Rebranding homelessness,

An integrated approach to shelter design and development

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Introduction

The Merriam-Webster Collegiate Dictionary describes homelessness is defined as "having no home or permanent place of residence". According to this dictionary, the use of the word "homelessness" dates as far back as 1615. So even before the hype of modern urbanisation, there were homelessness possibly caused by war, health, slavery, and natural disasters. In present days, the causes of homeless are still the same but slavery. It is the homeless people who have now plunged our main cityscapes and build ghettos and danger zones, in a disguise for poverty. The fact that there are people who are still renting, instead of owning it's a means to an end, not an end by itself. This means that by helping someone who is renting a house to own a house, you are actually helping another less fortunate person to move into that spot, may it be from under a bridge to a shack, from a shack to social housing units, from social housing to market rental until ownership, it is a spiral effect in search of place of permanent residence called home. (Merriam-Webster dictionary, 2003:595)

The draft looks at the current shelter problem in South Africa, the challenges the housing sector faces and a proposal towards resolving these challenges. The South African constitution states that everyone has the right to access adequate housing. This includes all class of people in every sense. Since 1994, the government has put adequate policies, investing a lot of money, energy and time towards achieving this goal but the gap was to far apart to accomplish. However things have been changing, the income group of people continues to rise but the threshold income of a homeless person for instance remains stagnant but they keep on coming more and more, occupying the city. The bond costs triples whilst the average family income remains steady, widening the gap between the social housing allowance and the house ownership threshold.

This paper will focus more on the urban poor to middle class in the city centre, particularly, in the city of Tshwane with the hope that these findings can assist or even provoke more interest in the subject throughout all the metropolitan cities of South Africa. It calls for a review of developmental approach, lest the gap continues to widen. It calls for the private developers to work together with the social housing developing agencies, NGO's, the government and commercial banks. That is if housing provision has to be used as a way to eradicate poverty and meet the mandate of our government.

Shelter Situation Analysis

Basic General Data

According to the mid-2010 estimates from Statistics South Africa, the country's population stands at some 49.9-million, up from the census 2001 count of 44.8-million. "South Africa occupies the southern tip of Africa, its long coastline stretching more than 2500km from the desert border with Namibia on the Atlantic coast, southwards around the tip of Africa, then north to the border with Zimbabwe and subtropical Mozambique on the Indian Ocean. South Africa has been a European colony until mid 1990 when it gained independence and hosted its first democratic election in 1994". (Big Media Publishers, 2010)

Geography and Administration

Fig 1: The Map of Africa in the world context. (World Atlas, 2010)

"Archaeologists report evidence that humans have inhabited Southern Africa for more than 100,000 years". In 1652, a century and a half after the discovery of the Cape Sea Route (CSR), the Dutch East India Company (DEIC) founded a station at what would later become Cape Town, where they found the native Khoisan and Hottentots inhabitants.

"The discovery of diamonds in (1867) and gold (1886) spurred additional wealth; speculators poured in and that unfortunately intensified the subjugation of the native inhabitants. The Boers (the Dutch as they were later called) continually resisted the growing British encroachments, but they were totally defeated in the second Boer War (1899-1902). In 1961 South Africa became an independent republic, but to its great discredit, the government continued its official policy of racial segregation, (also known as the apartheid law). In 1990, after three decades of brutal racial policies and the oppression of civil rights and mass contest and uprising by the natives, the South African government began dismantling their discriminative laws and democratic elections were held in 1994". (World Atlas, 2010)

The country's first multiracial election in 1994 was won by Nelson Mandela and African National Congress (ANC) party. Mandela retired in 1999 and Thabo Mbeki, the deputy president, won the presidency in a landslide vote. Mbeki easily won the election again in 2004, but in 2008, under pressure, Mbeki resigned and the Parliament elected Kgalema Motlanthe as interim president until the 2009 elections. "Jacob Gedleyihlekisa Zuma was elected as the President in the 2009 general election." (World Atlas, 2010)

Since the end of apartheid, unemployment rate rose to 23% with the rise of the average black family income and high enrichment of the few black people under the Broad Based Economic Empowerment Programme. Some attribute this problem to the current governments' policies and failure to achieve monetary and fiscal discipline, as well as the AIDS pandemic sweeping across Sub-Saharan Africa. Yet some believe it is the legacy of the apartheid regime that was not felt back then. I am convinced that the immigration of neighbouring inhabitants contribute also to a larger extent as the fewer jobs that would have been available have to be shared now.

