Sustainable human settlement development – the challenge for housing delivery in South Africa

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ABSTRACT

Purpose
Sustainable, equitable and affordable housing is well structured and promoted by government legislation, regulation, policies, programmes and plans. However limited examples of integrated Sustainable Human Settlements are visible. Best practices improve indicators through lessons learned. An integrated socio-economic settlement approach is supported by well-defined government systems and programmes. Implementation tools should be defined and developed to maximise alignment and integration processes.

Method
The South African Government’s macro framework for integrated human settlement was analysed. Case studies of integrated settlement developments provided valuable information and solutions for best practices. A tool towards an integrated approach is proposed.

Conclusion
In order to improve sustainability, equitability and affordability in communities, an integrated approach will maximise the impact of land, mixed land uses, mixed-use of housing options, sufficient services and infrastructure, open areas and recreational facilities, proper access to social and economic amenities. A place for employment should be integrated with housing. The involvement of a variety of role players and resources is needed. Tools for assessing applications may be informed by guidelines and pointers.

Findings
The demand for housing in South Africa requires a high level of government intervention and investment. This is well comprehended in several plans, programmes, mechanisms and instruments that were developed by the Department of Human Settlement. Case studies of mixed land and housing uses revealed valuable information and development guidelines.

Value
Developers, implementers and decision-makers may find information regarding recent settlement developments, which includes mixed land and housing use and alternative approaches, beneficial for planning and implementation purposes.

Key words: sustainable human settlements, integration, inclusion

1.1 INTRODUCTION AND BACKGROUND

South Africa faces a challenge regarding the acceleration of housing delivery. Many plans and programmes regarding this issue are currently in place; however, the pitfall exists in the implementation. The South African Government faces many challenges, such as the housing backlogs and social and economic segregation. The need for additional funding and land availability adds to this challenge.

Integrated Human Settlement Development seems to be the only way of delivering housing in a sustainable manner and to simultaneously address the development goals of the South African Government. According to President Jacob Zuma, the provision of housing within sustainable, integrated settlement is a critical pillar of the country’s growth and development strategy (Times LIVE, 2010: Online).

This paper attempts to provide a simplified practical tool for implementation purposes. Integration of systems, structures and processes needs to form the basis for this implementation tool.

1.2 THE CURRENT HOUSING SCENARIO

1.2.1 Challenges for sustainable development
Holden (2008) states that sustainability is the integration of social, environmental and economic areas aimed at creating synergy. According to the Centre for Development Support (2010) the various challenges facing the South African Government include affordability (well located land for low cost housing is often located in existing areas, which is weak for integration), national policy and provincial allocation, the number of growing applications for housing subsidies and a lack of capacity.

The Department of Housing (2002) states that the most critical threats to the sustainability of settlements in South Africa are water scarcity, crime
and the fear of crime, HIV/AIDS, growing poverty, institutional complexity and the underperformance and inefficiency of parts of the public sector.

The Provincial Government of the Western Cape (2010: 41-42) have stated that some key constraints to housing delivery include among other demand is greater than supply, accelerating provision of basic services increases pressure on municipal bulk infrastructure, a gap in the housing market excludes low income groups from both subsidies and mortgage loans, beneficiaries rent out or sell houses at a fraction of the value and development is hampered by inadequate coordination between different spheres of government.

According to the International Marketing Council of South Africa (2012) the government inherited a critical housing shortage with housing backlog of 2,202,519. However the Times Live (2010) has recorded the current housing backlog as 2.1 million housing units. Knight (2001: Online) suggests that the housing backlog is aggravated by a high unemployment ratio. The Eglin (2010: Online) suggests the South African housing backlog has increased from 1994 to 2004, due to national population growth, trends of urbanisation and inadequate delivery to address the historical backlog.

Sustainable development is a multi-dimensional problem (South Africa. Department of Housing, 2002: 4) dealing with spatial characteristics, geographical location, settlement dimensions, environmental conditions, economic viability, institutional ability and structure, human development, social relationships and values and aspirations. Other challenges facing the delivery of sustainable development may include appropriate building technologies, ecologically sound designs, low energy consumption and renewable energy, selective efficient use of resources and recycling, ecological principles to guide development and the use of public participation in decision making processes (United Nations. ECE, 2001:5).

