

Challenges of the low-cost houses in South Africa

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Abstract

The findings of this study have implications for the concept and analysis of affordable housing, and a deeper understanding of the cost drivers of affordable housing in various geographies. Also, the study of housing costs outside general statistics such as cost per square meter offers a stronger forum for applied analysis that can assess where and how to tackle factors in South Africa that push up affordable housing costs. Housing, as it carries the weight of a huge number of socio-economic factors, is often a controversial and aggressively debated subject. Moreover, in South Africa, where residents have a legally guaranteed right to adequate housing, the state is expected to provide fair support and services. Housing has come to embody the debate about the rights to economic opportunity, protection, services, mobility, and a host of other concerns through this interplay between the public and the state. At its heart, however, there is still a debate about a built object, shape, and function coming together to provide sufficient shelter in a manner that provides people with a dignified day-to-day living experience. In addition to the wider discussion of the socio-economic consequences of the provision of housing, relatively little progress has been made in the introduction of new methods and typologies for housing construction in South Africa. Our urban densification policies mean that the emphasis is on the production of higher social housing densities, which deliver the greatest return on investment in terms of construction and management, with increased economies of scale. Yet displacement and land economics mean that the type of housing designed by the state is that of the single dwelling home for a large number of citizens in South Africa. The objective of this paper was to investigate the discrepancies in the allocation of low-cost housing in South Africa. This study applied a secondary or a desktop research methodology. This study contributes to the body of knowledge and provides information that would be useful for developers of housing allocation models.

Keywords: Construction, Housing project, Corruption, abduction, informal housing, low-cost housing.

Article Received: 18 October 2020, Revised: 3 November 2020, Accepted: 24 December 2020

Introduction

There are currently very few fixed criteria in South Africa in terms of accommodation. The National Housing Act and the National Building Regulations set national requirements, but they can also be circumvented by applying for an agreement or a MANTAG certificate. In terms of health and safety requirements, these enable the designs created by a 'competent individual' to be considered suitable for a

venue. Since many of the requirements are voluntary, a list of existing standards, as well as the proposed recommendations for successful and sustainable design of housing by government agencies, many of which are a condition for access to housing subsidies (Shrubsole, Hamilton, Zimmermann, Papachristos, Broyd, Burman, Mumovic, Zhu, Lin and Davies, 2019: 102). These constraints and opportunities provide a basis for thinking about constructive and creative housing strategies that provide a step forward

in terms of resource use, economic costs, protection of the environment, socio-economic accountability, and livability. The legislation and guidelines are also considered inadequate for the background when we think about low cost and informal housing. But immediately, by understanding them, there is a simpler framework through which to function. There is an increased possibility of access to housing incentives, as well as the development of housing stocks with a more sustainable and lasting future, through attempting to think beyond realistic constraints (Atuahene, 2017: 112). The development of cheaper, more productive, and livable houses ensures that individuals and families are more likely to bring an asset rather than move ahead with a financial drain. The challenge is to decide what is both suitable and meets the needs of people by continuing technical and logistical advances in the building. Although South Africa is benefiting from a robust banking sector and access to credit is generally accessible to low-income earners, the lockdown has generated financial difficulties, with demand for home loans slowing down (Östman, Brandon and Frantzich, 2017: 11). There was a further decrease in the repo rate in July 2020, however, leading to a reduction in the prime lending rate to seven percent of the lowest in over two decades. The substantial decline in the prime lending rate also provides an incentive for first-time buyers, with more affordable home loans and lower monthly repayments, to reach the lower end of the housing market. There is a serious problem of low creditworthiness and high household debt. Housing affordability remains a key problem, especially for the working class with lower incomes (Chisholm, Howden-Chapman and Fougere, 2020: 140). The price in the City of Johannesburg of the cheapest, newly-built two-bedroom house built on a minimum size plot of 40 m² is R539 830 (US\$ 31 320). Supply insufficiency, especially in the affordable segment, is a key pressure on affordability. Through the housing program of the national government, a completely subsidized 40 m² house is available to households earning less than R3 500 (US\$203.07) a month that meet certain qualification requirements, and rental housing is available through the social housing program of the government in inner-city projects. With almost 14% of households residing in state-subsidized housing, the government's housing policy has had a tremendous effect on the supply of housing. About 4.7 million housing options have been delivered by the

government since 1994 (Infranca, 2019: 823). Looking ahead, in the face of the COVID-19 pandemic, the prospects for rising demand at the lower end of the affordable housing market are potentially high, as declining incomes need cheaper housing choices for households. The decline in the mortgage prime lending rate (to the present seven percent) is appealing to buyers who can more readily qualify at discounted interest rates for a home loan, thereby expanding the consumer reach of the affordable housing sector. The reduced prime rate also provides investors with opportunities to create offerings with lower development costs in this market, funded with lower capital costs. And the asset base of government-subsidized houses on the register of national deeds offers an especially valuable opportunity in the context of the decline in new housing, which both the public and private sectors need to pay attention to (Brioso, Humero, Murguia, Corrales and Aranda, 2018: 886).