Size and provinces

“South Africa is a medium-sized country, with a total land area of slightly more than 1.2-million square kilometres, making it roughly the same size as Niger, Angola, Mali and Colombia. It is one-eighth the size of the US, twice the size of France and over three times the size of Germany. South Africa measures some 1 600km from north to south, and roughly the same from east to west.” (Big Media, 2010)

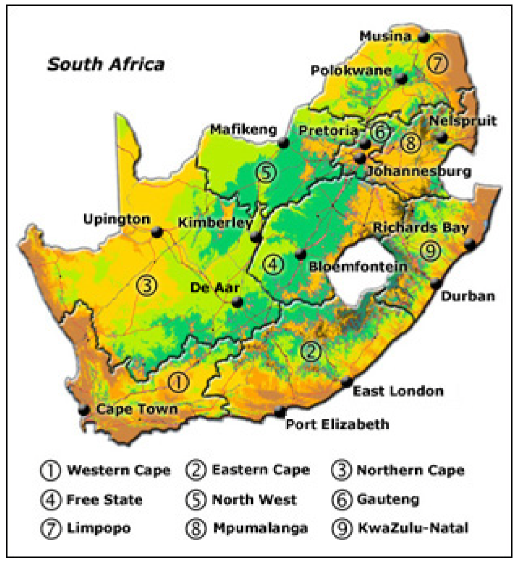


Fig 2: The Map of South Africa showing the different provinces and cities. (Big Media publishers: 2010)

The country has nine provinces, which vary considerably in size. The smallest is the tiny and crowded Gauteng, a highly urbanised region, and the largest is the arid and empty Northern Cape, which takes up almost a third of South Africa's total land area.
According to Big Media Publishers; Gauteng province accounts to 1.4% of South African land area with a total area of 16 548 square kilometres. It is the country's smallest province; however, it has the second-largest population constituting 21% of the country’s population after KwaZulu-Natal and by far the highest population density of 576 people per square kilometre. Gauteng accounts to 38% of the total country’s Gross Domestic Products (GDP) and 97% of the population are urbanised. The Northern Cape, in comparison, has an average of 3 people per square kilometre. The province has the most important educational and health centres in the country. The City of Tshwane is the capital City of South Africa.

Demography and Health

“Nine of the country's 11 official languages are African, reflecting a variety of ethnic groupings which nonetheless have a great deal in common in terms of background, culture and descent. Africans include the Nguni people, comprising the Zulu, Xhosa, Ndebele and Swazi; the Sotho people, comprising the Southern, Northern and Western Sotho (Tswana); the Tsonga; and the Venda. The other 2 languages are Afrikaans (which is of the Dutch origin) and English”. According to World atlas, 68% of the population is Christians. (Big Media publishers: 2007)

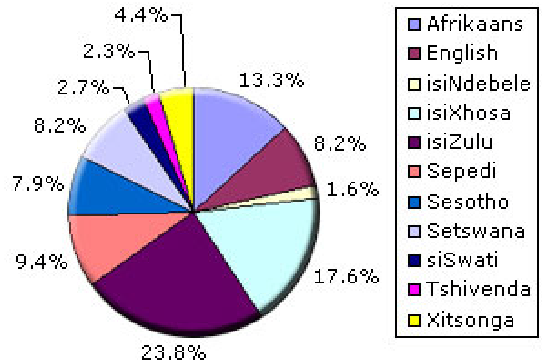


Fig 3: Ethnic group demographic (Big Media publishers: 2007)

Economy

“South Africa is a middle-income, emerging market with an abundant supply of natural resources; well-developed financial, legal, communications, energy, and transport sectors; a stock exchange that is 18th largest in the world; and modern infrastructure supporting an efficient distribution of goods to major urban centres throughout the region.” (Central Intelligence Agency, 2009)

At the end of 2007, South Africa began to experience an electricity crisis. State power supplier Eskom encountered problems with aged plants, necessitating "load-shedding" cuts to residents and businesses in the major cities. Growth was robust from 2004 to 2008 as South Africa reaped the benefits of macroeconomic stability and a global commodities boom, but began to slowdown in the second half of 2008 due to the global financial crisis impact on commodity prices and demand. According to the Central Intelligence Agency, GDP fell nearly 2% in 2009.

“South Africa's former economic policy was fiscally conservative, focusing on controlling inflation, and attaining a budget surplus. The current government largely follows the same prudent pattern, but must contend with the impact of the global crisis and is facing growing pressure from special interest groups to use state-owned enterprises to deliver basic services to low-income areas and to increase job growth. More than one-quarter of South Africa's population currently receives social grants. “South Africa’s economy comprises 3% of agriculture, 31% of industry and 65.8% of services altogether accounts to $505.3 billion GDP (purchasing power parity).” According to Statistics SA, there is a 3.2% growth rate in GDP compared to -1.8% last year 2009 and 2% less than 2008”. (Central Intelligence Agency, 2009)

Shelter Related Fact and Figures

Access to shelter and housing stock

According to the Central Intelligence Agency, it is estimated that over 28.0 million people (66%) of South Africa's population are functionally urbanised. This implies that approximately 14.5 million people (34% of the total population) reside in rural areas, many of whom will spend part of their working lives in the urban areas, working or looking for job opportunities.

