced the dependency of low-income households on the private sector and the increased affordability of homeownership for middle-income households” this also contributing to the decline of private rented housing provision (Brown, 1970 in O’Sullivan & De Decker, 2007: 10).

In the United States, the 2008 financial crisis, which was mainly rooted in the housing market, saw many people in America burdened with the need to find shelter. The tidal wave of bank foreclosures led to a drop in homeownership and a significant growth in the population of renters a decade later (Gowan & Cooper, 2017). In 2017, Harvard University’s Joint Center for Housing Studies (JCHS**)** undertook a study that reached the conclusion that in American cities, there was a correlation between the decline in homeownership as a result of the 2008 financial meltdown, and the upsurge in rental demand across the country (ibid). Gowan and Cooper (2017) point out that in the United States, even though the demand for rental stock has reached levels only seen in the 1980’s when the population size was about 25% smaller, the spread between cheap, mid-range and luxury rental accommodation is heavily concentrated in high end of the market.

In South Africa, the National Housing Code of 2007 (RSA, 2007: 13) acknowledges that the “formal rental sector [in South Africa] is underdeveloped when measured against international norms” but recognises the significance of the sector especially to the poor as it offers “choice, mobility and an opportunity to those households who do not qualify for an ownership subsidy” (ibid). More and more people are likely to occupy metropolitan areas as the rental sector matures and offers options to poor communities seeking access to the cities. In the 2018 Integrated Annual Report, the Trust for Urban Housing Finance (TUHF) argued in support of inner city living asserting that people would spend less time and money travelling to and from work, resulting in an improved quality life (TUHF, 2018). One of the benefits of inner city spatial integration is that it can be instrumental in reversing the effects of apartheid spatial planning where

many people were forced to live on the outskirts of the city (ibid).

In recognising that 94,3% of South African urban households in the eight metropolitan areas have access to basic services, is expected that with inner cities providing better infrastructure and affordable access to services, transportation and arguably better economic opportunities, there will be a continued growing demand for accommodation in major metropolitan areas (South African Cities Network Report, 2016).

Predictions are that nearly 80% of the world's total population will be living in urban areas by 2050 (United Nations, 2014). With Africa being predicted to be the fastest growing continent by population size, South Africa is expected to have its own share of rapid urbanisation with more than 70% of its citizen living in urban areas by 2050 (see Fig. 1.1).

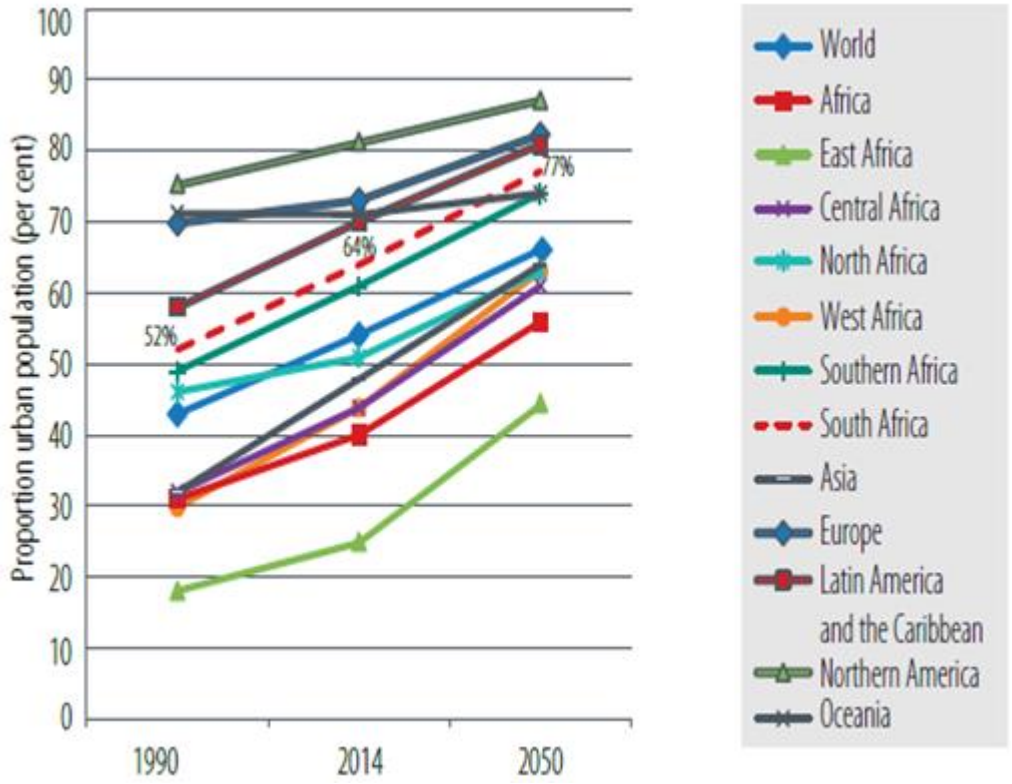


Figure 2.1: Proportion Urban Population (1990 - 2050)

Source: UN DESA (2014)

Although public housing and social housing was very popular as a form of

tenure, it became widely used in most parts of Europe and America, before the world recession of the 1970's prompted most governments to reassess the place of the public rental sector, as it became a burden to state finances (Cloete, Venter, & Marais, 2009). The post-communist era in Europe saw significant changes in the provision of housing with the advent of democracy after 1989. Many countries sold off their public housing, leading to large scale privatisation of previous public housing rental stock (UNHABITAT, cited 2011a in Gilbert, 2016).

Given the challenges of accessing affordable housing in the cities, it is clear that both the 'social housing' programme in South Africa and 'public housing' in Western Europe have the objective of seeking to promote access to affordable housing, through rental schemes targeted at lower income groups and the working class. In the late 1940's and 1950's as the legacy of the Second World War became evident, many governments around the world experienced a shortage of housing, and this prompted state intervention to provide rental housing, primarily through state public housing initiatives (Cloete et al., 2009).

As South Africa seeks to intensify the roll out of its social housing programme, the possibility of negative unintended economic effects of social housing programme in failing to foster social cohesion should be carefully monitored. Unfortunately in the case of Stockholm in Sweden, the conversion of public housing into cooperative housing led to increased segregation, "providing less affordable housing in Stockholm for those who cannot access cooperative or home ownership tenure" (Andersson and Turner, 2014:26).

2.7 The social housing sector in South Africa

The Social Housing Act (RSA, 2008) has identified legal beneficiaries of the social housing programme as those prospective tenants earning a monthly income of between R1,500 and R7,500, but with the new revised subsidy quantum as announced by the Minister of Human Settlements and

provincial MECs (MinMec) for Human Settlement, households with an income of between R1,500 and R15,000 are the qualifying beneficiaries of this subsidised rental scheme (RSA, 2008, RSA, 2017). This is a result of a policy shift from the institutional subsidy mechanism which provided benefits to qualifying individuals with a monthly income of below R3,500. Issues of affordability and accessibility will remain key in shaping the housing policies, and specifically, the social housing landscape in South Africa. The alignment between the objects of the National Housing Act (Act 109 of 1997) and the policy is also highlighted by sentiments echoed in paragraph 61 of the Habitat Agenda of 1996 which calls for accessibility of housing through various interventions, including the supply of affordable housing (Rust, 2001).

The social housing policy framework recognises the role that the private sector can play in the implementation of the social housing programme in South Africa, through a mutually beneficial partnership between the state and private sector investors and developers. In terms of the social housing policy, ODAs can access both the capital grants and the capacity grants (only Black Economic Empowerment ODAs can access capacity grants), such access being "contingent upon the successful accreditation of a proposed project and with on-going compliance with the provisions of this accreditation" (RSA, 2009: 60).

The sector has seen the delivery of some 35,000 units nationally since 2007, being implemented through 23 accredited social housing institutions. Due to the growing demand for decent affordable rental accommodating, the estimated demand for social housing in major metropolitan areas alone is about 235,000, with secondary towns combined market estimated at some 83,000 units (SHRA, 2017). The size of this sector does warrant regulation particularly in an economy that had the potential to absorb an estimated social housing rental market of some 320,000 units in 2016 (ibid.). In order to drive the supply interventions, SHRA utilises an implementation framework that has three key instruments, i.e. (1) spatial restructuring

through identification of Restructuring Zones, (2) financial instruments, which are mainly the capital and investment grants given to qualifying social housing institutions and ODAs and, lastly, (3) the institutional arrangements and framework to facilitate cooperation between stakeholders in the sector (SHRA, 2016).

2.8 Policy shifts and interventions to influence the sector

With the advent of democracy in 1994, the focus of the new government was to address the housing delivery backlog and to address challenges created under apartheid which denied the majority of South Africans access to land, shelter and property rights (Fish, 2003). In 1997, the Department of Housing estimated the housing delivery backlog to be at 2.2 million with an estimated annual increase of 204,000 units (ibid). The number of households living in shacks, hostels, and outbuildings in urban areas was estimated at 1,075,000 at that time (Gilbert, Mabin, McCarthy, & Watson, 1997). The new post-apartheid housing delivery policy focussed on the owner-occupier as the government intensified housing delivery through full subsidy housing, “despite the development of financial and legal vehicles for alternative tenure delivery” (Fish, 2003: 404).

Gilbert et al. (1997), through their research, argue that government had to involuntarily develop a rental housing policy to ensure regulation of the sector as a result of a significant number of the urban black population living in rental accommodation, particularly in urban centres. More impetus was given to the sector when subsidy parameters extended to other forms of tenure outside the social housing scheme, such as the upgrading of informal settlements and incremental housing schemes (Fish, 2003).

A significant policy shift was realised by the Department of Housing, with the National Housing Code of 2000 to the National Housing Code of 2009 addressing the limitation of the social housing individual subsidy mechanism and with improvement to the eligibility criteria, while enhancing the benefits of the social housing institutions (SHRA, 2019). The policy shift introduced

by the Housing Code of 2009 sought to address primarily, (i) the market reached through the introduction of new grants targeting lower income groups, (ii) the demand driven approach, by shifting from an income-based to a self-target approach and, lastly (iii) a shift from linking the subsidy to individuals but to rather using a project-based approach (RSA, 2009). Even though these changes were made with the policy shift, an evaluation of the sector's performance (between 2007/8 and 2014/15) by the Department of Planning and Monitoring identified areas of concerns that need to be reviewed for improved sector performance. These challenges are discussed in section 1.8 below.

As reported in the 2018/19 Annual Report, SHRA has completed a total of 13,968 social housing units (against a target of 27,000 units), with a further 9,273 units still under construction. This brings the total number of units under regulation (since inception of the programme) to 36,305 by end of the MSTF 2019, delivered by 102 accredited SHIs. Only 12 of these SHIs have full accreditation, with the remaining balance of 90 still conditionally accredited. A summary of SHRA's target of social housing compared to actual achievement by the end of the MTSF 2019 period is provided in Figure 2.2 below.

Provinces	MTSF Target units to be delivered (2014 - 2019)	Actual number of units delivered (2014 - Q4 2017 - 2019)	Units approved for grant award but yet to be delivered	Of those approved for grant award how many currently under construction	Of those approved for grant award how many under planning or yet to deliver units	Total	Variance
Eastern Cape	1 960	1 362	2 670	1 248	1 422	4 032	(2 072)
Free State	1 935	1 306	604	167	437	1 910	25
Gauteng	9 905	6 317	13 270	6 527	6 743	19 587	(9 682)
KwaZulu-Natal	3 085	2 582	1 130	0	1 130	3 712	(627)
Limpopo	1 050	0	734	0	734	734	316
Mpumalanga	1 545	104	114	114	0	218	1 431
North West	2 850	1 168	1 377	801	576	2 545	305
Northern Cape	565	0	0	0	0	0	565
Western Cape	4 108	1 129	1 851	416	1 435	2 980	1 128
Total number of units	**27 003**	**13 968**	**21 750**	**9 273**	**12 477**	**35 718**	**8 715**

Figure 2.2: Number of units completed in the MTSF period (2014-2019)
Source: SHRA, Annual Report 2018/19

2.9 Challenges of the social housing programme

Evolution of the social housing sector was realised through the review of policy and legislation between the period 2000 and 2009. The NHDS and the Social Housing Foundation (SHF) remained consistent throughout the period in formulating policies and ultimately legislation that affirmed the social housing programme primarily as a contributor "to the restructuring of South African society by addressing structural, economic, social and spatial dysfunctionalities [and secondly, to] provide a subsidised rental option to poor households" (DPME, 2015: 2). An evaluation of this programme by the Department of Planning Monitoring and Evaluation, for the eight years ending 2014, concluded that insignificant strides had been made to meet the objectives and principles of the programme in resolving the challenges of spatial dysfunctionalities in major urban centres (DPME, 2015). The findings of this DPME report are discussed and summarised in Figure 2.3 below. During the period of review, over 18,000 social housing units were approved under the programme and 10,000 developed with an investment value of approximately 4.5 billion rands (ibid). The evaluation was undertaken looking at both "Impact" as well as "Implementation" areas and summarised as depicted in Figure 2.3 below.

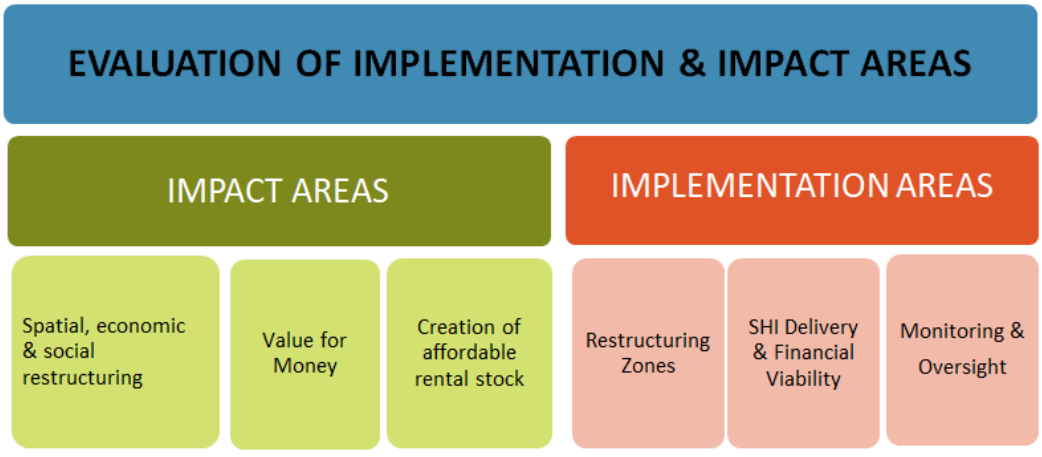


Figure 2.3: Evaluation of Implementation and Impact Areas
(Reproduced from the DPME report, 2015)

The DPME in its evaluation of the SHP for the period ending 2015, found that even though the SHP has made some contribution to housing delivery in the sector, this contribution was rather limited and offered a dispersed portfolio of social housing units accessed primarily by low- to medium-income households in its target market (RSA, 2015). The SHP's failure related to poorly co-ordinated spatial restructuring plans, inconsistent policies and funding frameworks, as well as a lack of intergovernmental co-ordination. It was also established that due to poor indexing of the beneficiary income groups from the inception of the programme, affordability thresholds were broken as some of the beneficiaries were earning above the targeted income range (DPME, 2015).

The DPME report furthermore highlighted the relevance and continued need for the SHP as it had proven to benefit not only the individual beneficiaries of the programme, but also the entire "household in the lifetime of a single subsidy contributed, and is unique amongst all state subsidy programmes" (DPME, 2015: 5). The SHP is also said to be financially sustainable in the medium to long term, and could lead ongoing revenue streams to municipalities through rates and service charges (ibid).

2.10 Rental housing market in South African cities (City of Tshwane)

South African cities, like the rest of the major urban centres across the world, have experienced the harsh realities of a divergent urban development trend with increased segregation by race, and increased poverty levels due to inner city declines (Donaldson, Jurgen & Bahr, 2003). In South Africa, cities have a particularly skewed legacy in terms of property ownership distribution. The property ownership landscape is largely characterised by segregation, racial exclusion and poverty (ibid).

In order to better understand the city's strategic planning to address the housing delivery backlog, in relation to subsidised social housing within the

region, reference is made to key strategic planning documents i.e. the Integrated Development Plan 2018/2019 (IDP) and the Spatial Development Framework of 2017. Both documents remain silent on specific strategic interventions necessary to achieve social cohesion and the spatial restructuring in the city. This, in the context of the social housing programme (SHP), as articulated in the Social Housing Act of 2008, is understood to be the city's inability to proactively identify opportunities to promote "the social, physical and economic integration of housing developments into existing urban and inner city areas, through the creation of quality living environments" (RSA, 2008: 10). Although the 2017–2021 IDP mentions, as a strategic objective, the city's target for 2018/19 is to facilitate the development of "social housing and affordable rentals in conjunction with the Housing Company Tshwane and other Social Housing Institutions", no clear details are provided in the planning documents. The Integrated Development Plan and the 2017/18 capital budget proposals were provided for strategic interventions or steps required to undertake this process (City of Tshwane, 2017: 34). The SDF identifies this region as having the potential to provide affordable residential opportunities closer to the CBD.

Also important to note is that Housing Company Tshwane (HCT), the city's affordable rental and social housing entity is not fully accredited with the SHRA as a social housing institution (SHI) as it currently has a "provisional" accreditation status. The limitations of a provisionally accredited SHI and its ability to deliver its core mandate will be discussed in detail later in the study. HCT currently provides about 554 institutional/social housing units in the inner city, with Yeast City Housing, the largest private SHI in Pretoria, providing a total of approximately 1,300 units in 14 buildings (Housing Tshwane Company, 2018; Yeast City Housing, 2018).

In the social housing sector report by SHRA (2016), it was established that "[a] large number of current Restructuring Zones (RZs) do not correlate to high growth municipal areas with the greatest demand" for affordable rental

housing in those areas. The report highlights a concern that is somewhat evident in the scale of the social housing delivery within the Pretoria inner city and surrounds, as not being sufficiently linked to rental housing “supply and demand” factors, and being misaligned with the objectives of the Social Housing programme, which are primarily aimed at the social, economic and spatial restructuring of the cities.

2.11 Municipalities’ obligation to provide access to housing to its citizens

Chapter 5 of the Municipal Systems Act (Act 30 of 2000) provides a framework for integrated development planning by the municipalities and outlines processes for the adoption and implementation of such integrated plans. The integrated development plans (IDPs) provide strategic direction and operational planning for each municipality’s term of office, and are subject to an annual review through a formal council approval process. The Act does provide guidelines on the processes to be followed by each municipality regarding the approval and amendment of the IDPs, and gives powers to the provincial government to monitor and support the municipalities to ensure that programmes are aligned “with any national or provincial sectoral plans and planning requirements binding on the municipality in terms of legislation” (Sections 26(d) and 153(d)).

Furthermore, Section 23 of the MSA puts the obligation on the municipality to progressively realise fundamental rights enshrined in the Constitution as the supreme law of the Republic of South Africa. It is in this context that social housing, as one of the programmes that have been adopted by the state, should be located within the municipality’s IDPs as a programme geared towards fulfilling the city’s constitutional imperatives and developmental duties required in terms of Section 156 of the Constitution.

Where demand for social housing has been identified, the Social Housing Act of 2008 (Act 16 of 2008) requires a municipality, within its jurisdiction, to play a meaningful role, in accordance with relevant legislation, applicable

regulations, as well as the policy framework to facilitate the development of social housing stock. This is a responsibility exercised by the municipality through their obligatory integrated development planning where various interventions need to be explored to promote social housing development. Examples of typical interventions include the need to identify and convert existing rental stock and non-residential buildings into social housing stock in designated restructuring zones.

The City of Tshwane's metropolitan area is no different to any other major metros in the country with regard to urban spatial segregation and the difficulties of low and moderate income groups to access affordable rental accommodation within and around the city core. According to a Census Community Survey of 2016, the City of Tshwane provides a total of some 345,140 rental units through the formal rental markets. This accounts for approximately 8% of the total rental stock of South African metropolitan areas. The survey also revealed that almost one million rental units are offered through the informal rental market (Stats-SA, 2016). Although the challenges experienced in the rental market are as result of historical issues (mainly, pre-1994 apartheid spatial laws), a lot can be done to redress the anomalies through current planning and legislative instruments at the disposal of the cities.

2.12 Conclusion

This chapter looked at the structure of the social housing sector in South Africa, identifying key role players and articulating their role and responsibilities in the sector. A brief discussion drawing parallels to the public housing sectors in Europe and America also provided some international context to the discourse. The significance of South Africa's various policy formations was also explored and how these are positioned to assist the government to respond to the national imperative of providing adequate access to housing as a basic right enshrined in the country's supreme law, the 1996 Constitution of the Republic of South Africa.

CHAPTER 3: LITERATURE REVIEW – Towards a conceptual framework for the social housing environment

3.1 Introduction

This chapter provides a more nuanced discussion of the underlying concepts that underpin the social housing programme, as contemplated by the research study. The discussion in this chapter culminates into a conceptual framework of the social housing environment in South Africa. This framework encapsulate the main themes and sub-themes which are discussed further in the sections below, for better understanding of how they invariably impact the delivery of social housing. The concepts are discussed in detail in the context of the City of Tshwane in order to provide a better understanding of the challenges inherent to the social housing sector. The study looked at how these concepts are intricately linked to the supply side of the social housing programme, as driven mainly by the SHIs and ODAs with the support of other sector stakeholders.

