

Accommodating the Poor?

A review of the Housing Subsidy Scheme
and its implications for children

Katharine Hall

December 2005



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The *Means to Live* discussion paper series

This paper is one of a series that examine the targeting mechanisms of poverty alleviation programmes across different sectors. The papers form part of the *Means to Live Project*, based at the Children's Institute (CI), University of Cape Town (UCT). This project aims to evaluate the State's targeting mechanisms used to realise the socio-economic rights of poor children and their families.

The project is a collaborative project of the Child Rights and Child Poverty Programmes within the Institute, as well as a number of UCT and external collaborators.

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Contents

1.	<u>Introduction</u>	1
1.1	<u>Historical background</u>	2
2.	<u>The right to housing</u>	3
2.1	<u>Housing as a socio-economic right</u>	5
2.2	<u>Children as a special category of beneficiaries</u>	5
2.3	<u>The nature of the accommodation</u>	7
3.	<u>Policy and legislative framework</u>	8
3.1	<u>Policy framework</u>	8
3.2	<u>Legislation</u>	8
3.3	<u>Post-1994 policy development</u>	9
3.4	<u>Supporting sectors</u>	9
4.	<u>The Housing Subsidy Scheme</u>	10
4.1	<u>Overview of subsidy programmes</u>	10
	<i>People's housing Process</i>	12
4.2	<u>Income thresholds and subsidy values</u>	13
4.3	<u>Target population and eligibility requirements</u>	15
4.4	<u>Programmes and strategies excluded from the review</u>	16
5.	<u>Programme plans, budgets and administration</u>	16
5.1	<u>Spheres of government – roles and responsibilities</u>	16
5.2	<u>Funding sources and budgets</u>	18
5.3	<u>Implementation targets</u>	20
5.4	<u>Overview of the targeting mechanism</u>	21
5.5	<u>Monitoring and evaluation mechanisms</u>	23
6.	<u>Evaluation of the targeting mechanism</u>	25
6.1	<u>Up-take of programmes</u>	25
	<i>Women and children as beneficiaries</i>	26
6.2	<u>Advantages of the targeting mechanism</u>	29
6.3	<u>Difficulties in verification</u>	30
6.4	<u>Outdated income thresholds</u>	31
6.5	<u>Intentional exclusions</u>	31
6.6	<u>Reaching the very poor and those in urgent need</u>	33
	<i>Exclusion of poor households</i>	33
	<i>Emergency assistance</i>	34
	<i>Housing support for children without parental care</i>	35
6.7	<u>Limitations of women's property rights and access to housing</u>	36
6.8	<u>Social consequences of the targeting mechanism</u>	38
6.9	<u>Alleviating or perpetuating poverty?</u>	40
7.	<u>Conclusion</u>	41
		44
	<u>References</u>	
	<u>Appendix</u>	48

Tables and figures

Table 1: Government programmes aimed at realising constitutional rights to housing and shelter	5
Table 2: 2004 subsidy values by project type	14
Table 3: Government expenditure on housing	18
Table 4: Official housing backlogs	20
Table 5: Responses to problems experienced with the Housing Subsidy Scheme (HSS)	24
Table 6: Total number of subsidies approved per subsidy instrument: 1994 – March 2004	25
Table 7: Approved subsidised housing to male and female beneficiaries (up to 30 March 2004)	27
Table 8: Distribution of adults and children by housing type	28
Table 9: Effect of inflation on the threshold value over the 10-year period	31
Figure 1: Overview of the National Housing Programme	10
Figure 2: Approval of subsidies and construction of housing units: 1994 – March 2004	26

Abbreviations

ACRWC	African Charter on the Rights and Welfare of the Child
CRC	United Nations Convention on the Rights of the Child
GHS	General Household Survey
ICESCR	International Covenant on Economic, Social and Cultural Rights
IDASA	Institute for Democracy in South Africa
IDP	Integrated Development Plan
IDT	Independent Development Trust
MTEF	Medium-Term Expenditure Framework
NER	National Electricity Regulator
NGO	Non-Governmental Organisations
PHP	People's Housing Process
PSC	Public Service Commission
RDP	Reconstruction and Development Programme

1. Introduction

This paper, a review of the Housing Subsidy Scheme, is one of a series written for the Children's Institute's *Means to Live Project*. The project's aim is to evaluate the government's targeting mechanisms used to ensure the realisation of the socio-economic rights of poor children and their families. Put more simply, it seeks to establish whether current poverty alleviation initiatives are adequately designed and implemented to reach the poor, including children. By focusing on a number of elements of poverty alleviation with significant consequences for children, it will provide answers to the question of whether the poor are able to realise their socio-economic rights through access to these programmes. The research will be used to advocate for the necessary development or changes to government policies and programmes to ensure the realisation of these socio-economic rights.

Other poverty alleviation policies covered in this series include the:

- School Fee Exemption policy (the right to education)
- National School Nutrition Programme (the right to basic nutrition)
- Free Primary Health Care (the right to health care services)
- Free Basic Water policy (the right to water)
- The Child Support Grant (the right to social security)

The *Means to Live* is a multi-stage, two-year project. The first phase comprised this series of policy reviews on selected poverty alleviation programmes and their targeting. The second phase will be primary research conducted during the second half of 2005. The final research report will be released early in 2006.

This paper investigates whether the National Housing Programme gives meaning to children's socio-economic right to adequate housing and to shelter by effectively targeting poor children, their caregivers and the households in which they live.

In the first decade of democracy, the Housing Subsidy Scheme became a critical poverty alleviation strategy of the South African government. It represents the biggest single government transfer to poor households, and potentially has the greatest impact on quality of life. Housing is not only about having a roof over one's head; it is inextricably linked to safety and security, access to services, resources and economic opportunities. The housing context determines the environment in which children grow up, and the facilities available to them. Home ownership theoretically provides some financial security and enables intergenerational asset transfer. Poor children stand to gain enormously from subsidised housing, although this gain has often not been the case in practice.

The Housing Subsidy Scheme is a targeted programme. This means that only those households which are poor and comply with certain other criteria may receive the subsidy. Targeting is the mechanism for ensuring that the programme reaches the identified beneficiary population and excludes others. Invariably, targeting mechanisms are not foolproof: errors of exclusion occur where those within the target group are unable to access the programme, while errors of inclusion are to be found when people access the benefit although they are not targeted by the programme. In evaluating the targeting mechanism, this paper investigates who is overtly or deliberately excluded, and where this leaves

children. It explores who the programme targets but fails to reach, and which children are excluded as a result. The paper then examines the consequences of the targeting mechanism for beneficiaries and for children in particular.

Some poverty alleviation strategies are targeted at individuals: the Child Support Grant for example targets individual children, even though the grant is received by the caregiver on the child's behalf. Another method of targeting is at household level: subsidised housing and free basic services are examples of programmes that are targeted at the household, on the assumption that all individuals within the household will benefit. The housing subsidy therefore does not target children directly but includes children in the target population if they live in eligible households. The implicit assumption is that children live in households where there are adults who can claim the entitlement.

This paper considers children's right to housing as expressed in the Constitution and international law. It provides a brief background to the housing policy and an overview of the Housing Subsidy Scheme. It describes and assesses the targeting mechanisms that promote access to housing by poor households and raises some of the process issues and possible outcomes – both positive and negative – for children and the households in which they live. It explores women's access to the National Housing Programme, since women tend to be primary caregivers for children.

Administrative data suggest that women and children constitute a substantial proportion of beneficiaries of the Housing Subsidy Scheme despite the fact that there is no clear mechanism to prioritise them. However, access to housing does not come without costs: women have played a particularly active role in collective housing development strategies, investing their time and savings. Families have coped with reconfiguring households in order to comply with eligibility criteria. Furthermore, housing projects are not always conducive to the well-being and healthy development of children.

There is virtually no reference to children in South Africa's housing policy documents – children are simply implied in the general category of 'dependants'. Neither the Department of Housing's administrative data nor the existing national datasets can provide appropriate child-centred data to enable an analysis of children's access to the housing subsidy. The absence of policy review and programme evaluation from the perspective of children further indicates that children, as a category of beneficiaries, have tended to be overlooked by policy-makers and commentators alike. This makes an analysis of the National Housing Programme from a children's perspective rather difficult, and much of this review points to gaps in the available data.

1.1 Historical background

It is important to understand some of the history of housing in South Africa, since the current housing situation, with its segregated cities and concentration of children in rural areas, is largely a legacy of the previous regime. Housing was one of the primary mechanisms used by the nationalist government to implement its policy of apartheid. The state developed various regulations and strategies to discourage influx of Africans into urban areas and limit the black urban population to the size of the required labour pool. Africans were allowed into the cities to work and serve the needs of Whites. But this was a temporary arrangement, and when their labour was no longer required, they were expected to 'go home' to demarcated rural areas called the 'homelands'. Importantly, it was mainly men who were meant to work in urban areas, without the women and children in their families.

The Group Areas Act and influx control provided the legislative basis for this strategy. Forced removals and the deliberate under-provisioning of housing were measures to keep the African population to a minimum in urban areas. Nevertheless people continued to flock to the cities, and by the 1980s urban housing was in crisis. There was massive overcrowding within existing houses, while informal housing proliferated in backyards and on surrounding vacant land. At the same time the anti-apartheid struggle was reaching its height, with the launch of the United Democratic Front in 1983 and an increase in organised civil disobedience campaigns, including widespread bond and rent boycotts. The government declared a state of emergency in 1985 and enlisted the power of the security forces to clamp down heavily on the freedom movement.

However, it was also necessary for the government to begin making policy concessions and some of the apartheid legislation was repealed – including the 1986 lifting of influx control and some restrictions on property rights. The State, facing enormous debt and the pressure of international sanctions as well as local pressure from the private sector (which was concerned about ‘township unrest’ and the resultant instability of the labour force), introduced a new policy of “Orderly Urbanisation” (Huchzermeyer 2001:309). In 1990 the National Party government embarked on the early ‘site and service’ schemes, aimed at introducing order and control to urban residential areas, and at addressing the chaos of informal settlements. Administered by the Independent Development Trust (IDT), these developments (also known as ‘toilet towns’ because they typically began with geometrically arranged toilets on open land) were the earliest form of the subsidy-linked housing scheme – a device which was to become a key feature of the new government’s housing policy. South Africa has a long history of targeted housing subsidies, though the nature of the National Housing Programme has shifted in line with post-apartheid policy objectives. In particular, the new subsidy framework was shaped by principles underlying the new Constitution.

2. The right to housing

2.1 Housing as a socio-economic right

The right to housing has long been recognised in international law. As far back as 1948, the Universal Declaration on Human Rights included the right to housing in Article 25:

“Everyone has the right to a standard of living adequate for the health and well-being of himself [sic] and of his family, including ...housing ... or other lack of livelihood in circumstances beyond his control.”

South Africa is legally bound by the United Nations Convention on the Rights of the Child (CRC), which it ratified in 1995. The CRC strongly influenced the Section on children’s rights in the South African Constitution, which was adopted the following year. The CRC states in Article 27:

- 1. States Parties recognize the right of every child to a standard of living adequate for the child's physical, mental, spiritual, moral and social development.*
- 2. The parent(s) or others responsible for the child have the primary responsibility to secure, within their abilities and financial capacities, the conditions of living necessary for the child's development.*

3. *States Parties, in accordance with national conditions and within their means, shall take appropriate measures to assist parents and others responsible for the child to implement this right and shall in case of need provide material assistance and support programmes, particularly with regard to nutrition, clothing and housing.*

Similar principles are contained in other international treaties, including the African Charter on the Rights and Welfare of the Child (ACRWC), a regional treaty ratified by South Africa in 2000, which includes children's right to housing under Article 20. The International Covenant on Economic, Social and Cultural Rights (ICESCR) of 1966 was signed by South Africa in 1994 but has still not been ratified. Article 11 of the ICESCR recognises the right of everyone to an adequate standard of living, and general comment no. 4 (1991) identifies key aspects of adequate housing, including legal security of tenure, the provision of services and infrastructure, habitability, accessibility, and access to employment and facilities (Urban Sector Network 2003:12).

The South African government is constitutionally bound to ensure that everyone has access to adequate housing. Section 26 of the Constitution states that:

1. *Everyone has the right to have access to adequate housing.*
2. *The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right.*
3. *No one may be evicted from their home, or have their home demolished, without an order of court made after considering all the relevant circumstances. No legislation may permit arbitrary evictions.*

As with other general socio-economic rights, the constitutional right to housing is subject to certain limitations. While the State is obliged to "respect, protect, promote and fulfil" the right, it may be realised progressively (rather than immediately or comprehensively) and the State is obliged only to take "reasonable" measures to provide access to housing, within the constraints of its available resources.

Besides the right of access to housing guaranteed in Section 26 in the Constitution, the Bill of Rights refers separately to the specific rights of children, and in Section 28 (1) (c) provides:

1. Every child has the right...
 - (c) to basic nutrition, *shelter*, basic health care services and social services. [emphasis added]

The right of children to basic shelter is not subject to the qualifications associated with the general right in Section 26. For instance, the Section 28 right is not qualified by reference to "progressive realisation" and "available resources".

In IDASA's 2004 review of child socio-economic rights in South Africa, Coetzee and Streak highlighted that rights-bearers are not automatically beneficiaries of their entitlements. Rather, rights-bearers need to be proactive in claiming their entitlements. In the case of children's rights, children cannot be expected to claim their rights or apply for benefits. In the context of extreme poverty, it may also be unrealistic to expect poor parents (or caregivers) either to fulfil the socio-economic rights to which their children are entitled, or to claim entitlements on behalf of their children. Thus, "there is a need for the state to

reach out towards potential beneficiaries” (Coetzee & Streak 2004:61). This could be done by, for instance, facilitating access to mechanisms for application and delivery, limiting burdensome bureaucracy and raising awareness of housing programmes.

The National Housing Policy is the State’s primary measure to realise the right to housing. It however does not identify children as a separate category of beneficiary, but revolves around the household construct, or family unit, which has a mediating function in enabling children’s access to housing. The National Programme of Action’s “mainstreaming” strategy¹ calls for each government department to “incorporate children’s issues into their portfolios” and to “reflect its commitment to South African children, with corresponding budgetary allocation” (The Presidency – Office on the Rights of the Child, 1996). Despite this call, Creamer (2002:20) notes that “nowhere in the budget process are government’s ... socio-economic rights obligations to children in particular, explicitly taken into account and planned for”.

2.2 Children as a special category of beneficiaries

A textual reading of the Constitution suggests that the rights to housing of children and the general population carry different weight, with children being afforded a stronger right to housing by the Constitution and by international law. Although the distinction has not yet been tested through judicial process, Proudlock (2002) suggests that the words “right to” shelter in Section 28 (1) (c) may impose stronger obligations on the State than the “right to have access to” housing in the general right. While the former implies immediate provision of shelter, the latter suggests mechanisms to promote access – a facilitative approach more in keeping with the requirement to make housing available on a progressive basis. Creamer (2002:22), in linking existing government programmes to the realisation of children’s socio-economic rights, distinguishes these as follows:

Table 1: Government programmes aimed at realising constitutional rights to housing and shelter

Constitutional Right	Related Government Programmes
Everyone’s right of access to adequate housing (s26)	Department of Housing’s means-tested National Housing Subsidy programme
Children’s right to shelter	Department of Social Development’s various orphanages

Source: Creamer 2002:22

In this classification, the Department of Housing bears no responsibility for fulfilling children’s right to shelter and it is assumed that, if children do not have shelter, they should be accommodated in state institutions that fall under the Department of Social Development.² Thus, beyond the right to institutional care, a child’s right to housing is framed within the context of the family or household structure.