1.2.2 Targets

From the development focus of the Medium Term Strategic Framework (MTSF), the government has derived twelve (12) outcomes that set the guidelines for more a result driven performance and provides strategic focus for work up to 2014. Outcome 8, which reads sustainable human settlements and improved quality of household life, forms the basis of the targets for sustainable human settlement development. The delivery agreement for Outcomes 8 has four (4) measurable outputs/targets including accelerated delivery of housing opportunities, improved access to basic services, higher efficiency in land utilisation and improvement of the property market (South Africa. Millennium Development Goals, 2010: 18).

Table 1 shows service delivery targets set for the provision of minimum standards for 2014, by the Local Government Turnaround Strategy:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Minimum Standard 2014 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water</td>
<td>All households to have access to at least clean piped water 200m</td>
</tr>
</tbody>
</table>
Sustainable Human Settlement Development – The challenge for housing delivery

<table>
<thead>
<tr>
<th>Service</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanitation</td>
<td>All households to have access to at least a ventilated pit latrine on site</td>
</tr>
<tr>
<td>Electricity</td>
<td>All households to be connected to national grid</td>
</tr>
<tr>
<td>Refuse Removal</td>
<td>All households to have access to weekly refuse removal services</td>
</tr>
<tr>
<td>Housing</td>
<td>All existing informal settlements to be formalised with land-use plans for</td>
</tr>
<tr>
<td></td>
<td>economic and social facilities and with provision of permanent basic services</td>
</tr>
<tr>
<td>Other</td>
<td>Standards for access for all other social, government and economic services</td>
</tr>
<tr>
<td></td>
<td>must be clearly defined, planned and where possible implemented by each sector,</td>
</tr>
<tr>
<td></td>
<td>working together with municipalities in the development and implementation of</td>
</tr>
<tr>
<td></td>
<td>IDPs</td>
</tr>
</tbody>
</table>

Source: (South Africa. Department of Cooperative Governance and Traditional Affairs, 2009: 23-34)

Table 2 below indicates the progress in access to priority services.

<table>
<thead>
<tr>
<th>Province</th>
<th>Access to Electricity for Lighting</th>
<th>Access to Pipes Water</th>
<th>Access to Full and Immediate Sanitation</th>
<th>Access to Refuse Removal Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>North West</td>
<td>82.3</td>
<td>89.9</td>
<td>81.6</td>
<td>54.8</td>
</tr>
<tr>
<td>Limpopo</td>
<td>81.0</td>
<td>83.6</td>
<td>30.8</td>
<td>18.7</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>81.7</td>
<td>91.3</td>
<td>53.9</td>
<td>41.5</td>
</tr>
<tr>
<td>Gauteng</td>
<td>83.5</td>
<td>97.9</td>
<td>87.8</td>
<td>86.2</td>
</tr>
<tr>
<td>Free State</td>
<td>86.6</td>
<td>97.5</td>
<td>69.4</td>
<td>76.1</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>87.3</td>
<td>94.8</td>
<td>54.5</td>
<td>72.1</td>
</tr>
<tr>
<td>Western Cape</td>
<td>94.0</td>
<td>98.9</td>
<td>93.4</td>
<td>91.1</td>
</tr>
<tr>
<td>Eastern Cape</td>
<td>65.6</td>
<td>70.4</td>
<td>48.9</td>
<td>40.0</td>
</tr>
<tr>
<td>KwaZulu-Natal</td>
<td>71.5</td>
<td>79.4</td>
<td>63.9</td>
<td>51.9</td>
</tr>
<tr>
<td>South Africa</td>
<td>80.0</td>
<td>88.6</td>
<td>67.6</td>
<td>61.6</td>
</tr>
</tbody>
</table>

Source: (Adapted from Community Survey, 2007)

Figure 1 illustrates the process of planning for certain objectives to be achieved. It is clear from the figure below that objectives are measured by outputs, aims by outcomes and targets by the impact that has been made.

![Figure 1 Planning and Evaluation process (Source: Greyling and Verster, 2012: own compilation)](image)

1.3 THE NEW COMPREHENSIVE PLAN FOR SUSTAINABLE HUMAN SETTLEMENTS
The New Comprehensive Plan for Sustainable Development, commonly referred to as Breaking New Ground (BNG), was introduced in 2004 as part of the ten year review of the 1994 housing programme. This plan was developed in support of accelerating housing delivery, transforming the housing market to address all aspects, such as social, economic and environmental integration and inclusion.

1.3.1 Structures

The National Government is expected to create an enabling environment for social housing through the development of policy and the enactment of legislation and is mainly responsible for providing regulatory and legislative framework and funding for social housing programmes (South Africa. Social Housing Policy, 2003:16).

