

Consolidation Development Examples – SAHPF

For Department of Housing Best Practise Database

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Note: names of stakeholders are highlighted in **bold** in the text.

Overview

Approximately 85% of the SAHPF's 11 000 houses have been built on consolidation sites, i.e. serviced plots with confirmed tenure. This is understandable given (i) the number of such sites delivered under the 'IDT' scheme of the late 80s/early 90s, (ii) the relative ease of obtaining consolidation subsidies, and (iii) the fact that fewer stakeholders are involved than in the case of greenfield developments.

This document looks at consolidation activities in three provinces: North West, Western Cape, and kwaZulu-Natal. For background, please refer to the other documents submitted.

Name	Place	Start Date ¹	Houses	Average Size	Subsidies Received	Subsidies/Loans
Khayelitsha/Macassar	Cape Town	1996	1121	56 m ²	755	67%
Oukasie	Brits, NW	1996	60	60 m ²	17	28%

Nature of Housing Constructed

Local Federation groups drive the consolidation initiatives discussed in this document, with technical support from People's Dialogue. The size and type of housing is broadly similar, employing cement-block construction with minimal finishes in the first instance, these being added incrementally by the residents. Because the Federation's emphasis is on self-action by local communities, People's Dialogue has limited influence over the specific details of the housing. Nevertheless, many useful and value-adding features have been incorporated into Federation houses, subject to affordability and the preferences of the households concerned.

Khayelitsha/Macassar

Federation organisation in Khayelitsha began in 1991 as an offshoot of the Victoria Mxenge process. Many households who already had serviced sites – particularly in Macassar – were keen to join the Federation once it became clear that it had a good chance of attracting development resources. However, **Utshani Fund** bridge financing for these households had to wait until the Fund had acquired sufficient equity, and there was a reasonable prospect of working with the housing authorities in the Western Cape. These factors fell into place in 1996 when the national Department of Housing made a grant of R10 million to Utshani Fund, and the Provincial Administration of the Western Cape (PAWC) recognised Utshani Fund as an authorised financial institution for the purposes of subsidy administration.

The main *internal* developmental challenges of this initial period were similar to those discussed in the submission in Victoria Mxenge. However, several additional factors emerged as a result of the consolidation nature of the developments.

- Firstly, establishing a suitable relationship between beneficiary members, the Federation, and People's Dialogue was complicated by the fact that households were scattered across a large area rather than living close together. This meant that households had to make an additional effort to participate in Federation activities, although this had also been the case at VMX until households had moved onto the land.
- Secondly, because these households had already acquired plots and had been living on them for some time, they had to build around their existing structures. This involved some innovative work with the Federation and **Shawn Cuff**, People's Dialogues' consulting architect.

¹ Of construction; Federation organisation generally began in 1991-2.

- Thirdly, many these households had acquired some stability and possessions during their time on their sites. This meant that some of them were relatively better off than landless Federation households. However, it also meant that many of them were in debt (e.g. to furniture stores). The first factor tended to make such households relatively less committed to basic Federation practises such as daily saving, whilst the second meant that they were more likely to have repayment problems.

The key *external* development challenges in Khayelitsha were as follows:

- Firstly, Utshani Fund had to negotiate an arrangement with the **Western Cape Housing Board** to allow it to act as a conduit for subsidies to Federation members. Such an arrangement had been envisaged in the agreements reached between Utshani Fund and the **national Department of Housing and National Housing Board**, but these were subject to provincial ratification. Fortunately, the Western Cape PHB was generally supportive and gave its approval in principle in 1996.
- Secondly, Utshani Fund had to negotiate a relationship with the **Western Cape Department of Housing** about the details of Federation subsidy applications, submissions, approvals, and disbursements. This was much more complicated than PHB approval, since Utshani Fund and the Federation had to adapt to bureaucratic systems that had been developed for developer-driven projects.
- Thirdly, the Federation had to satisfy the **Cape Town city council building inspection directorate** requirements for building plans. This was a steep learning curve for both sides, since the Federation had to develop capacity to draw up such plans and the council had to
- Fourthly, building materials manufacturing and supply had to be organised. Although there was some manufacturing by Federation members, since so many households were employed, it was difficult to keep up with demand, so bulk purchasing agreements were established with various suppliers.



Figure 1: Federation Builders in Khayelitsha, Western Cape

During 1997-2001, hundreds of Federation houses were built annually in Khayelitsha. This process has been generally smooth, although as noted above repayment rates for Utshani bridging loans have not been as good as hoped. This is due in large part to the slowness of subsidy release by the Western Cape DOH (approximately 1/3 of subsidies have yet to be released). As noted above, some Federation households in Khayelitsha have additional financial obligations, and when subsidies are not released quickly, they tend to treat Utshani repayments as a 'soft option'.

Quantitatively, Khayelitsha is definitely the most successful consolidation development in the Federation. The factors contributing to this include the support of the PHB, strong Federation organisation in Cape Town, and the keenness of Federation households to build for themselves on pre-owned sites.

Oukasie

The township of Oukasie outside Brits in North-West Province has a famous history as a site of resistance to forced evictions under apartheid. The community successfully resisted evictions throughout the 1980s, and many of the structures and capacities built up during this period, both individual and collective, were carried over into the Federation.

Federation activity in Oukasie began in 1991, after some local community members participated in an exchange programme to India. Like Khayelitsha, Oukasie had been partially developed under the old IDT system, and most Federation members lived on serviced sites. However, both the Brits Transitional Local Council (TLC) and its successor the Madibeng Town Council have been slow to formalise title for these plots, and as a result, only 18% of Federation households who have built houses have received subsidies to date.

Internal development challenges in Oukasie were broadly similar to those in Khayelitsha, although the small size of the community and the degree of existing organisation meant that Federation organisation and solidarity was relatively easier to achieve. Also, the Federation was able to establish a support centre close to the building households, on space donated by the Catholic Church. This was used to make building materials such as cement blocks, and to construct a model house used as an administrative office and training centre.

As in the Western Cape, the main external challenge was to acquire financing. Utshani Fund was able to provide bridging loans from 1996, but the **North-West Province PHB** was not as supportive as its Western Cape counterpart. The PHB did not approve the Utshani Fund Agreement (see above) until very recently, and subsidy applications had to be treated individually (this accounts for the small number of houses built). The provincial Department of Housing was also much weaker than in the Western Cape.

Besides financing, the other big challenges have been land tenure and engineering approval. Both issues fall within the competence of the **Brits/Madibeng town council**. As noted above, the Brits TLC had failed to issue erf numbers and titles to Oukasie households and many are still outstanding, delaying subsidy approval. An even more serious problem is the council's insistence on engineering certificates for Federation houses, despite the fact that this is neither supported by the National Housing Code nor by provincial regulations. Both issues are subject to current negotiations, but illustrate the serious obstacles people's housing process-type initiatives face at local authority level. Without its membership in the larger Federation and the support of People's Dialogue, it is unlikely that the Oukasie households would have succeeded as they have.



Figure 2: Federation House in Oukasie



Figure 3: Nelson Mandela Visits Oukasie