¹ The Office of the President established the National Programme of Action for Children (NPA) as a “holistic programme – or plan of action – that works to promote and protect the rights of children in South Africa” (see: <http://www.children.gov.za/About.html>).

² A number of programmes accommodate children who have experienced neglect, abuse or exploitation, or provide shelter for those who have been removed from their homes. Child and Youth Care Centres fall mainly under the Department of Social Development and include places of safety and children’s homes. This department is also responsible for providing street child shelters and drop-in centres, as well as secure care facilities for children awaiting trial. The Department of Education is responsible for schools of industry and some of the reform schools. These programmes, designed to provide accommodation, target children who are living without, or have been removed from, their families.

The Convention on the Rights of the Child places a responsibility on parents or caregivers to implement children's right to an adequate standard of living. At the same time Article 24 (7) obliges the State to "take appropriate measures to assist parents and others responsible for the child" and, where necessary, to provide material assistance and support programmes "particularly with regard to nutrition, clothing and housing". Children's right to housing is included under Article 20 of the ACRWC, which similarly defines parents as having the primary responsibility for providing a suitable living environment for their children, while the State must "assist parents and other persons responsible for the child and in case of need to provide material assistance and support programmes particularly with regard to ... housing".

The South African Constitution upholds the right of children to parental care, or to appropriate care when removed from the family environment. Since the family environment is defined as the normal (and ideal) place for children, it would seem a reasonable argument that the child's right to shelter is extended to the household too, or that delivery of housing should be prioritised for families with children. Judge Davis, in the Cape High Court decision on the *Grootboom* case, found that children's right to shelter entitled children "to an immediate and direct claim against the state to provide services and meet their need for shelter"(Coetzee & Streak 2004:65). In addition, based on the principle of the best interests of the child, "parents enjoyed a derivative right to be accommodated with their children in the aforesaid shelter" (Davis, cited in Coetzee & Streak 2004:65) The Constitutional Court ruled differently in the same case, holding that the primary obligation to provide shelter for children rested with their parents and not with the State.

The meaning of this apparently conservative ruling has been widely disputed. Liebenberg (cited in Creamer 2002:5) infers the judgement to mean that children have a direct claim against the State only when they are removed from the family environment or do not have guardians who can provide for them. A wider interpretation is offered by Budlender, who construes the judgement not as a distinction "between children *within* or *removed* from family environment," (own emphasis) but as distinguishing "between children who have parents who are able to provide their basic needs and those who do not" (Creamer 2002:7; Coetzee & Streak 2004: 66). In this argument, the State is obliged to provide for the basic needs of children who are removed from (or have lost) their parents *as well as* for those living in indigent households where parents are unable to meet their constitutional obligations.

This wider interpretation was reinforced in the 2002 *Treatment Action Campaign* judgement of the Constitutional Court, where it was found that "the state is obliged to ensure that children are accorded the protection complemented by Section 28 that arises when the implementation of the right to parental or family care is lacking... In that case the court was concerned with children born in public hospitals and clinics to mothers who are for the most part indigent and unable to gain access to private medical treatment beyond their means. They and their children are in the main dependent upon the state to make health care services available to them."³

The implication of this interpretation in a housing context is that the State *does* have an absolute and immediate responsibility to realise children's right to shelter when their parents are unable to do so. However, commentators suggest that courts may be reluctant to apply this precedent in the context of housing, given the enormous programmatic and budgetary implications associated with such policy change, and the fact that (contrary to the

³ *Minister of Health and Others v Treatment Action Campaign and Others* 2002 (10) BCLR 1033 (CC) [79].

administration of nevirapine), in the housing context, “there would generally be a range of reasonable policy options available to fulfill any particular objective” (Urban Sector Network 2003:18).

2.3 The nature of the accommodation

South African housing policy refers variously to “adequate housing”, “housing” and “shelter” as the object of the right. The nature of the “shelter” guaranteed to children is not defined in any of the housing policies in terms of minimum standards, as is the “adequate housing” to which the general population is entitled.

International law provides slightly more clarity on the quality of accommodation to which children are entitled. The CRC recognises in Article 27 the right of the child to “a standard of living adequate for the child’s physical, mental, spiritual, moral and social development”. This is echoed in the ACRWC.

However, the question remains: what kind of shelter is sufficient to provide children with an environment in which they may develop physically, mentally, spiritually, morally and socially? Although there is no minimum standard for “shelter”, the Reconstruction and Development Programme (1994:S2.5.7) defined a minimum standard for “all housing” (as opposed to “adequate housing”) as:

As a minimum, all housing must provide protection from weather, a durable structure, and reasonable living space and privacy. A house must include sanitary facilities, storm-water drainage, a household energy supply... and convenient access to clean water.

Arguably, most people have some kind of shelter, even of a most rudimentary nature. In the absence of reliable national statistics on homelessness,⁴ it is impossible for government programmes or evaluators to determine the extent of the basic need for shelter or to effectively target homeless people. However, ‘housing need’ is interpreted by Government as the need for adequate housing, so it is likely that children’s right to shelter does not simply refer to homelessness, but also to children living in inadequate conditions.

The improvement of living environments for slum dwellers is listed as one of the Millennium Development Goals (target 7-11), and Agenda 21 (a comprehensive plan of action agreed upon at the 1992 UN Conference on Environment and Development, adopted by South Africa) codifies principles of sustainable development. It contains, in Article 7.9 (c), an important declaration regarding state support for housing efforts: “All countries should, as appropriate, support the shelter efforts of the urban and rural poor, the unemployed and the no-income group by adopting and/or adapting existing codes and regulations, to facilitate their access to land, finance and low-cost building materials and by actively promoting the regularization and upgrading of informal settlement and urban slums as an expedient measure and pragmatic solution to the urban shelter deficit.” In addition, the UN Habitat Agenda, 1996, contains over 100 commitments on human settlement issues. The South African government has established a Habitat Forum, whose task is to monitor

⁴ In the 2001 national Census, just 1,011 households (out of more than 11 million) were recorded as being ‘homeless’. The under-count of ‘homelessness’ is acknowledged by Statistics South Africa: “The figures for homeless households are extremely low – this is probably due to the difficulty we had with regard to counting the homeless” (pers. comm.K Parry, Statistics South Africa).

the implementation of the Habitat Agenda in South Africa (Department of Housing 2004f:21).

3. Policy and legislative framework

A broad range of policies and legislation provides the framework within which post-1994 housing delivery programmes targeting poor households have been developed.

3.1 Policy framework

The following policy documents inform housing programmes that target the poor:

The Reconstruction and Development Programme (RDP), 1994 – the first integrated socio-economic policy framework for post-apartheid South Africa. The RDP identified poverty as “the single greatest burden of South Africa's people”. It specified housing as one of the priority areas and stated the government’s intention to reduce the housing backlog through the construction of 300,000 housing units per year (Office of the President 1994: s2.2 “Vision and Objectives”). The RDP base document (in Section 2.5.5) stated Government’s responsibility to make housing accessible for all, and placed a responsibility on the State to create a policy framework and to allocate subsidy funds, “so that housing is affordable to even the poorest South Africans” (s2.5.6).

Housing White Paper, 1994 – the main principles of the White Paper relevant to this review were to provide housing for the homeless and alleviate over-crowding, to improve the quality of housing through the provision of formal top structures (i.e. buildings), to increase security of tenure and promote ownership, and to develop “sustainable human settlements”.

Constitution of South Africa, 1996 – in which the right to housing is enshrined. This is phrased as “the right to have access to adequate housing” for the general population (Article 26), and the “right to shelter” for children in particular (Article 28).

National Housing Code, 2000 – a synthesis document of the policies and programmes of the Department of Housing. It contains the housing vision, goals, strategies and principles, as well as detailed guidelines for each of the programmes. The code is an important reference document for those working within the housing sector because it is so comprehensive and detailed.

The Comprehensive Plan for Sustainable Human Settlements, 2004 – prioritises the upgrading of informal settlements and integrated planning for sustainable human settlements. It collapses income bands used to identify who should receive state housing support, and proposes the increased use of a People’s Housing Process as a mechanism for increased and improved housing delivery (Department of Housing 2004e).

3.2 Legislation

The Housing Act, 1997, and amendments – the main legislation covering the housing sector; it gives legislative effect to the principles outlined in the Housing White Paper and sets out the “roles and functions of all tiers of government, the establishment and operation of statutory bodies, the establishment of housing norms and standards, the allocation of housing funds to provinces, the management of assets, liabilities, rights and obligations and the production of housing information” (Gardner 2003:64).

Housing Consumers Protection Measures Act, 1998 – protects housing consumers and beneficiaries from sub-standard workmanship by requiring minimum building standards and compelling builders to register with the National Home-Builders' Registration Council. The Defect Warranty Scheme provides a five-year warranty against structural defects.

Rental Housing Act 50, 1999 – provides for increased housing stock for rental purposes, regulates landlord-tenant relations and provides for dispute resolution, and prohibits exorbitant rentals and eviction of long-standing tenants without mediation.

3.3 Post-1994 policy development

From the outset, the housing strategy centred on individual houses as the deliverable product, and used the capital housing subsidy as the main instrument for facilitating housing delivery. In reality, it took six years for the government to achieve its goal of delivering a million houses. This is an unprecedented achievement for which South Africa has received acclaim from the rest of the world. However, a decade on, the shortfall in housing continues to increase with population growth, urbanisation and demographic change.

The disadvantage of a housing strategy based largely on numeric targets was identified early in the implementation of the Housing Subsidy Scheme. Given the stated targets and political imperatives, it was inevitable that the initial phase of housing development would be driven by quantity of housing units rather than quality of neighbourhoods. The department acknowledged as early as 1996 that, in the provision of RDP housing, “we approach mass delivery with a very real threat: that in our chase of quantity, we fall short on quality. It will be no solace at all that we created our new ghettos democratically” (Department of Housing 1996, cited in Rust 2003:10). Controls were introduced to ensure the quality of individual houses. However, this had the effect of slowing housing delivery – partly because private developers could no longer achieve their profit margins, and withdrew from the low cost housing sector.

Until 1994, the Housing Subsidy Scheme contained no instruments specifically geared towards the upgrading of informal settlements. Approaches to informal settlement upgrading tended to use project-linked subsidies to replace informal housing with subsidised formal housing. This approach was widely criticised as being inflexible and insensitive to the work already accomplished by informal residents, as well as for housing outcomes that largely perpetuated the structure of the apartheid cities. The *Comprehensive Plan for the Development of Sustainable Human Settlements*, tabled in Parliament in September 2004, addresses these concerns, and indicates that informal settlement upgrading is now to be a key mechanism for the ‘delivery’ of adequate housing. A pilot project is under way at the Joe Slovo informal settlement outside Cape Town.

3.4 Supporting sectors

The Housing Subsidy Scheme operates within a broader policy context. Section 4.6 of the Housing White Paper states that, “to impact on poverty, a co-ordinated, multifaceted approach towards initiating and maintaining sustainable socio-economic development is necessary. Housing interventions can ... be seen as part of an integrated approach by Government to resolve the problem of poverty”.

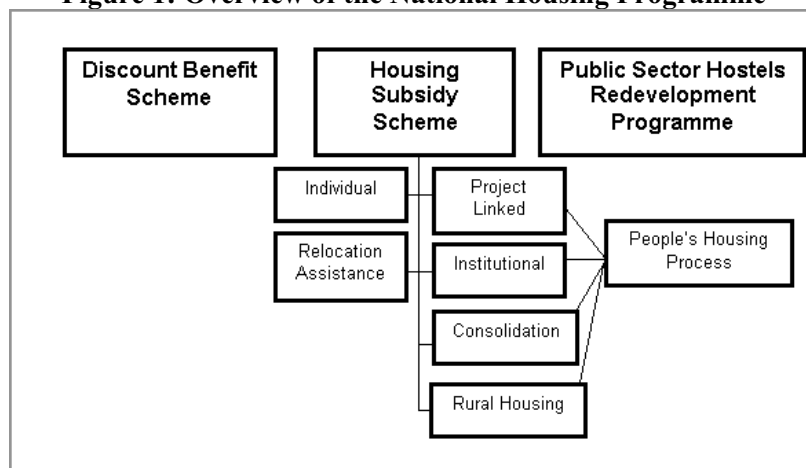
Apart from the Department of Housing programmes, there are other government subsidy programmes and services which target households:

- *Land Restitution Programme, Department of Land Affairs:* Settlement/Land Acquisition Grant of R16,000 that can be used for the purchase of land, infrastructure, top structure and/or on-farm capital items. A person may not receive a settlement grant and a housing subsidy.
- *Free Basic Water and Sanitation Programme, Department of Water Affairs and Forestry:* The water and sanitation subsidies must be discounted against the housing subsidies where the subsidies in respect of water and sanitation have been given, and where the beneficiaries are otherwise eligible for housing subsidies.
- *Other subsidies:* Other bodies, for example Eskom and the National Electricity Regulator (NER), offer subsidies as part of their electrification programmes. Consequently, the National Norms and Standards state that electricity may not be funded out of the housing subsidy (Public Service Commission 2003:15).

4. The Housing Subsidy Scheme

The Housing Subsidy Scheme is the largest component of the National Housing Programme, and includes a range of subsidy types designed to accommodate a range of housing options, including the purchase of new or existing houses, or upgrading existing serviced or minimally serviced sites. Figure 1 illustrates the different components of the National Housing Programme.

Figure 1: Overview of the National Housing Programme



Source: National Housing Code (www.housing.gov.za)

4.1 Overview of subsidy programmes

The inclusion of children in the targeting of the Housing Subsidy Scheme is implied by the fact that all the programmes target households (even the individual subsidy – where “individual” refers to the house, or household, rather than a single beneficiary). Importantly, most of these programmes are ownership-based. Access to a subsidy programme therefore means the acquisition of an asset – which may theoretically be used as security against loans – that can be sold, or inherited. Given that the majority of housing beneficiaries have

children, and that HIV/AIDS is most prevalent amongst adults of child-bearing age,⁵ home-ownership may be an important mechanism for ensuring that surviving family members are housed. Ownership also implies a certain degree of stability, where other forms of tenure are less secure. This, too, is important for children if it enables greater continuity in schooling, social relations and care arrangements.

The *project-linked subsidy* was the only form of subsidy available through the Housing Subsidy Scheme for about the first year of the scheme and it remains by far the most commonly used. It is designed to assist first-time buyers to acquire ownership of fixed residential property within approved projects. Project-linked subsidy developments are generally new housing developments (including those on vacant land with no previous infrastructure – referred to as “Greenfields” developments). The subsidy covers the cost of servicing the land as well as development of a top structure. Over the period 1994-2004, 1,716,176 project-linked subsidies were approved, constituting 70% of all subsidies. Of these over 40% were in Gauteng. Although this subsidy instrument has enabled the delivery of housing on a massive scale, enormous exclusions are inherent in the targeting mechanism. This is because the subsidy must be linked to a planned housing project, which means that the target population is effectively reduced to the number of planned housing units to be developed. It is also confined to specific areas where housing development is undertaken.