3.2 Institutional mechanisms for the social housing programme

The study describes in great detail the institutional base that exists in the social housing sector under the guidance of the policy, legislation and the regulatory framework. The National Department of Settlements revised the Housing Code in 2009, after identifying a need for the social housing programme to receive more focussed sector institutional support and guidance. This study looks at the five main themes described in the policy framework as pillars that underpin the sector. These pillars were introduced in Section 5 of Chapter 1, i.e. the institutional mechanisms and these are discussed in detail in the section below. The institutional support being provided to the social housing programme comes through various instruments provided primarily by the state, as well as private sector organisations. The sections below discuss all these measures as depicted in Figure 1.1 which collectively form the institutional base of the social housing sector. In the 2017 State of the Sector Report, the SHRA called for

the “institutional framework for social housing to be strengthened and streamlined” through a range of activities. These were envisaged to include “the re-evaluation and definition of roles within the sector to ensure that the agents of government are adequately equipped to support, monitor and fund SHIs” (SHRA, 2017: 19).

3.2.1 Legislative and regulatory environment

In order to give a contextual background to the housing legislative and policy environment, the study recognises the evolution of the housing policy which commenced with the White Paper on Housing, formulated in 1994 as the overarching national policy framework for housing delivery in a democratic South Africa. This policy emanated from the work of a housing consultative forum, named the National Housing Forum at a national housing summit in Botshabelo, Free State, which later became known as the Botshabelo Accord (RSA, 1994). The Botshabelo Accord was largely an agreement by a range of stakeholders, including government, communities, and the financial sector that set out the framework for the national housing policy (Tissington, 2011). This policy was, by and large, responsible for guiding all other subsequent programmes and policies that sought to shape the housing delivery models in the country (ibid).

The Housing Act (Act 107 of 1997) was amended twice in 1999 and 2001 respectively, allowing the Minister to publish the Housing Code which included the national housing policy, as well as procedural guidelines for the implementation of the policy (RSA, 1997; RSA 1999; RSA 2001). The 2004 Breaking New Ground: A Comprehensive Plan for the Development of Sustainable Human Settlements (Breaking New Ground or BNG) became the first major policy amendment to the White Paper, ten years into democracy, to address the limitations of the previous policies, which included peripheral residential development, poor quality products, and the continued growth of informal settlements (RSA, 2004). The country’s first National Social Housing Policy was introduced in 2005 and the

Implementation Guidelines adopted in November of the same year. This policy was revised through the Housing Code of 2009 to give more effect to the implementation of the social housing programme, after the enactment of the Social Housing Act of 2008 (Tissington, 2011). The programme was hitherto seen to be operating with no clear policy directive since 1997 under the institutional subsidy programme (RSA, 2009). The enactment of the Social Housing Bill in 2008 into the Social Housing Act (Act 16 of 2008) and the establishment of the Social Housing Regulatory Authority (SHRA) to regulate the sector, were key milestones towards strengthening the sector and the creation of an enabling environment.

To this end, the National Department of Human Settlements (NDoHS) was mandated by Section 3(1)(a) of the Social Housing Act (Act 16 of 2008) to "create and uphold an enabling environment for social housing, by providing the legislative, regulatory, financial and policy framework for the delivery of social housing" (RSA, 2008:12).

3.2.2 Social housing units and local infrastructure services

The Housing Code of 2009 identified that the key delivery aspect hinged upon provision of housing units, and the delivery of infrastructure, as well as public environments (RSA, 2009). The two major stakeholders in this delivery aspect are the SHIs (or developers, including building contractors, depending on their delivery model) and the municipalities, who have an obligation to provide the much needed infrastructure services for the programme.

3.2.2.1 Housing delivery agents

In the "Evaluation of the cost drivers of social housing development", a study undertaken by Alcari Consulting for the SHRA in 2018, it was established that it is important for the SHIs and the professional team to have sector experience and knowledge to deal with all aspects of the project delivery, from planning and design to contractor management (Alcari, 2018).

The report also highlighted some of the important aspects in the delivery process for the SHRA to focus on, with emphasis on (1) the pre-screening of sites prior to selection in order to avoid, or to plan for adverse geotechnical conditions; (2) the simplicity of building designs that allow for easier construction and reduced life cycle costs during the operational phase; (3) the SHIs' ability to provide oversight and quality control during the construction stage; and (4) finally ensuring that the contractors have continuity of work in the sector to gather relevant industry experience (ibid).

Some of the factors that have contributed to the delays in completing projects in time relate to *inter alia*, statutory approval processes, debt financing, community strikes and contractor capacity issues.

3.2.2.2 Technical pre-feasibility investigations in Restructuring Zones

In their MTSF 2015–2019 document, the National Department of Human Settlements acknowledged infrastructure services' constraints as a threat to human settlements' spatial development in the country, and their impact on the social housing programme. This realisation came about despite the NDoH identifying interventions in the Department's MTSF 2015–2019 document which included vertical and horizontal consultative mechanisms across all spheres of government to achieve better integrated spatial planning and the delivery of housing units. A review of planning systems at municipal level was also identified among the key interventions needed in order for the government to achieve better spatial impact (NDoH, 2014). The national government's MTSF 2015–2019 document commits to "improving access to housing and basic services", as well as spatial transformation through the provision of infrastructure and housing in better located mixed-income projects in urban centres (RSA, 2014).

A review of the SHRA's project pipeline register indicated a number of social housing project applications in the City of Tshwane that still do not meet the minimum investment criteria for accreditation due to reasons relating to "confirmation of bulk services capacity and statutory approvals by the

municipality or the provincial authority" (SHRA, 2019). These approvals take excessively long periods to be granted, and has been the challenge not only in the social housing sector, but in the building environment as a whole (Alcari, 2018). The continued misalignment between these plans across all spheres of government remains a hindrance, in particular with regards the implementation of the social housing programme.

3.2.3 Funding for delivery agents (SHIs)

The Social Housing Regulatory Authority (SHRA) has a legislative mandate in terms of Section 11(3)(g) of the Social Housing Act to accredit qualifying SHIs and projects, as well as to disburse and administer institutional investment grants to qualifying delivery agents (RSA, 2008). This is one of the key roles of the SHRA in ensuring that delivery agents deliver viable social housing projects in order to meet the national target, which was set at 27,000 social housing units for the MTSF period of 2014–2019 (SHRA, 2018). The two main funding components offered and administered through the SHRA are the Consolidated Capital Grant (CGG), which was previously called the Restructuring Capital Grant (RCG) and the Institutional Investment Grants, which offers a number of grants assisting SHIs with various capacity building interventions (ibid).

The CCG was set up after the Institutional Subsidy grants, which had been administered by the provincial government and was moved to the SHRA, allowing SHRA to be the sole custodian of grant funding to SHIs. The capital grant is specifically targeted at providing a capital contribution to delivery agents, for "approved and accredited" projects, developed in designated restructuring zones. The quantum of this grant was increased to R271,867 per unit in 2018 following numerous submissions by stakeholders requesting an adjustment in funding that would see projects' viability improving as a result of state investment in the sector (SHRA, 2019).

According to Alcari (2018) on average, the total cost of a social housing project is about R425,760 per unit including VAT. This means that on the

basis of receiving a (CCG) grant, it can leave a project funding shortfall of about R153,853 per unit to be funded through debt/equity. According to Regulation 24 of the Social Housing Act private developers (ODAs) are expected to contribute a minimum of 20% of the total project value in equity, in order to qualify for the CCG, and this does not apply to SHIs (RSA, 2011). The funding arrangement in the sector does create an opportunity for other funding agents to participate in the sector. Notably, affordable housing development finance institutions (DFIs), such as the National Housing Finance Corporation (NHFC) and the Gauteng Partnership Fund (GPF), have been active in funding both the SHIs and ODAs (interview respondents). The commercial banks, private commercial property funds, and private equity funds, such as the Trust for Urban Housing Finance (TUHF) and International Housing Solutions (IHS) are also active participants as they have identified investment value in viable social housing projects. The stability of the finance environment is meant to be provided by the government, guided by a clear policy framework, to make social housing an attractive investment programme that can attract private investment funding in the market (interview respondents).

3.2.4 Regulation of the social housing sector

The Social Housing Regulatory Authority was established in terms of Section 7 of the Social Housing Act, with its core mandate being to capacitate, invest in, as well as to regulate the social housing sector (SHRA, 2019). Detailed responsibilities of the regulatory authority for the social housing sector were discussed in Chapter 2 of this report. The SHRA has been marred with challenges to the extent that the Board was disbanded in 2014 and again in 2019 due to allegations of maladministration. The pronouncement by the former Minister of Human Settlements, Lindiwe Sisulu, in her Budget Vote Speech of 2013/2014 saw the SHRA had been placed under administration until June, 2017 (Gallocher, 2018). The entity senior executives (the Chief Executive Officer and the Chief Operations Officer) were also removed from their position due to allegations of

corruption in that period. The regulatory authority was left with no oversight and project approval structure, leading to extensive delays for SHIs and project accreditation, extending beyond the legislated 90 days from date of application submission as required in terms of Social Housing Act (Act No. 16 of 2008) regulations (RSA, 2008).

In instances where the Social Housing Regulatory Authority has reasonable grounds to believe that there has been maladministration by a funded social housing institution, Section 12(1) of the Act provides the SHRA with the powers to act decisively to remediate the situation (RSA, 2008). An example of this intervention is the recent case in the Free State where the SHRA "has taken over one of its accredited institutions after it emerged that it owed service providers millions of rand and its bosses had failed to institute business rescue proceedings" (Sidimba, 2020). The SHI, the Free State Social Housing Company (FRESHCO) was put into administration by the SHRA/creditors through a court order, as per the provisions of Section 12(9) of the Act after being found guilty of widespread irregularities (ibid). This demonstrates the role and powers of the regulatory authority in providing leadership and protecting the state's investment in the sector through institutional grants disbursed to the SHIs.

3.3 Location – well-located land in designated Restructuring Zones

In an attempt to define this concept, Hagorth (2015) argues that "well-located land" cannot be defined in "absolute" or "static" terms, similar to how "peripheral" or "central" concepts are used to define localities in the South African context. The crux of this argument is that the latter concepts are not relevant "in the context of growing multi-nodal South African cities", as the "location area factors" within the metropolis and "different household preferences and cost structures, and proximity to amenities" give more relevance to the concept of well-located land (Hogarth, 2015: 11, citing Venter et al. 2004).

The Department of Housing's Reconstruction and Development White Paper (RSA, 1994) introduced supply-side subsidy instruments that have arguably contributed to the peripheral location of poor communities in settlements where land is cheap and economic and where social amenities are non-existent. The FFC (2012) argued that the peripheral location of low-cost housing does not promote densification or incentivise infill and brownfield developments, as it is designed to provide large scale housing products to address the backlog, at cheaper peripheral locations. In the cities, the majority of these poor and working class members of society still remain marginalised and misplaced from social amenities, centres of employment and other economic amenities. This leads to most households having to travel long distances to and from work, with high transport costs which take up a significant portion of their salaries (Onatu, 2012 citing Boaden & Karam, 2000; Huchzermeyer, 2003). Long commuting times between home and work deprive many household of time that could be spent productively on other things, including their families (SACN, 2016).

As referred to above, ten years into democracy, a policy review which led to the establishment of BNG (already discussed in earlier sections) envisaged, amongst other objectives, two strategic interventions for accessing well-located land by the NDoHS (RSA, 2004) i.e.

> (1) "facilitate the release of well-located public land to municipalities in co-operation with the Department of Land Affairs and the Department of Public Works" and where such land is deemed "suitable for housing purposes, to be transferred to municipalities at no cost"; and
>
> (2) to facilitate the "acquisition of well-located private land for housing development" …"in conjunction with the Department of Land Affairs" and for such land to be acquired by the municipalities, "in line with Municipal IDPs (and) Spatial Development Frameworks".

As the housing delivery strategy shifted from “supply” to “demand” driven subsidy instruments, the social housing programme was identified as one of the vehicles that would assist in bringing poorer communities closer to social amenities and economic opportunities in the urban centres which had previously excluded them due to affordability reasons. The policy response to deal with this new approach was the revision of the Housing Code in 2009 which introduced the idea of having Restructuring Zones as the designated areas for social housing within municipal demarcations (RSA, 2009).

The Social Housing Act (Act No. 16 of 2008) defines a Restructuring Zone (RZ) as a geographic area which has been identified by the municipality, with the concurrence of the provincial government, for purposes of social housing development. Such RZs would be designated and gazetted from time to time by the Minister of Human Settlements (RSA, 2008). A deeper question to be answered is how relevant is the location of a restructuring zone in the provision of well-located land for social housing in our cities, towards the realisation of the primary objectives of social housing? In order to appreciate the relevance of this question, it is important to understand that the social housing programme was established primarily to “redress apartheid spatial inequities” in our urban centres, “by providing low-and-moderate income households with good quality and affordable rental housing in well located parts of South African Cities” (HDA & NASHO, 2013). Figure 3.1 below shows the approved Restructuring Zones for the City of Tshwane’s municipality and their location in relation to the city’s demarcations (regions).

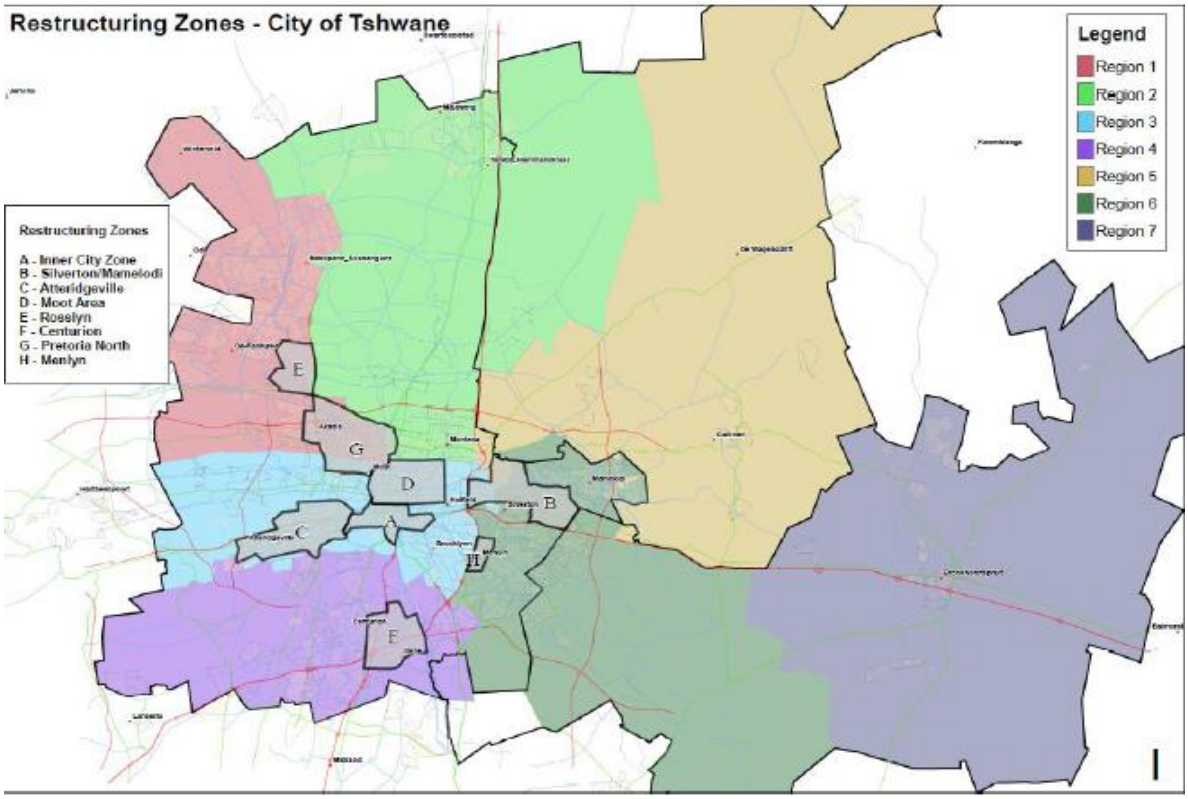


Figure 3.1: Restructuring Zones

Source: CoT Municipal Spatial Development Framework, 2012

Both the Social Housing Act (Act No. 16 of 2008) and the BNG policy put municipalities at the heart of the identification and facilitation of the release of well-located land for social housing development. In some instances, the municipality can have public land released to them at no cost from other state departments (as happened under the Devolution of Assets programme in 2008/09). Section 4 of the Spatial Planning and Land Use Management Act (SPLUMA) (Act 16 of 2013) puts the obligation on all spheres of government to prepare a spatial development framework in order to, among other things, address historical spatial imbalances in the country. (RSA, 2013).

This study sought to understand what measures have been put in place by the municipality to actively facilitate the release of well-located land in its jurisdiction for the social housing programme. A research report conducted in 2013 by the Housing Development Agency (HDA) and the National

Association of Social Housing Organisations (NASHO) argued that city planning processes do not focus on incorporating the social housing programme in their urban regeneration strategies. Mtantato and Churr (2015) citing FFC (2012) argue that the choice for residents to accept poor quality housing in order to be close to economic opportunities, living in informal settlements and backyard shacks, shows how willing they are to make sacrifices to be closer to economic amenities and job opportunities in the urban centres. The current demand-driven subsidy instruments, if properly utilised, should be progressive enough to build settlements in well-located parts of the cities, with optimum densities that will eventually offset higher land costs (ibid: 131, citing FFC, 2012).

Although the housing strategy of the City of Tshwane's Metropolitan Municipality has a history of recognising social housing as a significant part of housing delivery in the city, not much has taken place to realise that strategic objective since 2007. As outlined in the City of Tshwane's Social Housing Policy of 2005–2015 (CoT, 2007), the social housing programme was positioned as an integral part of the city's planning instruments. Some of the planning documents which guide spatial development of this city include:

- the Regional Spatial Development Frameworks (RSDFs);
- a densification study for the identification and evaluation of land to be utilised for institutional housing development (2002);
- the Tshwane Spatial Development Strategy: 2010 and Beyond;
- the Tshwane Inner City Development and Regeneration Strategy (2005);
- the Municipal Spatial Development Framework (July 2005), a component of IDP;
- the Inner City Housing Strategy (March 2006); and

- the Municipal Housing Development Plan (September, 2007), (CoT, 2007: 11).

The approved social housing policy of 2005–2015 argued for better alignment of the social housing programme with the City of Tshwane's spatial plans (see Figure 3.2 below for the hierarchy of planning documents).

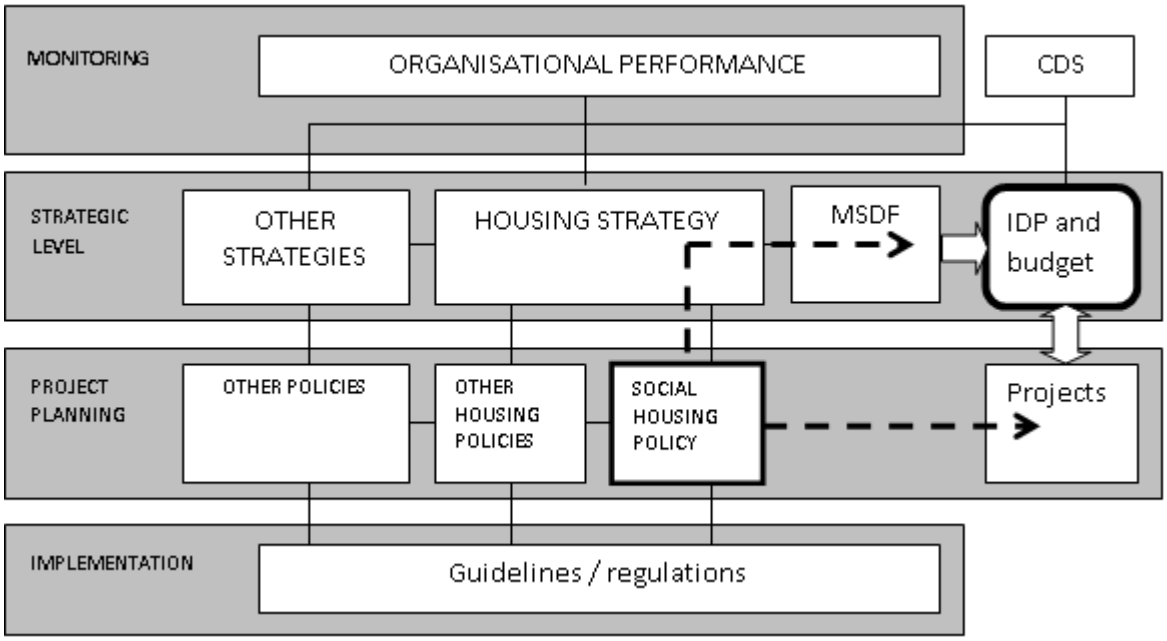


Figure 3.2: Hierarchy of planning documents

(Source: City of Tshwane Draft Social Housing Policy, 2008)

The City's officials confirmed during an interview that there is currently no approved social housing policy. There is very little evidence that programmes identified in the Social Housing Policy approved in 2008 were implanted during the period up to 2015. This is the status quo, despite the City of Tshwane being one of 13 municipalities selected for the interim social housing programme whereby social housing projects were to be financed by capital grants, before the enactment of the Social Housing Act in 2008 (CoT, 2008).