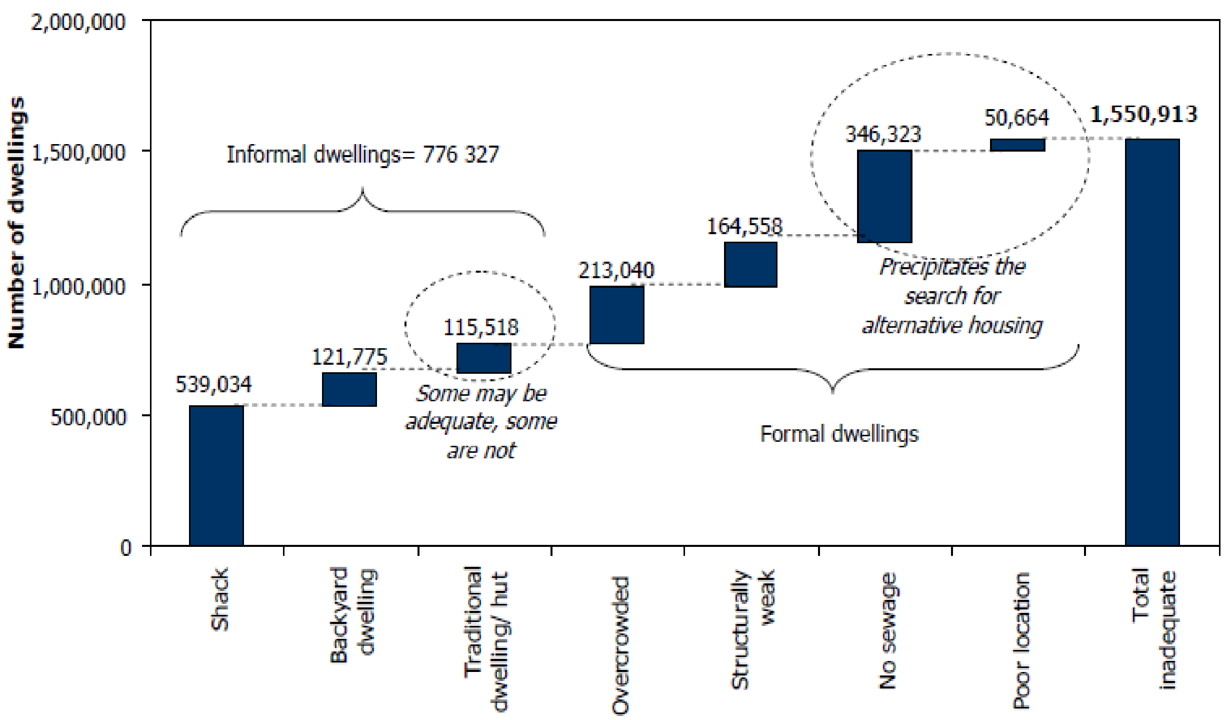


Fig 4: An analysis of a current state of housing inadequacy (Labour force survey 2005)

According to Labour Force Survey of September 2004, third quarter of a million leave in informal settlements half of whom are in the shack dwellings and another third quarter of a million leave in formal dwellings which are either structurally weak, overcrowded, no sewage or in poor location. (Statistics SA Labour Force Survey, 2005)

The United Nations High Commission for Refugees (UNHCR) claims that more than 207,200 individual asylum claims were registered in South Africa in 2008, making the country the largest single recipient of asylum-seekers in the world. Majority of these immigrants come from Zimbabwe, our neighbouring country. It is estimated that South Africa attracts millions of economic migrants every year. As a result, competition for jobs, housing, business opportunities and social services has intensified, resulting in social tensions. All these people migrate mainly to major cities such as Johannesburg, Pretoria, Durban, Capetown and other small cities. At a 23% unemployment rate, end up occupying the spaces in the outskirts of main cities and towns, contributing to urban sprawl because the land is cheaper.

Housing deficit (quantitative and qualitative)

Kecia Trust conducted an analysis of South Africa's housing sector performance in 2009. In her publication; she points out some of the challenges that contribute

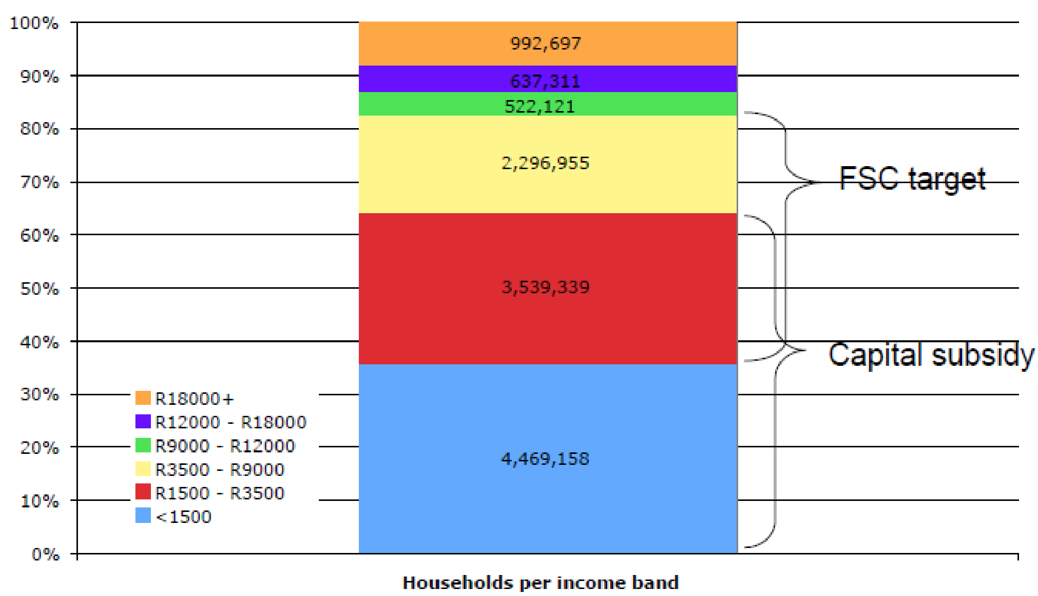


Fig 5: Shows that up to 80% of South African population still requires affordability support. (Statistics SA Income and expenditure survey, 2005/6)

to more than 3m housing backlogs such as low income levels, low levels of house hold expenditure dedicated to housing, economically and racially segregated areas and limited perception of housing as investment amongst other things. (K. Rust 2009)