The *individual subsidy*, on the other hand, enables beneficiaries to buy existing houses that are not part of approved projects and can be credit-linked or supplemented with savings. However, the individual subsidy has largely been discontinued following political difficulties with waiting lists and cases of corruption. A total of 157,824 households have accessed individual subsidies, representing 6.5% of all subsidies approved.

The *institutional subsidy* provides subsidised accommodation to people who qualify for housing subsidies but who do not necessarily want to own a house. Rather, the subsidy is targeted at institutions that provide tenure arrangements alternative to immediate ownership (mostly rental). This has often been applied in the context of social housing, which has tended to be accessed by beneficiaries at the upper end of the subsidy income bracket, although there is pressure from the government to make this form of subsidy available to low-income beneficiaries. To date the institutional subsidy has been the smallest programme, accounting for only 2% of all subsidies (and approved for 61,914 applicants).

A *rental subsidy* was provided for in the Housing Act and is now being developed as a subsidy programme in its own right, with plans to start implementation in 2005 (Department of Housing 2004d). Rental strategies are particularly relevant in a context where people move between cities and rural areas, and may not want to invest in housing at their place of work.

The *rural subsidy* programme is limited to households with undisputed rights to live on state-owned land in areas falling under traditional authority. Traditional land allocation arrangements mean that this subsidy would be mainly accessed by men. Children living in rural areas would theoretically benefit from the improved housing arrangements although they would not be able to inherit ownership rights. The up-take of rural subsidies has been very low – accounting for less than 4% of all subsidies. This may be related to low

⁵ The 2003 Department of Health Ante-natal Survey shows prevalence peaking at around 33% in the 25 – 29 year age group.

awareness and slow implementation by provincial departments and district municipalities. It may also be due to low demand: the subsidy is only available on a project basis; women are unlikely to benefit from traditional allocation of land, so may not bother to apply for it; or it may make more sense to use the subsidy for a second home in an urban area if a rural home is already secured. The general criterion of "no previous home-ownership" comes into question here, where subsidy beneficiaries in urban areas may have a second, undeclared home in a rural area. While this undermines the principle of the programme, it enables people to continue moving between urban and rural areas.

Consolidation subsidies are 'top-up' subsidies for households who received serviced sites before 1994 (typically the IDT 'site and service' properties) and are used to build or upgrade a top structure on the site. They represent a significant proportion (10%) of all subsidies until 2004 – allocated to 235,421 households – but will be discontinued when all the apartheid era sites are "consolidated".

The *hostels redevelopment programme* provides grant funding for the upgrading of public sector hostels owned by municipalities. Importantly, this provides rental or owner accommodation for families as well as individuals so that tenants' children can live with them. The programme also allows for alternative use of hostels, such as schools or community centres. By March 2004, 170,175 subsidies had been approved for the upgrading of public sector hostels.

The *discount benefit scheme* subsidises the purchase of old council housing by its existing tenants – effectively giving tenants security of tenure while ridding municipalities of the burden of rental housing. Some one million households qualify for assistance and, by March 2002, a total of 396546 households had received their title deeds through the scheme (Government Communication and Information System 2004:404).

Relocation assistance is a 'rightsizing' programme for bond defaulters who have previously accessed housing finance but whose loans fell into arrears before 1997. Since 1998, about 4,000 households have been assisted in transferring to subsidy houses and another 13,000 still need to be relocated (pers. comm. Victor Matlou, Thubelisha Homes, August 2004).

People's Housing Process

In May 1998 the Minister of Housing adopted the policy of supporting the People's Housing Process (PHP), a community-driven housing delivery model developed in Sri Lanka and introduced to South Africa through the People's Housing Partnership Trust (e-mail correspondence: M Huchzermeyer, July 2005). The process has been driven by the Homeless People's Federation, predominantly made up of women. Although included under the list of subsidy programmes in the National Housing Code, the PHP is not itself a subsidy scheme. Rather, it is a programme where subsidy beneficiaries initiate or contribute to the housing process, for instance through savings, participation in planning and construction. The PHP facilitates access to housing for poor families in both urban and rural areas, on either an individual or collective basis. Through the PHP, beneficiaries can access the existing range of capital subsidies (consolidation, project-linked and rural housing subsidies). An additional establishment grant of R570 per beneficiary contributes to the management costs. A number of programmes were developed by the government and other agencies to ensure quality of housing and enable households to get assistance outside the subsidy, and a range of non-governmental organisations (NGOs) are involved in facilitating and supporting the People's Housing Process.

4.2 Income thresholds and subsidy values

The Housing Subsidy Scheme specifically targets the 'poor', defined purely on the basis of income poverty. The poor are further stratified by income level, with a sliding scale of subsidy benefits so that the least 'poor' access the smallest subsidies, while the largest subsidies are available to the poorest households. The poverty indicator is based on joint (not individual) income, which must not be more than R3,500 gross per month, although exceptions may be made in cases of emergency relief. This ceiling has not changed since the inception of the subsidy scheme, meaning that, over the past ten years, households have had to be increasingly poor in real terms to qualify. The definition of extreme poverty or 'indigence' varies from province to province. Some use a cut-off figure of R800 and others a ceiling of R1,500 per month, although the standard poverty line used for calculating the equitable share grant to municipalities is R1,100.

The subsidy amount is slightly less than the product price (land + infrastructure + house), with beneficiaries having to make up the shortfall. This was in keeping with one of the department's policy objectives: to encourage a culture of savings around housing. The objective, coupled with a perception that subsidy-linked housing was being under-valued by beneficiaries, informed the introduction in 1992 of a compulsory beneficiary contribution set at R2,479.

There is some variation between different types of subsidies, as shown in Table 2 on the next page.

Table 2: 2004 subsidy values by project type

Income category (per month)	Subsidy amount	Contribution by beneficiary	Product price
<i>Project-linked and individual subsidies</i>			
R0 to R1,500	R25,800	R2,479	R28,279
R1,501 to R2,500	R15,700	R2,479 + shortfall	R28,279
R2,501 to R3,500	R8,600	R2,479 + shortfall	R28,279
'Indigent': aged, disabled and health-stricken with income below R800	R28,279	None	R28,279
<i>Rural subsidies & People's Housing Process</i>			
R0 to R1,500	R28,279	None	R28,279
R1,501 to R2,500	R15,700	R2,479 + shortfall	R28,279
R2,501 to R3,500	R8,600	R2,479 + shortfall	R28,279
<i>Consolidation subsidies</i>			
≤ R1,500	R14,012	R2,479	R16,581
"Indigent": aged, disabled and health-stricken with income below R800	R16,581	None	R16,581
<i>Institutional subsidy</i>			
R0 to R3,500	R25,580	Capital investment from institution	At least R28,279

Source: Department of Housing

(<http://www.housing.gov.za/Content/Subsidy%20Information/Subsidies%20Home.htm>)

Values updated by author.

In the Comprehensive Plan of September 2004, the department stated its intention to collapse these income bands into a single category, where eligible applicants with an income below R3,500 will be eligible for the maximum subsidy, and those earning up to R7,000 qualify for smaller subsidies. Rather than delineating beneficiaries by income group, they would be divided into (a) the "hard-core" poor, (b) the "poor" with some form of income, and (c) the "affordable housing" group.

There have also been changes to the contribution requirement. Initially, it was required that a cash contribution of R2,479 should be paid within 45 days of applying for the subsidy, but it was found that many applicants simply could not provide the money up front, and applications went stale. The requirement was subsequently changed: applicants may take longer to save this amount, but must provide the contribution before they can access the subsidy and take transfer of the house (pers. comm. H Janse van Rensburg, Department of Housing, August 2004). Since the poorest households would be excluded by this requirement, the principle of 'sweat equity' was developed, whereby people could invest their labour rather than cash to achieve the required equity. In addition, the minister has indicated that the contribution requirement will be formally discontinued.

The product price almost doubled over the first 10 years of the programme – from R15,000 at the inception of the Housing Subsidy Scheme to R28,279 in 2004.

4.3 Target population and eligibility requirements

There are six main criteria for eligibility, all of which must be fulfilled before a subsidy is granted:

- *Citizenship*: beneficiaries must have South African citizenship or be in possession of a permanent residence permit.
- *Legally competent to contract*: beneficiaries must be over 21 or married/divorced and of sound mind.
- *Dependants*: beneficiaries must be married (in terms of civil law or customary union), or be in a permanent partnership (cohabiting with someone), AND/OR have one or more proven financial dependants (in which case preference will be given to widowed, divorced or single parents).
- *Joint monthly income*: monthly income must not exceed R3,500 for eligibility (or R1,500 for the maximum subsidy). Proof of income is required. In the case of self-employment, the applicant must sign an affidavit stating the amount earned.
- *No previous subsidies*: beneficiaries must not have received benefits from a previous government housing subsidy or land acquisition programme.
- *First-time property owner*: beneficiaries must be acquiring ownership of a property for the first time, except in the case of the consolidation subsidy and relocation assistance.

Children are not explicitly targeted by the current housing policy. This is mainly due to the requirement that beneficiaries of housing subsidies must be legally competent to contract (at least 21 years old, or married/divorced and of sound mind). However, children are indirectly targeted through the eligibility criteria where they are counted amongst dependants.

The legislation also contains specific reference to targeting marginalised women. Section 2 (1) (x) of the Housing Act states:

National, provincial and local spheres of government must... promote... the housing needs of marginalised women and other groups disadvantaged by unfair discrimination.

Despite identifying marginalised women as a particular target group, the assertion that single parents (i.e. mostly single mothers) will be prioritised, and the aim of reaching equal numbers of men and women, the subsidy scheme does not contain explicit mechanisms to ensure that women and single parents are prioritised. Research at local level would assist in understanding whether and how women are prioritised in the roll-out of the subsidy scheme.

Rural households, although often identified in development discourse as vulnerable, have not been particularly targeted in the roll-out of the subsidy scheme either, which helps to explain why take-up of the rural subsidy has been so low. The National Spatial Development Perspective (Office of the President) provided the rationale for an emphasis on the development of 'productive' places, which are largely close to urban areas. The housing backlog has tended to be reflected as more pronounced in urban areas, since it was assumed that traditional dwellings in rural areas may be 'adequate', even though they would

fail to comply (in terms of size, materials, location and other specifications) with the norms and standards in the National Housing Code.

The aged, disabled and 'health-stricken' who are also indigent, are regarded as 'vulnerable' and are exempt from any contribution requirement. Although old people are included in the 'vulnerable' category, they must still comply with the requirement of having a permanent partner and/or dependant.

It was only in 2003 that the Department of Housing started exploring subsidies catering specifically for people affected by HIV/AIDS in line with the government's home-based care policy. In the department's paper, titled *Submission to Strategic Management: Framework Document on Child-Headed Households* (2003), it was proposed that prospective home-owners are educated about succession planning; that wills must form part of subsidy applications; and that municipalities assist child-headed households with providing documentation to the Master of the High Court for the necessary processes to be carried out. It was also proposed that a special housing programme is investigated for the subsidisation of capital costs to construct additional rooms to accommodate children in foster care in households (e-mail correspondence: Warren Smit, Development Action Group, December 2004).

4.4 Programmes and strategies excluded from the review

This paper focuses on poverty alleviation programmes where delivery is retrospectively measurable and where mechanisms of targeting and access can be evaluated. Although some new and future programmes have been mentioned, the review does not draw conclusions about their targeting mechanisms. The new Informal Settlement Upgrading Programme, the Emergency Assistance Policy and the HIV/AIDS framework are excluded from the analysis below.

5. Programme plans, budgets and administration

5.1 Spheres of government – roles and responsibilities

The implementation of housing policy requires the involvement of different spheres of Government. The intention to devolve responsibility for housing delivery is stated in the Housing White Paper (5.2.1):

Schedule 6 of the Interim Constitution of South Africa determines that provincial legislatures and national government have concurrent competency to legislate, inter alia in respect of housing, regional planning and development as well as urban and rural development. The intent, however, is clearly that appropriate housing functions and powers should be devolved to the maximum possible extent, to the provincial level.

The national Department of Housing is responsible for developing the broad policy framework and eligibility criteria, and allocating funds to provinces. Provision of adequate housing to the poor is defined as a national priority and the national department retains control over provincial housing budgets and implementation through the provision of conditional grants for housing. Also included in its duties are the definition of national housing norms and standards; the monitoring of national, provincial and local government performance in housing delivery; the collection and analysis of statistics and other

information on the implementation of the housing policy; and reporting to Parliament on performance.

At provincial level, implementation of the national housing strategy is undertaken by provincial housing departments, which also process subsidy applications. Provinces *must* implement national housing policy but *may* develop their own policies alongside. For instance, the Western Cape Province has drafted its own gender policy on housing and KwaZulu-Natal developed housing programmes for people affected by HIV/AIDS long before the national HIV/AIDS framework was introduced. Larger municipalities may take on provincial functions – for instance processing applications – but must first be formally accredited. An apparent lack of interest in accreditation may be related to the issue of funded and unfunded mandates, and to the fact that taking on the responsibility for low-cost housing development is a potential strain on local government resources (pers. comm. L Werner, Department of Housing, 13 August 2004).

The Housing Act introduced a clear role for local government in the housing process by obliging municipalities to “take all reasonable steps to provide adequate housing and services to all residents” (Tomlinson 1999a:291). The new procurement regime for housing, introduced in 2002, created an explicit role for local government in the development of housing. In terms of the regime, “only a municipality or a provincial housing department can be a developer”, thus shifting “the obligation of housing development to local government level, empowering municipalities to initiate, direct and manage housing development in their areas of jurisdiction” (Department of Housing 2003; cited in Charlton, Silverman & Berrisford 2003:74). It is the responsibility of the national department to ensure that the relevant levels of Government have sufficient capacity for implementation and delivery of the national housing programme.

A number of government and non-governmental agencies perform intermediary functions and are integral to the implementation of the Housing Subsidy Scheme. The *National Home Builders Registration Council* regulates the quality of housing and provides a warranty for all houses developed under the subsidy scheme. The *Homeless People's Federation* mobilises membership towards savings for housing and runs its own savings fund. The *People's Housing Partnership Trust* was set up in 1997 with a mandate to establish and manage a national capacitation programme in support of the People's Housing Process.

A number of NGOs, such as those affiliated to the Urban Sector Network, play a key role in both the PHP and social housing. Private sector developers previously played a major role in project-linked housing developments. However, the establishment of minimum norms and standards was followed by a large-scale exodus of private sector companies from the housing process. This provided a gap for entrepreneurs to enter the subsidised housing market, and the Department of Housing explicitly supported the emergence of women entrepreneurs in the construction sector. However, the absence of large construction companies has slowed the process of housing development, resulting in long waiting periods for approved beneficiaries. This is of course particularly problematic where children are involved since it can take years to get the house, by which time the grown child may no longer benefit at all.