As alternatives to the low cost and informal housing market around the world, several distinct housing models and structures have been proposed. Every engineer has an idea for a fast way to build houses, and these days the chance to see an architectural competition that does not propose a new type of modular low-cost housing (and almost always based on shipping containers) is very slim. It is, therefore, useful to filter such choices instead of a new plan by exploring the constraints and opportunities surrounding low cost and informal housing in South Africa. South African government can construct low-cost houses but have a bigger challenge of the allocation. The allocation process does not provide a system that has adequate mechanization to verify the beneficiaries (Jeong, Hong and Kim, 2018: 87).

Theoretical framework

The demand for residential property forms the foundation of the overall property market. As of the end of December 2019, 6.6 million were residential properties out of the 7.4 million properties on the National Deeds Register. Of these, 2 million (31 percent) since 1994 were properties subsidized and delivered by the state as part of the National Housing Subsidy Program. An additional 1.1 million houses subsidized by the government have not yet been officially relocated and are thus not yet part of the formal property market. If these were to be publicly registered, 43 percent of the overall sector would be

equal to the proportion of residential properties subsidized by the state and given away for free (Pralle, 2019: 228).

More than half (56%) of all residential buildings are priced at less than R600 000 (US\$34 865), which means that the working class is "affordable." These assets are less commonly traded and less likely to receive mortgage financing and, generally, perform poorly than the higher-value market (Charlton, 2018: 2169). Anecdotal evidence indicates that the rate of informal transactions is high among government-subsidized assets. The time and expense of moving land, the specific challenge of resolving deceased assets in the context of increasing property prices, the extensive title deed backlog of state-subsidized houses, as well as the lack of access to vital information and resources to help low-income property owners manage for limitations undermining the property market performance in the sub-R600 000 segment (Bhan, 2019: 640). With an estimated 25 percent of households residing in formal dwellings claiming in 2018 that they rent their houses, South Africa has a large rental market; another 54 percent owned their homes, 12 percent resided rent-free, and eight percent repaid a loan. Informal, backyard rental, with an estimated 1,835 million units across the nation in 2016, is a major source of supply. Residential rental prices had inflated only marginally by March 2020, according to the South African Reserve Bank, but remained relatively low due to the increase in supply, especially in urban apartments, and the decline in demand for residential property in general (Sheppard, Sparks and Leitner, 2020: 394).

The property market in South Africa is mature and has a cadastral structure that is computerized. It takes 23 days to register a house, according to the 2019 World Bank Doing Business Report, and it costs an average of eight percent of the value of the property. In 2019, there were 223 497 (new and resale) residential transactions, 121 479 of which were funded with a mortgage (Piggott-McKellar, McNamara, Nunn and Sekinini, 2019: 133). The 2020 COVID-19 lockdown had a specific effect on the property market: only 5 941 transfers and 5 792 bond registrations were registered between April and June 2020, reflecting a decrease of 91 percent and 87 percent from 2019, respectively. This is primarily due to the closing of the Office of Deeds in April and May 2020 (Cirolia and Scheba, 2019: 595).

The statutory structure for the right to access to adequate housing is laid down in Section 26(1) of the Constitution. The 1997 Housing Act No. 107 gives effect to this constitutional right and lays out the functions of different levels of government in the provision of housing, while the different national housing systems are delineated by the National Housing Code (Sunstein, 1999: 123). The Rental Housing Act No. 50 of 1999, which regulates the operation of provincial housing tribunals, was amended in 2014; however, the President has not yet promulgated the date of entry into force of the Amendment Act. Issues discussed in the Rental Housing Amendment Act include the right to privacy if the owner wants to carry out an inspection, the requirement that lease agreements be in writing, the establishment in every local municipality of a Rental Housing Information Office, and the extension of the rental housing tribunals' powers (Chenwi, 2015: 24). The Social Housing Act No. 16 of 2008 was enacted to promote the social housing system and to set up a Social Housing Regulatory Authority to control access to public funds through social housing agencies and to support approved social housing projects. The 2008 Housing Development Agency (HDA) Act No. 23 defined the HDA's mandate to accelerate the development of human settlements through land identification, release, and acquisition plans. The drafting of a Comprehensive Rental Strategy, the drafting of an Affordable Housing Policy, and amendments to the Social Housing Policy and Regulations are among the potential proposals for policy measures. Also under consideration is the Prevention of Unlawful Evictions Reform Bill (O'Regan, 2012: 03).