Housing types and standard

The government's initiative to address these housing deficits also brought with it new challenges. Although the RDP housing system caters for the rural poor, they are still far from economic amenities. The introduction of social rental housing was also a great relief to the housing sector, but the gap between ownership and social housing continued to grow. These gaps are inevitable and in my opinion calls for all the role players in the housing sector to look back or forward to engage one another. That is the concept of integrated development.

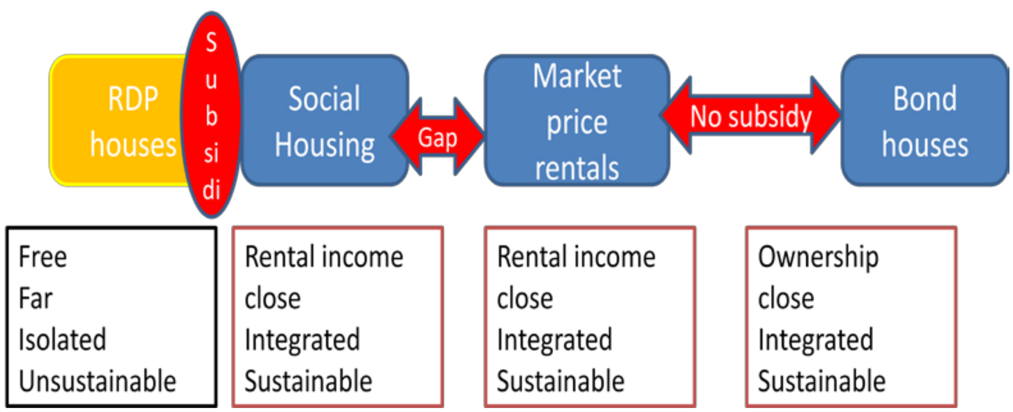


Fig 6: shows the different housing cluster and the unintended gaps (Author: 2011)

Land (formal/informal)

The availability of land for social housing development is either too expensive or unavailable. Where it is to be bought, social housing development agencies face an equity insufficiency problem to procure such land ending up landing on private ownership. Where it is a government land, it takes too long (up to 10 years in some municipality) to unlock all the land availability. In the case of social housing, there are even stricter rules to produce good quality housing development compared to RDP houses.

House price to income ratio and finance type

Figure 7 below shows the original finance structure per dwelling type as of 1994. Compare that with Figure 8 below which shows a differential analysis of housing costs 10 years ago of different dwelling types.

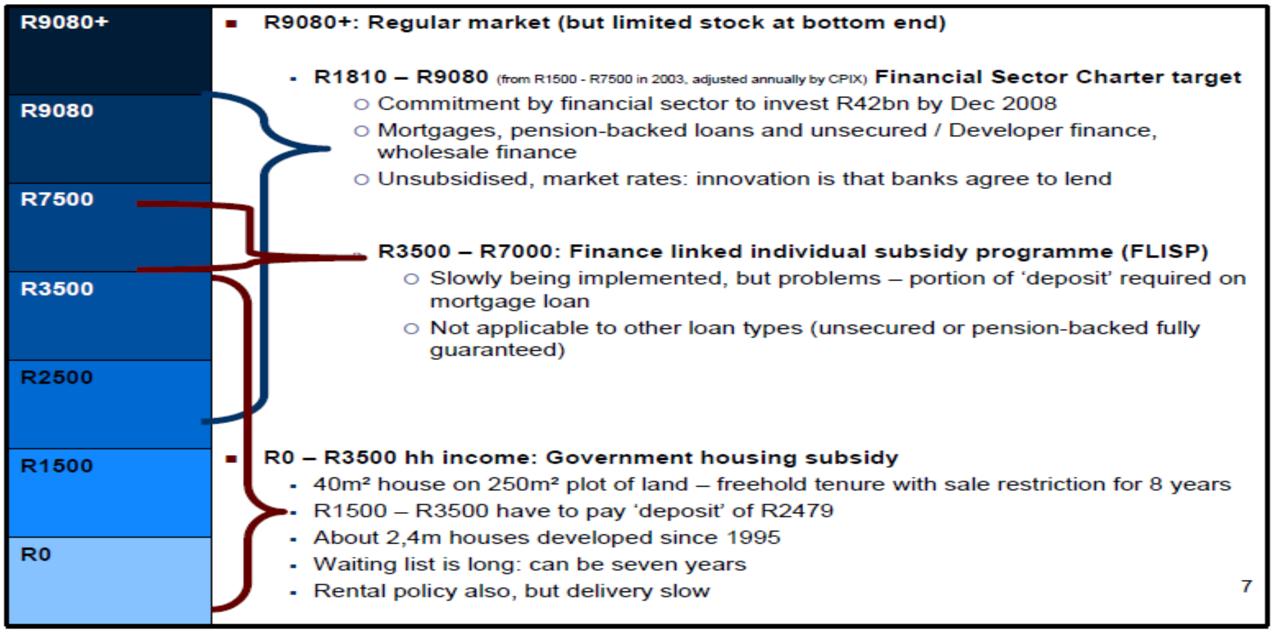


Fig 7: Background of the original government finance framework. (K. Rust 2009)