The Provincial Government should aim to ensure fairness, equity and compliance with national and provincial norms and standards and is also responsible for consumer protection. The Provincial Government is expected to provide provincial legislation, capacitate the social housing framework, mediate conflicts and administer project capital grant funding (South Africa. Social Housing Policy, 2003:17).

The Local Government should facilitate housing whilst encouraging new developments and projects, provide access to land and infrastructure, assist social housing institutions, and provide grant funding and access to bridging finance (South Africa. Social Housing Policy, 2003:17).

![Figure 2 The South African Housing Framework (Source: Greyling and Verster, 2012: own compilation)](image)

Figure 2 shows that the different components to the housing process work in a continuous cycle. Structures and mechanisms should inform the process and the resulting systems/programmes, which in turn should stand
as a measure of success or failure and inform changes or amendments needed in the structure/mechanisms.

1.3.2 Mechanisms
Mechanisms for housing are pointers for sustainable communities. The nine (9) mechanisms of the Comprehensive Plan for Sustainable Development are: supporting the entire residential market, from housing to human settlements; instruments; institutional arrangements; institutions and capacity; financial arrangements; creating jobs in provision of housing; awareness; communication; and monitoring and evaluation (Centre for Development Support, 2010).

1.3.3 Systems
The South African Housing Act sets out functions of National, Provincial and local spheres of government, confers power on all three spheres and states that the Minister and National Government have a principle policymaking role (South Africa. Housing Act 1997). The South African Housing Code contains all national housing policies, is amended by the Minister and is binding on provincial and local spheres of government (South Africa. National Housing Code, 2009).

According to the South African Social Housing Policy (2003:17-18), many institutions operate within the social housing sector, but these institutions are however not yet well aligned. Government and the social housing institutions operating within the industry need to understand and be aware of their specific roles and responsibilities in order to create better integration.

The Social Housing Foundation (SHF) provides capacity building and technical support to Social Housing Institutions (SHIs) and local governments. The SHF promotes the development and awareness of social housing, provides support for policy development in the sector and promotes an enabling environment for growth and development of the sector. The SHF is also expected to certify applications for provisional SHI accreditation and award pre-establishment grants and capacity building grants and also assess the institutional sustainability of SHIs (South Africa. Social Housing Policy, 2003: 15).

The National Housing Finance Corporation (NHFC) provides improved access to loan funding and assesses the financial sustainability of SHIs. The NHFC provides and/or facilitates access to guarantees for loan funding from financial institutions and explores and supports mechanisms aimed at gearing public funding for social housing (South Africa. Social Housing Policy, 2003: 18).

The National Association of Social Housing Organisations (NASHO) acts as presenter and coordinator, and campaigns and lobbies, on behalf of its members. NASHO promotes the social housing sector and supports individual SHIs, capacity-building within the sector from the demand side
and promotes joint-procurement by SHIs and exchanges good practice among its members (South Africa. Social Housing Policy, 2003: 18).

The National Home Builders Registration Council (NHBRC) is mandated to regulate the home building industry and to provide consumer protection. All members of the industry must ensure compliance with the directives of the NHBRC before any building work is initiated (Slabber, 2012: Presentation).

The Housing Development Agency (HDA) acquires, manages and releases state and privately owned land for human settlement development. The HDA provides project delivery support services to enhance the capacity of municipalities and provinces to deliver integrated sustainable human settlements, support the efforts of national, provincial and local authorities in dealing with the backlog in the delivery of housing settlements (South Africa. Housing Development Agency, 2010: Online).

National Urban and Reconstruction Agency (NURCHA) facilitates the flow of finance from financial institutions into low-income housing development, issues guarantees for both bridging finance and end-user finance loans and also administers the saving programme for housing (Nurcha, 2007: Online).

The Rural Housing Loan Fund (RHLF) focuses on its core business of providing loans, through intermediaries, to low income households for incremental housing purposes (Mohajane, 2006: 30).

1.3.4 Programmes
According to the National Housing Code (2009) there are seven (7) housing subsidy types available for beneficiary application.

The Peoples Housing Process
This subsidy supports households who want to enhance the subsidy by building or organising the building of their own house.

Rural Subsidies
Available to beneficiaries who only enjoy functional tenure rights to the land occupied. This is only done on project basis and beneficiaries decide on how to use the subsidy.

Consolidation Subsidies
This subsidy is designed to afford beneficiaries of serviced stands, by the previous dispensation, the opportunity to acquire houses.