Two land tenure bills have already found their way to Parliament in 2019/2020. Amid significant controversy, a draft bill asking for the Constitution to be amended to allow for the expropriation of land without compensation was presented. This bill was proposed to have more land for the people to build their properties and also for the government to be able to build low-cost houses for the people. Also, public hearings on the Upgrade of Land Tenure Rights Amendment Bill, which seeks to guarantee ownership of land rights for those who have been discriminated against in the past, were held in Parliament (Moslagae, 2015: 10). In the face of the COVID-19 pandemic, the prospects for increasing demand at the lower end of the affordable housing market are

potentially strong, as shrinking incomes require cheaper housing options for households. In this scenario, there is also the possibility of previously middle-income households scaling down to the affordable 'gap' market. This increasing demand is reflected in the relatively higher nominal growth in homes priced at R250 000 (US\$ 14 505) to R750 000 (US\$ 43 515) (Kang, Choi, Kim, Lee, Lee, Park, Park and Seo, 2020: 298). The decline in the mortgage prime lending rate (to the present seven percent) is appealing to buyers who can more readily qualify at discounted interest rates for a home loan, thereby expanding the consumer reach of the affordable housing sector. The reduced prime rate also provides investors with opportunities to create offerings with lower development costs in this market, funded with lower capital costs. The general household downscaling activity brings another field of opportunity. This lies in mid-priced flats and apartments from an investor's viewpoint. Houses less than 80m² in size showed a small increase in the number of building plans passed between January and June year-on-year. This suggests that there will be demand growth for properties of this scale (Scally, Champion and Neal, 2020: 05). There are also substantial opportunities for private sector equity in urban centre redevelopment activities and opportunities for investment in affordable housing projects, which are reflected in a strong resurgent market. In the light of the decline in new construction, the asset base of government-subsidized houses on the national deeds registers offers an especially significant opportunity that warrants both public and private sector attention. Of the 2 million government-subsidized houses on the register of deeds, approximately 1 million are in major metros and 905 367 are older than eight years of age, rendering them liable for resale trading (Buğra, Gürkaynak, Keyder, Palat and Pamuk, 2020: 139). Each year, 2,49% of transactions include residential properties. The churn rate is even lower for state-subsidized homes, closer to 0.61 percent. If the national average churn rate of 2.49% were to be extended to state-funded houses in major metros, this may imply the potential for 22,544 new property transactions that are currently selling for less than the cheapest newly-built house but are affordable for the gap market of the working class. Then 22,544 buyers with equity become the sellers of these homes, ready to purchase the next home. A potential for mortgage lending is provided by each transaction. This demonstrates the opportunity for

lenders to create low-value mortgage products that better understand the housing market subsidized by the government; for housing microlenders to encourage home improvements that add value to properties; and for cities to promote value development through infrastructure distribution, administrative support for home improvements and transactions in state-funded housing settlements (Ashford, Hall, Arango-Quiroga, Metaxas and Showalter, 2020: 5404).

Data that is often made available for publication through the Banking Association South Africa may be given by the major banks. This year, however, no data were available on average home loan sizes. The Consumer Credit Industry Study of the National Credit Regulator publishes consumers' credit data and includes mortgage-related data. Its Credit Bureau Monitor captures data from the country's credit bureaus. Also, the South African Reserve Bank gathers banking and financial sector statistics; data relating to mortgage developments in the banking sector's economic returns are publicly available (Brennan, Sahli, Elliott and Noble, 2020: 08). The Office of the Department of Rural Development and Land Reform Deeds maintains a database of the number of properties with a title deed, but the data can only be acquired at a fee. Statistics SA has published brief housing inflation information but does not produce any housing finance data. Many socio-economic problems are facing South Africa, such as high unemployment rates and low-income rates, making it difficult to find affordable housing on a budget. Adequate shelter is a fundamental human right, according to the Housing Act 107 1997 (Abi Younes, Ayoubi, Ballester, Cristelli, de Rassenfosse, Foray, Gaule, Pellegrino, van den Heuvel and Webster, 2020: 10). It is important for the nation's socio-economic well-being. But it is much more difficult for low-income earners to afford to rent a flat because of the current weakening condition of the economy and economic growth. But luckily in affordable urban areas, there are choices to look at. In this earning community, the government is also doing its part in trying to turn things around for South Africans. Many groundbreaking subsidy schemes, such as Government Subsidy Housing, Community Rental Units, Informal Settlements Program Upgrade, Emergency Housing Program, Person Subsidy Program Finance, and Social Housing, have been introduced (Soaita, MacLennan and Gibb, 2020: 28).

These programs seek to provide affordable housing for first-time buyers or tenants in particular. Non-profit organizations also collaborate with the government to come up with modern ideas to develop projects with the primary goal of providing low-income people with sustainable, safe, and affordable housing. What is affordable housing? There are possibly different responses to this question because, on a national scale, there is no set standard. The South African Government has been globally recognized for a creative approach to solving some of the housing problems faced by many cities, including the provision of safe and affordable houses in Johannesburg (Pernegger, 2020: 42).