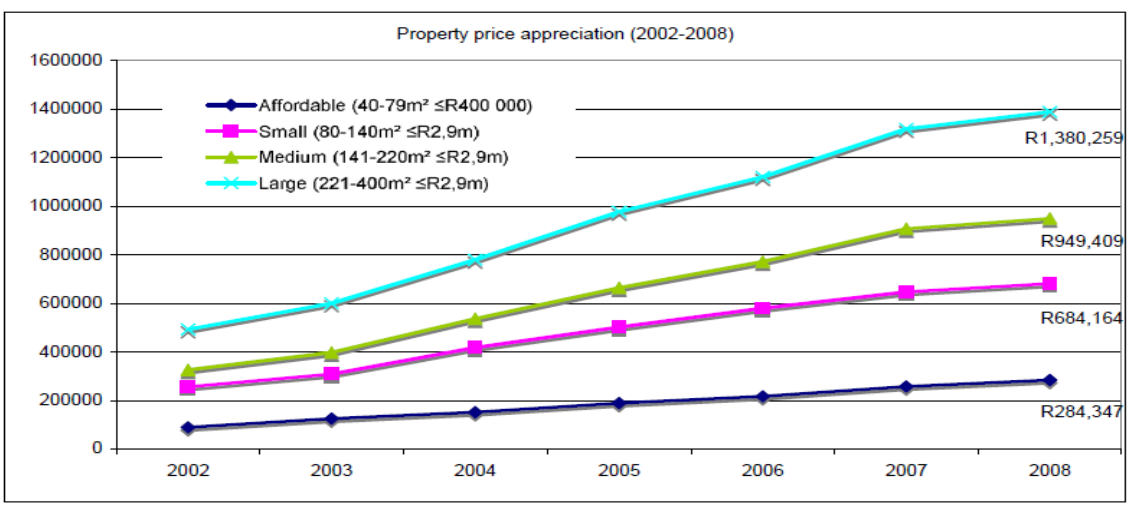


Fig 8: The rise and fall of house prices after rapid rise, interest rate, new demand and finally credit crunch contributed to the gap.

Housing construction and materials

The legal construction of housing in South Africa is generally of an acceptable standard. This is the case mainly in urban areas where the National building Regulation (NBR) applies and the National Housing Regulation (NHR) have full control on the quality. Likewise with building materials, all materials would have to be SABS approved by law.

Housing Policies

Section 26 of the Constitution of the Republic of South Africa, 1996, states that everyone has the right to have "access to adequate housing". In 1994 the African National Congress adopted the Reconstruction and Development Programme (RDP), an integrated socio-economic policy framework which is now the policy of the government. The RDP program set a goal to build 300,000 houses a year for five years. This was mostly to the benefit of the rural poor to low income class.

- The establishment of legal rights to housing began in 1997 when the Housing Act was passed.
- A comprehensive National Housing Code was issued in 2000.
- Other Acts that impact on housing includes:
    - The Rental Housing Act (1999) to ensure that more houses are provided for rental purposes and to regulate the behaviour of unscrupulous landlord to they do not charge exorbitant rents;
    - Housing Consumer Protection Measurers Act (1998) aims to protect homeowners from inferior workmanship.
    - The Home Loan and Mortgage Disclosure Act (2000) encourage banks to grant home loans and require banks disclose annual financial statements so that their lending practices can be monitored.
    - Broad principles of housing policy include people cantered delivery and partnerships; skills transfer and economic empowerment; fairness and equity; choice; quality and affordability; innovation; transparency, accountability and monitoring; and sustainability and fiscal affordability.

  - The ability of government to provide housing is restricted by its macro-economic policy known as GEAR. Two important goals of this policy are to reduce inflation and reduce government expenditure to below 4% of GDP. This in effect limits the amount which government can spend on social needs including housing.
- Of late, the social housing act of 2008 gave birth to the Social Housing Regulation Authority (SHRA), which will get direct funding from treasury towards social housing development.

The National Department of Human Settlement has set a new target under outcome 8 of the National Government’s priority list which is to develop 80 000 rental units by 2014.

Actors in Shelter Delivery and their Roles

NGO’s and FBO’s

Organisations such as the Tshwane Leadership Foundation, PCM and Tswelopele Step by Step deal with the grass roots problem of shelter development, particularly dealing with the homeless people, the abused woman and children. They play equally the same role as private developers, or social housing delivery agencies.

City of Tshwane Metropolitan Municipality (CTMM)

Obviously we need to be in close partnership with the CTMM as local authority. We are exploring partnerships around land owned by the CTMM, as well as exemptions for bulk services, rates and taxes on specific projects as incentives for affordable housing provision.