Lack of political will and vision in the city's planning processes to utilize the social housing programme to address spatial inequities and foster social integration continued unabated. The city recognised the lack of land as one of the challenges to be overcome in order to change the spatial and economic landscape through the social housing programme (interview respondent.) The report by the HDA and NASHO (HDA & NASHO, 2013) shows that the challenge with integrated planning to promote spatial inequities is rampant across most cities. If only 10 of the 32 social housing projects that were assessed in the Report fell within the cities' Urban Development Zones (UDZ's) and other municipal programmes for urban regeneration, more still needs to be done at city planning level to drive the pipeline through the establishment of "well-located land in designated restructuring zones".

Maybe the cities should start looking beyond the obvious solution of identifying land in the asset register and engage more with other state departments, entities and the private sector. Brown-Luthango (2015), cited in the South African Cities Network Report (SACN, 2016), argues that the prevailing perspective of urban land being regarded as an 'economic asset' should be reviewed. The argument is that land as a 'social asset' should be used for social good, to address socio-economic disparities in the country. Furthermore, she posits that land use should be more aligned with the needs of a broader community, citing examples of urban land claims in the City of Tshwane (ibid).

3.4 Project Viability

When the national government, through the NDHS identified a three-pronged strategy that was to gear up capacity and intensify the delivery of social housing stock, they considered, among other things, offering a more structured support to SHIs to help them grow and consolidate their existence by giving greater focus on "viable" projects (RSA, 2009). The SHRA's "Sector Determination and Transformation Policy" guides the

assessment of project viability as eligibility criteria for approval of the Institutional Investment Grant to delivery agents (SHRA, 2018). The project viability criteria recognises all five elements which include organisational viability, financial, economic, technical and commercial viability (ibid). It is against the backdrop of a much wider, multi-dimensional definition of project viability, as conceptualised by the SHRA that the study focussed mainly on these two elements and their sub-components, i.e. financial and economic viability as key concepts to be explored in the unit of analysis. This by no means suggests that the two elements are an exclusive dimension of the project viability criteria in the social housing sector. These two elements are discussed in the section below.

3.4.1 Financial viability

All projects that request funding from the SHRA are subjected to a financial viability assessment using a tool called “Quick Scan C” (QS C) as part of the project accreditation process (see Rules for Accreditation Government Gazette, RSA 2016). In order to assess the project’s eligibility for accreditation in accordance with the SHRA’s Sector Development and Transformation Policy of 2018, the regulator interrogates the project’s “ability to generate sufficient income to meet operating payments, debt commitments and where applicable, to allow growth while maintaining service levels” (SHRA, 2018: 12). The assessment tool looks at various financial indicators to determine if they meet the minimum performance benchmark as determined by the SHRA from time to time. Some of the key performance indicators used in the QS C tool include the Return on Equity (RoE), Return on Net Assets (RoNA), Cost to Income Ratio, Current Ratio, Debt to Equity Ratio, Insolvency Ratio and Cash Reserve for maintenance as a percentage of project costs. Onatu (2012: 192) cautions that one of the risks that threatens SHIs’ longer term sustainability and the overall viability of the model is the “risk in procuring land and buildings at reasonable prices for the long term benefit of the low income earner”. The environment within which the social housing sector operates is arguably

plagued by policy changes which can create instability and uncertainty, particularly to the private sector (for profit) developers who may want to participate in the programme (ibid).

In a State of the Sector Report (SHRA, 2017: 16), it was reported there are challenges with regards to SHIs' operational efficiency and this impacts their financial sustainability. The report states that "68.2% of SHIs are unable to operate below the R1,350 per unit per month benchmark of 'total operating cost', with average operating costs being significantly higher amongst Municipal-Owned Entities (MOEs) than non-MOEs". This is a cause for concern considering that the bulk of the revenue is mainly from rental income and furthermore this has been reported to be below target, i.e. 78% is the average collection with 60% for MOEs against a target of 95% (ibid). More focus should be put on ensuring the SHIs' financial viability is improved, with their total revenue to exceed total operating costs. The SHRA asserts that "the level of project sustainability is affected by the correct tenant mix, adequate scale and appropriate levels of debt financing and subsidisation" (ibid: 16).

In 2018, the SHRA commissioned an evaluation of the cost drivers (which impact project financial viability) in social housing projects. The research report was presented by Alcari (2018), who established that the bulk of the capital costs are amenable to reduction if proper interventions are made by key stakeholders. In their report, they made the following recommendations to SHRA as necessary interventions by key stakeholders in the delivery value chain:

(1) Land costs are generally higher as the state and municipalities do not fully take advantage of land strategies as suggested in the social housing policy, where state land could be accessed and released at below market rates to SHIs and ODAs.

(2) Bulk infrastructure contributions and upgrading costs remain high and require review by the municipalities. This also came up as a concern during

the data collection stage of this study, particular from the interview respondent, who felt that the City of Tshwane could play a more meaningful role by reducing bulk contribution costs for social housing projects.

(3) Professional fees were found to vary significantly between experienced and inexperienced developers. The report suggested that the SHRA could set and enforce social housing fee tariffs, modelled around industry tariffs but significantly lower, ensuring that the benefits of “repetitive” work is factored into the discounted rates charged by professionals.

(4) Lastly, the time taken for overall project preparation and grant approval was found to be significantly long periods due to municipal planning approval processes, thereby affecting the overall social housing project development costs. The two parties responsible for this are the municipalities and other relevant authorities responsible for compliance approval and the SHRA with their grant approval process. The former is generally a problem in the real estate development sector and needs to be approached through engagement facilitated by the SHRA involving major stakeholders and all tiers of government. The latter is a SHRA systematic issue that stems from challenges in their operations and governance structures. During an interview with the SHRA, it was revealed that a more streamlined approval process has been adopted, details of which are discussed in Section 6.3.1 (Project/SHI accreditation process) of this study. In terms of Regulation 24 of the Social Housing Act, SHIs must always demonstrate financial viability in order to remain accredited. Such viability is assessed in terms of the SHIs having sufficient financial resources to cover operating deficits, the ability to deal with vacancies and bad debts. Social housing projects are expected, among other things, to have an Internal Rate of Return (IRR) of the prime overdraft rate plus 4.5% to be considered financially viable (RSA, 2012).

3.4.2 Economic viability

Urban consolidation as a spatial strategy has the ability to contain "infrastructure costs through scale and network economies and the re-use of existing capacity" (Jones, Leishman, MacDonald, Orr & Watkins, 2010: 9). It, therefore, would make sense for higher density, inner city developments to be utilised as a strategy for the implementation of the social housing programme. Not only will this support or promote viability through reduced infrastructure costs, but the benefits of linking a compact urban form to social equity ultimately results in improved economic viability in such areas, particularly in brownfield developments. Social housing, using recycled inner city buildings has the ability to improve social cohesion, characterised by strong supply chains and local economic activity as larger number of people will be interacting at various levels within their community (ibid). Van Niekerk (2018) argues that there is a complex relationship between cost variables (i.e. land and infrastructure costs and other factors) that should be considered when assessing the benefits of locating urban development within the city. An ideal location is one based on a deeper understanding of social, political and economic benefits that will accrue to the households from their location in the city. So the decision of economic viability in an urban location can not only be based on "sprawl" versus "compact" city choices (ibid).

According to the SHRA, in order to pass the economic viability assessment criteria for accreditation, social housing projects must have the ability to demonstrate economic feasibility, innovation and overall sustainability (SHRA, 2018). In order to explain the principle of sustainability further, Wu, Duan, Zuo, Zhao and Tang (2017) argue that in order for a building to be considered sustainable, it must have satisfied all the dimensions of the definition, which include the environment, the economy, as well as social sustainability. If one considers overall sustainability as an ingredient of economic viability, as defined by the SHRA (2018), and the significance of social sustainability as a component of overall sustainability as argued by

Wu et al. (2017), it can be concluded that an important correlation exists between the two elements. However, consideration must be given to the other dimensions of sustainability in social housing projects that must be satisfied.

It is important for social sustainability to be considered an essential element of overall sustainability of social housing projects in South Africa. This is because one of the primary objectives of the social housing programme, as articulated in the national Social Housing Policy, is to "contribute to the national priority of restructuring South African society in order to address structural, economic, social and spatial dysfunctionalities" (RSA, 2009: 11).

It is important to note that this study views viability in a broader more inclusive context that incorporates various elements that have been part of the discourse in sustainable housing development literature. Furthermore, recognition has been given to the work of Turcotte and Geiser (2010), who undertook a research study using two urban case studies in the Boston, Massachusetts metropolitan area on low income housing developments in the United States to develop a multidimensional framework for housing developments. In this study, they argue that housing projects can never be regarded as sustainable if households have to spend a "disproportional amount of their income on shelter, restricting their ability to meet other basic quality of life needs" (Turcotte & Geiser, 2010: 112). The study focussed on low income housing developments which used rental as an instrument to provide tenure, where the tenants' household income has to compete with other basic necessities. They argue that for any housing development to be regarded as sustainable, it needs to recognise and integrate other aspects of sustainability, such as social, economic and environmental dimensions to give a holistic meaning to housing sustainability (ibid., citing Hugentobler, 2006).

Economic viability in the context of social housing does bring a strong element of social viability at the heart of defining the overall sustainability

and viability of social housing projects. Social housing provides higher densities and mixed use urban forms and this arguably leads to a better quality of life due to more social interaction, community spirit and cultural vitality (Jones, Leishman, MacDonald, Orr & Watkins, 2010). For poor communities, there is a direct socio-economic benefit to being closer to economic and social amenities, as well as the proximity to work, which leads to an improved quality of life (ibid). Section 2(1)(i)(iii) of the Social Housing Act also affirms the purpose of the social housing programme as being a vehicle to promote "the establishment, development and maintenance of socially and economically viable communities to ensure the elimination and prevention of slums and slum conditions" (RSA, 2008:10).

The progressive policy and legislative framework does take into consideration the needs of poorer communities, and recognises that the social housing programme can be used to provide much needed economic viability in urban centres if purposely and carefully planned.

3.5 Management Capacity & Competence

The Sector Development and Transformation Programme is a capacity building programme developed by the SHRA as envisaged in Section 11(3) of the Social Housing Act to assist SHIs to develop skills and build capacity in their organisations. Alcari (2018), in the Cost Drivers of Social Housing Development research undertaken for the SHRA, argued for ongoing development and improvement of the capacity and skills of SHIs, particularly new entrants in the sector. In their findings, they established the correlation between experience and expertise of new SHIs and their lack of ability to curb some of the project costs due to their inexperience in the sector.

Technical capacity and competence levels by management within the SHIs was identified as key success factors of SHIs in the social housing policy framework (RSA, 2009). The SHRA has developed the Sector Development and Transformation Programme to offer capacity building to SHIs that need

to enhance skills to better manage their entities as part of the institutional investment plan. The main purpose of the plan, as envisaged in the Social Housing Act, is to build management capacity within the SHIs through a training and development skills plan.

In their 2018/19 Annual Report, the SHRA confirmed that they have spent 71% of funding allocated for the Sector Development and Transformation Programme, with capacity building training offered to SHIs, local authorities and black businesses throughout the country (Gallagher, 2019). In the next MTSF (2019–2024), the SHRA is aiming to deliver a total of 30,000 social housing units through their Sector Development and Transformation (SD&T) and Project Development and Funding (PD&F) programmes (Respondent, 2019).

The Social Housing Policy recognises the role of NASHO as an independent body to promote capacity-building within the sector, through activities that support SHIs in their development path (RSA, 2009). NASHO has made significant inputs in the promotion of the sector through skills development training to member organisations, as well as various research work to identify areas that need improvement in the sector. Through their research work, they have developed a Business Capability matrix, which guides required training and capacity building interventions for SHIs as they progress through various levels of their trajectory (NASHO, 2016).

3.6 The Conceptual Framework

The concepts that were discussed in the section above are summarised in the diagram below (Fig.3.3) to demonstrate how components of the sector are meant to function as a unit. In broad terms the framework recognises that the sector business environment requires focussed institutional support through legislation and related policy instruments to create an enabling environment for the delivery agents (SHI’s and ODA’s) to play a meaningful role in the delivery of the programme.

Focussed support is essential to overcome the barriers of entry, leading to improved participation in the sector. Such support could include enabling better access to finance, and availability of well-located land, released through municipal spatial development programmes. A functional business environment, with no barriers of participation can lead to a strong social housing sector that could translate to substantial delivery in the programme.

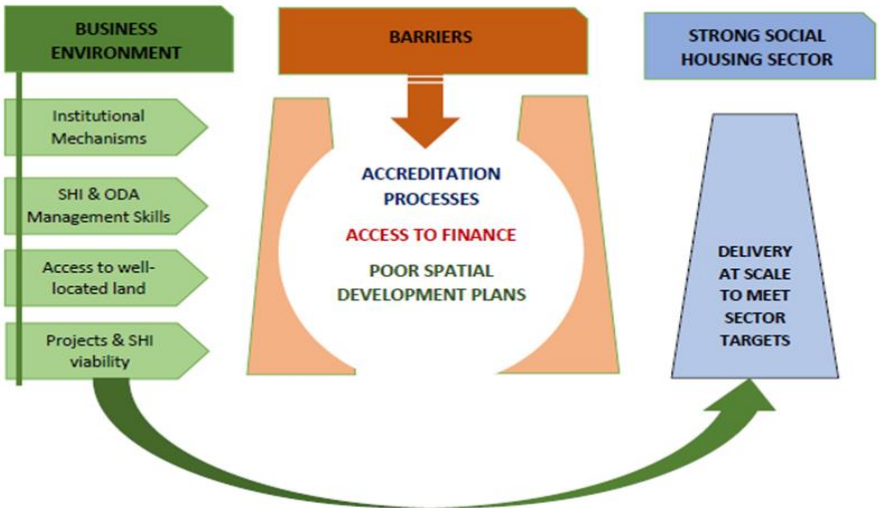


Figure 3.3: Conceptual Framework Diagram

3.7 Conclusion

In the State of the Sector Report, the SHRA points out the factors that have an effect on the social housing programme delivery, which are mostly the SHIs' financial and other capacity constraints, alongside the availability of well-located affordable land. In a report that reviewed social housing sector performance and its ability to attract private sector developers, the PER recommended an increase in the value of the restructuring capital grant to improve financial viability, coupled with the upward adjustment of tenants' target income bands (RSA, 2013). This was received with a positive response in 2017 from the NDoHS as the subsidy quantum was adjusted to R271,867 per unit, coupled with increased income thresholds for qualifying beneficiaries from R7,500 to R15,000 (SHRA, 2017).

This has provided much needed relief to the strained financial capacity that delivery agents experienced since the introduction of the Restructuring Capital Grant (RCG) in 2008.

During an interview, one respondent said these adjustments came in at the right time to make their project viable as they were under financial strain due to project delivery delays as a result of the land release process followed by contractor performance issues. The approval and implementation of the SHRA Policy Framework in 2018, to guide the implementation of the Sector Development and Transformation Programme reinforces the sector's commitment to making the social housing programme a success, albeit the many challenges inherent in the sector.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 Introduction

This chapter provides an in-depth discussion on the research methodology used in the research study. The use of a qualitative approach helped to unpack substantive issues raised by the research question in order to understand better the challenges experienced in the social housing sector. The review of the social housing literature and the relevant policies and legislative framework provided insights into how to apply the methodology in this research. The theoretical base developed from the literature review was helpful in the identification of key challenges in the social housing sector. Challenges were identified in both the national and local context (City of Tshwane) and these were further interrogated using in-depth interviews to gather relevant information from major stakeholders. The outcome of the interview findings has been used to make recommendations that would allow the sector to improve performance, particularly in the City of Tshwane, through the collaborative implementation of a series of interventions by all stakeholders.

4.2 Research Design

This study used a descriptive, qualitative methodology, which is grounded in the “naturalism” model. As explained by Silverman (2013), this model focuses on the substantive factual characteristics of the object of study. In order to understand the challenges inherent in the social housing sector in Pretoria, a qualitative approach using in-depth semi-structured interviews as a method to gather relevant research data was deployed.

It is also important to clarify the distinct relationship between a “research methodology” and a “research method”. Silverman (2013), citing Mason (1996), explains that a selected research methodology (the descriptive qualitative approach in this research) should guide what research method is used (in-depth semi-structured interviews) and how these are to be

utilised in a research study to realise research objectives. Silverman (2013: 122) views a research methodology as “a general approach to studying research topics”, and argues that the choice of method to be used in a research study should generally reflect the overall research strategy. Jackson (2009) posits that it is important for descriptive, qualitative studies to use methods such as unstructured interviews or observations spontaneously in the subject’s natural settings, where data collection can be an ongoing process. All interviews were conducted at the respondents’ place of work, at a time that was arranged to suit their schedules. The respondents were also given an opportunity to provide additional information post face-to-face interviews, when they did not have all the required information at the time of the interviews. This was to allow access to quality information for later analysis without being disadvantaged by the time limit set for the interview process.

The study was carried out in three distinct phases, namely;

(1) Phase 1: Review of literature, in order to interrogate the social housing environment in South Africa with the ultimate objective of developing a conceptual framework and a thematic approach to be used for analysis of critical focus areas of the study.

(2) Phase 2: Data collection, using in-depth semi-structured interviews conducted with a distinctive group of participants drawn from stakeholder organisations in the sector. The interviews were used to understand pertinent issues engulfing the sector in general, with specific focus on the issues unique in the local (Pretoria) environment. The ultimate objective was to unpack inherent challenges embedded in the Pretoria social housing environment as the first step towards the possible formulation of the solutions to the challenges experienced in the area.

(3) Phase 3: Analysis of data was the final step in the research process, and this involved detailed analysis of the outcome of data gathered in phase 2 of the study. This step used the content analysis technique in order to

understand the depth and root causes of the slow delivery of social housing projects in the City of Tshwane metropolitan area. This final phase also made recommendations that could be used by the authorities to develop turnaround strategies and other interventions necessary to improve the sector performance to enhance delivery of social housing units in the area, and elsewhere in the country where similar challenges are experienced.

4.3 Research Unit of Analysis

According to Zikmund (2003) cited in Sobuza (2010), in the early stages when the research problem is being defined in detail, it is important also to identify the unit of analysis for the study. Kumar (2018) emphasises the importance of the "unit of analysis" in the process of defining the research problem. At this early stage, a researcher has to clearly "identify the units of analysis as a part of the process of defining the research problem and deciding the methodology of the research" (ibid., 2018: 75). In this study, the unit of analysis is the "social housing programme", with the research's main focus being on challenges inherent in the sector which effect delivery in the Pretoria area.

4.4 Population and Sampling Procedure

The Social Housing Programme in South Africa is a state-regulated national programme that seeks to address, among other things, social and economic integration in the urban centre using an affordable rental housing development as an instrument. The state is the nexus of this programme through an array of well-coordinated institutional mechanisms which include policy, a legislative and regulatory framework and a funding instrument, such as grant and debt provision by development funding institutions. In order to achieve the broader objectives of the programme, all key stakeholders need to play their respective roles towards the realisation of a common goal.

Key stakeholders (forming part of the research population) remain the same, regardless of where a social housing project is developed, and their roles were discussed in detailed in Chapter 2 of this study. The seven key stakeholders are (1) the Social Housing Regulatory Authority (SHRA), an entity of the National Department of Human Settlements; (2) the Provincial Department of Human Settlements; (3) the Local Authority (municipality); (4) the Social Housing Institutions; (5) the Financiers (public and/or private funders); (6) Other Delivery Agents (mainly private developers) and (7) and the National Association of Social Housing Organisations (NASHO), an independent, institutional member-based organisation of social housing institutions (SHI's).

4.4.1 Sampling method and sample size

The study identified through a "purposive sampling technique" a sample of eleven participants from a population of seven distinctive groups, drawn from major stakeholder organisations. This technique, also called judgment sampling, is a non-random method not based on any underlying theories. The selection of participants/informants is a deliberate choice by the researcher due to the qualities the informants possess (Queirós, Faria & Almeida, 2017). Only six of the seven distinctive groups identified (i.e. 10 participants) took part in the study, as outlined in Table 4.1 below. The Gauteng Department of Human Settlements (GDHS) could not avail their official to be part of the study, despite numerous attempts to get them to partake since the first request in August, 2019. Their initial reason to decline the invitation (in November 2019) was that the official responsible for social housing was busy with project monitoring duties in 2019. At the beginning of 2020, after a follow-up with the GDHS, it was established that the department officials could not participate in the study without "approval of the Head of Department". No estimate of how long such approval could take was provided and at the time of concluding the study in March 2020, no official response was received from the GDHS.