Research methodology

The methodology of research is the basic procedures or techniques used to classify, pick, process, and evaluate a topic's knowledge. In a research paper, the section on methods helps the reader to objectively assess the overall validity and reliability of the findings. Based on collection methods, data can be divided into four main types: empirical, experimental, simulation, and derived. The type of research information a researcher collects influences how the information is managed (Likhanov and Lopatin, 2020: 03). Creating a strategy that suits the goals, includes researching the approaches used in a field and the ideas or concepts behind them. Analysis Methodology is a means of addressing a research topic systematically. It is the science of studying how scientific research is done. It is intended to include a study work schedule. It offers instruction in the choice of materials for processes, analytical instruments, and techniques applicable to the problem's solution (Asadullina, Korovkina, Sadretdinova, Badretdinovich and Hajrullina, 2020: 546). Primary data is information obtained from first-hand sources by a researcher, using techniques such as surveys, interviews, or experiments. Secondary data is data obtained from studies, surveys, or experiments performed or for other studies by other persons. This study had employed the secondary research methodology. Existing information was used to conclude on the objectives that this study is addressing. Secondary data from articles, newspaper articles and reports, conference findings, and government gazettes were used.

Results and discussions

The Department of Human Settlements (DHS) derives its central mandate and duties from Section 26 of the 1996 Constitution of the Republic of South Africa and Section 3 of the 1997 Housing Act, by approved policies and Chapter 8 of the National Development Plan (NDP). This enables the DHS to create and promote a sustainable national housing development mechanism in partnership with provinces and municipalities (Naidoo and Maré, 2015: 408). This is achieved by setting national policies and national standards and standards for the construction of housing and human settlements; setting broad national housing delivery targets; and tracking the financial and non-financial performance of provinces and municipalities against these objectives. The NDP articulates the need for a systemic reaction to the entrenched spatial trends of South Africa that exacerbate social inequality and economic inefficiency. Priority 4 of the 2019-2024 Medium Term Strategic Plan of the government (spatial integration, human settlements, and local government) is aimed at addressing this need (Chilenga, 2017: 88). The DHS will concentrate on four priority areas over the medium term to give effect to these guiding policies: promoting the construction of integrated human settlements, upgrading informal settlements, providing affordable rental housing, and providing affordable finance for housing. By creating more inclusive, denser, mixed-use urban areas, the development of integrated human settlements aims to transform spatial housing patterns in South Africa while striving for a more functional housing market that responds adequately to both supply and demand for all levels of affordability and needs (van Koppen and Schreiner, 2014: 544).

The department reviews housing laws and related legislation to move from a narrow emphasis on housing alone to a more holistic viewpoint on human settlements. In the Integrated Human Settlements Planning and Development Programme, integrated housing projects are financed largely through the urban settlement development grant and the human settlement development grant (Seto, Dhakal, Bigio, Blanco, Delgado, Dewar, Huang, Inaba, Kansal and Lwasa, 2014: 10). The department is required to provide mixed-use, mixed-income, and integrated settlements by provinces, municipalities, and public

bodies such as the Housing Development Agency with housing and infrastructure subsidies (HDA). Slightly more than eight-one (81.9%) of South African households lived in formal dwellings in 2019, followed by 12.7% in informal dwellings, and 5.1% in conventional dwellings, according to Statistics South Africa's (Stats SA) 2019 General Household Survey (GHS) (Ballard and Rubin, 2017: 03). In Limpopo (95,2 percent) and Mpumalanga, households living in formal dwellings were the most common (89,6 percent). In Gauteng and Western Cape (both 18.7 percent) and North West West, about one-fifth of households lived in informal dwellings (18,4 percent). In Eastern Cape (23.0%) and KwaZulu-Natal, traditional dwellings were the most common (13,1 percent). In metropolitan areas, about 81.9 percent of households lived in formal dwellings, while 16.8 percent lived in casual dwellings. Informal dwellings were the most prevalent in Cape Town (19.6%), Johannesburg (19.1%) and Ekurhuleni (18.4%), and the least prevalent in Nelson Mandela Bay (7,1 percent). To sustain the affordable housing market, the DHS is committed to providing rental and social housing, which includes tenure flexibility in a competitive and evolving economic climate (Amin and Cirolia, 2018: 275). The department plans to offer capital incentives to approved social housing entities through the Social Housing Regulatory Authority to speed up the development of well-located, affordable rental and social housing to minimize the cost of construction for developers and the cost of occupancy for tenants. Households residing in rented dwellings were the most prevalent in Gauteng (35.3%) and Western Cape (25.9%) and the least prevalent in Eastern Cape (11.8%) and Limpopo (12,5 percent). By contrast, the largest percentage of households that lived in dwellings that were either paying off or being occupied rent-free were found in Limpopo (85,9 percent) and Eastern Cape (84,7 percent) while the smallest percentages were observed in Gauteng (52,4 percent) and Western Cape (58,7 percent) (Musakwa, Tshesane and Kangethe, 2017: 95).