Gauteng Department of Housing

Yeast is registered as a social housing company with the Social Housing Registrar of the Gauteng Province. The implementation of housing policy at provincial level lies with the Gauteng Department of Housing, and certain subsidy schemes are run by them.

Gauteng Partnership Fund (GPF)

The GPF has provided capacity-building support to Yeast. It is also a provider of low interest loan and equity finance to select projects and from 2007, it has administered housing subsidies on behalf of Gauteng Province for beneficiaries earning between R 1,500 and R 7,500 per month.

Social Housing Regulatory Authority (SHRA)

The SHRA is a newly formed regulatory authority following the social housing Act of 2008. This will regulate all social housing delivery agencies in the country and provide direct funding from treasury through the National Department of Human Settlement.

National Housing Finance Corporation (NHFC)

Our first projects that required loan financing were supported by the National Housing Finance Corporation. They remain central to our future developments.

Dutch International Guarantees for Housing (DIGH)

DIGH is a broker on behalf of housing associations in the south, providing loan finance for capital projects with securities from Dutch-based housing associations. They remain central to our future developments.

NASHO

Yeast is a member organization of the National Association for Social Housing Organizations.

Housing Development Agency (HDA)

Commercial banks, private developers such as City properties, Calgro M3 are other major role players in the housing sector.

Shelter Design

The design quality of shelters in South Africa are increasing as they are starting to take into consideration a holistic approach of social, environmental and economic sustainability. We are not there yet, but I see it as a trend. The most common design types are medium dense, 3-4 storey walk ups ranging from communal (shared kitchen and toilets), bachelors, 1 to 2 bedroom units. It seldom occurs that there are 3 bedroom units as this already suggests a more expensive rental amounts.

Organisation

Yeast City Housing (YCH) is the housing division of the Tshwane Leadership Foundation (formerly known as Tshwane Community Ministry), committed to healthy urban communities and a high degree of social inclusion. In 1993, the City Centre Churches Forum in Tshwane gave birth to an ecumenical development agency, namely Tshwane Community Ministries (PCM), now known as the Tshwane Leadership Foundation (TLF), with the purpose of addressing social and developmental needs within inner city communities. Among the many challenges faced by TLF, was the multifaceted challenge of housing. TLF, then still PCM, took a decision to establish a separate institution that would dedicate itself to housing development and management, which will contribute to inner city regeneration. It was then that Yeast City Housing was formally launched in 1996 but officially registered as a separate legal entity only in 1998.

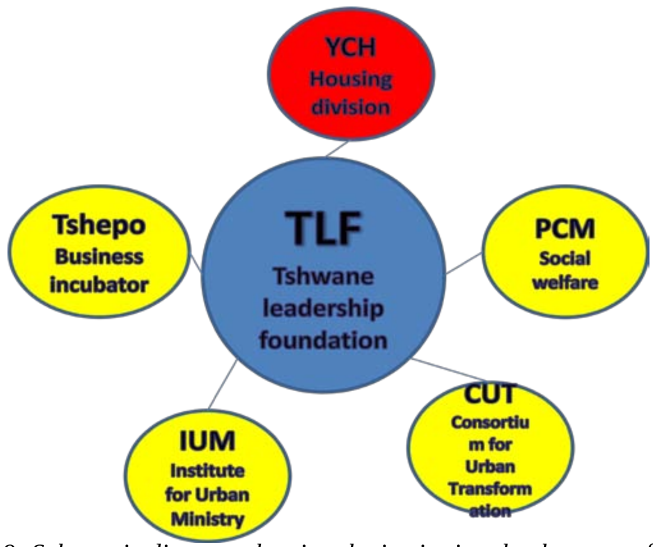


Fig 9: Schematic diagram showing the institutional coherence of Yeast to TLF with other subsidiary, (Author, 2009)

We were the only social housing institution operating in the City of Tshwane until recently and one of the first nationally with a total operating stock of 421 units. YCH has demonstrated that a community-based approach to social housing delivery can serve the inner city people appropriately and flexibly, providing a wide range of tenure options. We believe that a house is more than a shelter; it is a home, a place of safety, healing, comfort and flourishing in God's presence. Our objectives are embedded in our motto: "Together, Building Communities, and Building Lives". We continue to provide responsive housing solution which is appropriate to the inner city poor. By proving a full tenure of housing option, we manage to accommodate people of all class, race, and culture and income group ranging from homeless people, abused woman and girls through transitional housing to low income earners through institutional housing. Although Yeast on its own does not provide any of these social services, our sister NGO "PCM" runs all the operational social welfare programs whilst we focus producing and managing stock.

Shelter Problem

The problem of Shelter in South Africa is much bigger than social housing on its own, but includes private developers NGO's and Government. It is a spiral effect, just different role players at different levels of the spiral. At the bottom you have your RDP and NGO's shelters, middle is your social housing, and the end you have your private developers for higher income and then in-between each of them is the Gap.