Table 4.1: Participants in the Study

#	ORGANISATION	CLASSIFICATION	RESPONDENT
1	Social Housing Regulatory Authority (SHRA)	National Regulator	Portfolio Manager
2	City of Tshwane Municipality (CoT)	Local Authority	Divisional Head: H-S-A
3	Yeast City Housing (YCH)	Social Housing Institution	Managing Director
4	Housing Company Tshwane (HCT)	Social Housing Institution	Acting CEO
5	The Housing Hub (THH)	Other Delivery Agents	Project Executive
6	National Housing Finance Corporation (NHFC)	Development Finance Institution	Client Manager: Lending
7	Gauteng Partnership Fund (GPF)	Development Finance Institution	Investment Officer
8	International Housing Solutions (IHS)	Private Funder	Technical Specialist
9	Trust for Urban Housing Finance (TUHF)	Private Funder	DI Consultant
10	National Association of Social Housing Organisations	Industry Voluntary Association	General Manager

4.4.1.1 Selection of interviewees

The main factor that played a role in the selection of the participants was their relevance in the sector and their roles as identified in the regulatory and legislative framework. Marshall (1996) emphasises that the selection of the sample size and participants should be guided by the relevance of the respondents to adequately answer the research question. Sobuza (2010: 75) citing Zikmund (2003), cautions against the possibility of “bias” when a researcher uses their judgement to select the sample based on what they deem “appropriate sample characteristics. In this report, the approach used was to select these individuals based on their respective roles, sector knowledge and experience in social housing and specifically having participated in the City of Tshwane’s social housing developments in one way or the other. Use of this non-probability judgment selection technique was carefully considered to ensure that quality data was gathered during the in-depth interviews with participants.

4.4.1.2 Number of interviewees

A reasonable sample of participants was selected based on their role in the sector and stakeholder organisations. Queirós et al. (2017) citing Bernard (2002) and Spradley (1979), points out that the sampling technique used is not prescriptive on the sample size, with a minimum number of five participants needed for the data to be deemed reliable. The target composition for this study was deemed to be a representative of the social housing sector, despite the one participant (provincial government), who was not able to not avail himself for the interview. A total of ten in-depth interviews were conducted with respondents from seven categories of the stakeholder organisations as illustrated in Table 4.1 above. All participants were invited through formal emails followed by a telephone call to confirm the appointment. The purpose of the interview was outlined in a participant information sheet (see Appendix B) attached in the e-mail invitation.

4.5 Collection and Processing of Data

4.5.1 In-depth face-to-face interviews

Empirical data for the study was collected primarily using in-depth face-to-face interviews. Secondary data was also collated from other sources, such as social housing sector reports, research reports, legislation, policies, regulations, media and other articles. In-depth interviews conducted using open-ended questions to allow each respondent the freedom to answer using their own words in a conversational manner without limiting their responses (Guion, Diehl & McDonald, 2011). Where it was not practical to conduct face-to-face interviews, a “zoom video call” was used. This was the case when one respondent had to be in Cape Town on short notice, and in another instance, a respondent had to leave the office due to a minor medical condition. In one instance, a follow-up interview was scheduled for an in-depth discussion of the secondary data collated from other sources.

Le Roux (2013: 42) asserts that a review of the secondary data allows for "better grounding of qualitative results drawn from the interviews", giving the study better contextualisation through collected data.

An interview guide was used to design the interview questions for each participant group. The rational for having separate questions to elicit relevant information from each of the stakeholder groups was to ensure that relevant substantive issues linked to the research themes were elevated in questions specific to each stakeholder. This could not be achieved with standard generic questions across all respondents. Having unpacked the key roles of each stakeholder group in an earlier chapter of the study, it was established that all stakeholders play varying roles in the sector, even though these rules are aimed at culminating in the achievement of the common role. However, it should be noted that interviews were conducted with individual participants and not in a group setting.

An interview guide with interview questions and the mapping of questions to the research question are included in Annexures D and G of this study.

4.5.2 Use of a recording device

All data collected was electronically recorded for later retrieval. Recording and documenting of the responses made it possible to probe the data for deeper meaning and understanding when an in-depth analysis was done. The debate around the use of recording devices and how this affects the respondents' behaviour were also taken into consideration. Al-Yateem (2012: 33) cautions that respondents' behaviour could change when they are recorded because they might be "more aware and cautious about what they disclose and share during interviews or interactions".

As it became clear from some of the participants' gestures before the interviews commenced, that some of the participants needed a bit of time to engage informally on other topics before the recording could start, I had to accommodate that non-verbal request. This strategy was deployed to make

participants more relaxed as a way of creating an element of trust before commencing with the interview. All this was to reassure participants of the confidentially they had signed up for, especially in instances where their responses would come with some controversy. This, however, does not negate the fact that the recording of interviews provides a good basis for reliability and the validity of data.

4.5.3 Approach to Data Analysis

Data analysis in the context of qualitative research is defined as “the process of systematically searching and arranging the interview transcripts, observation notes, or other non-textual materials that the researcher accumulates to increase the understanding of the phenomenon” (Wong, 2008: 15). Qualitative studies use themes or concepts as tools for making generalisations (Neuman, 2014), which is the approach used in this study for inference from the empirical data gathered. All textual data gathered through the interviews was analysed by breaking it down into manageable themes and concepts, using the content analysis technique.

The aim of the analysis was mainly to understand the “various constitutive elements of (the) data” collated in order to isolate the themes (Mouton, 2005: 108) allowing for such content to be further analysed. Neuman (2014: 371) describes a content analysis technique as an analysis where the researcher gathers and analyses the “content” of the text. Such content can include “words, meanings, pictures, symbols, ideas, and themes”. Figure 4.1 below shows a typical data analysis process followed in qualitative studies.

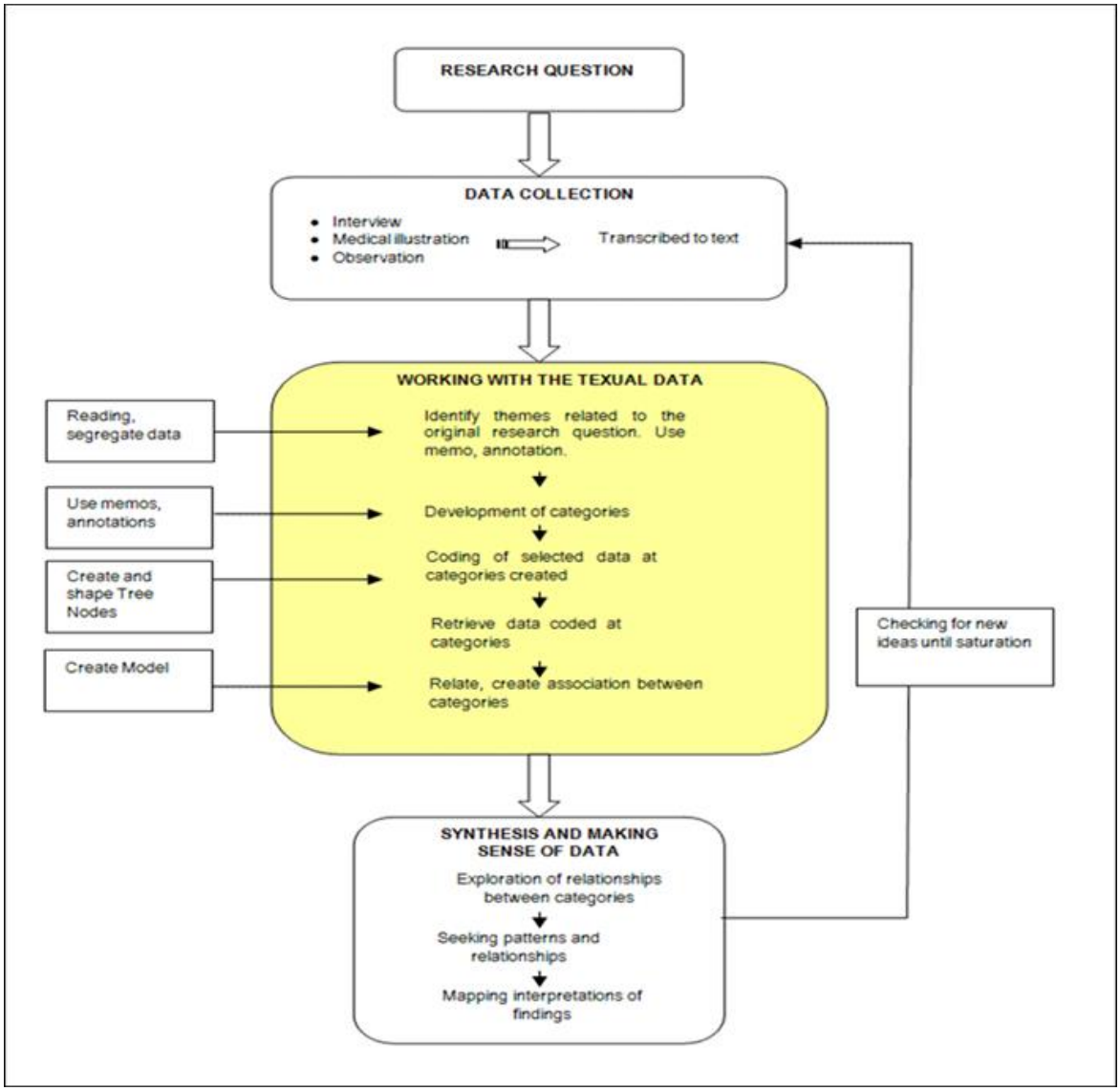


Figure 4.1: Qualitative Data Analysis Flowchart

(Reproduced from the Journal of the Academy of Family Physicians of Malaysia, 2004)

In summary, the process followed in the study was to formulate the interview guide, where questions were mapped to the main research question and sub-questions for relevance. Selected respondents were then given an opportunity to participate in an in-depth semi-structured interview process to collect textual data. Data was analysed using a content analysis method, which allowed for the segregation of such data into themes and concepts.

Synthesis of textual data was achieved through a process which helped me to make sense of the responses, while ensuring that all responses were mapped to the research question for inference from the textual data being analysed.

4.5.4 Semi-structured interview guide

The interview guide was carefully designed to allow for extraction of data from the participants using interview questions relevant for each group for further analysis. The guide allowed for interview questions to be linked back to the main research question and sub-questions as mapped in Appendix B. The interview questions were designed in a manner that they do not rely primarily on the respondent's memory to provide quality data. The cognitive response-order effects, generally attributes the quality of the respondents' responses to memory limitations. George (1992: 189) argues that responses, (particularly to surveys and to a lesser extent, interviews) could be subjected to what is called the "recency effects" or "primacy effects". This means that respondents are likely to give "higher endorsements of items presented early in the list" of questions or "late in the list". This is primarily influenced by their memory limitations.

4.6 Testing, Validity and Reliability

In order to refine the interview questions to ensure better alignment with the main research question and to improve the reliability of the data, the interview questions were pilot-tested on a few individuals. Neuman (2014) highlights the significance of a cognitive interviewing technique used in pilot testing surveys, saying it provides researchers with a better understanding of their questionnaire through test-runs of interviews before engaging the main respondents.

The use of audio recording of the interviews played a crucial role towards ensuring the validity of the data, in that during data analysis, there was an opportunity to listen to the recording repeatedly in case of doubt (Al-Yateem,

2012). The use of written notes over and above the recording contributed to the validity of the information during the transcription of the data. At all stages during all the interviews I made sure to make notes when critical points were raised by the participant.

In order to ensure the reliability of data that was gleaned from the interview process, I relied on the “external consistency” technique. This meant that data could be “verified or cross-checked with other, divergent sources of data” (Neumann, 2014: 467). For example, the SHRA keeps a register of all project applications and reasons for rejected applications. SHIs can, therefore, not provide incorrect information that cannot be verified with the SHRA as the regulatory authority. A copy of the SHRA’s latest project accreditation pipeline register (see Appendix I) was sourced from the SHRA for further analysis and testing of data validity. This helped me confirm validity and the reliability of information provided by the SHIs. In other instances, source documents such as research reports, planning documents, such as municipal IDPs and various regulatory and policy documents were also assessed to validate the information gathered through the interview process.

4.7 Ethical Considerations

In order to comply with requirements of the University of the Witwatersrand’s Human Research Ethics Committee, and demonstrate commitment to the highest ethical standards throughout this research process, I had to apply for an “Ethics Clearance Certificate”. The certificate was granted by the School of Architecture & Planning’s (SoAP) Human Research Ethics Committee after fulfilment of the requirements.

The research process also allows for identification and mitigation of any possible risk inherent in the research environment, to ensure that no harm is inflicted on the participants or their organisation, the University, all vulnerable groups, the researcher, as well as any other party, who could have been affected by the research, directly or indirectly. All participants

were provided with a participant information sheet (see Appendix B) outlining the purpose of the study and the reason why they were selected to participate in the study. Furthermore, participants were issued a “Consent Form” (see Appendix C), which gave them an opportunity to consent or decline participation in the study. Permission to use an electronic recording device, to record the interview proceedings was also addressed in the Consent Form. Lastly, participants were also made aware of how the information would be recorded in the final study, and a level of anonymity was guaranteed in the publication which would be stored in the University’s archives.

In closing, it must be noted that, as reported by a senior official in the provincial government who was identified as a participant in the study, the Gauteng Department of Human Settlements (GDHS), has since taken a stance that participation in research studies needs the approval of the Head of Department (HOD). In terms of the rules of ethics as articulated in the “Guidelines for Human Research Ethics Clearance Application/Non-Medical” research, permission has to be granted by the participant’s organisation where such is required, prior to issuance of the Ethics Clearance Certificate. This approval by the HOD had the potential of delaying the granting of the Ethics Clearance Certificate, and subsequently delaying the research process. After a number of failed attempts to get the Department to participate, it was eventually decided not to pursue their participation as they could not ultimately guarantee their HOD’s approval to be part of the study. This is a rather sad state of affairs on the part of the government to be seen to be inhibiting the process of research for academic purposes. The outcome of this research could potentially assist in broadening the knowledge base in the social housing sector, a sector which has a very brief history in South Africa. Social housing is a regulated programme of the state, through the Social Housing Act (Act 16 of 2008) requiring all spheres of government to be actively involved in its promotion, something that the GDHS should be reminder of.

4.8 Limitations of the study

This study was undertaken in an environment where the following limitations, as outlined below, had to be contested:

i. It should be noted that this research project is based on a qualitative study, and therefore, conclusions and recommendations made should be considered in the context of findings made from a limited sample (not an entire population).

ii. The conceptual model in this empirical study was developed from four main themes identified in the literature rather than from a theoretical framework. This is due to limited availability of a theoretical base in the South Africa social housing research literature at this stage.

iii. The study remained dependent on the quality of textual data provided by the research participants during the semi-structured interviews. Measures had to be taken to protect the quality of data, by ensuring its accuracy and reliability.

4.9 Conclusion

The descriptive qualitative methodology followed in the research primarily utilised semi-structured interview method as well as other methods to collect and process data from the respondents. This approach allowed me to better understand the challenges inherent in delivery of the social housing programme, specifically in the context of City of Tshwane. The sampling procedure followed in this study recognised the significance of inputs made by respondents as key stakeholders in the sector. The role played by the state as the nexus of the programme through its institutional mechanisms, remain critical to create an enabling environment for the participation of other stakeholders in the supply side of the programme. The next chapter is an attempt to recount the empirical data that was collected throughout the field work.

CHAPTER 5: RESEARCH FINDINGS - SOCIAL HOUSING CHALLENGES IN THE CITY OF TSHWANE

5.1 Introduction

This chapter is an attempt to recount the data gathered during the "data gathering" phase of the study. This process was facilitated through semi-structured interviews with ten key stakeholders in the social housing sector as outlined in Table 5.1. The first part of the interview results (Part A) deals with all responses received, apart from the Social Housing Regulatory Authority (SHRA). The second part (Part B) outlines the SHRA's responses based on their set of questions which differed materially from those of the other participants. The SHRA's questions were specifically designed to clarify their oversight role in the sector, and the legislative functions as required in terms of Section 11 of the Social Housing Act 16 of 2008.

Table 5.1: Participation Groups

#	Organisation	Type
1	Social Housing Regulatory Authority (SHRA)	Regulatory Authority
2	City of Tshwane (CoT)	Local Authority
3	Yeast City Housing (YCH)	Social Housing Institution
4	Housing Company Tshwane (HCT)	Social Housing Institution
5	The Housing Hub (THH)	Other Delivery Agent
6	National Housing Finance Corporation (NHFC)	Development Finance Institution
7	Gauteng Partnership Fund (GPF)	Development Finance Institution
8	International Housing Solutions (IHS)	Private Funder
9	Trust for Urban Housing Finance (TUHF)	Private Funder
10	National Association of Social Housing Organisations	Industry Voluntary Association

A content analysis technique was used to analyse the data collected, subsequently arranging such data into common themes. An excel spreadsheet was used to assimilate and align the data next to each participant's response, making it easier to compare the responses. Assimilation of data across all the seven sample groups, through common themes, helped to better analyse the commonalities and differences in the responses. In some instances, where a specific question relating to a concept/ theme was deemed irrelevant, such question(s) was excluded for the respondent. The content analysis process took approximately one hour per interview to gather and to analyse the data succinctly.

The mapping of the interview questions back to the main research question and sub-questions was done using the interview guide as per Appendix G of this study. The section below presents the results of the interview questions in a narrative format arranged in five themes, namely (1) the business environment, (2) access to well-located land, (3) institutional mechanisms, (4) projects' viability, and (5) management capacity and competence.

5.2 Part A – Interview results (excluding the Social Housing Regulatory Authority)

5.2.1 The Business Environment in Pretoria – Social Housing Sector

5.2.1.1 Participation in the social housing programme

All my respondents highlighted the need to service the existing demand for affordable rental housing in the area as the driving force behind their participation in the sector. A respondent from the municipality said their participation in this sector was based on broader affordable rental housing provision programmes, which include social housing. According to the respondent from the municipal-owned entity (MOE), this entity was established in 1997, mainly to manage the city's affordable rental stock, and later on recognised social housing as one of the programmes covered by

their mandate. The mandate and mission, as articulated in the entity's Annual Report of 2014/15, include the delivery and management of social housing and the creation of "well-located liveable communities within easy reach of social and other amenities" (See also HCT Annual Report of 2014/5: 6).

A respondent from a development finance institution (DFI) indicated that they follow market demand studies undertaken by Social Housing Institutions (SHIs) and Other Delivery Agents (ODAs) as part of the project specific feasibility study, as a guide for them to participate in the area. Another respondent from a commercial property finance lender mentioned that they started seeing demand trends in Pretoria which led to them opening a dedicated office recently (less than year ago) to focus on servicing the affordable housing market, which could include social housing. A respondent from the ODA cited the capital grant provided by the state and the low levels of participation by delivery agents in Pretoria as the main reasons that attracted them into the space. They saw the grant contribution as an opportunity to increase their profit prospects, and less competition in Pretoria created more opportunities for them to have a significant share of the market.

5.2.1.2 Major challenges affecting the sector in the context of Pretoria

My respondents stated a myriad of challenges facing the sector, but issues in Pretoria mainly point in the direction of the municipality. Their general feeling is that the municipality is not facilitating access to well-located land within its jurisdiction, particularly in instances where such land parcels or buildings are owned by the state. The lack of clear integrated planning by the City is evidenced by how the social housing programme is not recognised and given the prominence it deserves when the City developed its spatial development framework.

One respondent went as far as saying that the City of Tshwane has proven to be an "incredibly unstable municipality" politically, and this doesn't bode

well for the sector as social housing is hinged on a model that positions the City as an enabler and the nexus of the programme.

Concerns about the municipal entity (HCT) not being ready to execute the mandate were raised, raising concerns about the lack of planning and foresight by the municipality to consider the social housing programme as an important aspect of economic and social restructuring. Emphasising HCT's challenges around capacity and skills as an SHI, one respondent mentioned this as an apparent misalignment between the objectives of the social housing programme (as a state led programme) and the City's commitment to implement the programme effectively.

Despite all this, a point was raised by one respondent shifting the cause of the challenges in the sector (not confined to Pretoria) from the delivery agents, to structural issues in the economy and the society. The challenge referred to is the rising concern about the tenants' unaffordability levels as well as their unwillingness at times to pay rent, posing significant risks to the sustainability of the programme.

5.2.1.3 Major drivers stimulating the social housing sector

The two major drivers that remained consistent in the responses were, (1) availability of land at below market rates for the development of social housing, and (2) the proven demand for social housing where grants can be disbursed to develop such projects. All the respondents are of the view that the City of Tshwane, as a municipality in Pretoria, has not taken advantage of these drivers to promote and intensify the development of social housing. One respondent went further to say that the city has shown a lack of political will to drive the programme. This they argue is evidenced in the City's inability to prioritise social housing as a programme in the strategic planning documents like the IDP, despite the socio-economic benefits it will bring to the city.

5.2.1.4 Differentiators between SHIs and other providers of affordable rental accommodation

A well-established fact is that SHIs operate in a regulated environment, where the intention is to deliver affordable rental housing through a grant system funded by the state. According to all respondents, this is the key distinction which makes the environment different from other rental products, controlled by the market forces. To add to this, other respondents mentioned that this regulated environment does help through monitoring of the quality of products that SHIs provide as opposed to open market service providers, who can at times provide inferior quality products.

NASHO's respondent emphasises that the "real intent of social housing is to achieve economic and social integration in our cities", through affordable rental housing. This therefore requires delivery agents who understand that the low profit margins, provide little room for inefficiencies. The market that is being catered for (primary target market for social housing) is not serviced adequately by the formal affordable rental housing segment.