A significant part of supporting the housing sector is the availability of affordable housing. With household incomes growing over time, many have found themselves in a position where they earn too much to qualify for a full housing subsidy, but too little to qualify for a mortgage loan that suits the availability of housing relative to income. The DHS is working to strengthen affordable housing financing

services to support this rising segment by providing qualified beneficiaries with lump-sum deposits to reduce their monthly mortgage repayments. A housing subsidy is a government grant to deserving recipients for housing purposes. The bottom-most end of the market, where it offers housing subsidies to the needy, is one of the DHS areas of responsibility in the provision of human settlements (Scorza, Pilogallo, Saganeiti, Murgante and Pontrandolfi, 2020: 56). This is where the majority of the housing backlog resides, mostly impacting those who receive a month below R3 500. The 2019 GHS of Stats SA shows that the proportion of households that earned some form of government housing subsidy rose from 5.6% in 2002 to 18.7% in 2019. A slightly higher percentage of female-headed households (23.1 percent) received grants than male-headed households (15.5 percent). This is consistent with government policies that give priority to households led by people from disadvantaged groups, including women, and people with disabilities. Different housing subsidy programmes for medium to low-income earners are available in South Africa. Usually, the government has two forms of housing subsidies: the financed subsidy that allows a person to completely fund the subsidy and the non-finance subsidy, where the income-based payment contribution is set. According to the housing agency providing the subsidy, the criteria vary (Nassar and Elsayed, 2018: 2368).

A person needs to be on the municipal housing demand database for at least 10 years, be 40 years of age or older, have special needs as a South African citizen, or at least have a permanent residence permit to apply for any of the government housing subsidies. Until deductions, applicants would also need to have no previously owned property or earned a government grant and have a monthly household income of less than R3,500. On the other hand, the Johannesburg Housing Company provides families who usually earn between R1 500 and R7 500 per month with affordable accommodation. With a portfolio of bachelor apartments, single room, and double room flats as well as shared amenities, our units are entirely located in the bustling inner-city sections of Johannesburg (Bibri, 2020: 109). Our basic requirements include earning from the aforementioned income class, having dependents, not having previously owned land, becoming a citizen of South Africa, or having a permit for permanent residents. A certified copy of an identity card and that

of the partner is included in the general paperwork required to qualify for affordable housing. Alternatively, a certified copy of a permanent residence permit, certified copies of birth certificates of people financially dependent on the applicant, would need to be issued. If a person is unemployed, an applicant also needs a certified copy of the marriage certificate or divorce certificate, and a copy of a recent payslip or affidavit (Badach, Kolasińska, Paciorek, Wojnowski, Dymerski, Gębicki, Dymnicka and Namieśnik, 2018: 418).

In Johannesburg, the process also ensured that future tenants at Johannesburg Housing Company (JHC) have access to a subsidy to help reduce their rent. An applicant must complete the subsidy form which is available on the website to apply for the subsidy. If the form is finished, an applicant must comply with the standard specifications as stated above and submit it for processing. After that, an applicant will obtain details on the status of the submission. The right to adequate housing is enshrined in the Constitution and the government has a responsibility to take fair steps to ensure that this is gradually realized (Corburn and Sverdlik, 2019: 156). After the advent of democracy, in completely subsidized units known as RDP housing, the government has used its available housing tools. Those earning up to R3 500 a month were targeted by the housing delivery program and, as a result, many housing opportunities for this income category were created. But the government launched the Finance Related Individual Subsidy Program in 2012, following long-term debates on affordable housing for those households who received more than this, but still had trouble getting home loans from the banking sector. The next most vulnerable income group, the "housing gap," was targeted at market households earning between R3 501 and R15 000 a month. The housing backlog remains high, while measurable progress has been made in the provision and enhancement of housing options for these two income classes. In reality, it has risen from 1.5 million housing units to over two million since 1994 (Williams, Máñez Costa, Celliers and Sutherland, 2018: 871). This backlog is distributed among all municipalities, but because of many reasons, most importantly because of a higher urbanization rate, the metropolitan municipalities are the most seriously affected. This is rising at an unprecedented pace, rising from about 46% in the 1960s to more than 64% at present. Over the 20 years