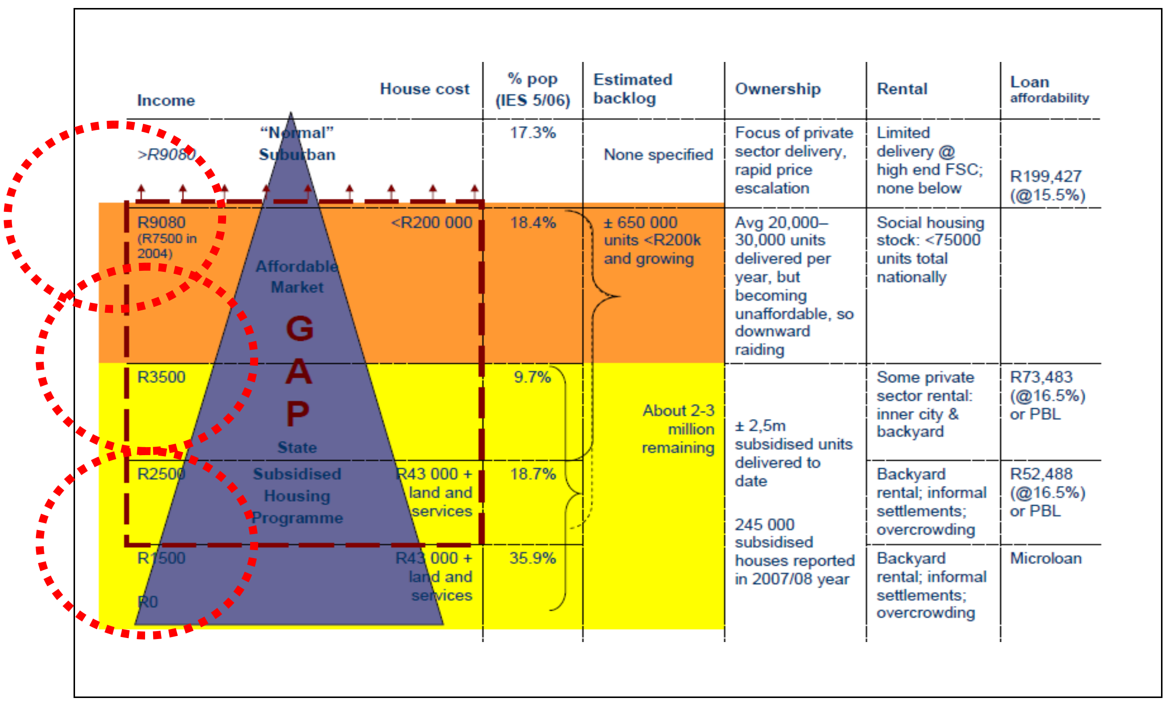


Fig10: A market analysis showing the different types of shelter market (after Rust, 2009)

- Our attitude towards homeless people, that we think they are stupid, stinking, thugs, useless and have a lot of time in their hands deter us from coming up with a long lasting solution that would help rebuild our neighbourhoods.

- The housing development role players are all fragmented and look at this problem in isolation instead of working together towards a long lasting integrated solution. For instance, NASHO members can only deliver not more than 30 000 units at full capacity which is not even half of the government's Outcome 8 target. That is a good opportunity to broker commercial financiers and private equity towards a broader neighbourhood development which will and can meet the mandate.
- The GAP between the social housing threshold and ownership has been left unattended, perhaps it can be seen as an opportunity to now together create sustainable socially and economically integrated neighbourhoods, but it has to be a deliberate process by which a private developer looks back to find a Social Housing Institutions (SHI) and vice versa. Same goes with SHI's and NGO's.
- The lack of equity for social housing organisation, delays property acquisition, planning preparation and delivery thereof.
- The poor capacity, understanding and political will at municipal and provisional level delays process such as access to land and planning approvals.
- The lack of policy that accommodates none South African citizen or refugees contributes towards homelessness.