5.2.2 Institutional Mechanisms

5.2.2.1 The significance of legislative/regulatory framework to create an enabling environment for the sector to thrive

The respondents had differing views about the current legislative and regulatory environment for the sector. The most prominent view was that some changes are required compelling a more cohesive approach to strengthen the sector. Some of the respondents, particularly the DFIs and the municipality, are of the view that the regulatory framework is adequate to create a conducive environment for the programme.

My respondent from the ODA felt that regulations need to be more responsive to the sector challenges, particularly flexibility regarding (i) demarcations of restructuring zones where sites are located on the borderline and (ii) rental calculations for primary and secondary markets

need to differentiate between unit typologies as an incentive to attract more secondary market tenants.

A respondent from private equity lender held a view that legislation/regulations should be biased towards social housing projects by ensuring that the municipalities and other authorities expedite statutory and town planning approvals, and that bulk services and well-located land are provided at below market rates in order to stimulate the sector.

5.2.2.2 Institutional support offered to delivery agents in the sector

The respondents from both the municipality and the municipal housing entity acknowledge that there is currently no policy framework on their side that guides their participation in the social housing programme as they rely on the national policy. They also alluded to a need for a more inclusive housing policy that addresses housing and all its elements, including special needs and homelessness, over and above social housing.

One respondent felt that the support offered by the SHRA throughout the project accreditation process could be better streamlined. Their view is that the process of applying for project accreditation with the SHRA is quite onerous. They say that even though the SHRA offers support in terms of clarifying various steps in the process, in practice the issues that applicants have to deal with differ a great deal from what the theoretical processes envisage, and lead to much back and forth activity before accreditation can be granted.

Two respondents felt that the local municipality is not doing its part regarding their institutional support, especially relating to town planning approval processes and the provision of required bulk infrastructure services. A respondent from an SHI felt that the municipality needed to intensify the land release programme for social housing development, as well as improve communication with major stakeholders in the sector, through the reformation of the programme steering committees and similar

forums to deal with sector specific issues.

5.2.2.3 Stakeholder participation and coherence in the sector

All respondents, except for the municipality, hold a view that there is no coherence between major stakeholders. SHIs respondents raised concerns that there is no co-ordinated effort between government departments to tackle housing and related societal issues in the city. The ‘silo approach’ persists even within the municipal divisions, where there is a lack of coherence and communication with regard to planning and the implementation of various developmental programmes. The respondent from the municipal entity also raised concerns that their affordable housing rental programmes are not included in the City’s planning processes, such as when integrated development plans and other departmental plans are formulated.

Respondent from a private equity fund alluded to the City’s inability to utilise potential opportunities that could be exploited if major stakeholders worked together, citing as an example the possible conversion of Schubart Park, a dilapidated hijacked city-owned multi-storey building in the inner city, into social housing rental stock.

A respondent from NASHO criticised the City of Tshwane’s poor strategic commitment to drive the social housing programme in collaboration with other stakeholders. The respondent further argued that “all their [City of Tshwane’s] social housing projects are executed on an ad-hoc basis” with total disregard to utilise the suggested ‘precinct planning approach’ to guide the City’s spatial integration objective.

5.2.3 Access to well-located land/buildings

5.2.3.1 Significance of RZ’s in facilitation access to well-located land

NASHO’s respondent holds a view that the state has a responsibility to release well-located land suitable and ideal for the objectives of the social

housing programme as mandated by legislation and the housing policy. He further argues that the RZs are located far from social and economic amenities defeating the purpose of the programme. This is the general view shared by other respondents, with some arguing that the City is best positioned to facilitate the identification and release of state-owned land through relevant intergovernmental legislation. Respondents from SHIs are of the view that state, through both the City of Tshwane and the National Department of Public Works have not taken a proactive approach to facilitate the release of well-located land in the Salvokop precinct for social housing development.

A respondent from the City's housing entity says that access to well-located (state) land is also a challenge on their part to execute their mandate. This, they argue, is mainly due to the City's inability to formulate a clear approach and policy for the provision of affordable rental accommodation using its existing assets.

The overall view of respondents is that RZs are not consistently positioned to promote access to well-located land to further the objectives of the programme. Some respondents suggest that RZs should be supported by a market study (demand analysis) to confirm their relevance in supporting and intensifying the programme.

5.2.3.2 Impediments to access well-located land in Pretoria

Most respondents argued that the municipality impedes SHIs' opportunities to access well-located land. A respondent from a private equity fund said that there is an opportunity to identify more projects, through land and building release programmes driven by the local authorities, and this could be coordinated with provincial and national departments. The ODA respondent argued that the cost of land and buildings acquisition remains the biggest impediment for delivery agents who want to pursue building conversions in the inner city.

NASHO's respondent criticised the municipality for not leading the facilitation of land release for the social housing programme. They argued that the City of Tshwane has failed to take advantage of opportunities within its powers to release well located land for the social housing programme, citing the City of Cape Town as being exemplary with its land release strategy. The responded used an example of what they term a 'progressive initiative' taken by the City of Cape Town in identifying city-owned well-located land parcels within the inner city, for release to the social housing programme "at 10% of the market value" to SHIs registered in the City's database.

5.2.3.3 Pretoria's social housing 'Demand versus Supply'

All respondents agreed that demand is not adequately addressed in Pretoria and more could be done on the supply side to give impetus to the programme. The City conceded that there are major challenges being experienced as evidenced in the low delivery of social housing projects throughout its jurisdiction. A respondent from the municipal entity confirmed that a process is currently underway to build their internal capacity to help them deal with major delivery backlogs. Their new strategy is set give clear direction to the entity in an effort to drive development in the affordable rental space. The respondent from the municipal entity confirmed that their current social housing projects pipeline is not enough to meet the affordable rental accommodation demand which was estimated by the City to reach approximately 20,000 units by 2017. The demand level has probably increased substantially since then.

Private funders responded that part of the reason they are involved in funding city's affordable rental housing project is because of the recent spike in demand for affordable rental in Pretoria. One respondent cited this increased demand as a reason they have opened an office in Pretoria, to provide debt finance to investors and developers.

NASHO respondent also confirmed that their views around demand for affordable rental not being met by current supply in Pretoria. They further argue for a more strategic approach by the City, i.e. a precinct planning approach, as a solution which could give better effect to large scale social housing delivery.

5.2.4 Viability of projects

5.2.4.1 Costs drivers impacting viability of social housing projects

All respondents agreed that the land acquisition and bulk infrastructure costs have the biggest impact on the viability of projects. The respondents' view was that the City should look at developing a policy mechanism that will allow them to offer land at below market rates, and waive bulk contributions for social housing projects.

Another view from a private equity fund respondent is that cheaper cost of land and infrastructure will make the schemes viable, thereby significantly increasing the delivery of social housing at scale.

5.2.4.2 Ensuring long term sustainability of social housing projects

The respondents' views on how to achieve long term sustainability varied across the group. An SHI responded shared their tenant management processes which include "intensive tenant screening methods, sound, coupled with good credit control processes" as being critical for their entity's financial stability. This they argue, has helped maintain their debt collection rate at a 98%. They also said that the adjustment of income bands by the SHRA came at the appropriate time to assist their project to attract higher income groups (secondary market tenants, earning up to R15,000), ultimately contributing to increased rental income for the project. Similar views were shared by the ODA respondent about sound property and tenant management processes to help improve sustainability in social housing projects.

One respondent felt that the SHRA's project screening criteria helps to ensure that all checks and balances are in place for long term sustainability. The monitoring regime during the operational phase of the project helps SHIs to maintain the required levels of sustainability throughout the operational phase.

A respondent from a development finance institution said their funding model is project specific as opposed to balance-sheet lending. This means that they fund the project based on cash flow and not necessarily based on the entity and its assets and liabilities, emphasizing the need for project financial sustainability. In their model project viability is assessed over the loan repayment period.

Another respondent from a private equity fund said they focus on interventions that seek to reduce operational costs and improving building efficiencies. They have developed a green rating tool working with Green Building Council of South Africa (GBCSA), and use it as a guide to help improve efficiencies and contain operational costs, using green building principles. In all their projects they have started seeing better operational efficiencies being derived from the installation of solar geysers, water efficient toilet systems, energy efficient electrical fittings, and similar fittings.

Another point raised by the respondents is that said that smaller projects tend to suffer more in covering operational costs, hence their model critically analyses the size of the project for sustainability. Economies of scale does play a role in making the projects viable. For example, projects with around 1,000 tenants stand a better chance of achieving financial viability through the cross subsidisation of rental amounts between the primary and secondary market. In some schemes, financial sustainability can be enhanced by including other amenities that contribute to the income stream of the project, e.g. crèche facilities or retail shop for income generation.

Furthermore NASHO's respondent says there is a link between viability and institutional support offered by the state (including municipalities).

These could include land release programmes by the cities, coupled with the facilitation of approvals and bulk services to assist the programme to operate without undue cost pressures.

5.2.5 Management capacity and competence

5.2.5.1 Requisite skills/capacity to run successful SHIs

The municipality's respondent believes that some of the skills that they have in-house such good tenant and property management skills, remain necessary elements of a successful SHI. Prior to establishing municipality's SHI, the City of Tshwane used to manage their own social housing stock using their internal staff. They are of the opinion that municipality SHI's face more challenges than private SHI's when it comes to rental collection. This is apparently due to tenants' attitude in paying rental when the city is the landlord. The municipal property portfolio faces challenges of financial sustainability, and ultimately experience maintenance backlogs due to poor rental collection resulting from tenants' attitudes.

A respondent from private SHI said they recognised the importance of having a clear operational structure developed in order to respond to the SHRA's operational requirements model. All property management services are offered internally as a result of property management skills developed internally over the years.

A respondent from the municipal SHI said that they do have the capacity and skills to undertake property management services for their portfolio. The entity, however, does not have the financial resources to deal with a full range of property management activities. The ODA and the private funder share the view that industry knowledge and track records of the social housing management experience is essential to run a successful SHI.

5.2.5.2 Support offered by SHRA to SHIs and ODAs

The respondents said that it is their understanding that financial support, apart from the consolidated capital grant, is limited to SHIs and not to ODAs. Limited technical support is provided to ODAs as opposed to SHIs. One respondent said it is understandable that the SHRA should focus on SHIs that require capacity building and support and not established entities like ODA's, most of which are active developers in the property development sector.

NASHO respondent asserted that the SHRA is better positioned to facilitate 'smart partnership' arrangements between municipalities and SHIs in order to develop a strong institutional base for the sector to thrive. One SHI respondent said that while the SHRA offers valuable support to develop their skills at no costs, they should strive to improve the response time with regard to applications submitted by the SHIs.

5.3 Part B – Response by the Regulatory Authority

The section below discusses responses to interview questions posed to the Social Housing Regulatory Authority, arranged in a narrative format. The content analysis technique was used to analyse the data collected and the results are analysed in the next chapter, together with the results of the other participating groups discussed in PART A above.

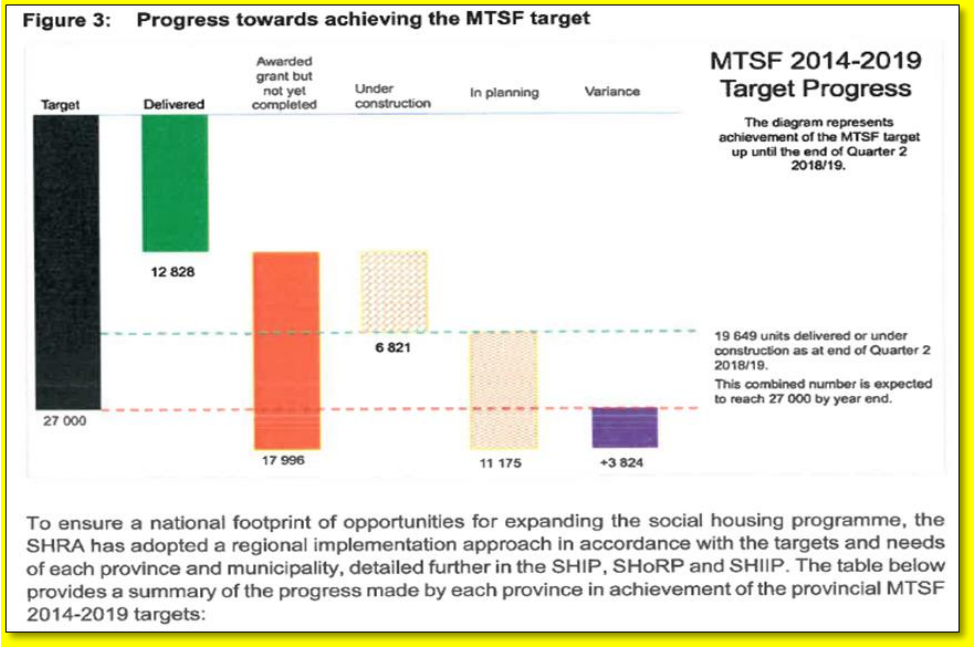
5.3.1 Meeting the Medium-Term Strategic Framework (MTSF) target of 27,000 units by 2019

SHRA respondent confirmed that they could not meet the target of completing 27,000 units by end of 2019 due to a myriad of challenges facing the sector. These reasons include the lack of technical capacity and experience from smaller social housing companies to submit the required application documentation, delays in obtaining statutory approvals from municipalities and other authorities, delays in obtaining debt funding by SHIs and ODAs, community disruptions and unrest owing to various socio-

economic challenges, and poor performing professional teams and contractors. As indicated in Table 5.2 below, approximately 12,000 units were completed during the MTSF's 2014–2019 period against a target of 27,000.

Table 5.2: SHRA performance against target

Source: SHRA 2019 Annual Report



5.3.2 Focussed delivery targets for Pretoria in accordance to RZ's

The respondent emphasised that SHRA has set quantifiable targets for the new MTSF (2019-2024), such being higher than the previous MTSF target. This new target of 27,000 is set as a national target with no specific target being set for cities, their restructuring zones, nor provinces.

5.3.3 Accreditation status in Pretoria (SHIs and ODAs projects) since inception of the social housing programme

According to the respondent, SHRA's pipeline register indicated a total of three accredited SHIs in the City of Tshwane, with Yeast City being the only

fully accredited SHI in the City. ODA's apply for accreditation of their projects to qualify for CCG grant as legislation doesn't make any provision for ODA's to be accredited. Up to October 2019, Pretoria had a total of 4 ODA projects in the register none of which were approved by the SHRA.

The respondent also conceded that SHRA has had a fair amount of challenges with regard to its governance structures, with the suspension of the CEO, the COO and the Council, and this has negatively impacted the process of accreditation and caused extensive delays. The new drive is to get projects accredited within a period of 60 days from date of application. Table 5.3 below shows the City of Tshwane's projects in the SHRA's application register with only one project pending approval within the targeted 60 days. The remainder of the projects were submitted before the new "project development and funding process" was adopted. This new process focusses on the pre-screening of information to ensure applications are ready for assessment before being logged onto the application register.

Table 5.3: Tshwane Project application register

Source: SHRA, 2019

Project	Organisation	No. of	Province	City/Town	Status	Delivery Agent	Total days in Pipelin	Days Pre Screein	Days Project Facilitation
Orchards x19	Tamiscan Housing JV	360	Gauteng	Orchards	NOT MET	ODA	654	3	651
LEGAE LA BATHO	THE HOUSING HUB	405	Gauteng	Soshanguve	NOT MET	ODA	211	2	209
JOES PLACE	CASTLE CREST	43	Gauteng	Tshwane	PENDING ACCREDITATION	ODA	149	2	54
Chantelle Social Housing Developemnt	Housing Co Tshwane	1 079	Gauteng	Tshwane	NOT MET	SHI	901	3	898
Sunnyside Social Housing Project	Housing Co Tshwane	264	Gauteng	Tshwane	NOT MET	SHI	901	3	898
Timberland Social Housing Project	Housing Co Tshwane	574	Gauteng	Tshwane	NOT MET	SHI	901	3	898
Villa Gaudi	PHUMELELE	252	Gauteng	Tshwane	NOT MET	SHI	543	3	540
Hofmeyer House	YEAST	67	Gauteng	Tshwane	NOT MET	SHI	233	3	226
Witfield Ridge	Barzani	259	Gauteng	Witfield	NOT MET	ODA	324	1	323

5.3.4 The role of SHRA in identifying and approval of RZ's

The respondent confirmed the SHRA's responsibility is limited to offering guidance and support to municipalities, provinces and the National Department of Human Settlements during the process of identifying and proclaiming Restructuring Zones.

5.3.5 The role of SHRA in planning and implementation of projects

The respondent stated that SHRA's role is to offer technical support to SHIs at the planning and land packaging phase of the project through a feasibility grant. This grant is used to assist applicants through the appointment of consultants to conduct applicable studies prior to construction, such as traffic impact studies, Environmental Impact Assessment (EIA) and other town planning applications. During construction, ailing projects are assisted through the appointment of development managers, who offer technical support to SHIs.

5.3.6 Provision of grants to ODA's

According to respondent, ODA's qualify for the Consolidated Capital Grant similar to SHI's subject to approval of their projects in line with the minimum investment criteria. The project has to be located within an RZ, meet the size requirements (minimum 30m^2), and should have the support of the province and the municipality. It must demonstrate that it is technical viable, and site should have sufficient bulk services, and demonstrate demand for both primary and secondary beneficiaries. ODAs have to secure debt funding of 15% and contribute their equity of 20% of the total project value. The criteria are generally the same as for SHIs, except for the equity contribution. They also get the same grant of R271,867 per unit once they have demonstrated viability and sustainability. However, ODA's do not qualify for investment grants that are normally provided to SHI's to help them with other support services such capacity building and conducting feasibility investigations.

5.3.7 SHRA's role to facilitate implementation of the programme

The respondent emphasized SHRA's legislative as outlined in the Social Housing Act, being among others, to capacitate, invest and regulate the social housing sector. She argues that the primary intention of this role is to deliver affordable rental housing for low to moderate income groups and to achieve spatial, economic, and social integration of the urban environment in the country, wherever there is a need including in Pretoria.

5.3.8 Specific support offered by the SHRA in Pretoria

The responded referred to grant funding that has been offered to several SHIs and ODAs in Tshwane for qualifying projects, stating that, where grants are not given, reasons for these are communicated to applicants for corrective action to be effected before submission for re-assessment. The responded could not provide examples of specific interventions made in Pretoria to intensify the delivery of social housing based on demand levels and the poor approval rate outlined in the project pipeline register as at October 2019 (see figure 5.3 above).

5.3.9 Participation by Pretoria stakeholders in sector specific matters

The responded raised concerns that the participation levels by key stakeholders is almost non-existent as project applications are driven mainly by individual entity applications and not as a strategic approach led by a major stakeholder such as the municipality. This results in moderate support being provided to the sector making it difficult for SHIs and ODAs to unlock real opportunities for development.

5.4 Validity and Reliability of the research

The results of these interviews can be considered to be significant to this study. This is mainly because in Part A of the content analysis, common themes were developed to better analyse the responses for each of the group participants. The results of the interviews were also mapped to the

main interview questions and the sub-questions (refer to Appendix B).

Part B of the content analysis focussed on the results of specific questions relating to the Social Housing Regulatory Authority (SHRA) in order to get an understanding of their legislative mandate in the context of social housing regulation and delivery. The overall validity and reliability of this research was achieved through the consistent application of a standard approach in the analysis of data using the content analysis technique.

5.5 Conclusion

In this chapter discussions of the findings were framed around the main themes of the research study. Throughout the interviews, all respondents have provided insights into some of the inherent challenges that impact the social housing sector, particularly on the supply side of the programme. What also became clear in the findings is that there is generally poor effort on the part of the authorities, at all levels of the state, to drive a well-coordinated approach in order to implement the programme in the City of Tshwane. This despite the recognition that through institutional mechanisms, there is clear policy guidelines supported by legislation and regulations to see the implementation of this state led developmental programme.

My respondents highlighted the lack of commitment by the City to identify well-located state owned property in the inner city remain, despite clear opportunities having been identified by the delivery agents. In some cases obstacles to accessing such land parcels or buildings are as a result of high costs of acquisition which invariably impact the projects viability. Although the SHRA as the regulatory authority acknowledges existence of the challenges that impede the implementation of the programme at scale, no clear intervention strategies are being implemented to remove such hindrances identified in the sector. The next chapter provides an in-depth analysis of the findings.

CHAPTER 6: ANALYSIS OF RESEARCH FINDINGS

6.1 Introduction

This chapter analyses the results of the research study using responses gathered from the research participants. In the analysis of the empirical data, the approach was taken to use the broader conceptual framework discussed in Chapter 4. The use of secondary data sourced from other research material and sector reports provided better insight into the concepts and helped me to contextualise the interview results. The chapter concludes with a summary articulating key findings, as well as recommendations that can be considered by the stakeholders in order to strengthen the social housing sector, particularly in the City of Tshwane.

6.2 Data Analysis and Interpretation

Analysis of the findings took a thematic approach, which meant that findings were discussed using the themes and sub-themes that emerged from key concepts which framed the research study.