5.2 Funding sources and budgets

Government funding for housing is derived from two grants: the equitable share grant, which covers administrative and management costs, and a conditional grant, which is deployed for actual housing development under the subsidy scheme. National Treasury allocates money to the National Housing Fund, which in turn allocates budgets to provinces and accredited municipalities. The conditional grant provides for the implementation of housing delivery in provincial budgets. Conditional budget allocations within provinces are informed by Integrated Development Plans (IDPs) devised by municipalities, which outline the housing development targets and plans. IDPs are planning tools that enable local governments to identify strategies, and to budget and plan for service, infrastructure, housing and other development needs over a five-year period.

Despite the stated intention in the RDP to commit 5% of the national budget to housing, in reality housing constitutes a far lower proportion of the national budget, and its share has declined over the past 10 years, as illustrated in Table 3 below.

Table 3: Government expenditure on housing

Year	Housing expenditure (R millions)	National expenditure (R millions)	Housing expenditure as % of national expenditure
1997/98	4,520	189,947	2.4%
1998/99	3,748	201,416	1.9%
1999/00	3,494	214,750	1.6%
2000/01	3,329	233,934	1.5%
2001/02	3,721	262,905	1.4%
2002/03	4,213	291,823	1.4%
2003/04	4,524	333,965	1.4%
2004/05	4,849	363,345	1.3%
2005/06 (MTEF)	5,172	395,606	1.3%
2006/07 (MTEF)	5,484	439,058	1.2%

Source: Development Action Group: Housing chapter for *Fair Share Budget Handbook 2004/2005 (forthcoming)*.

The proportion of the national budget committed to housing is significantly lower than the international average for developing countries, which the Urban Sector Network estimates at around 2% (2003:55). Given the relatively low proportion of budget expenditure, it is remarkable that South Africa has achieved this scale of housing delivery over the past 10 years, which is unparalleled in absolute terms in developing countries. However, mass delivery of low-cost housing can be at the expense of quality – both in terms of houses and the human settlements in which they are located – and development outcomes for the beneficiaries.

The Housing Subsidy Scheme, as the main mechanism for housing delivery, accounts for about 80% of all expenditure on housing. However, spending on the scheme has decreased in real terms over the past 10 years. IDASA's *Comparative Provincial Housing Brief* shows that while the total housing subsidy grant increased by just over 4% in 2004/5, there was a decrease of almost 1% in real terms (Van der Westhuizen 2004:14).

The national Census and the General Household Survey (GHS) are used by the Department of Housing as the main data sources for information on income, dwelling types, household size, etc. The GHS highlights disparities between provinces: the Northern Cape had the highest proportion of households living in formal dwellings (92.3%) while the Eastern Cape had the lowest at 56.8% due to the prevalence of traditional dwellings. Provincial trends in the survey are useful in informing housing priorities and targets. The national department uses a specific budget allocation formula to determine its provincial budgets. This formula is a weighted percentage based on provincial population, households earning less than R3,500 per month, and housing need (equivalent to 'backlog' and defined by categories of housing type in the Census, which are regarded as inadequate). The following weighting factors are used (Tomlinson 2003:21):

- House/flat/room in backyard 0.5
- Informal dwelling/shack in backyard 1.0
- Informal dwelling/shack elsewhere 1.2
- Room/flatlet on shared property 0.5
- Caravan/tent 1.25
- None/homeless 1.0

The main criticisms regarding housing budgets are (1) that the subsidy scheme is under-budgeted and (2) that budgets are under-spent. It has been argued that if the national government had honoured its original commitment to increase the housing share in the national budget to 5%, sufficient resources would have been available "to increase the subsidy to the amount required for all South Africans to eventually live in a decent house" (Bond & Tait 1997, cited in Blake 2000:62). The total housing subsidy grant for the Medium-Term Expenditure Framework (MTEF) appears insufficient to address the housing backlog even if provincial departments and municipalities had the necessary resources to deliver at the required scale. Calculations by the National Treasury suggest that the total budget allocation for 2004/05 allows for less than 180,000 subsidies – not even enough to meet the estimated growth in new household formation for that period (Van der Westhuizen 2004:14).

On the other hand, a review of provincial housing expenditure suggests that it is not sufficient simply to increase the portion of the national budget earmarked for housing. Under-spending of provincial housing budgets is also a concern: the *National Treasury Budget Review 2004* shows underspending of R1.2 billion for 2002/03.⁶ This is strongly linked to policy blockages (such as the lack of an informal settlement upgrading policy), to narrow eligibility criteria and to the lack of capacity for housing delivery under the procurement policy, which places responsibility for housing development on provincial departments and municipalities. The principle of devolving responsibility to local level

⁶ Under-spending was particularly pronounced in the 2002/03 budget – there was great improvement in 2003/04 when the Department of Housing budget was 90% spent.

theoretically allows for better and more informed planning, but is found to be constrained by limited administrative capacity in municipalities and the fact that municipalities do not receive an additional administrative grant. Thus the possible benefits of decentralised implementation and local targeting of children and their families living in inadequate housing are limited by practical constraints.

5.3 Implementation targets

Targets relate to the approval of subsidies, the establishment of housing development projects and the delivery of houses, and are based on a range of indicators, including population growth, housing profile and income. Targets are informed by the need for adequate housing, usually expressed as the 'housing backlog'. The national housing goal, outlined in the Housing White Paper, was to increase delivery of houses on a sustainable basis to a peak level of 350,000 housing units per year. The closest the department came to achieving this rate of delivery over the past 10 years was in 1998 with the construction of just under 300,000 units. The actual construction of houses does not keep pace with approval of subsidies. In 1995 the backlog was estimated to be increasing at a rate of 178,000 households per year. By 1997 it had increased to a rate of 204,000 units per year. By 2001 the total housing backlog was estimated at nearly 2.8 million units, despite the construction of over a million new houses in the intervening period. Table 4 below gives a breakdown of the estimated housing backlogs in the different provinces between 1995 and 2001.

Table 4: Official housing backlogs

Province	Est. backlog 1995	Est. backlog 2001
Eastern Cape	149,397	361,271
Free State	77,221	123,200
Gauteng	561,873	518,897
KwaZulu-Natal	300,423	402,803
Limpopo	54,326	426,605
Mpumalanga	24,286	211,620
North West	85,912	411,221
Northern Cape	23,533	48,576
Western Cape	171,505	280,000
TOTAL	1,448,476	2,784,193

Source: Public Service Commission 2003:28

Gauteng, which was initially identified as having the greatest housing need (and received the largest share of subsidies), is the only province to have reduced its backlog, although the high population influx means that it is still unable to keep up with demand. The figures show that in the North West Province – home to Rustenburg, one of the fastest growing towns in Africa – the backlog in housing units has escalated by nearly 500%. There is some confusion about how the official estimates are calculated, possibly resulting in an exaggeration of the figures in more recent years – particularly in the more rural provinces. It seems that, while the 1995 backlog was an estimate for urban areas only, later estimates also included 'inadequate' housing in rural areas. The Public Service Commission (PSC)

found that, “it is difficult to determine what housing needs and housing backlogs are due to a lack of consistent definitions for adequate and inadequate housing, difficulties in determining the extent of overcrowding, and the often fluid structure of households” (Public Service Commission 2003:28).

Housing targets are theoretically defined at provincial level. However, some provinces have not defined housing targets in numeric terms at all, although every provincial housing department is required by law to produce an annual Provincial Housing Development Strategy.⁷ In addition, output figures are not supplied by all provinces, while those that exist do not necessarily correspond to national figures. These gaps pose a serious constraint to monitoring the relationship between budgets and projected targets, a task which IDASA’s Budget Information Service found “infeasible” due to the lack of information on provincial targets (Van der Westhuizen 2004:5). Similarly, the PSC was unable to obtain information on the status of Provincial Housing Development Strategies of the Eastern Cape, KwaZulu-Natal, Limpopo or Mpumalanga provinces.

5.4 Overview of the targeting mechanism

Targeting implies having mechanisms for identifying target populations or groups and determining eligibility through some form of screening process. In the context of housing, targeting generally involves three main levels of assessment: first, the relative housing need across provinces; second, the identification of communities or sites for housing development; and third, the screening of individual households within those areas or projects.

The initial ‘tier’ of targeting is at provincial level, where national priorities (such as the emphasis on provision of housing in urban areas and the upgrading of informal settlements) inform calculations of housing need for each province and the conditional budget allocations to meet that need. This first level of targeting, defined as ‘housing need’, reflects the latent demand for housing in terms of the department’s priorities and objectives, and is derived from population and housing data in the Census. Calculations of relative housing need across provinces inform budgets for the implementation of housing programmes.

Within provinces, the geographic and community-based level of targeting is informed not only by statistics but also by on-the-ground identification of communities or areas in need of housing development. It is unclear what considerations drive departmental decisions about the location of housing projects, and there does not seem to be a specific or standard formula for targeting or prioritising particular areas. Municipalities are supposed to identify housing projects in terms of their Integrated Development Plans, but in practice the spatial and housing components of IDPs have been very weak; so this hasn’t really happened (pers. comm. Warren Smit, Development Action Group, September 2004). Some local authorities use aerial photography as a means to identify areas of high density, and the prevalence of shacks is generally indicative of inadequate housing and overcrowding. Some housing development projects are undertaken in order to regain land that has been illegally invaded (for instance, where it was necessary to move informal settlements off land identified for

⁷ Development Planning Alternatives, a Johannesburg-based consultancy, was in 2002 contracted to evaluate a pilot process for the submission of Provincial Housing Development Plans. Despite the development of a standardised format and detailed guidelines, and the provision of feedback and support to provinces through the process, there remained crucial gaps in the information supplied by provincial departments. The Public Service Commission, in its evaluation of the Housing Subsidy Scheme, found that some provinces did not have a strategic housing plan.

infrastructure installations such as power plants and roads, or off privately-owned land) or to upgrade existing informal settlements (referred to as *in situ* upgrading projects).

The new comprehensive housing plan indicates that the direction of housing development will be increasingly based on area- or community-level projects in keeping with the sustainable human settlement model. In theory, communities establish steering committees which contribute to development plans for the area, including making decisions about layout and the design and size of houses. However, the effectiveness of community participation through representative structures has been found to vary across communities and projects, and sometimes communities are not consulted at all in the development process. The location of housing developments has been increasingly informed by community-based housing initiatives, with the department only becoming involved at the point where a designated community structure applies for an establishment or facilitation grant.

The formal adoption of the People's Housing Process by the national department and the growing use of this process by provincial departments and municipalities indicate that community-driven housing development is now a key instrument for delivery of housing. In the case of community-driven initiatives, community members may identify or purchase land (often with the assistance of the Homeless People's Federation). The requirements for PHP housing projects stipulate the involvement or establishment of a support organisation, which must be a legal entity. Examples of different kinds of support organisations include NGOs, municipalities and provincial departments, formally established community groups with appropriate capacity, parastatal organisations, private sector institutions and developers (Department of Housing 2000).

The support organisation must establish an office that is easily accessible to beneficiaries. It must appoint a certifier (to inspect the quality of building work regularly and assist with technical advice), and an account administrator (who manages the project finances). The department's geographic/community-targeting mechanism can therefore be proactive (where housing departments identify and initiate housing developments in certain areas) or reactive (where housing departments respond to housing projects initiated by residents of certain communities).

For a household to access a housing subsidy it usually needs to be part of an organised community where housing development has been initiated, or in an informal settlement that has been identified for upgrading or relocation to a housing development. In the case of PHP developments, beneficiary households are identified at community level and a list of prospective beneficiaries is supplied to the provincial department. The third tier, the household-level targeting mechanism, works via a household assessment in the form of a simple means test. Applicants must complete a seven-page application form detailing their income, employment, family status, dependants, etc. (an example is attached in Appendix 1 at the end of this paper). Guidelines for supporting documentation are provided in the National Housing Code:

- a certified copy of the page of the bar-coded RSA identity document containing photograph of (self and spouse) OR a certified copy of the page of the bar-coded permanent residence identity document containing photograph if not a South African citizen
- a certified copy of a marriage certificate / divorce settlement / spouse's death certificate

- certified copies of birth certificates of all dependants
- proof of disability (medical form for application for the variation in subsidy amount – self and/or member of the household)
- a certified copy of most recent payslip (self and spouse). Should the applicant be self-employed, proof of monthly earnings must be submitted
- proof of loan granted by a lender

The requirements for proof of eligibility may involve other government departments and services, notably the Department of Home Affairs (for the provision of compulsory supporting documentation such as IDs, marriage, birth and death certificates and permanent residence permits), and the Department of Health through its health services (for documentation to validate the health status of beneficiaries applying for the ‘disabled’ or ‘health-stricken’ categories). The requirement of birth certificates for child dependants implies that a single mother may have to wait until her baby is born and registered before applying for a subsidy.

5.5 Monitoring and evaluation mechanisms

The collection and collation of administrative data at national, provincial and local levels is essential for effective monitoring of the Housing Subsidy Scheme. The national Department of Housing has efficient systems for reporting and updating overall figures relating to housing delivery, as it is possible to obtain directly from the department’s web site provincial and longitudinal figures on the number of subsidies approved, number of houses under construction and number of properties transferred. However, there appears to be little nuanced analysis of the data, and there are large gaps in the data. Effective monitoring and evaluation is constrained by “the fragmented collection and compilation of information on housing delivery” (Public Service Commission 2003:116). Internal and external reviews of the housing policy note a lack of evaluation mechanisms at all levels of Government, and the PSC found that most departments reported having no structured systems in place for the monitoring and evaluation of the Housing Subsidy Scheme (2003:73). It is important that monitoring and evaluation moves beyond reporting performance in purely numeric terms, and also reflects on the processes and outcomes of housing projects.

One such study that moves beyond performance in numeric terms was commissioned by the department and is contained in the report *Towards Sustainable Settlements Case Studies from South Africa*. The report presents ‘best practice’ scenarios and can be accessed on the department’s web site at <http://www.housing.gov.za>. It is important that similar research into problem areas is undertaken by the department to explore obstacles to effective housing delivery and outcomes for communities.

A summary of problem statements and programmatic adjustments is provided in the Public Service Commission report. Those relevant to targeting and access are outlined in Table 5 on the next page.

Table 5: Responses to problems experienced with the Housing Subsidy Scheme (HSS)

Problem	Response
Low level of consumer awareness about HSS	National and (some) provincial plans to launch consumer education campaigns
Lack of capacity for housing delivery amongst municipalities	National capacity-building programme
Beneficiaries' inability to afford basic services	Provision of free basic 'lifeline' services
Eligibility criteria exclude vulnerable and disadvantaged groups	New subsidy benefits for aged, disabled and indigent; emergency assistance programme
Needs of disabled not addressed adequately	Extra subsidy amounts for beneficiary households with disabled members
Beneficiaries in upper-income bands (R1,500 – R3,500) excluded	No response until the new housing plan of 2004, which extends the subsidy to the R7,000 income level
Community consultation and participation limited	Social compact agreements (not always implemented)

Source: Public Service Commission 2003:23-5

While there have been numerous reports on existing housing developments and beneficiary satisfaction, there are no formal evaluation mechanisms to explore the extent and reasons for exclusion from the subsidy scheme. Research (both by the department and by independent agencies) is focused on those who *have* accessed subsidised housing, rather than those who *have not*. Even the various quantitative estimates of the housing backlog are contradictory, indicating little ability to define the total 'target' population. This is necessary in order to assess the department's performance in the progressive realisation of the right to housing.

