SESSION 5

Social Housing and Finance

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Anthea Houston is the CEO of Communicare. She is renowned in the housing sector as an advocate for housing rights and sustainable urban development. Between 2000 and 2009 she was CEO for the Development Action Group (DAG), a leading South African non-profit organisation focusing on low-income housing and urban development. She developed an understanding of the East and Southern African regions through undertaking field studies whilst conducting research on housing and housing microfinance in East and Southern Africa. She currently serves as a Director of the National Housing Finance Corporation (NHFC), a development-finance institution of the South African Government. She has also served on advisory panels and reference groups for three former Ministers of Local Government and Housing in the Western Cape. She has a Postgraduate Diploma in Management (Organisation and Management) from the University of Cape Town and is completing an MBA at its Graduate School of Business. In respect of her global profile, Ms Houston is a Fellow of the African Leadership Initiative and a member of the Aspen Global Leadership Network – both Aspen Institute programmes. She has contributed to the development of various housing policy documents and has regularly commented on housing issues in the South African media. She is passionate about social justice, community participation and the civil society sector, where she has chosen to work to strengthen value-based leadership in South Africa.

Communicare is the oldest social housing non-profit company in South Africa. It is based in Cape Town. Its core business is the provision of affordable rental accommodation in well-located areas. Its stock holding amounts to 3,600 rental units.[1]

1 https://communicare.co.za/

The session was moderated by **Phillip Lühl**, Lecturer, Department of Architecture and Spatial Planning, NUST

Editorial note: All images are sourced from Ms. Houston's presentation and are property of Communicare.

Introduction

Just imagine that you could go into the leafiest, most privileged suburb in Namibia and you could find people of all income groups living there harmoniously. On Saturday we visited an area called Wanaheda, where a little bit of that is sort of happening, but we all know it is not the most privileged neighbourhood. However, just imagine you could achieve that more and more. I do not know how you will do it. We are not managing to do it in South Africa, so I am certainly not here to give you any recipe. I am just here to share some of our imaginings and how that has played out in the institution I work with, and the challenges we had doing that. If this is something you want to imagine in your housing future and something you want to pursue, then hopefully there are some lessons from our experience that can help you. Maybe one day you can come and help us reimagine something we thought we'd figured out, but which we know now we are still struggling with. Welcome to the imaginary session!

5-1. Bothasig Gardens, Cape Town.

The power of change of social housing

This picture (Image 5-1) is an area called Bothasig, an Afrikaans suburb in the Western Cape [Province, South Africa] of mainly free-standing houses. It was a tiny complex for whites only that Communicare [has owned] since pre-1994, the time before change happened in our country. So, post-1994, we imagined that people of all colours and all income groups could live in Bothasig. We conceptualised and eventually implemented the Bothasig Gardens development, after a long, difficult, hard journey. So, the urban planners and architects amongst you will forgive me as you see we only managed to do two-storey buildings in the end. A lot of people worry when you talk about this kind of development. Are you going to build a slum? Is it going to be an eyesore? Is it going to devalue our surrounding properties? And are we going to be able to live together?

One of the lessons I am going to share has to do with this set of questions. This has to do with two things: the built form and the way you engage people. You can build housing that creates slums. Physically, you can do that for people of all incomes, it does not matter; you can always make something uninhabitable. I am not promoting two-storey buildings as the key to not achieving a slum effect; what I am saying is that, in this development, we had to negotiate – and we ended up with two storeys. This was not because of what was acceptable to the people who would live there, but what was acceptable to the people in the surrounding houses, the city council, the politicians, the ward councillor, and all those interests that needed to be mediated in the process.

The second thing in our engagement was about what you do when you provide people with social housing: do you put them somewhere and hope that life is going get better, or do you involve them in a way that enables their lives to get better for certain? This has been done all over the world: people are engaging social housing residents with success, and lives are getting better.

Property values are rising in this beautiful area of Bothasig Gardens. Before we built anything, we spent years talking, negotiating. In the year when the city council said "Yes" – but nothing had been built yet – there was a tiny dip in property values, about 1%. From the day the construction ended about 18 months later, property values have just been going up at the same rate in this area as elsewhere. Bothasig is a huge area, and I would dare to say that there has been no negative effect of having added social housing into the mix. If you challenge the myth that such projects are going to bring down property values, it is possible; but it is all about how you plan and how you implement [such projects].