between 1994 and 2014, it has increased by 10 percent, from 54 percent to 64 percent, but the availability of housing stock in the metros has been declining. This has contributed to many issues that have mushroomed, including homelessness, overcrowding, poor housing conditions, and a rising number of households living in informal settlements (Thomas and Benjamin, 2018: 10). For example, the number of households living in informal settlements increased dramatically between 1996 and 2015 in the city of Johannesburg, from just under 800 000 to about 1 600 000. Between 1996 and 2015, the number of households living in informal settlements in metropolitan municipalities increased by 54 percent. It is believed that the urbanization rate in South Africa is higher than in other countries known to have high population growth rates, such as India, where there is a 32% urbanization rate. With low economic growth and fiscal contraction, rising housing supplies in metropolitan municipalities to meet demand is unlikely to be achieved any time soon. The government has been drastically decreasing funding for the provision of human settlements for the past few years. Funding was reduced by R1.6 billion and R871 million respectively in the sales section for 2016 and 2017. Support was reduced by R7.2-billion in the 2018 medium-term spending framework (Meerow, Pajouhesh and Miller, 2019: 794).

The government must therefore consider, prioritizing, where housing is most required and by which income classes. More than six million metro households belong to the lowest income group, earning up to R4 000 per month, qualifying for an RDP house or a property priced at R130 000. For this income level, the housing stock available is over two million housing units. The next category is for households that earn between R4 001 and R9 000 and qualify for housing units valued between R130 000 and R300 000 respectively. The total number of such households is approximately four million, but only some 250 000 units are available (Williams, Mané Costa, Sutherland, Celliers and Scheffran, 2019: 158). For those earning between R9 001 and R17 000 a month who qualify for a property priced between R300 000 and R565 000 at the higher end of the gap market, the residential stock is approximately one million, but this group includes just over 2.2 million households (Ghoreishi, 2019: 47). It is also clear that the largest number of households without adequate housing inside the metros are those earning between

R4 001 and R17 000 per month, although the demand is most acute for those earning between R4 001 and R9 000 per month in the lower end of that income range, where there are only 250 000 units available to four million households. Therefore, the government can prioritize or devote more money to those households in metros situated at the lower end of the market from the funds allocated to the housing gap market. Officials agree that "informal upgrading of settlements is a daunting task. Despite new social and rental housing policies aimed at providing quality housing to low-income and disadvantaged families, the existing models sought appear to exclude these communities (Olsen, 2003: 366). Indeed, the fact is that one effective and properly implemented upgrade of an informal settlement in Durban, Cape Town, or Johannesburg, or low-income subsidized rental units on a scale in downtown Johannesburg, has yet to be seen. Instead, despite the efforts of community-based organizations (CBOs) and development-related non-governmental organizations (NGOs) to the outskirts of cities, we see most of the same form of housing development occurring - i.e. mass roll-out of freestanding Reconstruction and Development Program (RDP) houses, Breaking New Ground (BNG) houses, and low-income bond houses (mortgage properties) on the periphery of cities. The continued lack of adequate housing has led to a rising number of so-called 'service delivery protests' in townships and informal settlements across South Africa, along with persistent problems related to the provision of basic services (e.g. water, sanitation, electricity), growing unemployment and a largely unresponsive state, particularly at the local level. Growing discontent relates not only to the inability to provide material benefits, such as housing and access to water but also to the non-consultative approach of the government to urban governance, which is often extremely heavy-handed (Khadduri and Wilkins, 2008: 163).

Therefore, service delivery demonstrations are as much about the shortcomings in municipal government as they are about service delivery and the lack of adequate outlets for communities to communicate their needs. In general, when the government initiates development projects, they are initiated with minimal or non-existent involvement with and participation of affected communities; instead, these projects are conducted by external agencies and mostly directed by consultants. It is

uncertain if state officials recognize the responsibility and justification for community engagement and participation and how to participate in these processes effectively (Llanto and Basilio, 1999: 20). Where there is involvement, it is often merely formal and is not intended to integrate ideas and criteria put forward by participants or to truly engage with substantive issues relating to the nature of development. Also, the obsession with formalizing those residing in informal housing and reducing the housing backlog a political necessity for the African National Congress (ANC) has not taken into account the many benefits for poor people and households of aspects of informality and the numerous unintended consequences of formality (often requiring relocation to underdeveloped dormitories. The high percentage of individuals who sell or move from their RDP homes back to informal settlements to be closer to jobs illustrates this (Hunter and Posel, 2012: 286). At the same time as demonstrations over local conditions and lack of community voice in development are escalating, cases involving illegal evictions of residents from inner-city buildings, shack demolitions in informal settlements, and repossessions of houses in township areas are overwhelming public interest lawyers with cases (and subsequent evictions of owners or tenants). This has made the right to housing before the Constitutional Court the most adjudicated socio-economic right. Some may argue that this is because of the strong negative aspect of the right to housing that, without a court order, specifically prevents evictions. The truth, however, is that the flip side of the progressive and encouraging housing policies of the government at the coalface where implementation takes place is much less progressive than the optimistic formulation of the Constitution's right to housing implies. Some of the structural issues that have hampered and continue to plague the implementation of housing policy, and consequently the enjoyment of the right to housing for all, include the politicization of housing at all levels; the domination of the provinces in the implementation of housing policy; and their underspending of budgets; and weak inter-and intra-governmental relations (Del Mistro and A. Hensher, 2009: 334).