The Public Service Commission (2003:116) suggests a consolidated effort where the national and provincial housing departments, local authorities and Statistics South Africa "co-ordinate their information gathering activities to ensure that there are reliable and up-to-date statistics on housing backlogs". The Financial and Fiscal Commission recommends two methods for monitoring Government's performance in the delivery of constitutionally-mandated basic services: first, to measure the percentage coverage of the target groups (which requires a clearly defined target group) and to check for income adequacy; second, to "measure the incidence of benefits on the poorest segments of the population, that is, the proportion of the benefits of basic [housing] programmes accruing to, say, the poorest 40 percent of the population" (Financial and Fiscal Commission 2004:86). This suggests the need to monitor both the implementation of the targeting mechanism and the effectiveness of the Housing Subsidy Scheme as a poverty alleviation strategy.

Seemingly, there has been no research on the reach and effects of the Housing Subsidy Scheme from the perspective of children. The *Means to Live Project* aims to address this gap.

6. Evaluation of the targeting mechanism

6.1 Up-take of programmes

Over the ten-year period from 1994 to 2004, nearly 2.5 million subsidies were approved, with the majority being in project-linked housing developments. Table 6 gives a breakdown of the total number of subsidies approved per subsidy type and per province.

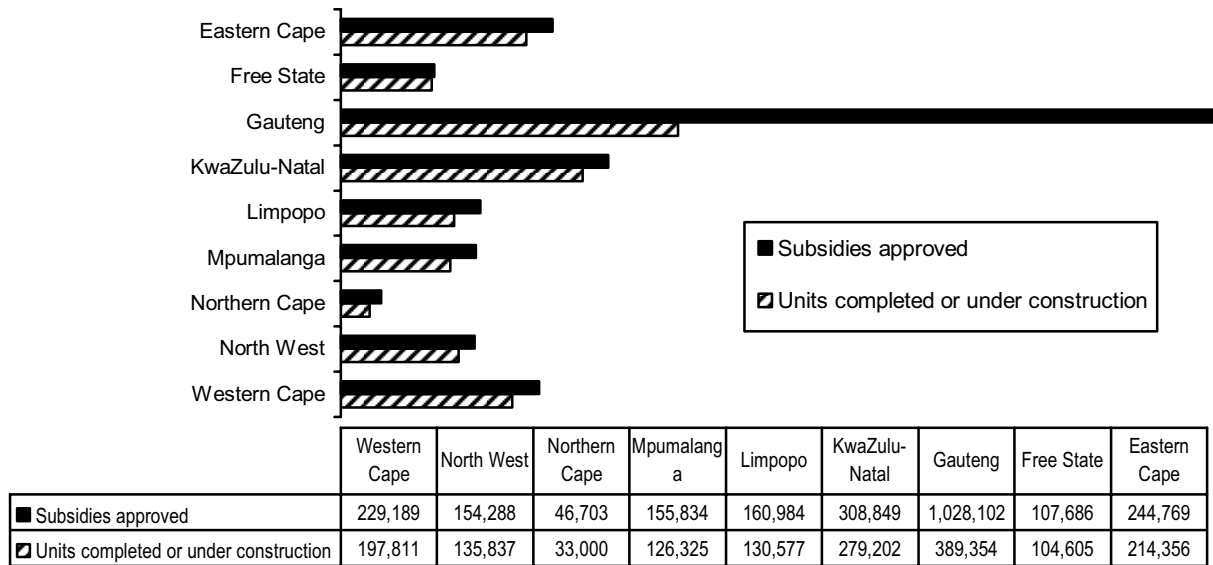
Table 6: Total number of subsidies approved per subsidy instrument: 1994 – March 2004

PROVINCE	SUBSIDY TYPE						TOTAL
	Project-linked	Consolidation	Institutional (social housing)	Individual	Rural	Hostel redevelopment	
Eastern Cape	201,051	9,305	5,710	27,653	1,050	0	244,769
Free State	79,920	8,127	1,300	15,364	2,459	516	107,686
Gauteng	709,352	84,161	19,105	52,639	563	162,282	1,028,102
KwaZulu-Natal	234,574	28,477	21,197	14,353	10,248	0	308,849
Limpopo	91,425	3,252	0	4,348	61,606	353	160,984
Mpumalanga	85,615	46,046	5,450	16,362	1,476	885	155,834
Northern Cape	37,631	384	1,000	7,688	0	0	46,703
North West	118,624	7,326	1,154	8,419	17,492	1,273	154,288
Western Cape	157,984	48,343	6,998	10,998	0	4,866	229,189
TOTAL	1,716,176	235,421	61,914	157,824	94,894	170,175	2,436,404
Share of total	70.4%	9.7%	2.5%	6.5%	3.9%	7.0%	100.0%

Source: Department of Housing 2004a

A total of 1,611,078 housing units had been completed or were under construction by March 2004. This reflects an average rate of 160,00 houses per year – far less than the annual target of 350,000 units envisaged in the RDP document, but only slightly below the current national housing goal to increase the housing stock by 180,000 units per year. The number of approved subsidies and constructed houses for the different provinces over the last decade is outlined in Figure 2 on the next page.

**Figure 2: Approval of subsidies and construction of housing units:
1994 – March 2004**



Source: Department of Housing (<http://www.housing.gov.za>)

As one would expect, delivery of housing lags behind the approval of subsidies, and it is at this point that beneficiaries experience the infamous waiting period. The discrepancy is most pronounced in Gauteng, which used a phased approach where beneficiaries initially received serviced sites only.

Not only does housing construction lag behind subsidy approval, but transfer of completed houses lags behind the development of new housing. This is related to administrative delays in registering properties and issuing title deeds. The property registration process is described as being in “complete disarray” (pers. comm. Warren Smit, Development Action Group, September 2004). Nevertheless, just over 80% of new housing units (1,315,002 properties) have been transferred to their new owners since 1994. Multiplied by the average household size, this means that nearly 5 million people have acquired secure tenure in new housing developed under the Housing Subsidy Scheme. There is no national data which allows for child-centred analysis of access to subsidy housing but given the eligibility criteria and the national population profile (where nearly 40% of the population is under 18), one may assume that almost half of these individual beneficiaries would be children, although their tenure is not necessarily secure unless the house is legally left to them in a will.

Women and children as beneficiaries

Data on the allocation of subsidies to men and women reflect an equal gender split among primary applicants. The table on the next page shows that just over 50% of subsidies have been awarded to households where women were recorded as the main applicant – a remarkable achievement for the housing sector.

Table 7: Approved subsidised housing to male and female beneficiaries (up to 30 March 2004)

PROVINCE	BENEFICIARIES				
	MALE		FEMALE		TOTAL
	<i>Number</i>	<i>% of total</i>	<i>Number</i>	<i>% of total</i>	<i>Number</i>
Eastern Cape	112,853	47.6%	124,174	52.4%	237,027
Free State	57,581	50.9%	55,547	49.1%	113,128
Gauteng	177,234	51.6%	165,951	48.4%	343,185
KwaZulu-Natal	101,607	44.5%	126,760	55.5%	228,367
Limpopo	36,331	35.2%	66,855	64.8%	103,186
Mpumalanga	53,115	40.9%	76,862	59.1%	129,977
Northern Cape	117,769	56.4%	13,721	43.6%	31,490
North West	62,349	54.5%	51,946	45.5%	114,295
Western Cape	108,353	57.2%	81,213	42.8%	189,566
TOTAL	727,192	48.8%	763,029	51.2%	1,490,221

Source: National Department of Housing Information Systems (analysis requested for this paper); own calculations

It is important to remember that these figures reflect the gender of the *primary* applicant, where eligible applicants must have either a spouse/partner, or dependants, or both. The primary applicant is recorded as the person whose name appears in the first column on the subsidy application form. While the statistics for female applicants are likely to include a large number of single mothers, those for male applicants are relatively unlikely to include single fathers, but would include female partners. Thus the apparently equal split between male and female beneficiaries may not reflect the actual profile of those who actually access subsidised housing. This may be even more skewed towards women than the figures suggest.

On the other hand, the relatively high number of women recorded as primary beneficiaries may be a reflection of gender roles. Women may be more likely to attend community meetings on housing issues, or spend time filling in application forms at housing offices – in which case the official delineations may simply show that women do more of the footwork to access housing (and bear associated burdens relating to loss of earnings and to making child care arrangements). Ethnographic research amongst beneficiary households in an informal settlement in the Western Cape showed that a quarter of households where the woman was listed as primary applicant also included a man as secondary applicant (Ross 2003:142).

The national Department of Housing was unable to provide reliable figures on the number of subsidies allocated to households with children, and had never before attempted to extract this information from its administrative data. The statistics that were eventually extracted contained obvious errors, but suggested that over three-quarters of beneficiary households included children at the time of the subsidy application. They also show striking disparities between provinces, with significantly lower benefits to children in Gauteng and KwaZulu-Natal. Although administrative data should in theory be able to tell us the number of beneficiary households with children, it would not be possible to count the number of children who benefit from subsidised housing. This is largely because the

application form only records the names of up to two children. An Urban Sector Network survey in Imizamo Yethu, Western Cape, showed that 71% of 414 surveyed beneficiary households consisted of an adult and dependants, with the vast majority being single women with children. Only 3% were couples without children (pers. comm. Warren Smit, Development Action Group, December 2004). Naturally, adult couples who access housing via the subsidy may subsequently have children (an assumption implied in the eligibility criteria, which are designed to cater for a 'family' context).

An analysis of housing type from the General Household Survey 2003 (Table 8 below) shows that, in general, children under 18 are less likely to live in informal housing than adults: 15.3% of adults live in informal housing or backyard rooms, as opposed to 12.2% of children. On the other hand, 18.5% of children live in 'traditional' dwellings in rural areas, as opposed to only 12.2% of adults. This may be because adults, by moving to cities in search of work, do not necessarily bring children with them or do not want them living in unpleasant conditions in informal settlements.

Table 8: Distribution of adults and children by housing type

HOUSING TYPE (categories collapsed from Q.41: main dwelling)	HOUSING UNITS		CHILDREN (0 – 17 yrs)		ADULTS (18+ yrs)	
	Number	Distribution	Number	Distribution	Number	Distribution
Formal house / town house / flat	8, 456,441	67.4%	12,167,576	68.9%	20,539,195	71.3%
Traditional dwelling	1, 397,104	11.1%	3,274,384	18.5%	3,515,718	12.2%
Backyard shack / dwelling / room	1, 165,766	9.3%	722,689	4.1%	1,839,559	6.4%
Informal elsewhere / caravan / tent	1, 231,913	9.8%	1,431,013	8.1%	2,553,924	8.9%
Other / unspecified	289,616	2.3%	59,821	0.3%	357,633	1.2%
TOTAL	12,540,840	100.0%	17,655,483	100.0%	28,797,030	100.0%

Source: Statistics South Africa 2004; own calculations

It is possible that subsidy beneficiaries gain access to 'adequate' housing in two places. However, rural land rights are not necessarily registered formally, so it is impossible to verify the extent to which the housing subsidy is effectively funding a second home, despite its requirement of no previous home ownership. It would be politically infeasible for the Housing Subsidy Scheme to acknowledge or allow for this. In principle, people with homes in rural areas should not apply for housing subsidies in urban areas, since this would be in conflict with the policy objective to upgrade informal settlements through the housing subsidy.

Where are children in all this? Children are statistically less likely than adults to live in informal housing and more likely to live in rural areas. It is possible that the upgrading of informal settlements to formal housing areas will be followed by an influx of children from rural areas. In effect, the housing subsidy would promote the integration of the 'family' and enable family life close to work opportunities. This implies that where informal settlement upgrading and urban housing development are undertaken, planners should anticipate the need for increased facilities for children – schools, clinics, safe open spaces, etc. The National Spatial Development Perspective concludes that while rural people should have access to good education, health and shelter, infrastructure development should be focused mainly in urban areas, which are seen as the engines of economic growth (Office of the President 2002).

6.2 Advantages of the targeting mechanism

The targeting mechanism clearly promotes high levels of access and effectively targets poor households, with a tiered system that weights the subsidy amount to the poorest beneficiaries. Within the targeted income group (households with an income below R3,500 per month), those most likely to access the housing subsidy are households earning below R1,500 per month.

Research amongst beneficiaries indicates that bureaucratic procedures for accessing the subsidy are not overly burdensome or expensive – particularly in the case of project-linked subsidies, the main mechanism for delivery. The administrative procedures relating to subsidy applications by beneficiaries are similar for both government-initiated and People's Housing Process developments. Opportunity costs may be higher for those participating in a PHP development, where rigorous structural and process requirements require large amounts of time and effort to attend meetings, establish committees and co-ordinate development planning and construction.

The application process does not seem particularly onerous for individual applicants, since applications are generally completed in the context of a workshop on site or nearby, with the assistance of the project manager or other housing officials. Housing officials sometimes bring portable photocopy machines to the workshops so that copies of accompanying documentation can be made on site (pers. comm. P le Roux, Cape Administration, September 2004; W Smit, Development Action Group, September 2004). A qualitative study amongst housing beneficiaries across the nine provinces found that, “across the spectrum respondents speak positively of the application process. People generally say the process was easy. Community leaders or officials told them they could apply for a subsidy, and they were helped to do so” (Zack & Charlton: 2003:32). Similarly, the PSC survey of 600 beneficiaries across 40 housing projects nationally found that, “over 90% [of project-linked subsidy beneficiaries] said they had received adequate assistance in subsidy application preparation” (Public Service Commission 2003:84).

The main requirement of applicants is patience – the minimum time period from application to delivery in a project-linked subsidy development is about a year, but often ranges up to five years (pers. comm. P le Roux, Cape Administration, September 2004; W Smit, Development Action Group, September 2004). During this period, beneficiaries need to provide for their own housing needs, which can be particularly challenging and expensive if they are required to move from their existing location in the interim. The first five years of a child's life are critical from a health perspective as children are particularly vulnerable to infectious diseases during this time. Adequate water and sanitation are crucial for protecting babies from water-borne diseases. Thus, an extended waiting period may have severe health consequences for the young children of applicants.

It should be remembered that beneficiary research by definition captures the experiences of those households which have successfully accessed the housing subsidy – and is therefore unlikely to reflect barriers experienced by those who were unsuccessful or abandoned their efforts to secure a subsidy. Broader research amongst non-beneficiary households would be necessary to understand obstacles to securing a housing subsidy. One of the objectives of the *Means to Live Project* is to investigate obstacles in the targeting of poverty alleviation programmes, which may result in the exclusion of potential beneficiaries.

6.3 Difficulties in verification

A means test ideally requires some form of compliance monitoring to verify information and ensure that beneficiaries are appropriately targeted. The information provided on housing subsidy application forms is difficult to verify for two main reasons. First, in many cases there are no available data for cross-checking information supplied by applicants. Although the department ostensibly requires a large amount of supporting documentation to accompany applications, this would often not be relevant anyway (e.g. marriage certificates if partners are not married; salary slips if people are informally employed). Second, provinces do not have the administrative capacity to implement their own verification systems (pers. comm. Hendrik Janse van Rensburg, Department of Housing, August 2004), and the government has not yet established technical systems which allow linkage of inter-departmental databases.