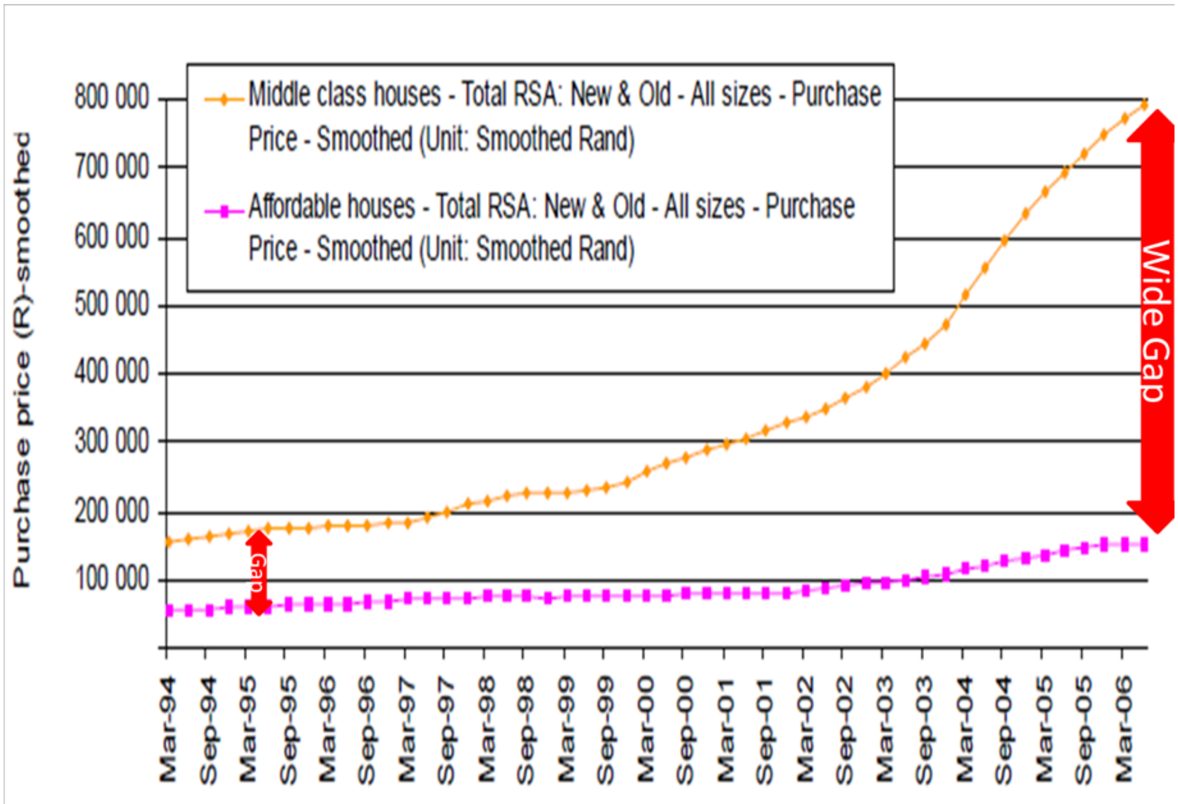
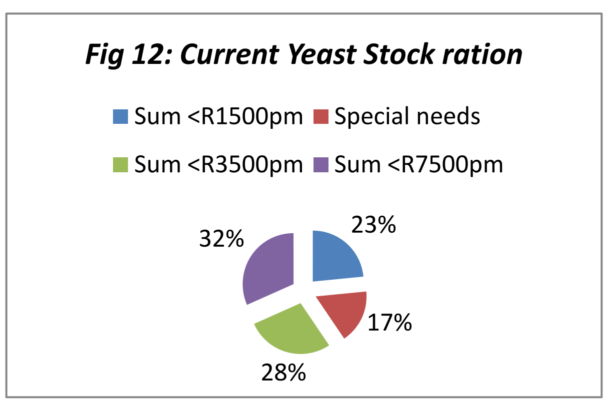


Fig11: A market performance analysis showing the widening Gap between the subsidised housing cost value versus bond costs in a period of 10 years. As aaffordability weakens, housing prices escalating rapidly creating gaps. (after Rust, 2009)

Proposal for Change and Improvement

In order to address any one of these challenges, Yeast needs to be more efficient and financially stable first and far most. The easiest way is to start with what we have.

- Our biggest strength so far is also our biggest weakness, which is that of our social coherence to the NGO sector. This so far has resulted in having minimal returns. As you can see from Fig 12, only 32% of the current Yeast stock is of the higher income bracket. In practice,



those are the only self-sufficient. The rest are special needs to R3500 monthly income (which worked 10 years ago) but now requires some form of support.

- To have more, we must become more. If Yeast expands its role in the market and engage into bigger projects that have higher returns, we can effectively do more of what we are best at. In fig 10 for instance, the GAP market has higher returns than the subsidised market but require more capital and equity. If we consider doing schemes for sale, it solves one problem of viability and sustainability of the company but create one of going into a new market, but that is a change management issue.
- Recapitalising Yeast's internal resources can help leverage the much needed capital that would assist in acquiring or even developing new stock faster. This might seem to be a higher cost for Yeast, which unfortunately it may, but for short period of time. Currently Yeast is enjoying smaller liabilities for a longer period whereas it can concentrate the risks for a shorter period. This needs to be fully explored; there are venture capitals and financiers who would be interested. With R30m buffer we have, we can approach Investec or old mutual or even our current financiers.
- We can incorporate private developers in a mixed use/income project development which can help reduce the risk and the stake is too big to want to monopolise. I can imagine the working relationship between City Properties and Yeast, being of mutual benefit. If we embark on a scheme to develop 1000 units together at 50% bases, we could still have our 50% social housing stock with broader impact in terms of creating neighbourhood than doing our small 100 units developments in 5 years, after all they will take the same energy and more time value.
- The issue of Land needs to be addressed with Cot and the HDA. So far, Yeast has spent over 10 years negotiating for the lease of a piece of land which initially was supposed to be given to us. This means, if we were only depending on that, for 10 years we would have had no developments. We must thoroughly engage the City of Tshwane on this, with the help of HDA. This can also open some doors regarding further cooperation for

Yeast to assist City of Tshwane with resuscitating their current stock as they are seemingly struggling.

- The issue of Policy to accommodate refugees is a hard one for a country that is struggling to accommodate its very own. However, there could be creative method of working with NGOS in this regard in an integrated development approach. Yeast has been very good at this and Madulamoho in Johannesburg and proved that it is possible. The fact remains, the majority of homeless people and squatters are refugees.

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