political infighting at the city level; frequently inadequate management committee system; integrated growth planning systems and equally defunct bottom-up planning mechanisms; cost-recovery stresses at the local level that contributes to

compromised access to social services for the poor; lack of supply of well-located property and public land for development; skilled expertise deficiencies. Corruption and/or illegal tendering procedures for the award of housing development contracts; escalating construction-related costs. Concerning any of these issues, as of April 2002, municipalities were permitted to establish low-income housing after improvements to the procurement regime had been introduced after the implementation of Housing Amendment Act 4 of 2001. Since 1998 there has been a deliberate move towards more city councils, state-driven approach. Each municipality must now also make a chapter on housing in its Integrated Development Plan (IDP) (Smit, 2006: 103). More recently, by accreditation, accredited municipalities will conduct housing-related tasks typically performed by regional and national governments, such as budget support preparation and distribution, as well as the management and administration of priority programmes. The goal is to allow these accredited municipalities to gradually gain full control of these functions, as well as full financial administration of housing within their jurisdiction when they reach Level 3 (the highest level of accreditation).

As a result, accredited municipalities are responsible for all housing functions in their region, while the province assumes responsibility for supervision and assessment. Undoubtedly, there is a need to step away from the provincial-centric approach that has governed the delivery of housing in the past and to strengthen intergovernmental ties between the government realms in the delivery of housing. Indeed, part of the challenges facing the achievement of scaled-up and permanent human settlements is that considering the substantial responsibility they have for the provision of facilities and long-term maintenance, communities have minimal powers to deliver homes. According to the National Treasury, "municipalities often complain of insufficient notification of housing projects, which also clash with the goals defined and funded by their plans. However, a point of concern should be posed concerning the role of local government in meeting the full mandate for the distribution of housing, not least because of the problems faced by the regional approach to the provision of social services, where cost-recovery constraints have dominated implementation and also

adversely affected the vulnerable (Lemanski, 2011: 58).

Also, there is a crisis at the local government level, both in terms of governance and technological capability. The National Housing Department (NDoH) now renamed the Department of Human Settlements (DHS) has recognized the scant ability and capacity of local authorities in most cities to implement, which continues to exacerbate the capacity to reach the national goals. The right to decent housing is fundamentally tied up with a host of other cross-cutting rights including the right to democratic engagement, equity, human freedom, fair regulatory intervention, access to information, and access to justice as well as a spectrum of socio-economic benefits and services (Gibbs, Sikweyiya and Jewkes, 2014: 236). This provides access to soil, water, sanitation, electricity, livelihoods, transportation, clinics and hospitals, schools, colleges, and cultural and leisure services such as libraries, public parks, swimming pools, playing fields, and religious centres. Taken together, access to these privileges and socio-economic goods eliminates insecurity, decreases inequality, and enhances the quality of people's lives. However, as yet, the government has not adopted a comprehensive approach to development problems that would profoundly redress the ongoing spatial and socio-economic disparity between cities and towns in South Africa, while encouraging sustainable development. To this end, the updated national housing services contained in the 2009 National Housing Code, along with new DHS undertakings in the field of informal settlement improvement and social/rental housing, are promising. However, there is a continuing need for comprehensive research, advocacy, and participation at all levels on legislation, initiatives, and housing priorities. This study leads to this aim by providing easy-to-access reference advice on South African housing policies, regulations, and enforcement since 1994 (Marais and Ntema, 2013: 87).

Since 1994, there have been various policy and legislative changes in the field of housing, which testify to the large and dynamic nature of the country's housing environment. A non-exhaustive list of some secondary legislation relating to various administrative, financial, technological, environmental, institutional, and growth aspects of

housing in South Africa. Relevant details found in the Constitution of the Republic of South Africa, 1996 (Constitution) and key laws and regulations about accommodation, including the following: Housing Act 107 of 1997 (amended by Acts 28 and 60 of 1999; Act 4 of 2001) (Housing Act) on the prohibition of unlawful displacement and illegal land use Act 19 of 1998 (PIE Act) Rental Housing Act 50 of 1999 (Oldfield, 2002: 103). A Systematic Strategy for the Creation of Permanent Human Settlements (September 2004) (Breaking New Land or BNG) National Housing Code (2000, updated in 2009) (National Housing Code) The chapter also highlights some of the housing agencies created by legislation in South Africa-the Housing Development Agency (HDA), the National Home Builders Registration Council (NHBC), the Social Builders Registration Council (SBRC) (SHRA).