In South Africa, where income in poor households is often derived from informal and *ad hoc* employment, income levels are difficult to validate. Only applicants in formal employment are obliged to provide wage slips as proof of income. People living in poverty often do not have bank accounts and would generally not be registered with the Receiver of Revenue, so their stated income is difficult to prove and cannot be verified against personal income tax records or bank statements even if the department had the systems and capacity to undertake such verification.

Marital status is also difficult to verify, particularly in the context of different matrimonial systems. Where unmarried partners claim to be living together, it is virtually impossible to verify their relationship. In the context of the Housing Subsidy Scheme, 'permanent partnership' is not defined – 'permanent' could mean six months or six years. There is little incentive for unmarried partners to declare their relationship, since this means that both incomes are used for the means test, and both partners, being beneficiaries, will be excluded from accessing a housing subsidy in the future.

Dependent children, too, are not verified. The application form only requires the initials, surname and age (not ID numbers) of a maximum of two dependants.

Pensions and disability grants are incorporated into calculations of joint income to determine the income bracket and qualifying subsidy amount, but are apparently not verified against the SOCPEN database of the Department of Social Development (pers. comm. Hendrik Janse van Rensburg, Department of Housing, August 2004). This seems strange since grants are part of the social wage for poor households, and the means test for the housing subsidy effectively penalises poor people who access other forms of poverty alleviation. Technically, a child living with two grandparents whose only income is their pensions would be above the income threshold for the maximum housing subsidy.

As it recognises the impossibility of verifying many categories of information, the Department of Housing uses an affidavit, appended to the application form, as a form of 'blanket cover' against fraud. The main form of verification undertaken is checking that applicants are not already beneficiaries of a housing subsidy. Other than this, inaccuracies are likely to go undetected, and would tend to result in errors of inclusion rather than of exclusion.

However, errors of inclusion based on income are likely to be limited by self-selection: subsidised housing developments tend to consist of very basic housing in homogeneously poor communities, so more middle-income households (with incomes of above R3,500) are

unlikely to apply for this type of housing (pers. comm. Warren Smit, Development Action Group, September 2004). Although there have been some reports of the resale and rental of subsidised housing stock, the low resale and rental values do not make this a lucrative or easy money-spinner for fraudulent applicants. Therefore, the most likely errors of inclusion are where applicants in the target population deflate their income to access the larger subsidies available to the lower-income bands.

6.4 Outdated income thresholds

There was no increase in the R3,500 income threshold during the first 10 years of the housing programme. This technically excluded increasing numbers of ‘poor’ households at the upper end of the income band. As can be seen in the table below, income thresholds, which should have almost doubled over the past 10 years to keep up with inflation, have remained unchanged since the subsidy scheme was first introduced in 1994. This has narrowed the targeted segment of the population, who now have to be almost twice as poor to qualify for a subsidy.

Table 9: Effect of inflation on the threshold value over the 10-year period

Original income threshold (April 1994)	Current real value of initial threshold set in April 2004*	Actual threshold (2004)	Real value of 2004 threshold in April 1994 rands
R3,500 p.m.	R6,645 p.m.	R3,500 p.m.	R1,844 p.m.
R2,500 p.m.	R4,746 p.m.	R2,500 p.m.	R1,317 p.m.
R1,500 p.m.	R2,848 p.m.	R1,500 p.m.	R 790 p.m.

* *Income thresholds set in April 2004 and inflated by 90% in line with increase in Consumer Price Index. (Calculations by D Budlender & K Hall, 2005)*

It is generally acknowledged in the housing sector that while the tiered subsidy amounts were designed to be equitable, “people in the R1 500 – R3 500 income bracket are often excluded from housing projects, as they are unable to supplement their lesser subsidy amounts due to a lack of access to housing credit”(Public Service Commission 2003:107). In other words, marginally less poor people may be left with only part of a house, or no house at all, resulting in the unintentional exclusion of children. Given the lack of verification, on the other hand, it is easy for poor applicants earning just above the R1,500 threshold to deflate their income to access the full subsidy. In this scenario poor people compete for subsidies, again potentially resulting in the exclusion of poor children, and possibly those most marginalised. It would seem that the tiered subsidy structure is not effective in promoting fair and equitable distribution of subsidies, and the stated intention to collapse these bands is a welcome development for children who are poor.

6.5 Intentional exclusions

Standard qualification criteria for the Housing Subsidy Scheme have built-in exclusions: they exclude those with an income above R3,500, those who are not first-time home-owners (with the exception of the consolidation subsidy and relocation assistance), those who do not constitute a household (with the exception of hostels redevelopment), etc.

The subsidy scheme deliberately excludes single people. It is conceptualised as a household subsidy, targeting families. In this way the subsidy prioritises the interests of children, although this is not explicitly identified as an objective of the scheme.

There is no provision in the subsidy scheme for children who are not in the care of adult caregivers. Unmarried parents who are under 21 years are not eligible for the subsidy. This exclusion is most likely to affect young mothers. Both the national Department of Housing and a provincial department confirmed that access to the housing subsidy by an unmarried minor would be illegal and contrary to housing policy. The requirement of legal competence relates not only to housing, but also to service provision: unmarried people under 21 are not competent to contract with the municipality for services. This means that there is currently a gap in which people between the age of 18 and 21 are neither entitled to the parental care and basic right to shelter under Section 28 of the Constitution, nor do they (or their children) have direct access to the "adequate housing" provided for in Section 26 of the Constitution.

A total of 148,369 subsidy applications have been declined since 1994, representing almost 10% of all applications from prospective beneficiaries. Applications are declined mainly when the applicant is already the registered owner of a property, or when the identity number on the application is invalid (pers. comm. Martie van der Berg, Department of Housing, October 2004). Naturally, the majority of exclusions from the subsidy scheme would not be documented, since information is only captured once an application is received. It is clear that a vast number of potential beneficiaries have not even applied for housing subsidies and there are currently no data which enable us to count or profile these households and the children living in them.

Although few applications have been declined due to inability to contribute the R2,479 towards housing, it is impossible to attach a figure to the number of potential beneficiaries who are deterred by the requirement of an investment which they cannot afford. Both the Urban Sector Network and the Homeless People's Federation have expressed concern that the housing subsidy should not prioritise those who are able to save, or discriminate on the basis of the amount of savings a household can accumulate (Huchzermeyer 2001:315). For those who do manage to save, this may come at the cost of other items or services. We do not know what budgetary sacrifices are made in order to save R2,479 – or who bears the burden. In the poorest households, saving may mean cutting back on essentials such as food, clothing and transport, and may have negative consequences for children.

In reality it seems that the contribution requirement for the housing subsidy is sometimes unofficially waived – the main interest of housing officials being to settle beneficiary households on serviced land before the sites are illegally invaded by others (pers. comm. Project Manager, Western Cape Department of Housing, September 2004). Furthermore, it appears that "close to the entire [housing] budgets of some provinces are being allocated to 'special needs housing' in order to bypass the savings commitments" (Gardner 2003:32). Clearly, the contribution requirement is an obstacle to low-cost housing delivery for both beneficiaries and housing departments – and the minister has announced that the contribution will be discontinued altogether. This is good news for poor children and their households, since the contribution effectively excluded the poorest households, who were least able to save.

Farm dwellers, among the poorest sections of the population, and often living in notoriously poor accommodation with insecure tenure, do not currently have access to housing subsidies. Minimum standards for housing are also not enforced on commercial farms except where farmers deduct wages for farm worker accommodation. "The housing

conditions of farm dwellers are generally very poor, with few farm dwellers having access to electricity, running water and flush sanitation... most farm dwellers have little access to social infrastructure and have little education, and a third of children growing up on farms suffer from malnutrition” (Hall 2003:2). The Department of Housing is currently working on the development of a new farm worker subsidy, although this is unlikely to include land tenure rights.

Housing subsidies are available only to South African citizens or people with residence permits. In the absence of resident status, foreign migrants and refugees are excluded. This is not necessarily the intention of the Constitution, which in Section 26 refers broadly to “everyone” (as opposed to “South Africans”) having the right to have access to adequate housing. The Habit Agenda includes an obligation to provide “temporary shelter and basic services for refugees”, and “special attention must be paid to the shelter needs of ... refugee children” (Urban Sector Network 2003:45). The National Action Plan for the Protection and Promotion of Human Rights states that refugees have a right to shelter, and the *Refugees Act* entitles refugees to the same rights in the Bill of Rights as everyone else. Thus far, the rights of refugees to housing have not been tested through the courts, and there is no housing programme for refugees (Urban Sector Network 2003:57).

The implication of all these exclusions is that, if adults are excluded from the target population, their children are also excluded. This appears contrary to the principle that the State has a duty to assist children where caregivers are unable to provide for their basic needs and in this way fulfil their socio-economic rights.

6.6 Reaching the very poor and those in urgent need

Exclusion of poor households

The vast majority of subsidies awarded to date (over 90%, according to one source) have been for households in the R0 – R1,500 income band (pers. comm. W Smit, Development Action Group, September 2004). Technically, a household has to be almost indigent to access the maximum subsidy: even those households at the top of this income bracket would be surviving on an average of less than R400 per person each month (calculated on average household size at 3.8), which is below the upper poverty line used by Woollard in her analysis of poverty rates⁸ (Coetzee & Streak 2004:18). Households in the higher income groups (up to R3,500) are either less likely to access the subsidy, or to deflate their incomes artificially, in which case the statistics simply reflect the inability of officials to enforce eligibility criteria, rather than a bias towards the poorest households.

A feature of the Housing Subsidy Scheme is that, in most cases, the need for and location of subsidy-linked housing developments is determined by the local or provincial government, and not by prospective beneficiaries. The location of housing projects is often informed by practical considerations rather than beneficiary need. Mary Tomlinson (1999:1351) observes that, “generally, subsidies have only been approved where bulk services are available or were about to be installed”. In South Africa, many of the poorest households are located in remote rural areas, which tended not to be targeted by Housing Subsidy Scheme projects or by education programmes to raise awareness about the scheme. The low up-take of the rural subsidy may be the result of geographical targeting, or indicative of a

⁸ Poverty rates based on analysis of the 2000 *Income & Expenditure Survey*.

lack of demand. Either way, rural children are most likely to benefit from the housing subsidy by moving to cities – and this will increasingly happen as urban informal settlements are upgraded. The consequences of such a move for children's quality of life should be monitored as the upgrading programme unfolds.

Following research in the Western Cape, Blake (2000:66) found that, "there is clearly a lack of information on the subsidy reaching poor working class communities. Unorganised and marginalised communities stand less chance of accessing the scheme because they quite simply never get to know about it. It is usually those communities where there is some measure of political or civic organisation that access the subsidy scheme projects". A lack of awareness about the Housing Subsidy Scheme has been widely reported, and many potential beneficiaries may be excluded simply because they do not know about the availability of a subsidy. Not only does general awareness of the subsidy scheme appear low, but there is very little knowledge or understanding of the range of subsidy options. The department has acknowledged the need for more public education to promote awareness of rights and available options.

At implementation level, exclusions may occur as a result of ignorance, incompetence or corruption on the part of officials, although it is not possible to quantify the extent of these exclusions. Where there is corruption, it is generally the poorer, more marginalised households that would be least likely to influence or pay bribes to decision-makers. The department acknowledges the existence of internal/administrative problems at local level, which may result in prioritising some applicants and excluding others. The minister also talked of the need to eliminate corruption in her 2004 budget speech.

Emergency assistance

Until recently there has been no housing programme to address crisis situations. The *Grootboom* judgement was an important influence in this regard: it reinforced the State's duty to uphold its constitutional obligations, and found that the lack of a contingency plan for emergency situations was unreasonable. The government's response (after appealing the first judgement) was to develop an emergency housing policy, called the *National Housing Programme: Housing Assistance in Emergency Situations*, which was incorporated into the National Housing Code in 2004. Those eligible for assistance include evicted households and those under threat of eviction or affected by natural disasters, for whom temporary alternative accommodation is necessary. Crisis situations in individual households such as domestic violence, child abuse and the effects of HIV/AIDS are not regarded as emergencies for the purpose of the programme. The emergency assistance programme is not about prioritising the needs of children, although the Cape High Court judgement was based on the argument that the State has a duty to uphold children's right to shelter where their parents cannot. Although the Constitutional Court similarly ordered the State to make alternative accommodation available, the order was not based on children's right to shelter.

A particular significance of the programme from a targeting perspective is that, whereas the usual qualification criteria for housing subsidies have built-in exclusions, for the first time the emergency housing assistance programme enables a broader focus, which can include an entire community – without excluding particular households on the basis of eligibility (Department of Housing 2004b; pers. comm. Mark Napier, Department of Housing, August 2004). The emergency assistance programme caters for households who are in urgent need of temporary housing because their *existing* housing situation is under threat. By definition then, emergency assistance applies only to households who have already had access to some form of housing (as opposed to the entirely homeless), and only provides temporary assistance and minimal relief in the form of basic (as opposed to adequate) housing.

Housing support for children without parental care

Children cannot on their own access housing assistance since they are not legally competent to contract. Up to now, all housing programmes have been framed within the construct of a nuclear family-type household in which adults care for children. A study on the needs of orphans and other vulnerable children noted the deterioration in housing conditions following the death of caregivers, since in many instances home maintenance is an impossible task for children (Giese, Meintjes, Croke & Chamberlain 2003:72). In some instances houses had collapsed entirely, marking a transition from shelter to no shelter. Given that child-headed households, although not significant in numeric terms, will remain a reality in South Africa, there are two possible areas of need for children in terms of housing: (a) the provision of adequate housing for homeless children who do not have caregivers (implying the need for the involvement of some agency/intermediary to facilitate access to housing assistance); and (b) assistance with the maintenance of housing. A third area, relates to law of succession and the passing of title deeds in cases where children who are already in subsidy housing lose their parents. The department has now appointed lawyers to investigate the issue of inheritance.

In the context of high and increasing HIV/AIDS prevalence, the national policy has been extremely slow in addressing the housing needs of those affected by HIV/AIDS. Initially, the department's concerns revolved largely around the internal consequences of HIV/AIDS for the department itself. The Housing Subsidy Scheme review undertaken by the PSC reported that provinces identified HIV/AIDS as "a key issue which national policy has largely failed to address" (Public Service Commission 2003:56).

Some provinces have developed their own policies on dealing with those affected by HIV/AIDS: the Gauteng Department of Housing has a policy on AIDS and housing in an attempt to develop "appropriate housing response to HIV/AIDS, through promoting social and rental housing" (Public Service Commission 2003:56). The KwaZulu-Natal Department of Housing has used institutional subsidies to "provide funding for the establishment of cluster homes for AIDS orphans, transitional accommodation for adults living with AIDS who have been rejected by their families, and subsidies for families who adopt AIDS-infected children [sic]" (Public Service Commission 2003:56). This has resulted in two specifically approved "HIV/AIDS projects" to enable the development of 183 units at a cost of R2,360,700 (Public Service Commission 2003:56). These examples demonstrate a considerable level of provincial autonomy, and a flexibility of the Housing Subsidy Scheme to be 'borrowed' and applied to other purposes.

