

https://dspace.org/

A study of public-private partnerships in the development of affordable housing projects: A case of Johannesburg

Dube, Simphiwe Petunia

2013-07-23
http://hdl.handle.net/10539/12893

Downloaded from a DSpace repository. https://dspace.org/

DECLARATION

I declare that this research report is my own, unaided work. It is being submitted for the Master's Degree in Property Development and Management in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other University.

Signed at……this…….day of…….2013

Simphiwe P. Dube……..

DEDICATION

This work is dedicated to my parents (Nonhlanhla and Casper Dube) and loving fiancé (Mthokozisi Ntshingila) for their love and support (financially and emotionally) which has helped complete this project and master's degree. Thank you, I could not have done this without your support.

ACKNOWLEDGEMENTS

- First and foremost I would like to thank God for giving me the ability and strength to endure and complete this degree. I could not have done this on my own.
- Much gratitude and appreciation is also forwarded to my supervisor, Harry Quainoo for sacrificing his time to help me. I would not have managed to do this research without his guidance.
- All those who participated and helped me during the study; Rob Wesselo (IHS), Mr Yankho Chitsime (IHS), Henry Chitsulo (GPF), Kgositsile Sedumedi (ABSA), Motlatsi Makhekhe (ABSA), Alan Dinnie (JPC) and Rod Pearce (City of Joburg: Housing department). Thank you for taking your time to provide answers during interviews and answering my questionnaire.
- My parents for supporting me in achieving this master's degree
- Mthokozisi Ntshingila for his support through the difficult and stressful times and encouraging me to press on and that I could do it, thanks Dlabane.

ABSTRACT

This research report investigated public-private partnerships in the development of affordable housing in Johannesburg. The study evaluated the success of affordable housing projects developed through the joint efforts of the public and the private sector. It explored how the private and the public sector help each other in development projects to ensure successful projects which benefit low to middle (gap market) income households. To do this, the study utilised two affordable/integrated housing development projects in the Johannesburg area. These were the Fleurhof project on Main Reef road and the Pennyville development on New Canada road. Interviews were also conducted to get information from the different stakeholders involved in affordable housing project developments with regards to their experiences, lessons learnt and propositions for better and more efficient running of future such projects.

Studies and information received from interviews were evaluated using theoretical frameworks around affordable housing and public private partnerships as to determine if these projects and activity happening in the Johannesburg area is in line with theories and policies developed to guide public-private activity and affordable housing development. The findings from the field study analysis (case studies and interviews) were used to provide recommendations as to what can be done for better outcomes in public-private partnership projects in affordable housing delivery.

From the field work it was found that contrary to the study claims and propositions, public-private partnership housing developments are benefiting the intended income group and that the private sector has gained confidence and is becoming more and more interested and involved in such projects. This is not to say that no issues were discovered or raised during the study. This is why recommendations were brought forward and these are mainly directed to the public sector. Recommendations include that public sector needs to increase its capacity when it comes to the area of developing affordable housing projects as lack of capacity results in unnecessarily lengthy application approval periods which become very costly when it comes to development. Other recommendations are for better planning and review of procedures for the public sector to be more efficient as the private sector works on time and need payments and other procedures to occur on time to avoid setbacks and strains on public private relationships.

Table of Contents

Declaration i

Dedication ii

Acknowledgements iii

Abstract iv

Table of Contents v

List of Tables x

List of Figures xi

Abbreviations xii

CHAPTER ONE: INTRODUCTION 1

1. Introduction 1

1.1 Background 1

1.2 Problem Statement 3

1.3 Research Questions 6

1.4 Research Claims/Propositions 7

1.5 Objectives of the Study 7

1.6 Scope and Limitations 8

1.7 Research Methodology 8

1.8 Structure of the Research 9

1.9 Conclusion 10

CHAPTER TWO: REVIEW OF HOUSING LITERATURE 11

2. Introduction 11

2.1 Affordable/Low-Income Housing....11
2.1.1 Affordable Housing Goals and Underlying Principles....12
2.1.2 Affordable Housing in Africa....15
2.1.3 Housing Policy....16
2.2 South African Housing Policy....17
2.2.1 Housing White Paper....18
2.2.2 Local Government White Paper....20
2.2.3 Breaking New Ground Housing Policy (BNG)....21
2.3 Inclusionary Housing....24
2.3.1 International Context....25
2.3.2 The South African Context....26
2.3.3 Components of Inclusionary Housing in South Africa....27
2.4 Conclusion....28