6.2.1 Legislation, Regulations and Policy Framework

Significant strides have been made by the national government to promote and strengthen the social housing sector since 1994. Before social housing was defined as a concept in South Africa, the Institutional Subsidy was used to provide rental subsidies to institutions that provided affordable rental accommodation or instalment sales to low income groups (Tissington, 2011; SHRA, 2019). The first Social Housing Policy was approved in 2005 to improve the overall functioning of the sector, paving the way for the enactment of the Social Housing Act in 2008. This policy was revised in 2009 by refining the subsidy instruments to focus on social housing development, disbursed by the provincial government (RSA, 2009). Respondents raised their frustration about how the separate funding streams (i.e. the institutional subsidy and capital grant) and approval by the SHRA and the provincial Department of Human Settlements, delayed

project implementation as these entities used different processes. Concerns were raised about poor co-ordination between the different spheres of government in executing the programme.

The Breaking New Ground policy of 2004 recognised the concept of social housing as a relevant state-regulated housing tenure strategy that could contribute to urban renewal and integration, if utilised with other spatial development strategies (RSA, 2004; SHRA, 2019). However, this policy has been criticised for failing to address the weakness of previous policies with regard to providing “clear direction on the difficult political issues of land ownership, the land market and rights around property values” (Tissington, 2011: 66).

Under the Social Housing Act (Act 16 of 2008), Restructuring Zones within municipalities emerged as designated zones for social housing development (RSA, 2008). One respondent argued that demarcations of RZs within municipalities sometimes follows a rigid approach, particularly in cases where a portion of the site falls outside the designated zone. She felt that the legislation is not providing guidance to the SHRA on how to handle such cases.

The enactment of the Social Housing Act in 2008 led to the establishment of a national regulatory authority whose key mandate included regulating the sector and the disbursement of the Restructuring Capital Grant or the “RCG” (RSA, 2008). The Consolidated Capital Grant (CCG) was introduced after cabinet approval in 2017, when the Institutional Subsidy and the Restructuring Capital Grant were consolidated to form a single social housing funding stream, administered by one entity, the SHRA. Respondents were of the view that although the capital grant is an attractive incentive for them to participate in the sector, a great deal could be done through legislation or changes to the regulations to ensure that the state investment is properly leveraged by this programme. For example, they appealed for the municipality and other authorities to expedite statutory and

town planning approvals, and the provision of bulk services. Although this remains the municipality's legislative mandate in terms of the Social Housing Act, some respondents called for a policy directive (at a municipal level) to be used to release well-located land at below market rates in order to stimulate the social housing sector.

Even though the City of Tshwane's approved a Social Housing Policy in 2008 (City of Tshwane, 2008) to align their housing delivery strategy with the national social housing programme, respondents confirmed that currently there is no policy framework as they rely on national policy. The City of Tshwane's respondent suggested that in order for the city to "forge their own path", a more inclusive housing policy that addresses housing and all its elements, including special needs and homelessness, over and above social housing needs, should be pursued. The challenge with such a policy would be to match the resources available for the social housing programme with those of other departments where such special needs have to be addressed. Khadduri and Wilkins (2006) stated (as a counter to include special needs in subsidized rental schemes) that research has shown that special needs cases are better off if integrated in private rental schemes as opposed to special needs beneficiaries being accommodated in subsidized rental housing where social support systems are generally weaker and access to amenities is relatively poor. Another factor to consider is that the design and cost of a social housing unit will have to change significantly to accommodate special needs tenants, ultimately impacting the overall operational costs (ibid).

6.2.2 Delivery of infrastructure and housing units

The city's "old" Social Housing Policy (which expired in 2015) explicitly states that clear integrated planning by various departments within the municipality will help align different housing delivery strategies and policies in the IDP (CoT, 2008). According to a respondent from HCT, the social housing programme is not fully recognised or given the prominence it

deserves when the city develops its spatial development framework. The respondent blames the lack of political will by the city to drive the programme aggressively. Social housing, as a programme that can bring societal benefits to the city should prominently feature in strategic planning documents, like the IDP (HCT respondent).

Some respondents were of the opinion that the local municipality is not doing enough to offer institutional support especially relating to town planning approval processes and the provision of the required bulk infrastructure services to support the programme. The City of Tshwane has in the recent past experienced political instability with changes in leadership before the political term of office had lapsed, and this does not bode well for the sector as it is hinged on a model that positions the city as an enabler and the nexus of the programme (NASHO respondent). Other concerns were raised about the municipal entity (HCT) not being ready to execute its mandate, due to incapacity, allegations of political interference and instability owing to management challenges. According to NASHO's respondent the HCT has a significant role to transform the economic and social landscape in the city through the social housing programme.

Respondents from the SHRA and the delivery agents confirmed cases of social housing projects where building contractors have been marred with numerous challenges (including skills, cash flow, social unrest due to rogue elements in the community, etc.) that have led to the disruption of construction activity. In cases where contractor delays have impacted project delivery, SHIs have had to find replacement contractors midway through construction in order to complete the project. The SHRA reported in their 2019 Annual Report that the Townlands social housing project in the City of Tshwane, which has a total of 1200 units, experienced delays due to the contractor's poor performance and the contract was ultimately terminated. A decision was taken to break down the scope into two contracts for execution by two separate contractors. This helped to spread the risk and improve delivery efficiencies through the concurrent

construction contracts running simultaneously (SHRA, 2019).

SHRA's respondent confirmed that some of the major challenges experienced in the delivery process are issues relating to contractor performance which has in some cases, led to interventions by the regulator to assist SHIs to find replacement contractors to complete the projects (SHRA respondent, 2019). Yeast City Housing (YCH) had a similar problem with the Thembelihle Village social housing project in the City of Tshwane, where the project was delayed for months owing to contractor performance challenges and interference by rogue community elements (YCH respondent, 2019).

Perhaps better alignment is needed between the objectives of the national social housing programme (spatial and economic restructuring) and the city's mandate to provide infrastructure services and supporting social amenities in approved designated areas i.e. Restructuring Zones are needed to strengthen the City of Tshwane's social housing sector. This is a limitation that was noted by most respondents. They blame the City of Tshwane for not having taken advantage of the government's investment through funding provided to the social housing programme for SHIs to help with the social and economic restructuring of the cities. The City has failed to develop a new social housing policy after the old policy to guide the implementation of the programme in line with national policy objectives lapsed in 2015. Furthermore, it is clear that the City has not incorporated the social housing programme in their urban regeneration strategies, despite this being a requirement in terms of Section 5 of the Social Housing Act (Act 16 of 2008).

6.3 Barriers to entry for SHIs and ODAs in the sector

As a development funding institution (DFI) operating in the affordable housing and social housing sector in the province, the Gauteng Partnership Fund (GPF) has identified numerous challenges facing the social housing sector in Gauteng (Viruly Consulting, 2014). Some of these challenges

identified by GPF resonate with issues raised by respondents in this study and include “prescriptive policies; accurately balancing costs with design and affordability; lead time for project implementation; as well as a limited number of SHIs that further have a limited capacity to take on more than a single project” (ibid: 14).

The section below discusses challenges raised by respondents, adding to the above list, and these have been identified as barriers to entry in the sector, impacting on sector performance, particularly in the Tshwane metropolitan area.

6.3.1 Project/SHI accreditation process

As prescribed by Section 11(4) of the Social Housing Act (Act 16 of 2008), in 2016 the Department of Human Settlements published rules to guide the accreditation of social housing institutions and projects. Section 1 of these rules (RSA, 2016:174) defines accreditation of the SHI as:

> “the certification of an institution, for a specified period, recognising it as a social housing institution with the capacity to undertake approved projects, upon compliance with the Regulatory Authority’s prescribed accreditation requirements, criteria and standards for social housing institutions and the social housing sector”.

In terms of Section 6.2.2 of the SHRA’s Sector Development and Transformation Policy, ailing SHIs can be assisted with funds to undertake the planning and land packaging processes of the project funded through the project’s feasibility grant. Once SHIs have proved that they can deliver projects, this allows them to achieve accreditation status, as either a “conditionally” or “fully accredited” SHI. In the case of ODAs, applications can be submitted to have their/a project accredited, in order for the developer to access the capital grant for a social housing development (RSA, 2008; SHRA, 2018).

In terms of the Act and its regulations, the SHRA is obliged to process

applications for accreditation within 90 days from date of application (RSA, 2008; RSA, 2012). While respondents acknowledged the significance of the social housing programme existing within a regulated environment, with strict control of the processes before accreditation, they felt that the accreditation process by the SHRA could be better streamlined to meet the legislated turnaround time. Their view was that the process of applying for project accreditation with the SHRA is quite onerous and capital intensive. A focussed support programme by the SHRA could contribute to reductions in both time (indirect cost) and direct costs inherent in project pre-planning and preliminary land assembly processes (Alcari, 2018). The Social Housing Regulatory Authority has developed and adopted a new project development and funding process that apparently has streamlined the process for project accreditation to be achieved within a period of 60 days from date of application (SHRA respondent, 2019). The number of "pending approval" projects in the accreditation register paints a different picture from what the SHRA aims to achieve with the "streamlined" process, as most of the projects have been in the pipeline for period in excess of 100 days. The projects accreditation process requires fulfilment of all conditions inlcduing those outlined in the minimum investment criteria (Appendix E) and investment criterion for project readiness (Appendix F). The 2019 National Treasury Human Settlements Vote (38) anticipated a total of some 62,489 social housing units to be delivered during the MTEF period 2017/18 to 2020/21, with an allocation of R2.3 billion (SHRA, 2019). This seems to be in contrast to the SHRA's projection of 30,000 units for the new MTSF period of 2019–2024, after failing to meet their target of 27,000 units for MTSF 2014-2019 (SHRA respondent). Even though delivery targets are set at a national level by the SHRA, this information was not made available by the respondent in order to indicate the breakdown of targets per province and per municipality. It would make sense to analyse municipal performance, given that the cities bear the ultimate responsibility of social housing delivery within their overall housing delivery strategies.

The SHRA's projects pipeline register (SHRA respondent, 2019) indicated that as at October 2019, out of a total of 12 projects that had applied for accreditation, only one met the requirements, with a second project pending finalisation of the process. The remaining 10 projects that had not met the accreditation requirements collectively had a total number of 4,579 unapproved units. At that current rate of supply, with more than 4,500 social housing units not having met the criteria, with over 200 days in the pipeline register, this raises concern about the efficacy of the accreditation process. In terms of the process outlined in the Project Development and Facilitation flowchart (see Appendix H), when a project application does not meet investment requirements, it will be assessed further for project development and funding support interventions by the SHRA. From the above 10 project applications in Tshwane, with a total of 4579 units collectively, from both SHIs and ODAs, it is not clear what support interventions were put in place by the SHRA to help them meet the investment criteria for the development of more social housing units in the Tshwane metropolitan area. Respondents confirmed that, in some instances, no communication was received from the SHRA regarding the reasons why their applications had been rejected.

6.3.2 Access to funding

Funding for social housing projects is provided through a mix of government subsidies, debt and, in the case of private developers (ODAs), equity is required (CAHF, 2012). According to CAHF (2012) in Gauteng, accredited projects have been funded through the SHRA's Restructuring Capital Grant and the provincial government's Institutional Subsidy. The two subsidies have since been combined as the CCG (and disbursed through the SHRA) to provide approximately 60% to 70% of the project's funding requirements (ibid). All respondents confirmed that they had to source the remaining 30% to 40% of the funding through debt funding (SHIs) or a combination of debt and equity (in case of ODAs). Historically, the key sources of funding for loans has been the Dutch International Guarantees for Housing Foundation

(DIGH), South African DFIs (NHFC and GPF), with other private lenders, such as International Housing Solutions (IHS), Trust for Urban Housing Finance (TUHF) and recently, the African Rainbow Capital (ARC) with the funding of projects in Gauteng.

Figure 6.1 below shows a typical social housing project funding structure, adapted from the Centre for Affordable Housing in Africa's (CAHF, 2012) report "Opportunities for private sector investment in social housing in South Africa". This funding structure uses an average unit cost that was developed by Alcari (2018) in their report, "Evaluation of the cost drivers of social housing development", a report commissioned by the SHRA.

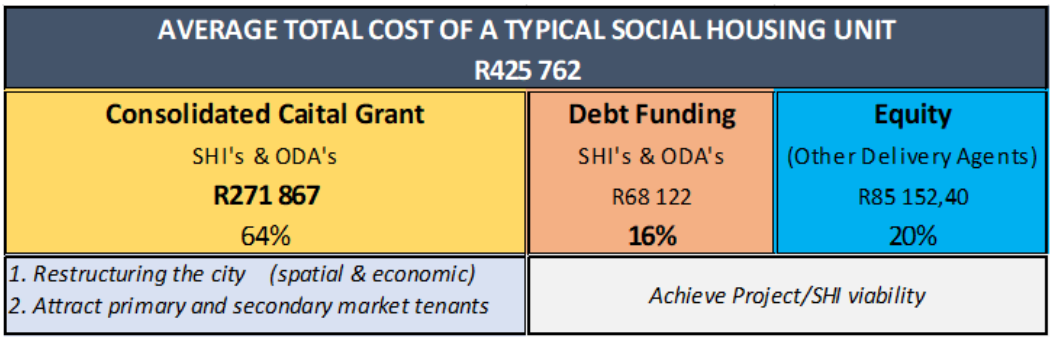


Figure 6.1: Funding structure for a typical Social Housing project
Source: adapted from CAHF, 2012

According to the respondents, the process of accessing funding has its own challenges, starting with the SHRA's onerous accreditation process which takes longer than the legislated 90 days. Considering that accreditation leads to the CCG (grant) approval, this process forms a critical milestone which is key to unlocking the bankability of the project for additional funding by other funders and partners in the value chain (Alcari Consulting, 2018). The SHRA's funding and accreditation processes need to be "informed by any existing grant approval and/or loan approval processes for similar projects, such as the TUHF loan approval approach and process" (Alcari Consulting, 2018: 66). The streamlined process outlined in the flowchart (see Appendix H) aims to achieve the kind of turnaround that is

recommended in the study by Alcari Consulting.

6.3.3 Access to well-located land (Restructuring Zones)

The government can play a major role in facilitating access to housing for low income groups through the provision of housing using various instruments such as policy and legislation (Marcuse, 2006). The provision of land for housing by the government can be achieved through various interventions, including the release of public-owned land, subjecting land to social-use requirements, land banking, as well as controlling land-use through planning and zoning processes (ibid). The national housing policy, BNG (RSA, 2004) calls on all spheres of government to facilitate the release of well-located public land to municipalities for housing development.

There is little evidence in the City of Tshwane that shows a concerted effort for the release of well-located land for the benefit of social housing, except the Thembelihle Village, where land was released on a 30-year concession to Yeast City Housing (YCH respondent). This municipal land was transferred from provincial government under the devolution of assets programme, on condition that the land was used for social housing and transferred to YCH. Respondents were of the view that the municipality is not facilitating access to well-located land within its jurisdiction at a required pace and scale, particularly in instances where such land/buildings are owned by the state. Respondents appealed for the land release programme to be intensified by all spheres of government for social housing development. They believe that a more transparent process, with improved communication among major stakeholders in the sector, can be helpful in dealing with sector specific issues in the city.

Respondents raised concerns about the state not taking responsibility to release well-located land suitable and ideal for the objectives of the social housing programme. This is evidenced by how some of the RZs are located far from social and economic amenities, thus defeating the purpose of the programme, perpetuating dysfunctional land-use patterns and exclusion of

the poor. Marcuse (2006) stated relevant intergovernmental legislation, policies and regulations as being key to the provision of well-located land for the poor. However, this is totally in the case of the city's social housing programme.

According to respondents, the City of Tshwane has not taken a proactive approach to facilitate the release of well-located land in the "Salvokop" precinct for social housing development. This is a land parcel, within Zone A, a Restructuring Zone just south of the CBD parts of which were used for state housing (old Transnet employees' housing). In the city's social housing policy of 2009–2015, some of Transnet's well-located portions of land in the Tshwane metropolitan area, were identified as suitable for social housing development. The municipality had planned to acquire these land parcels for social housing development (City of Tshwane, 2008). Surprisingly, the city's social housing entity (HCT) is also experiencing challenges to access well-located (state) land to execute its affordable housing delivery mandate (HCT respondent). They blame this on the city's inability to formulate a clear approach and policy for the provision of affordable rental accommodation using its existing government assets.

A private developer respondent made the point that the state (or the regulatory authority) should at least invest in some of the project's feasibility technical studies to ensure that sites within Restructuring Zones are identified, profiled and given some preliminary approvals with regard to technical compliance, e.g. Environmental Impact Studies, Land Use Rights (zoning), etc. The idea of having Restructuring Zone (RZ) sites pre-screened is to make sure there is a complete audit of possible sites (land identification) within these RZ's similarly to what the Housing Development Agency (HDA) was tasked to do with site identification. The pre-screening of sites will lead to high level assessment of these sites (prefeasibility investigations) to ensure that such properties are suitable for social housing development. A high level 'fatal flaws' site technical investigation can be undertaken upfront similar to the process followed by the HDA as depicted

in figure 6.2 below. Respondents argued that this would create an incentive for (private sector participants in) social housing developments as it will reduce the amount of time it takes (for compliance approvals) and costs incurred by delivery agents where demand has been positively identified in an area (HTT respondent, 2020).



Figure 6.2: Land Identification & Assessment Criteria
Source: HDA, 2014

Under the Institutional Investment Grant, the SHRA provides funding (i.e. project feasibility grants) for some, but not all technical studies, to specifically help delivery agents to meet the requirements of "condition precedents" in order for the capital grant (CCG) to be released (SHRA, 2018). This intervention, however, comes post the accreditation stage, making it impossible for any upfront technical studies referred to above, to be funded by the regulator.

Perhaps a more proactive approach should be taken by the National Department of Human Settlements to engage meaningfully with the provincial departments and municipalities during the identification of restructuring zones (RZs). Lessons could be learnt from the Urban Development Zones (UDZs) strategy that was introduced by the National Treasury in 2003 when the government introduced tax breaks in designated areas as an incentive to attract inner city development. However, the

complexities of assessing the impact of urban regeneration strategies such as the UDZ tax incentive is that the strategy was aimed at satisfying a plethora of objectives, some of which would require a comparative study to assess cities with similar attributes (Sibutu, 2012).

6.3.4 Viability and sustainability of the model

Project viability in the context of social housing projects is a multi-dimensional concept (SHRA, 2018). This research study has taken an approach that looks into other (but not all SHRA defined) aspects of viability which are all the important components in the social housing projects context. These include, project financial viability (or financial feasibility), operational viability and social viability (or social stability), which are discussed in the section below.

6.3.4.1 Project financial viability

In terms of Regulation 24 of the Social Housing Act (Act 16 of 2008), social housing institutions (SHIs) and social housing projects (funded ODAs) are expected to demonstrate financial viability in order to meet the investment criteria and to qualify for the capital grant. Such viability is assessed in terms of the rental income generated being sufficient to meet and exceed the financial obligations of the project, i.e. the ability to service the development loan capital, cover ongoing maintenance expenses and expenses relating to property management activities (RSA, 2012). For typical greenfield social housing developments, land acquisition costs, pre-planning, development approvals and bulk cost can add up to 25% of the overall project costs (Alcari Consulting, 2018). The significant cost of land and bulk contributions does impact the project's financial viability despite the substantial contribution made by the government in the form of the consolidated capital grant.

Respondents were of the view that government can provide more support to the sector, particularly with regard to state-owned land being released at

below market rates, as well as a waiver of bulk contributions for social housing projects. This argument remains valid considering these projects could lead to a significant contribution of steady revenue to municipalities through rates and taxes, even at reduced tariffs pursuant to the provisions of Municipal Property Rates Act (Act 6 of 2004). Where the state has offered adequate institutional support, land release at below market rates and concessions on bulk contributions and planning approvals, programmes show improved financial viability as they operate without undue cost pressures (NASHO respondent, 2019). In Cape Town, the city formed partnerships with SHIs and used a precinct planning approach to release strategically located land, packaged for the development of social housing. This land was released to SHIs at approximately 10% of its market value to enhance financial viability and the sustainability of the projects (NASHO and RoofTops Canada, 2010).

6.3.4.2 Operational sustainability

The SHRA utilises project screening criteria (see *Minimum Investment Criteria*, Appendix E) to ensure all checks and balances are in place for the long term sustainability of the projects. In terms of Sections 11(3)(a), 11(3)(e) and Section 12(8) of the Social Housing Act (Act 16 of 2008), the SHRA has the responsibility of monitoring SHIs (for compliance) and social housing projects during the operational phase, to ensure that projects remain sustainable. Respondents maintained that applying and maintaining a good credit control process with sound property and tenant management processes helps to improve the sustainability of social housing projects.

Development Funding Institutions use projects based on cash flow to assess project viability, which is assessed over the loan repayment period. Interventions that seek to reduce operational costs and improve building efficiencies are also considered part of their funding criteria. For example, funders are starting to utilise green rating tools to assess energy efficiency and environmental sustainability strategies which contain the operational

costs in buildings. Due to the structure of the social housing rental stream, it is important to optimise the project design (design efficiency) to provide the benefit of economies of scale (Alcari Consulting, 2018). A point made by a private funder was that they achieve financial and operational sustainability by having a minimum number of non-subsidised units in their developments to help the projects cover their operational costs. This could not be achieved otherwise with a higher ratio of social housing units.