The National HIV/AIDS framework document, released to the public in 2004, acknowledges the need to review housing delivery models, and proposes closer co-ordination with other government departments (particularly with Social Development), and the establishment of public-private partnerships. Inter-departmental collaboration is regarded as essential to the development and implementation of programmes catering for people affected by HIV/AIDS, although it is unclear how this will be achieved when departments have generally failed to collaborate effectively in the past. The document identifies a need for further research to assess the impact of HIV/AIDS on human settlements, and to develop appropriate housing designs to meet the needs of people living with HIV/AIDS. Alternative housing subsidy mechanisms are proposed, including the provision of capital subsidies for the construction of care facilities for infected people and affected children, and additional subsidies to finance the building of extra rooms or the provision of additional services to households who have fostered children.

The main strategy envisaged for child-headed households relates to succession planning and mechanisms to ensure that orphaned children can inherit property, and it is proposed that subsidy beneficiaries are assisted in making wills when houses are transferred into their names. The programme's emphasis on ownership models is of importance here, since, with the help of the courts, inheritance may be the only way in which child-headed households can acquire housing. Therefore in terms of the HIV/AIDS framework, subsidies may be targeted (indirectly) at children affected by HIV/AIDS only when they are fostered or living in institutions.

6.7 Limitations of women's property rights and access to housing

Arguably, the right of access to housing is of particular importance to women, not least because of the large number of single mothers and women-headed households. A recent analysis of the *2002 General Household Survey* found that 38% of all children under 18 (and 45% of young children under seven) lived only with their mother. In contrast, just 3% (and 2% of young children) lived only with their father (Budlender & Meintjes 2004). The contrast is even more pronounced in African households, where over 40% of all children (and half of young children) live only with their mother. There are inherent sampling and weighting problems in the GHS, but the findings are sufficient to support what we already know: that children tend to follow their mothers. In terms of housing policy, this suggests a need for prioritising women's (and, by extension, children's) right to housing.

The United Nations Sub-Commission on Prevention of Discrimination and Protection of Minorities resolution of 1997 urges governments in Article 14 to "support local, national and international initiatives, including the development of human rights indicators, aimed at assessing and improving the housing and living conditions of women throughout the world" (Urban Sector Network 2003:48). Both the South African Constitution and the National Housing Act, Section 2 (1) (e) (vi), prohibit unfair discrimination, while the principle of promoting the needs of marginalised women is contained in Section 2 (1) (e) (x) of the Housing Act. The Housing Subsidy Scheme does not have adequate targeting mechanisms to uphold these principles. At most it can be said to uphold the equality clause by making the subsidy equally available to men and women. The same cannot be said for administrative processes in the implementation of the programme, where women have been discriminated against in a variety of ways. The PSC review (2003:108) notes that, "although the Housing Subsidy Scheme is gender neutral, discriminatory legislation in terms of some customary law practices and marriage laws prevent equal access to housing for some women".

Faulty administrative procedures in the registration of title deeds have resulted in an unknown number of women having insecure tenure or being deprived of their property rights, and, in addition, having no further access to subsidies. The Women's Legal Centre is currently investigating complaints that married partners who jointly accessed housing subsidies received title deeds registered only in the husband's name. This practice is not sanctioned by policy, but occurs at an administrative level. The department has failed to ensure that developers and state conveyancers correctly document the details of both beneficiaries, and the problem is exacerbated by a lack of standardised forms and clear procedural guidelines. While the *Matrimonial Property Act* offers some protection to people married in community of property, there are key loopholes in the law. Further, the Act does not offer sufficient protection to parties married under other matrimonial systems, including Muslim and customary law, and offers no protection to unmarried partners living together in permanent relationships.

Research by the Women's Legal Centre and partner organisations has suggested that the problem is systemic and fairly widespread. However, efforts to quantify the extent of the problem have so far been difficult, partly because many beneficiaries are unaware of their legal status on the title deeds, or are unwilling to come forward unless they have already experienced the prejudicial effects of the omission and need to seek recourse.

Complications around access to the consolidation subsidy arise where couples jointly received site and service land prior to 1994 but have subsequently separated without a formal divorce order. In this instance, the woman is recognised as a beneficiary and this disqualifies her from accessing a subsidy in her own name. But in law and in practice she is not able to enjoy the 'benefit' because most female beneficiaries of the site and service schemes do not hold title to their properties (Women's Legal Centre 2002: Memorandum to the National Minister of Housing; pers. comm. S Ndashe, Women's Resource Centre, August 2004).

The exclusion of women is not limited to administrative oversight. The ease with which married women are unintentionally excluded is yet another example of the way in which the concentration on the nuclear family model has overlooked the realities of family arrangements in South Africa. A married woman (and the children in her care) will be excluded from the housing subsidy if her husband has already accessed a housing subsidy but is living somewhere else. In a context where migrant work is common and families are often divided, this potentially prevents women and children from realising their right to adequate housing. Similarly, a married woman may be disqualified from accessing the housing subsidy if her estranged husband jointly applies for a subsidy with another (unmarried) partner. In this instance, both women will be rendered ineligible for further housing subsidies – the wife on the basis that she is married by civil law to the applicant (or by customary law if the marriage is registered or declared); and the unmarried partner because her details are captured as second applicant on the application form. In addition, the unmarried woman receives no protection under the Matrimonial Property Act, and if the relationship dissolves, she may be left not only without the house but also without access to further housing benefits under the subsidy scheme.

The Women's Legal Centre is proposing amendments to both the National Housing Code and the *Deeds Registry Act* to ensure better protection of the property rights of married and unmarried women who jointly access housing through the subsidy scheme. In addition, it seeks to rectify the existing situation by obtaining an agreement from the department that women who have been deprived of the secure tenure to which they were entitled be reinstated as eligible beneficiaries for further housing subsidies. In its paper, *Submission to Strategic Management: Integrating Gender in Housing and Human Settlements*, the Department of Housing now proposes registering ownership in the names of both partners as a way of dealing with discriminatory laws and safeguarding the property rights of women (Urban Sector Network 2003:57).

South Africa has an appallingly high incidence of domestic violence against both women and children. Although under-reporting makes it notoriously difficult to find reliable statistics on domestic violence, community-based studies have indicated that a quarter of women had been abused by their partner or ex-partner (Dissel & Ngubeni 2003). A national study of female homicide has calculated that a woman is killed in South Africa by her intimate partner every six hours (Matthews, Abrahams, Martin, Vetten, Van der Merwe & Jewkes 2004). Child abuse in the home is widespread, and children who witness domestic

violence experience long-term trauma. Women who do not have property rights or access to alternative housing through the subsidy are particularly vulnerable to being trapped in abusive situations simply because they do not have housing alternatives. In some countries (Costa Rica for instance) it is national policy to register subsidised housing in the woman's name only – thus safeguarding the property rights of women, who are usually responsible for taking care of children if the couple splits. From the perspective of South African children, who are statistically far more likely to be in the care of a female as opposed to a male caregiver, it may make sense to adopt the same approach and register subsidy housing in the woman's name.

6.8 Social consequences of the targeting mechanism

As indicated before, the design of the Housing Subsidy Scheme is strongly oriented towards the concept of the nuclear family. This is in keeping with the family-based approach to the development of human settlements, codified as “best practice” in the Habitat Agenda of 1996. However, the notion of a static nuclear family does not recognise the fluidity of household arrangements – what Fiona Ross refers to as “the diffusion of domesticity”. She points out that “policy-making is predicated upon the average household and its characteristics... that presumes that households exist as discrete units prior to the implementation of development policies” (Ross & Spiegel 2000, cited in Ross 2003:140). She found that many more complex family and other relationships were manipulated by housing subsidy beneficiaries to gain access to housing, sometimes at significant cost in terms of social networks, care arrangements and an ability to insure against risk.

The size of subsidy-linked properties makes it impossible to accommodate large households and extended families comfortably, even with incremental development of the top structure. In a housing project at Vaalwater in Limpopo, for instance, extended families of evicted farm dwellers now occupy two or more properties, some distance from one another.⁹ The scheme is based on a standard capital subsidy per household and does not accommodate larger households with bigger subsidies or properties. The structure of the subsidy scheme provides a perverse incentive for households to split in order to compound the benefits. The nuclear family orientation of both the subsidy and housing product may therefore result in division of families in two ways: first, the misrepresentation of household structure on paper (to access multiple subsidies); and second, the physical division of families (when the household is re-formed into smaller units to fit the allocated housing). In a survey of beneficiaries living in 40 housing projects, the Public Service Commission (2003:107) found that, while there were a few cases of overcrowding, “the general trend seems to have been towards smaller and smaller households”. Little wonder then that the median household size amongst subsidy beneficiaries was four people (Public Service Commission 2003:86)! This is almost identical to the national average, and precisely the family size used in the development of the housing subsidy programme.

Census results over the past decade show a drop in average household size nationally – from 4.5 in 1994 to 3.8 in 2001. It is quite possible that the delivery of small subsidy houses to over one and a half million households (more than a tenth of all households) has contributed to this recorded decline. A contact in the department acknowledged that one of the broader impacts of the subsidy has been a reduction of household size through “manoeuvring to get benefits” (pers. comm. Mark Napier, October 2004), although this was never an express intention of the scheme. The consequences for children living in smaller or reconstituted households remain to be investigated.

⁹ Personal observation during site visit, 2003.

The targeting mechanism also has social consequences beyond the household. Housing development projects, whether initiated by Government or beneficiary groups, take place mainly at the level of the 'community'. This has practical advantages for both Government and the community, but also has a number of drawbacks. The first, obvious difficulty is the problem of defining 'the community' (Ross 2003:143). Household targeting is often preceded by local targeting where responsibility for identifying beneficiary households is relegated to decision-making structures within the communities. Here, community values, local knowledge and democratic processes may inform household-level targeting.

However, the fact that the department does not relinquish control of the formal targeting mechanism (the requirement that households are qualify individually) means that there are two mechanisms for defining beneficiary households: a formal procedure based on eligibility criteria, and an informal procedure based on a sense of 'belonging'). These mechanisms are sometimes at odds, and risk individual exclusions which divide communities. This poses further problems: what to do about individual households who do not qualify? How to ensure continuity of social (and economic) relations if the community is divided? How to define the community inclusively when some 'members' are not full-time residents? These questions are particularly pertinent where the community is to be relocated to a new development area, since those who are not eligible cannot access a new house; nor can they stay in their existing ones.

At Ross's research site, where the provision of subsidised housing was coupled with a condition that no households could remain on the land where they were living, the problems were "locally reframed from legal problems of eligibility to moral problems of belonging" (2003:143). But the developers and the residents had opposing approaches to defining membership: whereas developers measured membership of the community by permanent residence in material structures, local definitions of household 'units' were based on moral entitlement and social relations. Similarly, there was a mismatch in the way that beneficiaries were identified and prioritised: for the developers, those entitled to the benefit were simply the existing 'households' that met the eligibility criteria. For local residents, there was a moral and political imperative to prioritise residents who had established the settlement and lived there the longest, although these tended to be older residents who lived without dependants – and who were therefore technically ineligible for the subsidy.

There are reports of both beneficiaries and housing officials circumventing this problem by arranging for the 'adoption' of children who may be recorded as dependants on the application form (Public Service Commission 2003; Huchzermeyer 2002), thereby rendering the person who 'adopts' the dependant eligible for a subsidy. In her case studies of informal settlement upgrading projects (in Kanana near Sebokeng, Gauteng and Gunguluza near KwaNobuhle, Eastern Cape), Huchzermeyer similarly found that potential housing beneficiaries were in danger of being disqualified because of a lack of dependants. It both places officials "had attempted to accommodate non-qualifying households. 'We arrange for them to adopt a child' was the response to situations where, for instance, elderly widows did not qualify" (Huchzermeyer 2002:75). In this scenario, children become pawns in the process of gaining access to housing. The reports are not clear whether, in these cases, children actually remain living with the nominal 'adopted' caregiver, or whether their relationship exists only on paper. Either way, it is certainly questionable whether this type of arrangement is in the best interests of the child.

Clearly, a rigid application of the household-level targeting mechanism may be inappropriate in the context of community-level housing developments, as it does not take cognisance of community networks, and runs the risk of undermining local authority structures and local decision-making processes. Social networks can be essential support structures for poor households, and the dissolution of these networks or exclusion of some residents may affect reciprocal relationships of support and care arrangements for children. Ross (2003:148) concludes that “it is difficult to separate out ‘the domestic unit’ (or household) from ‘the community’”. Legal requirements for subsidies do not necessarily mesh easily with local conceptions of moral good or with local patterns of subsistence”. On the other hand, the ‘community’ may not always be ethical, or may prefer to maintain discriminatory gender patterns. The housing subsidy could be an important means of empowering women if there were a clear strategy for doing so.

6.9 Alleviating or perpetuating poverty?

The Housing Subsidy Scheme pays for the cost of a basic house on a minimally-serviced site. However, there is a policy imperative for provincial governments and project designers to conceptualise housing development more holistically in order to develop communities as well as building houses. This is a far larger task in terms of planning, finance, administration and inter-departmental collaboration – the housing subsidy does not pay for the development of schools, clinics and shopping centres, or for the creation of parks and recreational areas. The Public Service Commission (2003:95) found that, “there has generally been poor alignment of other government departments and programmes within housing projects, resulting in low levels of integrated development and little progress with local economic development and social upliftment. The objectives of addressing poverty and creating viable households and communities cannot be achieved by the housing subsidy in isolation”.

Lack of adequate housing has been variously defined as ‘capability poverty’ and ‘asset poverty’. The Department of Housing has attempted to address both forms of poverty, as expressed in its twin objectives to provide poor families with (1) adequate housing and (2) an asset. The department claims that, “the housing subsidy is the only state investment that builds the assets of the poor (Rust 2003:7)”. However, the obligations associated with freehold titling – including the costs of maintenance, rates and services – can be impossible for poor households to meet.

Despite the stated intention to situate subsidised housing developments for the poor in well-placed areas that are conveniently located for easy access to economic opportunities, in reality low-cost housing projects almost invariably take place on the urban periphery. The transport costs for poor households to get to (or seek) employment can be prohibitively high, perpetuating the poverty cycle. There are reports of housing beneficiaries vacating their houses, preferring to occupy land closer to the economic hub illegally rather than to live in a formal house but without access to income-generating possibilities.

There are numerous examples of housing developments which are considered ‘failures’ in some respect because there was insufficient planning around the holistic design of a residential area. Many of these have a direct impact on children’s quality of life. Take for example a new housing project, Sol Plaatje in Gauteng, where beneficiaries were moved from their original (inadequate) homes 14km away. As the schools near Sol Plaatje were inadequate, children returned to their old school, even though many of them could not afford the cost of transport. When walking the 14km distance twice a day became

unsustainable, some children built tiny shacks near their school, staying there alone during the week and returning home to their families at the weekends (Baumann 2003).