Communicare and the Cape Town Context

Communicare is a non-profit organisation and a social enterprise. That means we are involved in both non-profit activities and activities that are profit-making. The surplus generated through commercial residential developments is reinvested in our social housing so that we are able to build beautiful vibrant spaces that people can live in, like the development I discussed above. We focus on the provision of affordable social housing for people with low and moderate incomes in the Western Cape, and we currently own and manage 3,375 rental units. All units are social housing. Only about ten of those units are now leased at market rates. The units are spread over 39 complexes.

The organisation was formed in the 1920s. We did a lot of questionable things pre-1994; but, for our sins, we have set ourselves a goal to develop 2,000 new social rental opportunities. We are thinking how we can do this at a much bigger scale. Communicare is one of the largest companies in this sector, with only two others in South Africa that are larger.

A little about the Cape Town housing context: South Africa has very high levels of inequality, and more so in Cape Town. You will find a 0.67 Gini coefficient is amongst the highest in the world at the moment.[2] Cape Town had around 3.7 million inhabitants in 2011,[3] so probably there are a few hundred thousand more by now because we have a growing population, like yours. Only 14% of our households earn over N$26,000 a month and live in formal accommodation, either rented or owned. Everybody else is in some kind of informal housing solution, be it in a backyard structure or in an informal settlement. They have to find their own way. Nearly half our city's population is in need of adequate housing as a result of this. Even those who have shelter, perhaps [even] decent shelter, still do not necessarily have a secure tenure arrangement, which leaves many people in fragile housing situations. A N$26,000 monthly income is when banks start talking to you, but we have around 50,000 households with incomes lower than that. A fair amount of people have an income of about N$3,200 [a month], including domestic workers, security guards and other low-level jobs. They are all stuck in informal living arrangements and they are not living for free. They are renting from some shacklord, slumlord or landlord – all these 'lords' that own properties. Currently in our country, formal rental accommodation only accounts for 40,000 households. A lot of those are privileged, middle-class households. We do not know how many people are renting informally.

2 For 2017, South Africa topped the list of most unequal countries in the world as measured by the Gini Index, while Namibia ranked second (http://data.worldbank.org/indicator/SI.POV.GINI, last accessed 14 August 2019).

3 See http://www.statssa.gov.za/?page_id=1021, last accessed 14 August 2019.

The other interesting thing about Cape Town is that our average house price, based on our Deeds Office data, is N$1.1 million. On the other hand, based on our census data, the average price that someone can afford for a house based on their income is N$360,000. This means that there is a huge gap between what we can afford and what is available in the market. So, even people earning decent salaries are struggling to find decent housing.

What we are trying to do in our organisation is to explore the parts of our property market that work well and use what these investments can generate for us to support the bottom end of the market, that part of our market that is still very informal. Our business model is like a Robin Hood policy: built into

what we do is a very big economic development programme for people in our social rental units – which I am not going to talk about because it is not the focus of our session today.

Image 5-2. Drommedaris, Cape Town.

Drommedaris is another development where we did some infill[4] in a previously whites-only development. We were able to add a good number of units there as well.

4 Rededication of urban land to another purpose than the one it had.

The concept of social housing in South Africa

If you look at social housing in the world, everywhere there is a different take on it. So, we need to be wary of the term as it does not have a universal meaning. In South Africa, social housing is the following: it is always rental or co-operative housing, [and] it is always at a scale that requires institutional management. For instance, we own 380 free-standing houses that we can rent out but that cannot be termed social housing in our policy context. Social housing is for a low-income target market, legislated for households with monthly incomes [of] between N$1,500 and 7,500, with a distinction between a primary and secondary market. The primary market is for incomes between N$1,500 [and] N$3,500; and the secondary for incomes between N$3 500 and N$7 500. I will tell you later about the problem with these definitions, [but] it was a distinction that our Government felt was important to make at the time of passing the legislation.

Our [country's] social housing policy also goes as far as stipulating who must deliver those services, [i.e.] accredited social housing institutions. So, we and others who own properties in this market can do so, but if you cannot tick all these boxes, then it is not social housing in South Africa.