Khadduri and Wilkins (2007: 27) cautioned that subsided housing projects require a pragmatic financial management approach by building cash reserves to cushion against unforeseen challenges during the later stages of the operational phase. They suggested the use of mechanisms such as “front-end funding of substantial reserves which could be held at the property level or by the funder”. Another mechanism is the rapid amortisation of the debt that could assist to “permit refinancing of the property when needed to meet the property’s capital needs”, and to cushion against unforeseen spikes in operating expenses or used for reinvestment into the portfolio (ibid).

6.3.4.3 Social (viability) sustainability

Social housing as a state-regulated programme is aimed at providing economic and social integration in cities through affordable rentals. Delivery agents need to understand that this is an area of low profit margins with little room for inefficiencies (NASHO respondent, 2019). A city’s social and economic sustainability forms a crucial part of its overall sustainability. If these elements and components of sustainability are not carefully managed, it could lead to a myriad of social problems (Wu et al. 2017).

Respondents stated that the City of Tshwane has not demonstrated any strategic commitment to drive the social housing programme in collaboration with other stakeholders for sustainable social and economic integration, particularly considering that neither a programmatic, nor precinct planning approach is being followed to guide the social housing

programme (NASHO respondent). The city's Regional MSDF of 2018 identified "opportunities" within Region 3 for densification and housing development in various nodes (City of Tshwane, 2018), but none of the strategies mentioned social housing as an integral part of the city's developmental plans.

Khadduri et al. (2007) asserted that "the scale of subsidized rental developments need not be so large as to create a new concentration of low-income families". This could affect social restructuring by perpetuating locations of poor communities in designated restructuring zones. It is important to keep social housing developments in areas where rental market pressures keep them competitive as this will improve their performance to attract and retain tenants who have a choice to live anywhere they prefer (ibid). This will create social stability in zones designated for social housing as they will be properly integrated with other residential zones.

6.3.5 Requisite skills and competencies of delivery agents

The revised Housing Code of 2009 identified the shortcoming of sector capacity building initiatives for SHIs which "largely centred on education and training initiatives and the pre-establishment phase of the SHI". This approach limited the SHIs' ability to develop other critical skills to enable them to operate as viable institutions that could plan and execute projects up to the operational phases of the development (RSA, 2009: 7). Hogarth (2015) citing CAHF (2012), McCarthy (2019) and AFD (2012) also raised the question of limited capacity in South Africa's social housing sector as a key institutional constraint. These are similar concerns as those raised by the respondents, highlighting challenges met when applying for project funding at the SHRA. Applicants have to endure costly and lengthy administrative and funding processes in order to get accreditation status which is a funding pre-requisite. The Social Housing Regulatory Authority has developed an institutional capacity building programme under the

Sector Development and Transformation Programme aimed at developing a wide range of requisite skills for SHIs to run viable projects, identified in conjunction with municipalities and provincial departments (SHRA, 2018). The efficacy of this programme is discussed briefly in section 2.3.1 of this study.

A respondent from an SHI emphasised the importance of having a clear operational structure in order to meet social housing property management requirements. She emphasized the importance of specific social housing industry knowledge and a track record in social housing management as essential components to run a successful SHI. With limited social housing management experience (years and number of units), the HCT respondent regards their capacity and skills to deal with property management services adequate to make them a viable SHI. She acknowledged the limited financial resources as their only challenge to deal with a full range of property management activities. However, when commenting about HCT's capabilities, NASHO respondent argued strongly that the HCT is neither fully capacitated nor experienced to develop and manage a large scale social housing portfolio. More support under the SHRA's Sector Development and Transformation Programme (SD&T) is still required to facilitate strong partnerships for the sector to thrive (ibid).

Even though, according to SHRA's CEO in his Annual Report statement, the SD&T programme expenditure reached 71% of its budget in the 2019 financial year (Gallocher, 2019), respondents felt that more could be done to capacitate new entrants in the sector. This concern is in line with Hogarth (2015: 21), who highlighted the institutional constraints of the social housing sector "given that the administrative and funding process involves substantial time and capacity on the part of the social housing institutions", which could further create a barrier for new applicants to break into the sector. It could not be clearly established in discussions with the SHRA and the municipality as to what specific interventions were identified by both stakeholders to come up with an approach for the social housing

programme in the Tshwane metropolitan area. Furthermore, there is no evidence of specific support interventions by the SHRA to support and capacitate the City of Tshwane in strengthening the social housing sector in the area. The SHRA respondent suggested that the support in Tshwane was ‘moderate’ and more could be done to give impetus to the programme.

6.4 Conclusion

The challenges facing the social housing programme in Pretoria emanate from a wide range of issues that can be linked to poor implementation of the policy, lack of political will to promote participation by all spheres of government, and limited institutional capacity by the SHI to maintain sustainable operations in the sector. The barriers of entry for delivery agents was also identified by respondents as a major impediment for the programme, which is something that policy makers would need to look into closely in order to encourage more participation in the sector in order to improve delivery in sector.

CHAPTER 7: CONCLUSION

7.1 Introduction

This concluding chapter follows an in-depth analysis of the research findings, and is structured as follows. The first part is a synopsis of the research outlining the problem statement, followed by restatement of the aim and objectives of the study. The third part illuminates the research findings by answering the main research questions. The last part presents recommendations in order to address the challenges identified in the study, also identifying opportunity for further research in this area.

7.2 Research synopsis

The development of the City of Tshwane's social housing policy in 2008 was aimed at addressing the backlog in social housing delivery in responsive to the national imperative of restructuring the cities through the provision of decent affordable state regulated rental stock. In various policy documents compiled by the City of Tshwane, the rental housing market was estimated at over 150,000 households, with social housing backlog estimated to reach 20,071 units by 2017 (SHF, 2009; City of Tshwane, 2017).

The estimated backlog of social housing delivery in the city, compared to the reported approximately 2,000 social housing units under management by the Social Housing Regulatory Authority in Tshwane (SHRA respondent, 2019) it is expected that the current situation in the city will receive the attention of the authorities in order to facilitate improved delivery of affordable rental accommodation as envisaged by the social housing programme.

7.3 Restatement of the Aims and Objectives of the study

The aim of this study was to identify and understand the key challenges inhibiting the implementation of social housing programmes at scale in

Pretoria's inner city and surrounding areas. These challenges were looked at from the supply side of the programme, i.e. the delivery agents who are accredited social housing institutions (SHI's) and other delivery agents (ODAs) such as private property developers.

From this aim, the following research objectives were formulated:

- Understanding the City's social housing delivery strategy in relation to policy and legislative framework
- Understanding, if and how the regulator's project accreditation requirements contribute in decreasing SHI's and developers' (ODA's) appetite to participate in the sector
- Identifying challenges inherent in accessing suitably located land to provide subsidised rental accommodation in the inner city Identifying opportunities to remove bottlenecks in the delivery strategy to upscale supply of rental stock through social housing

The main objectives of the study were achieved through a literature review process, which involved framing the research questions around the key concepts as well as collection of primary data which was then analysed to arrive at the research conclusion.

7.4 Evaluation of the Research Questions

In line with the objectives, the following research questions were formulated in Chapter 1 of the study. The research questions are evaluated below based on the research findings:

- *What is the City of Tshwane's social housing delivery strategy in relation to the policy and legislative framework? Are there any shortcomings to the strategy or policy*?

City of Tshwane's respondent confirmed that at the time of responding to this research question the City did not have an approved Social Housing

Policy to align their housing delivery strategy with the national social housing programme. The respondent suggested that in order for the city to "forge their own path", a more inclusive housing policy that addresses housing and all its elements, including special needs and homelessness, over and above social housing needs, should be pursued. In the absence of a policy, the social housing programme in the city remains at risk of being overlooked as resources will be directed at programmes that have been included in the City strategies.

- *Is the SHRA's project accreditation requirements contributing towards decreasing the SHIs' and developers' (ODAs) participation in the sector participate in the sector; if so how is this accreditation affecting this participating*?

  My respondents raised concerns that the project accreditation process is quite onerous and could be better streamlined by the SHRA. Concerns were also raised about the level of support that the SHRA offers in order to deal with practical aspects of property development processes as opposed to theoretical processes envisaged (by SHRA) in the application forms. Lack of clarity in the accreditation forms was highlighted as one of the shortcomings of the process which often leads to delays in approval of the submitted application. The study therefore concluded that the accreditation requirements and poor support provided by the SHRA does affect participation by prospective delivery agents.

- *What are the challenges inherent in accessing suitably located land to provide subsidised rental accommodation in the inner city*?

  Access to affordable well-located land in the designated areas is the biggest hindrance raised by respondent from both SHI', ODA and funders. As alluded by another respondent, lack of strategic planning by the municipality to roll out the social housing projects in a programmatic manner undermines "social sustainability" that social housing

programmes can bring to the City of Tshwane. Social housing projects compete with other development programme for strategically located land within the city, with such land not being secured by the City at below market rates in order to make social housing development financially viable. Land prices within the inner city remain unaffordable for social housing acquisition making a lot of prospective projects to fail the viability test.

- *What opportunities are there to remove bottlenecks in the delivery strategies to upscale the supply of rental stock through social housing?*

  The study has adequately articulated all the challenges that were identified through the collection and analysis of empirical data. These findings were analysed to arrive at conclusion that were discussed in earlier sections of the report. The question above was answered through the recommendations made in the section below.

7.5 Recommendations

From the perspective of the respondents and analysis of secondary data, the study has identified the complexities and challenges inherent in the social housing sector in general, as well as issues unique to Pretoria. A great deal needs to be done to improve co-ordination among stakeholders in order to tackle the rental housing challenges and related societal issues in the city, through the use of the social housing programme. The City of Tshwane, as one of the major stakeholders in the programme, should look within its departments and work towards better coherence and improved communication with regard to the planning and implementation of developmental programmes in addition to social housing. Based on the conclusions reached, the following recommendations are made, and these apply to the Pretoria context, and in some cases can be adopted nationally:

1. There should be a strong integration of strategies by all spheres of government with regard to the planning and implementation of the

social housing programme. The municipalities should develop their own mandatory social housing policies, aligned with the national social housing policy, for review and acceptance by the SHRA. This intervention must be championed by the Social Housing Regulatory Authority.

2. The Municipal Spatial Development Framework must include Restructuring Zones, indicating a programmatic roll out of social housing developments. These RZs and their related master plans/precinct plans must be supported with some preliminary due diligence technical studies using a model similar to the HDA's Land Identification and Assessment model, as depicted in Figure 6.2 (see *Guidelines for the identification of well-located land for human settlements*. HDA, 2014). In order for projects to meet the SHRA's minimum investment criteria, they need to be supported by the municipality. This can only be achieved if the SHIs and ODAs work closely with the municipality to establish if a project fulfils the requirements of "well-located" land in terms of the criteria outlined in the Land Identification model. This intervention must be initiated by the City of Tshwane and the SHRA, who need to audit and profile all sites within the RZs and communicate this to the SHIs and ODAs through development proposal call invitations.

3. Finally, The Social Housing Regulatory Authority should focus more on capacitating the City of Tshwane in a manner that will help the municipality to develop a master plan or similar plan to guide the social housing programme. Delivery targets per municipality, and agreed upon by the City of Tshwane, must be included in the SHRA's national targets for periodic monitoring and evaluation in order to unlock bottlenecks, if any. This must be a joint initiative by the municipality and the Social Housing Regulatory Authority.

4. A new social housing policy for the City of Tshwane needs to be developed which is aligned with the national social housing policy to ensure that the city's spatial development plans recognise the social housing programme.

5. A Social Housing Directorate within the Human Settlements Administration department needs to be established. This Directorate would oversee the social housing programme, and foster strong linkage and synergies within the City of Tshwane's strategic programmes. The Directorate will also promote the programme within City and act as a link (currently missing) between the City, province and the national government and other stakeholders on matters relating to the programme.

6. Incentive schemes for SHIs and ODAs need to be identified in order to stimulate the sector, and these could include a land packaging and release programme, where such land parcels are released at below market rates. Other incentives can be the waiver of bulk services contributions and streamlining of the approval process for social housing projects. These incentives should be applicable to all SHIs and ODAs, as well as private developers participating in social housing projects in the city, and should not be used exclusively for the city's SHI.

Furthermore, an opportunity exists for more research work to be conducted in this area in order to contribute to the discourse and expand the knowledge base that could influence policy direction and/or legislation in the sector. Research work could be undertaken in the form of a comparative case study between the City of Tshwane and the City of Cape Town, for example, to understand how the both cities have approached social and rental housing strategies towards the achievement of the social, spatial and economic structuring of the city.

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Appendix A: List of Interviewees

#	ORGANISATION	CLASSIFICATION	DESIGNATION
1	Social Housing Regulatory Authority (SHRA)	National Regulator	Portfolio Manager
2	City of Tshwane Municipality (CoT)	Local Authority	Divisional Head: H-S-A
3	Yeast City Housing (YCH)	Social Housing Institution	Managing Director
4	Housing Company Tshwane (HCT)	Social Housing Institution	Acting CEO
5	The Housing Hub (THH)	Other Delivery Agents	Project Executive
6	National Housing Finance Corporation (NHFC)	Development Finance Institution	Client Manager: Lending
7	Gauteng Partnership Fund (GPF)	Development Finance Institution	Investment Officer
8	International Housing Solutions (IHS)	Private Funder	Technical Specialist
9	Trust for Urban Housing Finance (TUHF)	Private Funder	DI Consultant
10	National Association of Social Housing Organisations	Industry Voluntary Association	General Manager

Appendix B: Ethics Clearance Certificate

SCHOOL OF ARCHITECTURE AND PLANNING
HUMAN RESERCH ETHICS COMMITTEE

SCHOOL OF ARCHITECTURE PLANNING

CLEARANCE CERTIFICATE
PROTOCOL NUMBER: SOAP068/08/2018

PROJECT TITLE:	**The challenges of providing affordable rental housing in the Pretoria inner city and surrounding areas through the Social Housing Programme**
INVESTIGATOR/S:	Samuel Dibate (Student No: 0416016d)
SCHOOL:	Architecture and Planning
DEGREE PROGRAMME:	Master of Built Environment (MBE)
DATE CONSIDERED	05 October 2019
EXPIRY DATE:	0 O5ctober 2020
DECISION OF THE COMMITTEE:	Approved

CHAIRPERSON B C Boshoff
(Dr Brian Boshoff)

DATE: 18/10/19

cc: Supervisor/s: Alison Wilson

DECLARATION OF INVESTIGATORS
I/We fully understand the conditions under which I am/we are authorized to carry out the abovementioned research and I/we guarantee to endure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I/we undertake to resubmit the protocol to the Committee.

Signature

23/10/2019
Date

Appendix C: Participants Information Sheet

My name is Chabedi Samuel Dibate (student number:0416016D) and I am currently a part time student studying towards a Master of the Built Environment (MBE-Housing) degree in the School of Architecture and Planning (SOAP) at the University of Witwatersrand. I am currently investigating the challenges of providing affordable rental housing in Pretoria inner city, through social housing.

I am inviting you to be part of the study through an interview process, which will take no longer than 45 minutes of your time. The interview will take place at your offices, at a date and time to suit your schedule in October 2019. During the course of the interview you will be asked questions regarding:

Policies, legislation and regulatory framework for the social housing sector in South Africa; current demand and supply interventions in the affordable rental housing market within Pretoria inner city; your organisation's experiences and programme in the sector; your understanding and experience relating to the current challenges and possible solutions to improve the sector, etc.

The interview will be recorded using an audio recorder and hand written notes. You have been selected to participate in this study due to your position in the organisation that is regarded among the key stakeholders in the social housing sector. I believe a lot of insight can be provided through this interview to understand some of the direct and indirect experiences that you have in the industry.

Your participation is voluntary, you may refuse to answer any question/s that make/s you uncomfortable, and you may withdraw at any time without penalty or loss. You will receive no payment or other incentives for your participation. Your participation will be completely anonymous and the results of the interview and your personal views will not be linked to you in the final report. In the event that I use direct quotations from this interview, please note that your identity will not be revealed. Any comments that you make that you deem "off the record" or similar, will not be quoted. Further, any information that you share will be kept confidential and can only be accessed by me on a password protected computer. There are also no foreseeable risks associated with your participation. The research undertaken is solely for academic purposes and once completed will be available electronically and can be accessed publicly.

If you have any questions, concerns or comments or if you would like a copy of the final report, please feel free to contact me at my email address or my supervisor, Alison Wilson (awilso@mweb.co.za). If you have any concerns or complaints regarding the ethical procedures of this study, you are welcome to contact the University Human Research Ethics Committee (Non-Medical), telephone +27(0) 11 717 1408, email hrec-medical.researchoffice@wits.ac.za

Researcher:
Chabedi Samuel Dibate
Email: 0416016D@students.wits.ac.za

Supervisor:
Alison Wilson
Email: awilso@mweb.co.za

Appendix D: Participants Consent Form

RESEARCH TITLE:
The challenges of providing affordable rental housing in the Pretoria inner city and surrounding areas through the Social Housing Programme (SHP)

NAME OF RESEARCHER: Chabedi Samuel Dibate

I, ……., agree to participate in this research project. The research has been explained to me and I understand what my participation will involve. I agree to the following:

(Please circle the relevant options below).

I agree that my participation will remain anonymous YES NO

I agree that the researcher may use anonymous quotes in his / her research report YES NO

I agree that the interview may be audio recorded YES NO

I agree that the information I provide may be used anonymously after this project has ended, for academic purposes YES NO

…… (signature)

…… (name of participant)

…… (date)

Appendix E1: Interview Questions

Social Housing Regulatory Authority

1. Has SHRA achieved social housing MTSF delivery target of 27 000 units by end of 2019 financial year, if not how many units were delivered? What were the main challenges (if any) for achievement of the national, regional and local targets in Tshwane?

2. Has the Social Housing Regulatory Authority (SHRA) set any quantifiable targets for social housing delivery in specific regions/centres or restructuring zones? If so, what are the targets for Pretoria RZ's and what was the target in 2019 and what is the new MTSF target?

3. How many Pretoria (based) SHI's and ODA projects were granted accreditation/approval since inception of the SH policy/ SHRA accreditation requirements and how long did it take for those SHI's to get conditional and full accreditation

4. Does SHRA get involved with other authorities (local or provincial governments) in identifying and or approvals of 'Restructuring Zones' (RZ's) as 'set asides' for SH projects? What is SHRA's role in that process if any?

5. Does SHRA influence any of the processes inherent in planning, organising and implementation of SH projects, if so, what key role(s) does SHRA play in the process?

6. Under what circumstances does SHRA provide grants to private ODA's operating in the affordable rental market sector and what would the quantum be? Please elaborate on nature of grants and qualification criteria.

7. What is the role of the SHRA in the programmes geared towards addressing affordable rental accommodation in the major city such

as Pretoria?

8. What support has SHRA provided (or currently providing) to the City/SHIs/ODA's in Pretoria?

9. In your experience, has the sector realised full participation by key role players in Pretoria towards provision of SH rental stock in order to satisfy the national policy and legislative imperatives. Please elaborate.

Appendix E2: Interview Questions

City of Tshwane

1. What is the difference between Housing Tshwane Company's mandate to provide affordable rental accommodation in the city and the role of Tshwane municipality's Housing Administration Division?

2. In your view, what are the major distinguishing factor(s) that set(s) SHI's/ODA's apart from other affordable rental housing providers in the Pretoria urban core?

3. What is the current estimated need of affordable rental housing in the City of Tshwane (i.e. Region 3) and is there a detailed plan by your organisation to address the backlog through social housing? Please discuss

4. Does the City have a (new) social housing policy? or is the City still implementing the Social Housing policy of 2009-2014? If so, what has been the major successes and challenges? If not, why not? Please elaborate.

5. How would you say the policy is influenced by the sector's regulatory and /or legislative framework, eg Social Housing Act, Social Housing Policy, National Housing Codes, Social Housing Regulatory Authority, etc? If not, why not?

6. How do you, as the municipality decide what the demand for SH in the City is?

7. Does the City recognise social housing as a viable and effective model to address the challenges of inadequate affordable rental stock within the urban core? If so, are there any projects/programme that demonstrate this support

8. What is the city's medium to longer term strategy for provision of affordable rental accommodation within the urban core, and what should be done to achieve this objective?

9. Is the current legislative or institutional framework governing the social housing sector sufficient to create an enabling environment for the sector to thrive and yield desired results? If not what are the key gaps that need to be addressed? Please elaborate.

10. Does the city have the institutional capacity (financial and technical) to deal with processes and activities inherent in property management as well as rental management of rental accommodation?

11. Has the City partnered with any SHI/ODA in provision of rental accommodation within its jurisdiction, if so, what SHI project(s) have been used to forge this partnership?

12. In your view is the need for affordable rental accommodation in the Pretoria inner city adequately addressed (i.e. is the current demand fully met by SH or other supply interventions?) if not, what are the key challenges behind the backlog?

Appendix E3: Interview Questions

Funding Institution (Public and Private)

1. What led to the decision to participate in the SHS in Pretoria, given that you mainly operates in the affordable housing space?

2. In your experience, has the sector realised full participation by key role players in Pretoria towards provision of SH rental stock in order to satisfy policy and legislative imperatives. Please elaborate

3. What are the major divers stimulating the social housing sector and have these been fully exploited in the Pretoria inner city?