At the time of policy formulation, housing subsidy projects were promoted (particularly by the private sector) as providing beneficiaries an opportunity to transcend the cycle of poverty (Huchzermeyer 2001:306). Subsequently, there have been widespread observations that housing subsidy projects have tended to perpetuate urban segregation and run the risk of becoming poverty traps themselves. It is possible that residents of these developments are even poorer than they were when they applied for the subsidies in the first place. In this sense, while the Housing Subsidy Scheme may be accessed by the very poor, it may also sustain or even increase poverty amongst the poor through the creation of homogeneous low-income settlements far from economic opportunities. Arguably, the ideal outcome of a comprehensive housing strategy is not only the provision of housing but the alleviation of poverty and, ultimately, a better quality of life.

7. Conclusion

The Housing Subsidy Scheme is designed to deliver adequate housing to poor households in South Africa. This includes the children in these households, who are rights-bearers under the general socio-economic right contained in Section 26 of the Constitution, as well as the direct right to shelter in Section 28. The principle of targeting families means that children benefit from the scheme although they are not directly targeted. Not only do they become beneficiaries, but as dependants they also, in effect, constitute part of the means to access housing.

The programme has been successful in progressively delivering large numbers of subsidised houses to poor households over the past 10 years, and delivery figures suggest a significant proportion of subsidised housing being accessed by women and households with children.

Despite the emphasis on quantities of housing units by the Department of Housing, it is not possible to quantify the beneficiaries. Numeric targets are based on housing backlogs, defined in terms of housing units, rather than people. There is no record of the number of children who have benefited from the Housing Subsidy Scheme. It is also not possible to calculate the number of children who are eligible for subsidised housing but have not received it. Information about children is inadequately recorded in the administrative data and national datasets do not have the necessary child-centred statistics for these calculations. This makes it rather difficult to evaluate the success of the programme in reaching children in the target population.

Although the eligibility criteria for households are clearly defined, the tiered level of targeting makes it difficult for eligible people to claim their entitlement. Individual households may qualify for a subsidy, but whether or not they can access one is largely dependent on where they live. This effectively excludes children whose households are not located in places which are defined as priority areas for housing development. On the other hand, the upgrading of informal settlements is likely to promote an influx of children from rural areas and the establishment of small nuclear families in urban areas. The consequences of this for children and their schooling and other needs require research.

At the level of conceptualisation, the Housing Subsidy Scheme excludes poor children living in households without adult care, refugee children, children living on commercial

farms, and the children of foreign migrants who do not have permanent residence status. Arguably, these are some of the most vulnerable categories of children. Institutional care is regarded as an appropriate housing solution for the first two categories, although the department has recently acknowledged the need to develop housing subsidy instruments to cater for child-headed households.

Of some concern is the fact that HIV/AIDS does not feature in the general policy but is treated as a separate 'add-on' issue. Two framework documents have been developed specifically to outline the department's response to HIV/AIDS, but there is no mention of HIV/AIDS in the more recent *Comprehensive Plan for Sustainable Human Settlements*. Despite acknowledging the need for holistic planning, HIV/AIDS does not seem to have been integrated into the government's general housing plans at all.

There is a range of unintentional exclusions in the implementation of the targeting mechanism. It may be assumed that, where women are excluded, this effectively excludes children. Although the programme theoretically promotes women's access to housing, registration procedures do not safeguard women's property rights; and where relationships end or abused women need to leave their partners, women risk losing their house as well as any prospect of qualifying for a housing subsidy in the future. This could be easily remedied by ensuring that women are registered as the owners of subsidy housing. In addition, the children of parents who are under 21 would be excluded unless the subsidy is accessed via an older household member. Single pregnant women would not qualify until their child is born and can be listed as a dependant. Given the delays in the housing process, this means that many babies and young children are effectively excluded.

Children in the poorest households are most likely to be excluded for a number of reasons, including the requirement of a cash contribution (now discontinued), difficulties in getting all the required documents to support the application, the inability to confront or pay off corrupt officials, low awareness of the programme, and the need to compete with households who are less poor. In addition, the long waiting period for housing can mean that children in qualifying households have grown up and left home by the time the house is built.

All of this, together with the geographic and community-level targeting mechanism, means that errors of exclusion are likely to far outweigh those of inclusion. However, the targeting mechanism makes it difficult to verify eligibility, and is open to abuse. In particular, it creates perverse incentives for applicants to deflate their income, misrepresent their marital or partnership status, fail to declare an existing house that they own in a rural area, and even modify the structure of their households. In the last scenario, children may be transferred across households to render the households eligible for the subsidy.

The principle of targeting existing household units is based on an assumption that households take the form of small, static, nuclear families. This is not necessarily true to social realities in South Africa. It has been shown that the targeting mechanism can result in the division of households and of communities, and the consequences of this for children remain to be explored.

At an administrative level, the roll-out of the Housing Subsidy Scheme is constrained by its small portion of the national budget (1.2%), which is far less than what was originally promised in the RDP, and is insufficient to meet the annual housing targets. In addition, there is an acknowledged lack of capacity at local level to implement the programme at scale, which has resulted in under-spending of the conditional grant. This calls into question whether the department is using the "maximum of its available resources" for the

implementation of programmes to uphold the right to adequate housing, as required by the Constitution and the Convention on the Rights of the Child.

Finally, there is a social and political imperative to ensure that new housing projects do not become poverty traps on the urban periphery. Thus far, there has been little evidence of the asset value of subsidy housing, and the location and design of housing developments have not lived up to the ‘sustainable human settlements’ envisaged in the national policy and international treaties. In short, access to the housing subsidy does not necessarily translate into a better quality of life for children.

The *Comprehensive Plan for the Development of Sustainable Human Settlements* presented to Cabinet in September 2004 prioritises the upgrading of informal settlements, outlines some steps towards the development of sustainable settlements through participatory processes, and emphasises the need for integrated planning and collaboration across departments. It proposes “a conceptual shift from a commoditised, project-based housing delivery model to a responsive, area-based human settlement development model; the introduction of new housing subsidy mechanisms to satisfy a more diverse range of housing needs, such as alternative tenure options and affordable rental housing; and the devolution of the administration of housing programmes to municipalities” (National Treasury 2004b:60). These conceptual shifts are not new – they have been referred to in numerous policy documents previously. However, the specific reference to them in the comprehensive plan suggests a welcome new commitment by the department to ensure that they are implemented effectively.

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Legal cases

- Government of the Republic of South Africa v Grootboom and Others* 2000 (11) BCLR 1169 (CC)
- Minister of Health and Others v Treatment Action Campaign and Others* 2002 (10) BCLR 1033 (CC)

Personal communication

- Hendrik Janse van Rensburg – National Department of Housing (Implementation Guidelines)
- Paul le Roux – Cape Administration (New Housing)
- Victor Matlou – Thubelisha Homes
- Mark Napier – National Department of Housing (now at the Council for Scientific and Industrial Research, or CSIR)
- Sibongile Ndashe – Women’s Legal Centre
- Kevin Parry – Statistics South Africa
- Warren Smit – Development Action Group
- Martie van der Berg, Sonja Myburgh, Johan Minnie – National Department of Housing (Information Systems)
- Lou-Ann Werner – National Department of Housing (Human Settlements)

APPENDIX

INDIVIDUAL REGISTRATION NUMBER	INDIVIDUAL RESOLUTION NUMBER	MEC	
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APPLICATION FOR A HOUSING SUBSIDY

INDIVIDUAL	Credit linked *	
	Non-credit linked *	

PROJECT-LINKED *

PEOPLE'S HOUSING PROCESS*	a) Non owners (fully serviced sites)* <input type="checkbox"/> b) Non owners (upgrade of serviced stands)* <input type="checkbox"/> c) Occupants and landless people* <input type="checkbox"/>	
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PROVIDE PROJECT DETAILS **

Project Application Registration Number		Project Application Resolution Number	
Project Description			
Name of Developer / Community Based Organisation(CBO)			

THE APPLICATION IS HEREBY RETURNED AS THE FOLLOWING ADDITIONAL INFORMATION IS REQUIRED:

1.....

2.....

3.....

IN CASE OF INCOMPLETE INFORMATION - CONTACT
(To be completed by Applicant)

NAME:

POSTAL ADDRESS:

For office use only

- * Tick whichever is applicable
- ** To be completed by developer/CBO
- *** To be completed by conveyancer/builder/contractor
- **** To be completed by lender

TABLE 1

THE FOLLOWING DOCUMENTS WERE FOUND TO BE PRESENT					✓
Certified copy of Marriage Certificate					
Certified copy of Divorce Settlement					
Certified copy of R.S.A. Identity Document	Self		Spouse		
Certified copy of Death Certificate					
Proof of Disability (See Section "A" as well as Annexure A)					
Proof of loan granted by lender					
Certified Copy of Agreement of Sale / Proof of occupation of four years i.r.o. institutional subsidies option to purchase					
Social Compact Agreement (where necessary)					
Agreement with Conveyancer					
Authorised Building Contract and Plan					
Bill of Building Material (costed)					
House Building Support Agreement i.r.o People's Housing Process (PHP)					
Agreement with Support Organisation (SO) via PHP					
Title Deed of Non-Owner for PHP if SO is not a Provincial or Local Government					
Deed of Sale for the Land					
Deed of Transfer					
Proof of Monthly Income					
Certified copy of Permanent Residence Permit					
Signed Affidavit					

TABLE 2

	PROCESS RECORD	DATE	SIGNATURE OfficialSupervisor
1.	Application Received		
2.	Procedural Check		
3.	Application Returned for Correction		
4.	Application Returned Corrected		
5.	Data Captured		
6.	Data Verified		
7.	Searches Completed: a) Internal Affairs b) Deeds Office c) National Housing Data Base		
8.	Filed		
9.	Date Subsidy Approved		
10.	Date applicant/developer/CBO notified of acceptance/non-acceptance		

SECTION B: DETAILS OF DEPENDANTS (Information on only 2 dependants to be supplied by applicant)				
Surname	Initials	Relationship to Applicant		Age
Gender		Male*	Female*	
If more than two dependants, provide total number of dependants				

SECTION C: MONTHLY INCOME DETAILS (To be completed by applicant)		
	Applicant	Spouse
Indicate if you are:		
Unemployed		
Employed		
Self Employed		
Pensioner		
Basic Monthly Income	R	R
Regular Periodic Allowances	R	R
Housing Allowance Received	R	R
<input type="checkbox"/> Housing Allowance to be Received	R	R
Commission Received (12 months average)	R	R
Pension or Disability Grant	R	R
TOTAL	R	R
JOINT TOTAL (Applicant and Spouse)	R	
Amount of Subsidy Applied For	R	

- This indicates an allowance to be received once you have acquired ownership of a property.

SECTION D: DETAILS OF CITIZENSHIP (To be completed by applicant)		
Are you a South African Citizen	YES *	NO *
If you are not a South African Citizen supply the following:		
Country of which you are a Citizen		
South African Permanent Residence Permit Number		
Date Permit was Issued		

SECTION E: DETAILS OF PROPERTY TO BE PURCHASED WITH SUBSIDY (To be completed by applicant)			
Name of Seller:			
District:	Municipality		
Township:	Erf*/Stand* or Allotment* Number		
Township Extension:			
Unit Number:			
Description of Dwelling *	Flat (Name of Building)	House (Street Address)	
Type of Tenure*	Ownership	Leasehold	Deed of Grant
	Other: Specify		
Deed of Transfer number:	Installment Sale	Sectional Title	Share Block

SECTION F(i): FUNDING DETAILS IN RESPECT OF PURCHASE OF PROPERTY (To be completed by applicant)			
TOTAL ESTIMATED COSTS/SELLING PRICE			R
a) Amount of Home Loan, if applicable	R		
a) (i) Source of Home Loan, if applicable	Financial Institution*	Non-Traditional lender*	Other: Submit details*
a) (ii) Monthly Repayment on Home Loan	R		
b) Employer's Contribution	R		
c) Own Cash Contribution	R		
d) Own Building Material Contribution	R		
	TOTAL	R	
SECTION F(ii) (To be completed by Provincial Housing Department)			
e) Disability Subsidy	R		
f) Geotechnical Assistance	R		
g) Grants Received (Minus)	R		
h) Previous subsidies received (Minus)	R		
Qualifying Subsidy Amount	R		

SECTION G: DETAILS OF CONVEYANCER***

Name:

Postal Address:

Registration fee: R

Approval Code of
PHB

Telephone Number

Code

Facsimile Number

Code

SECTION H: DETAILS OF LENDER FOR CREDIT-LINKED APPLICATION****

Name:

Postal Address:

Approval Code of
PHB

Telephone Number

Code

Facsimile Number

Code

SECTION I: DETAILS OF CONTRACTOR/BUILDER***

Name:

Postal Address:

National Home
Builders Registration
Council's Registration
Number:

Telephone Number

Code

Facsimile Number

Code

SECTION J: DETAILS OF SUPPORT ORGANISATION (To be completed i.r.o. People's Housing Process)**

Name:

Physical Address of Service:

Telephone Number

Code

Facsimile Number

Code

AFFIDAVIT BY APPLICANT & SPOUSE/PARTNER *

APPLICANT

I, the undersigned applicant, do hereby solemnly / under oath* declare:

1. That all the information contained on this application form is true and correct and that all material facts have been disclosed therein.
2. That neither I nor my 'Spouse' (as defined in Section A of this form)
 - now owns or has ever previously owned any residential property in full ownership, leasehold or deed of grant;
 - has never purchased a State-subsidised residential property of which transfer has not yet been taken;
 - has previously received financial assistance from the Government of the Republic of South Africa or Independent Development Trust or the former Self Governing Territories or TBVC States or any other State financed subsidies in order to acquire a residential property; and
 - that my estate has not, at the date of this application, been sequestrated or made insolvent.
3. That the information supplied with regard to dependants, is correct.
4. That all details given in this application form with regard to myself, my income and employment status are true and correct.

I, further acknowledge:

5. That should the property which I am to acquire not have been transferred to me within three months after the date on which the Provincial Housing Board has made the subsidy amount available to me, or the Support Organisation fails to comply with any of its obligations in terms of the Agreement, the Housing Board shall, at its discretion, be entitled to withdraw the subsidy.
6. That I am aware that if any information supplied by me in this application is incorrect or fraudulent, the Provincial Housing Board may take appropriate legal action against me and may also institute a criminal prosecution.

.....
SIGNATURE OF APPLICANT

SPOUSE/PARTNER*

I, the undersigned spouse/partner* solemnly/under oath declare that:

1. I am married to the applicant.* / I habitually cohabit with the applicant as if we are husband and wife.*
2. All details given in this application form including details of myself, my income and employment status are true and correct.
3. I am aware that I could be prosecuted if any of the details given in this application form are incorrect or fraudulent.

.....
SIGNATURE SPOUSE/PARTNER*

COMMISSIONER OF OATH

I CERTIFY that the Deponent's have/has acknowledged that he/she/they* know and understand the contents of their affidavit's, which was/were signed and sworn to/affirmed* before me at
on this day of of the year

OFFICIAL DATED STAMP

Full names and Surname:

.....

Identity Number

Capacity:

Postal Address:

Area:

.....
SIGNATURE OF COMMISSIONER
OF OATH