It also has to be located in designated restructuring zones,[5] where we start to transform the spatial patterns of the apartheid city. No other housing programme in South Africa is doing [this] because it is not a funding requirement for them. And, finally, social housing is partly funded with public money.

All of this is regulated by the Social Housing Act,[6] which established a Social Housing Regulatory Authority. For the Government colleagues in the

5 These are among the instruments pursuing economic, social and racial integration in South African cities (http://shra.org.za/resource-centre/shf-archives/90-urban-development-zones, last accessed 2 August 2019).

6 Act No. 16 of 2008 (https://www.gov.za/sites/default/files/gcis_document/201409/315771199.pdf, last accessed 2 August 2019).

audience, if you decide to establish a regulatory authority, you must look at ours to see what you must not do. Even Government itself will tell you that they learned some really hard lessons. However, social housing has two strategic advantages in the South African context. [Firstly,] land in Bothasig is very expensive – as is land anywhere that is not owned by the City or the Government anymore. High-density housing is more expensive than low-density housing in terms of the initial capital investment. But once you factor in the cost of providing services to locations that are far away and consist of free-standing houses, medium-density [housing] starts to make more sense.

The second advantage is because it is a rental option, which [focuses] on the realities of rapid urbanisation where a lot of people are coming into our cities who do not necessarily want to buy. Some people might be moving around; for others perhaps, home is somewhere else. So, rental becomes an option in an urban context where it might not be an option elsewhere. There is a perception that renting is not acceptable to African people, but many are renting backyard types of shacks or renting a room somewhere.

Social housing is, thus, a response to the inflationary, exclusionary and stubborn nature of the housing property market. That is important because our other housing programmes struggle to counter the system where land values and building costs are climbing, because all other housing delivery models are grant-driven. From that point of view, and despite a lot of challenges, social housing is able to navigate those obstacles and deliver something to the poor.

Our Government puts up about 60–70% of the money that it would actually cost to do a decent housing development. They give us two grants. One is called an institutional subsidy, which is a once-off capital grant that goes to the accredited social housing institution – not to the beneficiary households.[7] Because Government is concerned with who will rent, social housing companies have to prove that they accommodate the right target market. This is not a subsidy that is being counted against the individual tenant; so, tenants can continue to be eligible for other kinds of free housing that our Government makes available. Government just keeps track that we are not servicing the wrong market. The institutional grant is usually between N$125,000 and N$170,000 per unit, depending on its size.

Then there is a *restructuring grant*,[8] which is N$125,000 per unit, once-off, and which can be higher if you manage to get up to 30% of people from the primary market in the complex. There is a huge challenge with this stipulation because our Government passed this legislation in 2008 and we are now in 2017. In the way the legislation was written, the income brackets were not allowed to change with inflation and rising incomes. So, in practice, both the value of the grant and the income brackets of the target group have not moved since 2008. Back then, someone who earned between N$1,500 and N$3,500 might have been a domestic worker or a security guard. Today, domestic workers are earning more than that. It is so far below what is regarded as an acceptable

7 http://www.shra.org.za/investment/capital-investment, last accessed 2 August 2019.

8 (ibid.).

minimum wage that it is hard to find someone in secure employment who is earning [only] N$1,500 [a month] to sign a lease, and it is irresponsible to sign a lease with someone who is not in secure employment. In fact, it is illegal to do that, based on our [National] Credit Act[9] and the Consumer Protection Act.[10] Obviously, someone who earned N$1,500 in 2008 is earning way more in 2017; so, if our regulator were to audit and find that this person is [was] now outside the target income group, we would be breaking the law.

The other 30–40% of funding has to be raised by the institution itself through debt funding or equity. However, there are very few organisations that are able to do that because it is quite a cash-demanding activity to be delivering social housing.

The Regulations of the [Social Housing] Act specify how social housing must perform. They stipulate things such as that the rental amount cannot exceed 30% of income so [that] landlords do not exploit people. The problem is that, because income brackets are not allowed to adjust with inflation, the real market costs of servicing, cleaning, gardening and so on are actually rising. The [social housing] institutions are responsible [for maintaining] the housing, and there is a tribunal where people can take you to if maintenance is not done. At the same time, the [Regulations say] that developments must be financially viable. So, we are in a Catch-22 situation. All of these are very good intentions and, for the Government officials present there today, we need to carefully think through such policies. This exercise does not have to be self-defeating: there are many places in the world where regulations work well; in South Africa they are just not working well right now.