Present housing policies can be criticized for paying undue priority to new refugees living in informal settlements while struggling to meet the housing needs of colored people and Africans born and raised in apartheid-era townships. Due to a substantial rise in urban migration since the end of apartheid in the 1990s, Cape Town has experienced an upsurge in housing shortages, particularly for African and colored citizens. The estimated housing backlog in Cape Town is between 360 000 and 400 000 and is rising at a rate of between 16 000 and 18 000 units per year (Amin and Cirolia, 2018: 275). This raises the question of whether this condition can be related to housing policies pursued in the City of Cape Town. It is also argued that housing policies appeared to favor one population group (Africans) at the expense of another (coloureds). However, this study indicates that the new housing program may be criticized for failing to meet the needs of people who have spent their entire life in apartheid-era townships, both colored and African. This sense of racism in the new housing policy has contributed to extreme political agitation among existing residents. The estimated housing backlog in Cape Town is between 360 000 and 400 000 and is rising at a rate of between 16 000 and 18 000 units per year (Dawson, 2014: 519).

In the post-apartheid period, housing policy appeared to draw more criticism than praise. For example, as soon as an affordable housing proposal is announced or undertaken, residents typically express frustration with different facets of the housing distribution

process, including the sluggish speed of housing delivery, the unreliability of housing waiting lists, and crooked housing authorities who take advantage of the situation to place their friends at the top of the waiting list. However, it must be noted that the waiting lists are incredibly lengthy, partially because of the legacy of apartheid housing policies (Mahajan, 2014: 06).

On the other hand, the middle classes of townships and wealthy suburbs are opposed to the development of affordable housing next to their communities. The above are concerned with affordable housing and informal arrangements would adversely impact the market value of their homes. Others equate illegal settlements and public housing developments with a crime, lack of security, and other social ills. The mentality of the middle classes towards public housing systems has had two major implications. Second, the Cape Town authorities have assured that the construction of illegal settlements in middle-class communities is avoided, mostly by court-approved evictions. Second, so far the middle classes have effectively battled against the development of low-cost housing near their suburbs. As a result, affordable housing developments for the vulnerable are far from areas of social and economic prosperity (Mears, 2007: 11).

Conclusion

Section 26 of the Constitution of the Republic of South Africa (1996) enshrines everyone's right of access to appropriate accommodation. Since 1994, the South African State has developed a set of laws and policies to give effect to this right. Despite this, and after supplying 2.3 million housing units to almost 11 million residents, South Africa continues to face a housing shortage after 26 years of independence, with more than 2.1 million households without sufficient housing (and millions more lacking access to basic services). The Minister of Human Settlements has recently confirmed that amid the housing backlog, the government "does not want to build a beggars' community where people demand to be granted free homes by the state. This is only a safety net for the weakest of the poor, but it cannot carry on indefinitely (Morange, 2002: 04).

It is widely accepted that the state cannot provide housing on the scale needed at a sustainable pace or by low-income and disadvantaged households, and

there is growing evidence that it would be difficult for South Africa's current settlement strategy and practice to completely address the United Nations (UN) Millennium Development Goals (MDGs) target for slum-free cities and South Africa. Housing distribution processes directed at the needs of urban disadvantaged citizens suffer from significant capability issues and cannot rely on services found in conventional housing and housing markets. Any of the critical problems that have not yet been adequately tackled have been the unlocking of well-located land in urban areas for residential construction, the linkage of large-scale facilities and utilities to new housing projects, links to interim services and repairs for millions of households residing in informal settlements, and the shortage of adequate, accessible low-income and poor housing (Meth and Buthelezi, 2017: 78). According to section 10A of the Housing Act, the owner of a state-subsidized house or serviced site cannot sell or otherwise dispose of a dwelling/site for a term of eight years from the date of purchase of the land. Furthermore, once the property is vacant, the responsible provincial housing authority shall be declared to be the purchaser and no selling price or other remuneration shall be charged to the initial beneficiary, however that beneficiary shall be entitled to receive another state-subsidized house if it still satisfies the qualifying requirements (Charlton, 2014: 05). In 2004, the Breaking New Ground policy change clarified that the above-mentioned ban on selling government-subsidized houses had been added to shield grant recipients from downsizing, but had "often had an unforeseen effect of weakening beneficiary preference and housing mobility and created a major obstacle to structured secondary transactions. Breaking New Ground announced that an amendment to section 10A of the Housing Act will be made to limit the prohibition time after occupation to five years. The Housing Amendment Bill 2006 was presented for public consultation in December 2006. The Bill tried, inter alia, to amend parts 10A and 10B of the Principal Act, but has not yet been passed.

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