4. Is the current legislative or institutional framework governing the social housing sector sufficient to create an enabling environment for the sector to thrive and yield desired results? If not what are the key gaps that need to be addressed? Please elaborate

5. How do ensure long term sustainability of SH projects/buildings given the rising cost of property ownership and occupancy costs in South African cities

6. In your view, what are the major distinguishing factor(s) that set(s) SHI's apart from other affordable rental housing providers in the Pretoria urban core?

7. What support has SHRA provided (or currently providing) you as Funding institution?

8. In your view what are the major challenges affecting Social Housing Institutions' delivery of subsidised rental housing stock in Pretoria inner and the surrounding areas? You can discuss historical challenges as well as current challenges where applicable

9. Is the need for affordable rental accommodation in the Pretoria inner city adequately addressed (i.e. is the current demand fully met by

SH supply interventions?) if not, what are the key challenges hindering the sector? Please elaborate

Appendix E4: Interview Questions

Social Housing Institutions (SHI's)

1. When was the organisation established and when did the entity get accreditation as an SHI?

2. What led to the decision to be an accredited SHI developer operating in Pretoria, given that YCH offers other broader social support interventions to the city's residents?

3. Does the entity have the institutional capacity (financial and technical) to deal with processes and activities inherent in property management as well as rental management of rental accommodation?

4. As an NPC, how does the entity ensure long term sustainability of its SH projects/buildings given the rising cost of property ownership and occupancy costs in South African cities?

5. Has the entity partnered with any SHI/ODA in provision of rental accommodation within its jurisdiction, if so, what SHI project(s) have been used to forge this partnership? What was the main reason for this partnership?

6. Does the entity understand and appreciate the mandate of SHRA in the broader context of the SHS, and what do you understand this mandate/role to be?

7. In your view, what is/are the major distinguishing factor/s that set/s social housing sector (SHS) apart from other affordable rental housing initiatives in Pretoria?

8. In identification of beneficiaries and provision of SH rental accommodation, does the entity work with other key stakeholders such as the municipality or the provincial human settlements departments, if not why not, if so, how does the relationship help in

fulfilling your core objectives?

9. What has been some of the key success factors behind your SH projects? You can make reference to any of your larger developments in Pretoria

10. Is the need for affordable rental accommodation in the Pretoria inner city adequately addressed (i.e. is the current demand fully met by SH supply interventions?) if not, what are the key challenges hindering the sector? Please elaborate.

11. Is the current legislative or institutional framework governing the social housing sector sufficient to create an enabling environment for the sector to thrive and yield desired results? If not what are the key gaps that need to be addressed? Please elaborate.

12. In your experience, has the sector realised full participation by key role players in Pretoria towards provision of SH rental stock in order to satisfy policy and legislative imperatives. Please elaborate.

13. In your view what are the major challenges affecting Social Housing Institutions in delivery of subsidised rental housing stock in Pretoria inner and the surrounding areas? You can discuss historical challenges as well as current challenges where applicable

Appendix E5: Interview Questions

Private Developers or Other Delivery Agents (ODA's)

1. What led to the decision to participate in the social housing sector in Pretoria, given that the entity operates in the broader property development space?
2. In your experience, has the sector realised full participation by key role players in Pretoria towards provision of SH rental stock in order to satisfy policy and legislative imperatives. Please elaborate
3. Is the current legislative or institutional framework governing the social housing sector sufficient to create an enabling environment for the sector to thrive and yield desired results? If not what are the key gaps that need to be addressed? Please elaborate
4. What are the major divers stimulating the social housing sector and have these been fully exploited in the Pretoria inner city?
5. In your view, what are the major distinguishing factor(s) that set(s) SHI's apart from other affordable rental housing providers in the Pretoria urban core?
6. How do you ensure long term sustainability of SH projects/buildings given the rising cost of property ownership and occupancy costs in South African cities
7. What support has SHRA provided (or currently providing) you as an ODA in Pretoria?
8. In your view what are the major challenges affecting Social Housing Institutions' delivery of subsidised rental housing stock in Pretoria inner and the surrounding areas? You can discuss historical challenges as well as current challenges where applicable
9. Is the need for affordable rental accommodation in the Pretoria inner city adequately addressed (i.e. is the current demand fully met by SH supply interventions?) if not, what are the key challenges?

Appendix E6: Interview Questions

National Association of Social Housing Organisations (NASHO)

1. When was NASHO established and what led to the decision establish the organisation – what is the core mandate/objective

2. Does NASHO understand and appreciate the mandate of SHRA in the broader context of the SHS, and what do you understand this mandate/role to be?

3. In your view, what is/are the major distinguishing factor/s that set/s social housing sector (SHS) apart from other affordable rental housing initiatives in Pretoria?

4. Does NASHO work with other key stakeholders such as the municipality or the provincial human settlements departments, if not why not, if so, how does the relationship help in fulfilling NASHO's core objectives?

5. Is the current legislative or institutional framework governing the social housing sector sufficient to create an enabling environment for the sector to thrive and yield desired results? If not what are the key gaps that need to be addressed? Please elaborate.

6. In your experience, has the sector realised full participation by key role players in Pretoria towards provision of SH rental stock in order to satisfy policy and legislative imperatives. Please elaborate.

7. Do you know how many Pretoria (based) SHI's were granted accreditation since inception of the SH policy/ SHRA accreditation requirements and how long did it take for those SHI's to get conditional and full accreditation.

8. What are the challenges faced by SHI's (and prospective SHI's/ODA) in getting accredited and participating in the sector, in the country and particular in Pretoria

9. In your view does SHRA and the local authority assist in driving the social housing programmes effectively towards addressing affordable rental accommodation in the major city such as Pretoria?

10. In your experience, has the sector realised full participation by key role players in Pretoria towards provision of SH rental stock in order to satisfy the national policy and legislative imperatives. Please elaborate.

Appendix F: SHRA Minimum Investment Criteria

Source: SHRA, 2019

INVESTMENT CRITERION		Pipe line Pre-Assessment	Assessors Comments	Evaluator's Comments
1.	The project must be a medium to high residential rental stock			
2.	The project must be targeting qualifying beneficiaries with income between (R1500-R15000) per household per month			
3.	The project must be targeting a minimum of 30% Primary beneficiaries and a maximum of 70% secondary beneficiaries			
4.	The project must be located within a Restructuring zone as declared by the Minister of human Settlements to demonstrate that it promotes Restructuring and Urban renewal objectives			
5.	The project should be able to demonstrate support and commitment from a municipality and/or provincial Government.			
6.	The Social housing unit must be a self-contained unit with a minimum size of 30 square meters			
7.	The Applicant if a Social Housing Institution must be Conditional or Full accredited, if an ODA they must demonstrate the availability of 20% equity			

Appendix G: Investment Criterion for Project Readiness

Source: SHRA, 2019

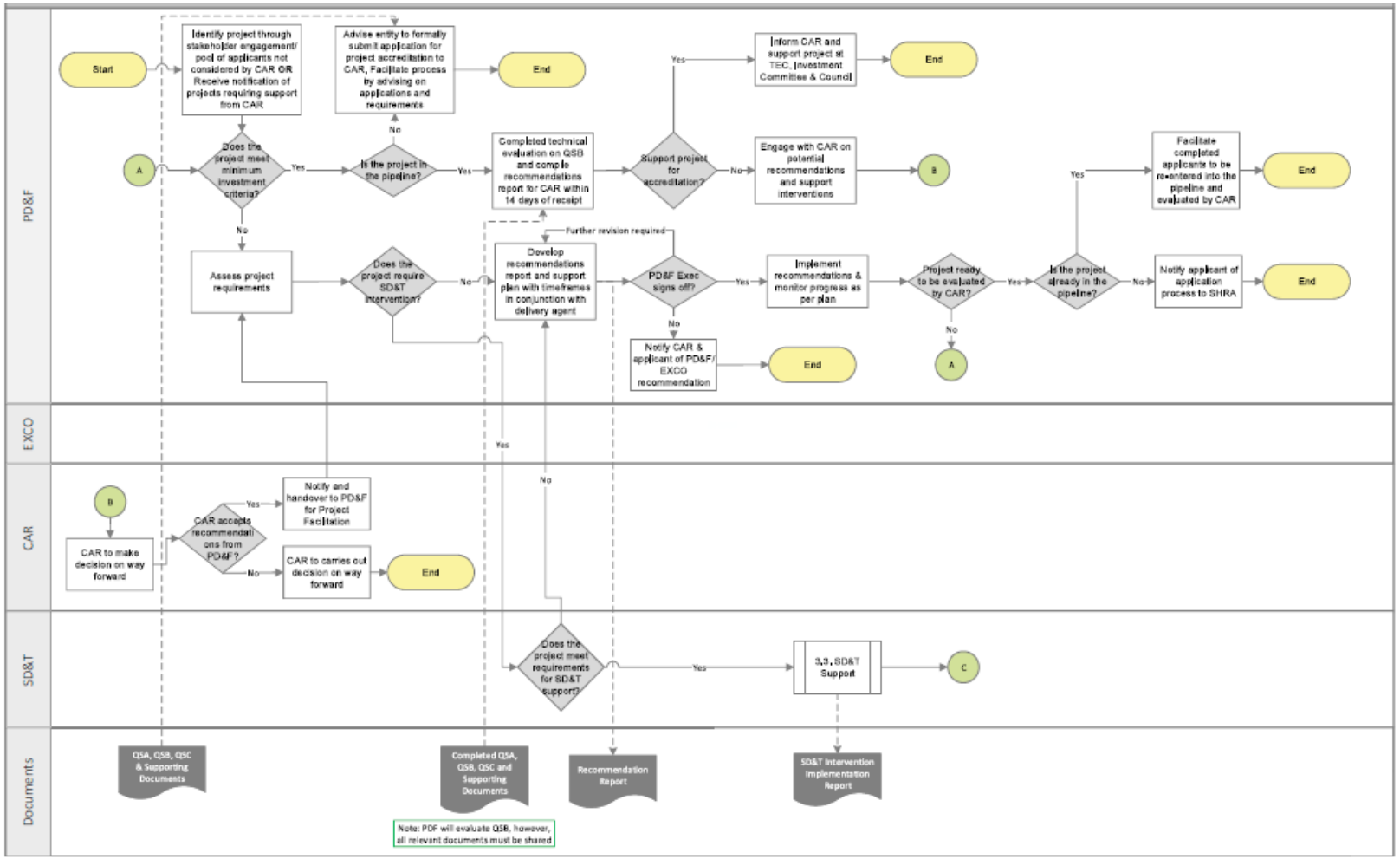
INVESTMENT CRITERIA SPECIFIC TO DEMONSTRATE "READY-TO-GO" PROJECT IN TERMS OF RAPID IMPLEMENTATION COMMENCEMENT		Pipe line Pre-Assessment	Assessors Comments	Evaluator's Comments
1.	The Delivery Agent \ SHI should demonstrate or provide confirmation of project funding:			
1.1	In principle approval of Project by the Provincial Department of Human Settlements			
1.2	In principle approval of Debt Funding \Confirmation of Equity Contributions (if applicable)			
1.3	In principle approval of any other funding required			
2.	The Delivery Agent \ SHI should be able to demonstrate and provide confirmation of land ownership or real rights to development of land			
3.	The Delivery Agent \ SHI should provide confirmation that all relevant \ applicable town-planning approvals are in place:			
3.1	Town-ship Establishment (if applicable)			
3.2	Subdivision\s (if applicable)			

3.3 3.4	Consolidation\s (if applicable) Rezoning (if applicable)			
4.	Valid Environmental Authorization from the correct Authorities should be in place. (i.e Record of Decision)			
5.	Confirmation by the Municipality that the bulk services capacity is sufficient to meet the requirements of the project			
6.	Confirmation that the project concept is responsive to the local demand for social housing and targeted household income bands			
7.	The project should demonstrate being in an advanced stage of design development and should at least have an Approved Site Development Plan that aligns with approved Development Rights and Restrictions			
8.	The Delivery Agent \ SHI should provide confirmation that project development cost estimates are in an advanced stage (i.e. based on at least proposed and Submitted \approved SDP and concept building plans)			

Appendix H: Mapping of Research Questions with Research Objectives

RESEARCH QUESTIONS	RESEARCH OBJECTIVES			
Questions arranged in themes	Understanding the City's social housing delivery strategy in relation to policy and legislative framework	Understanding, if and how the regulator's project accreditation requirements contribute in decreasing SHI's and developers' (ODA's) appetite to participate in the sector	Identifying challenges inherent in accessing suitably located land to provide subsidised rental accommodation in the inner city	Identifying opportunities to remove bottlenecks in the delivery strategy to upscale supply of rental stock through social housing
A. Institutional Mechanisms				
(i) Does the legislative or institutional framework help to create an enabling environment for the sector to thrive	X	X	X	X
(ii) Is institutional support suffient to assist in delivery SH initiatives	X	X	X	X
(iii) Is there full participation by key role players in Pretoria towards provision of SH to satisfy policy and legislative imperatives	X			X
B. Location (selection and availability)				
(i) Relevance of RZ to facilitate accessto well located land	X		X	X
(ii) Impediments to access well located land in Pretoria	X		X	
(iii) Is the need for affordable rental accommodation in Pretoria adequately addressed				X
C. Project Viability (Financial, Economic, Technical, etc)				
(i) What development costs or parameters impact viability		X		
(ii) How do you ensure long term sustainability of SH projects				
D. Management Capacity & Competence				
(i) Required management skills and competencies are required to run a successful SHI?				X
(ii) SHRA overall support regarding capacity, competencies, etc		X		X
E. The business environment				
(i) Major challenges affecting the sector, any factors unique to Pretoria	X		X	X
(ii) Major divers stimulating the social housing sector and have these been fully exploited in Pretoria	X			X
(iii) Major distinguishing factors that set SHI's apart from other affordable rental housing providers in Pretoria (iv) Why a decision to participate in social housing sector in Pretoria		X		X

Appendix I: SHRA Project Development & Funding Process



Source: SHRA Programme 4: Project Development & Funding processes, 2018

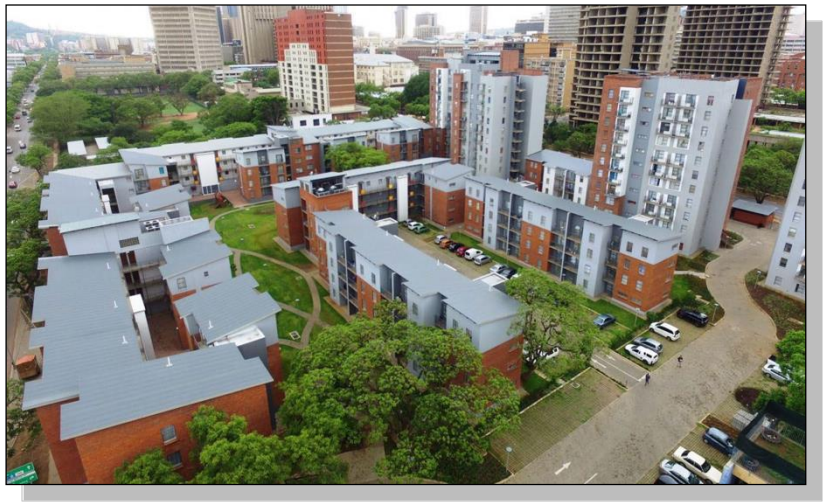
Appendix J: SHRA Project Pipeline Registers as at October 2019

(Summary of Pretoria projects applications, source: SHRA Pipeline Register, 2019)

	Project Pipeline Register		October 2019			View Diagrams														
#	Project	Organisation	No. of units	Province	Metro/ City	CRITERIA	READY FOR PDF REVIEW	WITH PDF FOR REVIEW	RECEIVED BACK FROM PDF	WITH SDT	WITH ASSESSOR	RECEIVED BACK FROM ASSESSOR	READY FOR PAC	READY FOR TEC	READY FOR PDF COMMITTEE	READY FOR COUNCIL	SHIP	Delivery Agent	Prj Entered Pipeline	Total days in Pipeline
5	Pooks Hill	AHANANG HOUSING INSTITUTION	1 200	Gauteng	Tshwane	WITHDRAWN FROM PIPELINE				NO								SHI	915	1114
7	The Orchards	ALTICON COMMERCIAL	1 056	Gauteng	Tshwane	WITHDRAWN FROM PIPELINE				NO								ODA	915	1114
16	Noreen Flats	GOLDEN BAY PROPERTIES	40	Gauteng	Tshwane	WITHDRAWN FROM PIPELINE				NO								ODA	720	1114
17	Traveline Flats	GOMOLEMO BOKANG	10	Gauteng	Tshwane	WITHDRAWN FROM PIPELINE				NO								ODA	735	1114
18	Chantelle Social Housing Developemnt	Housing Co Tshwane	1 079	Gauteng	Tshwane	NOT MET	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO		SHI		1114
19	Sunnyside Social Housing Project	Housing Co Tshwane	264	Gauteng	Tshwane	NOT MET	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO		SHI		1114
20	Timberland Social Housing Project	Housing Co Tshwane	574	Gauteng	Tshwane	NOT MET	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO		SHI		1114
23	Building Flats	SB DELIVERY SERVICES	21	Gauteng	Tshwane	WITHDRAWN FROM PIPELINE				NO								ODA	233	1114
32	Klubsig	SB DELIVERY SERVICES	16	Gauteng	Tshwane	WITHDRAWN FROM PIPELINE				NO								ODA	366	1114
68	Hofmeyer House	YEAST	67	Gauteng	Tshwane	NOT MET	YES	YES	NO	YES	NO	NO	NO	NO	NO	NO		SHI		233
71	Villa Gaudi	PHUMELELE	252	Gauteng	Tshwane	NOT MET	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO		SHI		756
89	Little Manhatten	INSTRATIN	708	Gauteng	Tshwane	ACCREDITED PROJECT	YES	YES	YES	NO	YES	YES	YES	YES	YES	YES	9F	ODA		54
114	JOES PLACE	CASTLE CREST	43	Gauteng	Tshwane	PENDING ACCREDITATION	YES	YES	YES	NO	YES	YES	YES	YES	YES	YES	10A	ODA	Q1-19/20	362
			5 330																	

Appendix K: Social Housing Project Photos (Pretoria Projects)

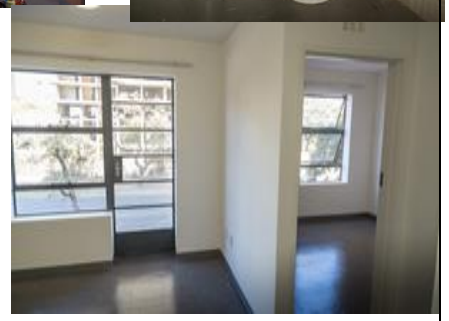
THEMBELIHLE VILLAGE









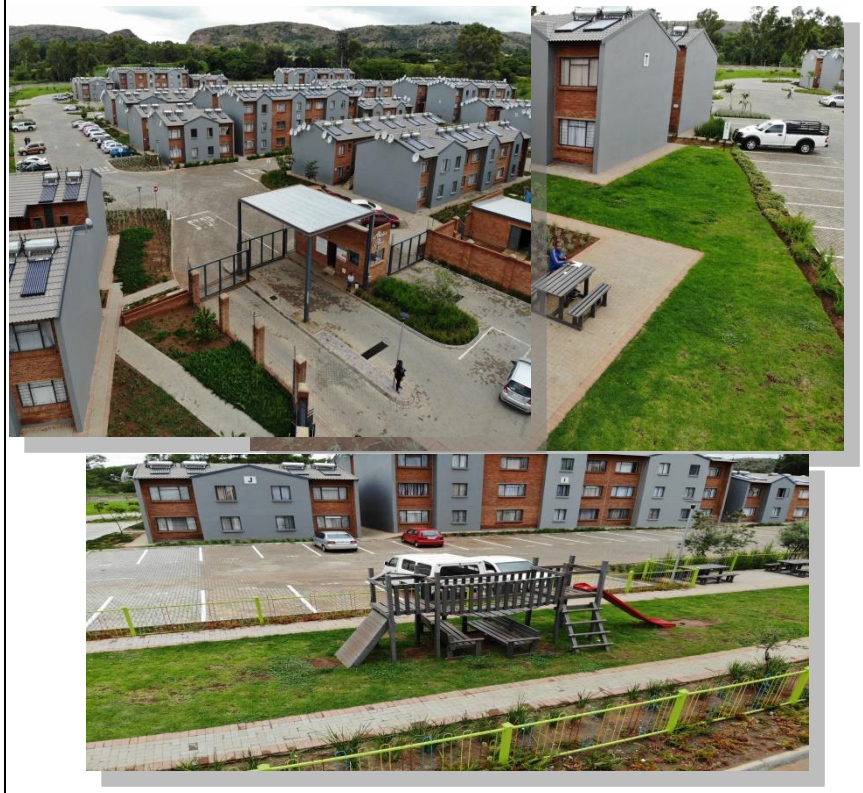


Name: Thembelihle Village, Pretoria. (SHI: Yeast City Housing)

Source: Tshwane Investment Indaba, SHRA Presentation, May 2018

AKASIA PLACE





Name: Akasia Place, Pretoria. (ODA: The Housing Hub

Source: The Housing Hub, Drone Pictures, Feb 2019