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Implementing gap market housing programme in a community characterized by informal settlements: a case study of Alexandra urban renewal project in Johannesburg, South Africa

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ABSTRACT

In post-apartheid South Africa, the government made tremendous efforts to ensure poor people's access to housing. Many houses were delivered under the capital subsidy process which targeted mainly those earning an income value of between R0-R3 501. These are houses build as part of a government-funded social housing project. However, this created a 'gap' in the market between those who earned below the threshold of R3 500 a month, and those who earned enough to get a mortgage. The government therefore created funding instruments to support these kinds of households. In 2012, it created the Finance Linked Individual Subsidy Programme which worked by on the basis of giving assistance to households that qualify for mortgage to buy a house or open stand which is serviced but linked to a contractor. Those who qualify for this scheme are regarded to be occupying the gap market. They are those who are not eligible for the full subsidised scheme while at the same time they do not for a housing loan from the banks. Their salary earning range from R3 501 and R15 000 per month.

Alexandra is a major township with a population of 179,624 people. In February 2001, the government launched the Alexandra Renewal programme which was aimed at conducting a sustainable campaign programme to deal with urban and rural poverty. This campaign also included dealing with underdevelopment, and all sectors and resources from government were to be coordinated towards meeting this goal. Its objectives included to eradicate poverty, equity, underdevelopment, enhance the capacity of local government to deliver and enhance social cohesion. As part of this programme a large number of fully subsidised houses have been built and are still planned. In addition, a set of blocks with 232 FLISP units were planned and construction began in 2013. Applications were received of more than 5000 and housing was assigned to those able to secure the correct finance, meaning that a screening and verification process was conducted to reduce the number of applicants to less than 500. However, this housing was heavily contested by those whose applications were turned down and; other political and civic organisations as they were not content with the screening and allocation process. In expressing their discontent with this project, they went as far as destroying windows, roofs, gutter and doors of these houses. They also occupied units in one of the sites of the FLIP project.

In this research project, I conducted interviews with beneficiaries, those who did not qualify, government officials and other stakeholders in order to determine the contestations surrounding the FLISP project in Alexandra. This overriding aim was guided by sub research question which were aimed at understanding the policy frameworks that are in place to promote mixed housing projects, the reasons behind the adoption of gap market housing project in Alexandra, the experience of beneficiaries of gap market housing project since they moved to their units, the reasons for contestations surrounding the gap market initiative in Alexandra, and the measures have authorities taken to manage and resolve these contestations. This research showed that while FLISP came in place as one way of fast tracking the delivery of housing units in South Africa by providing affordable housing to a segment that was considered "too rich" to receive a free subsidy house from the government, yet "too poor" to access the normal housing loans stream from banks/financial institutions (DHS, 2014), the servicing of this Gap market seems to be slow. In Alexandra, when the "GAP Market" initiative was launched in 2013, it was expected to be completed in 2015 but this did not happen. This is the source of many contestation that has led to invasions of units under FLIP project. There is need to fast track the construction and allocation process in such projects. The department of human settlement and other stakeholders should embark on a program of educating borrowers to improve their financial knowledge. This might help applicant or beneficiaries to prioritise their housing needs and manage debts.