CHAPTER THREE: REVIEW OF PUBLIC-PRIVATE PARTNERHSIP LITERATURE....31
3. Introduction....31
3.1 Public-Private Partnerships (PPPs)....31
3.2 Background on PPPs....33
3.3 Characteristics and Elements of PPPs....34
3.4 Types of Public-Private Partnerships....36
3.5 Examples of PPPs in Different Contexts....38
3.5.1 The American Context....38

3.5.2 The European Context 39

3.5.3 The Asian Context 39

3.5.4 The African Context 40

3.5.5 The South African Context 40

3.6 Public-Private Partnership Stakeholders 42

3.7 Strengths and Weaknesses of Public-Private Partnerships 43

3.8 Partnerships in the Delivery of Affordable Housing 44

3.9 Conclusion 45

CHAPTER FOUR: RESEARCH METHODOLOGY 46

4. Introduction 46

4.1 Research Method 46

4.2 Research Design 47

4.3 Sampling Procedures 48

4.4 Data Collection Process 48

4.4.1 Case Study and Interview Questions Outline 49

4.5 Data Analysis 50

4.6 Validity and Reliability 52

4.7 Ethical Considerations 53

4.8 Limitations 53

4.9 Conclusion 54

CHAPTER FIVE: CONTEXTUAL FRAMEWORK AND FIELD STUDY ANALYSIS 55

5. Introduction 55

5.1 Background 55

5.2 Economic Background 58

5.3 City of Johannesburg Strategies 59

5.3.1 Housing in the City 61

5.4 Case Study Discussion 62

5.4.1 The Fleurhof Extension 2 Project Description 62

5.4.1.2 Project Partners 65

5.4.1.3 Housing Typologies and Pricing 66

5.4.2 The Pennyville Housing Development 67

5.4.2.1 Project Description 67

5.4.2.2 Project Partners 68

5.4.2.3 Housing Typologies and Pricing 69

5.5 Field Study Analysis 69

5.5.1 Case Study Analysis 70

5.5.1.1 Issues of Affordable Housing 70

5.2.1.2 Affordable Housing Goals and Underlying Principles 71

5.5.2 Housing Policy 72

5.5.2.1 Inclusionary Housing 74

5.5.3 Public-Private Partnerships 75

5.6 Interview Discussion and Analysis 76

5.6.1 Interview Findings 76

5.7 Conclusion 82

CHAPTER SIX: CONCLUSIONS, FINDINGS AND RECOMMENDATIONS 84

6. Introduction 84

6.1 Field Study Findings 84

6.1.2 Research Objectives 84

6.1.3 Research Claims/propositions 85

6.2 Recommendations 86

6.2.1 Recommendations for the Public Sector 86

6.2.2 Recommendations for the Private Sector 87

6.2.3 Recommendations for Future Research 87

6.3 Conclusion 88

REFERENCES **90**

APPENDICES **99**

APPENDIX 1: Interview Questions **100**

APPENDIX 2: Questionnaire **102**

APPENDIX 3: Interview summaries **107**

LIST OF TABLES

Table 1.1: Do's and Don'ts in enabling housing markets to work

Table 3.1: PPP models used in the UK

Table 3.2: Sectors and types of PPP in South Africa

Table 4.1: Case study research design

Table 5.1: Fleurhof ownership and zoning Information

Table 5.2: Unit breakdown during different phases

Table 5.3: Housing typologies

LIST OF FIGURES

Figure 4.1: Pattern matching theory

Figure 5.1: Johannesburg in the context of Gauteng

Figure 5.2: South Africa's 2009 Population Structure

Figure 5.3: City of Johannesburg regions

Figure 5.4: Gauteng Labour Statistics

Figure 5.5: Fleurhof Ext 2 Locality Plan

Figure 5.6: Percentage land use for different uses on the site

Figure 5.7: Housing typologies in Fleurhof

Figure 5.8: Pennyville Locality Map

Figure 5.9: Housing typologies in Pennyville

ABBREVIATIONS

BNG:	Breaking New Ground
PPPs:	Public Private Partnerships
RDP:	Reconstruction and Development Programme
SAPOA:	South African Property Owners Association
IHS:	International Housing Solutions