Institutional Subsidies
Institutional subsidies are available to qualifying institutions to enable them to create affordable housing stock for persons qualifying for housing subsidies.

Individual Subsidies
Qualifying beneficiaries are provided access to housing subsidies to acquire improved residential properties or to acquire a house building contract. This option is only available to beneficiaries with access to housing credit.

**Project Linked**
This programme enables households to access a complete residential unit, which is developed within an approved project-linked housing subsidy project, for ownership by the beneficiaries.

**The Discount Benefit Scheme**
The scheme promotes ownership among tenants of state financed stock. Tenants receive a discount (maximum R 7,500.00) on the selling price.

Table 2 below is a summarised version of the housing programmes according to the amount that the specific subsidy provides.

<table>
<thead>
<tr>
<th>Subsidy Programme</th>
<th>Increment Band</th>
<th>Subsidy Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Residential Development Subsidy</td>
<td>R0 – R3500</td>
<td>R 55,706.00</td>
</tr>
<tr>
<td>Enhanced Peoples Housing Process</td>
<td>R0 – R3500</td>
<td>R 55,706.00</td>
</tr>
<tr>
<td>Rural Subsidies</td>
<td>R0 – R3500</td>
<td>R 54,906.00</td>
</tr>
<tr>
<td>Farm Resident Subsidies</td>
<td>R0 – R3500</td>
<td>R 54,906.00</td>
</tr>
<tr>
<td>Consolidation Subsidies</td>
<td>R0 – R3500</td>
<td>R 54,906.00</td>
</tr>
<tr>
<td>Institutional Subsidies</td>
<td>R0 – R3500</td>
<td>R 52,427.00</td>
</tr>
<tr>
<td>Individual Subsidies</td>
<td>R0 – R3500</td>
<td>R 84,000.00</td>
</tr>
</tbody>
</table>

Source: (South Africa. National Housing Code, 2009)

Government has introduced the Finance Linked Individual Subsidy Programme (FLISP) to cater for households earning between R3,500.00 to R7,000.00 per month, who can then qualify for a subsidy on a sliding scale. The subsidy parameters are that the upper limit is R54,238.80 and the lower limit is R7,744.80 and these are the maximum and minimum amounts that the beneficiary can benefit, respectively (South Africa. National Housing Code, 2009).

Government introduced a R 1 Billion housing fund aimed at assisting home buyers who fall above the RDP housing bracket (earning between R3,500.00 to R15,000.00). This fund, which comes into effect in April, will provide a subsidy of up to R 83,000.00 and the main objective is to enable a buyer to obtain housing finance from an accredited bank (BuaNews, 2012: Online).

### 1.4 RESEARCH

To investigate best practices in South Africa four (4) sustainable integrated development projects were analysed and lessons learned recorded.
The following projects formed part of the examination: Garden City (Cape Town), Savanna City (Midvaal), Phakisa (Mafikeng), and Cosmo City (Johannesburg).

1.5 FINDINGS

From the investigation made, certain challenges and solutions were recorded per project and focusing on Cosmo City, key success factors and lessons learned were recorded.

1.5.1 Challenges Recorded

<table>
<thead>
<tr>
<th>Project</th>
<th>Challenges</th>
<th>Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garden City</td>
<td>Chapter 3A of the Code states that Developers cannot access project-linked subsidies for privately owned land</td>
<td>Appeal to Minister Sexwale to amend policy – Minister authorises developers to be permitted to revert to individual housing subsidy programme</td>
</tr>
<tr>
<td></td>
<td>Project feasibility dependent on a viable financial model</td>
<td>Minister increases subsidy allowance from R55 706 to R84 000 – in line with other subsidies to allow for sub-structure</td>
</tr>
<tr>
<td></td>
<td>Challenge to realisation of integrated housing</td>
<td>Provincial Human Settlements Department to implement policy option and formulate implementation strategy</td>
</tr>
<tr>
<td>Savanna City</td>
<td>Driven by time constraints</td>
<td>Streamline approval process</td>
</tr>
<tr>
<td></td>
<td>EIA and town planning 2 years ongoing</td>
<td>Minimise delays – speed up delivery process</td>
</tr>
<tr>
<td>Phakisa</td>
<td>Free State Policy</td>
<td>Nationwide continuity essential</td>
</tr>
<tr>
<td></td>
<td>Subsidies do not cover all costs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Impact on site services cost</td>
<td>Potential for personal improvements – Pride of ownership and promote sense of responsibility towards property</td>
</tr>
<tr>
<td></td>
<td>Impact on viability and affordability of development</td>
<td></td>
</tr>
</tbody>
</table>

Source: (De Lange, 2010: Presentation)

1.5.2 Key Success Factors

Public Private Partnerships (PPP) are essential and the Cosmo City project was driven by the Local Municipality. Communication channels were open and readily available.

The use of government owned land leads to Finance linked and bonded units being offered, a reduction in the bulk services contributions and higher affordability of the development. This is in line with the Breaking New Ground component of not paying for the full value of the land.

Social Initiatives included an induction course which all the residents followed. All first time residents of Cosmo City were introduced to the municipal by-laws and environmental issues. Ongoing workshops with the Municipality were held and a formal Residents’ Association was formed to
promote issues including, but not limited to, city greening initiatives, which formed part of the development (De Lange, 2012: Presentation).

1.5.3 Lessons Learned
Integrated development, both socially and economic, is essential. Educational and retail development must be done together with housing in order to promote sustainability. The development of parks and recreational facilities promote sales in a settlement. The use of larger stand areas promotes future additions to existing structures and rental rooms may provide a source of income to beneficiaries.

The establishment of a Formal Resident’s Association serves an important informative role, which is currently open to all members in the community free of charge. However, membership fees could be charged in future and used to improve the development area, such as greening of sidewalks and maintenance of communal areas. The involvement of the community is essential to stimulate participation and innovation.

Flexibility in design should be promoted and house designs may be altered according to land availability, preferences and affordability (International Marketing Council of South Africa, 2005).

1.6 PROPOSED INTEGRATED FRAMEWORK
For screening, selection and alignment an integrated approach should be followed from planning/initiation phases.

1.6.1 Human Settlement Development Pointers
Based on information gathered during the literature study, a checklist was compiled of important aspects to be considered in analysing the approach for human settlement delivery in South Africa.

<table>
<thead>
<tr>
<th>Table 5: Checklist</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 GOVERNANCE/CAPACITY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 SYSTEMS/PROGRAMMES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1 Land</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.2 Township Establishment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.3 Infrastructure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.4 Technical</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.5 Social</td>
<td></td>
<td></td>
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<tr>
<td>2.6 Environmental</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.7 Economy/Employment</td>
<td></td>
<td></td>
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<tr>
<td>2.8 Housing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.9 Finance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 PROCESS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1 Participation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2 Stakeholder Commitment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: (Greyling and Verster, 2012: own compilation)

1.7 CONCLUSIONS
The South African Government underwrites guidelines and pointers for reconstructing communities. The restructuring of communities include, but is not limited to, housing. Access to social and economic amenities and also public participation is essential. South African legislation, policies and strategies translate principles for human settlements into practical programmes and possible projects.

To support the initiative for inclusive and integrated human settlements, Government is offering financial support and grants to individuals rated as poor, local government, National Government Organisations and the private sector.

Projects under investigation provide valuable information to be included in best practices. Synergy should exist throughout the planning, translation and deployment in the Human Settlement Development process and also between the different role-players. Stakeholders should have integrated commitment and strong channels of communication.

Sustainable Human Settlement Development is possible. Clearly defined structures and mechanisms are promoted and communicated by the South African Government. Systems, programmes and regulatory institutions in support of integrated Sustainable Human Settlements exist. Guidelines and pointers for excellence are available and best practices exist. Implementation tools are lacking and implementation capacity needs commitment and competence.

1.8 RECOMMENDATIONS

The different roles and responsibilities in the complete Human Settlement Development strategy need to be clearly defined. It is vital that all spheres of government are acutely aware of their responsibilities and their role in integrated inclusive development. National policies of government are of a high standard and are well contextualised. However these policies lack implementation guidelines. Incorporation of many people with different areas of expertise involved in human settlement development could pose an answer to this problem.

Social and economic amenities within settlements enable people to improve their ability to interact, provide access to services and also create a place of employment. Improved municipal services and accountability are vital to successful implementation of an integrated development.

Communities need to be involved in the development of settlements to ensure sustainability. Without people who are dedicated to sustaining and improving the settlement, there will be no sustainability. The level and type of community participation should be determined on the needs of every development on its own merits. It is recommended that this be addressed at national level and be included in policies and programmes.

1.9 REFERENCES


Provincial Government of the Western Cape. 2010. *Delivering the open opportunity society for all – The Western Cape’s draft strategic plan.* Cape Town: pp.41-42.