If a tenant leaves or dies, you must find another tenant who earns N$1,500 to N$3,500. While this is good in principle – as it is the income group that you are trying to help, what this does is for your property to go from financially viable to unviable overnight, while you [still] have to keep it well maintained. This is why we are active on the other side of the property market: [it] allows us to cross-subsidise. Other countries have operating grants in addition to capital grants in order to ensure they can keep servicing the target market at the bottom.

If it is desirable for you to explore social rental housing in Namibia, you have to be prepared to invest in it continuously. This is desirable where the intention is to help a lot of people initially. And regulate this, so that other people do not displace them all the time. However, you will have to allow for some inflationary-linked increases if you are not prepared to put a lot of operating money into the equation. In order to encourage funding affordable housing, the South African Government established the National Housing Finance Corporation.[11] They provided affordable finance to social housing institutions in [the] early days, but they made a big mistake: they gave too many soft loans – to the point where they themselves became unsustainable and could no longer provide loans. Nowadays, social housing is rarely done with their involvement.

9 No. 34 of 2005 (http://www.justice.gov.za/mc/vnbp/act2005-034.pdf, last accessed 2 August 2019).

10 No. 68 of 2008 https://www.gov.za/sites/default/files/gcis_document/201409/321864670.pdf, last accessed 2 August 2019).

11 https://www.nhfc.co.za/, last accessed 31 July 2019.

Something that is helping us at the moment to continue to deliver social housing is being able to acquire land below market cost or at no cost at all from Government. In the beginning, our Government was not prepared to do that; but now, as social housing development is stagnating, they realise that they need to get involved a little more. Of course, it would make much more sense to change the Regulations, but somehow that is not happening. However, land is availed, which is good because it is very expensive. In South Africa, we also have so-called development charges:[12] if you develop something, you not only pay for your connection to bulk infrastructure, like here in Namibia, but you will [also] have to contribute to every infrastructure development the Government is [implementing] or has [implemented] around your locality. In our view, these charges are very [low] compared with [charges in] other parts of the world. This is good, because Government recoups money from the market. For example, if you are proposing a residential development and a road needs to be built to support that development, the Government would split up the cost of that road. They will take their share and developers take the rest. In some countries, governments charge infrastructure costs even where the infrastructure was built 50 years ago – and then translate the charges in[to] today's costs. Unfortunately, the South African Government was charging social housing institutions development charges for the development of social housing that they themselves were funding through Government grants. More recently, there is some flexibility on reducing development charges. What I am suggesting is that giving State money and taking it back at the same time makes the process unsustainable.

12 Graham, N., & Berrisford, S. (2015). Development charges in South Africa: Current thinking and areas of contestation. Presented at the 79th IMESA Conference. Changing the face of the municipal engineer, Cape Town. Retrieved from https://www.imesa.org.za/wp-content/uploads/2015/11/Paper-1-Development-charges-in-South-Africa-Current-thinking-and-areas-of-contestation-Nick-Graham.pdf

Another aspect that made our social housing possible are guarantees. The Dutch Association of Social Housing Institutions[13] has set up a guarantee fund to encourage and facilitate social housing development in other parts of the world, so that social housing developers can borrow at more favourable rates. If the cost of finance is too high, it kills the whole project before you get started. Guarantees are powerful because, now, you can promise the bank that, if you default, the guarantee fund will settle the debt. There are governments in the world that issue guarantees on behalf of institutions so that they can borrow from the banks.

13 Aedes. (2018). Dutch Social Housing in a Nutshell. Retrieved from https://aedescms.getbynder.com/media/?mediaId=0A645A73-1A6F-4970-83F2CBF84A1E4136

I have mentioned that, for social housing to exist, there need to be accredited institutions. In South Africa, these institutions can be non-profit organisations, co-operatives, municipalities, government entities, etc. Our [Social Housing] Act stipulates that social housing is either rental or co-operative housing. Co-ops are different from rental housing because everyone that lives in a co-op has an equal stake in the ownership: it is a communal form of ownership. Co-ops have been a popular way of delivering social housing in many countries around the world, such as Canada, Kenya, Norway and Holland. However, we found that, in South Africa, although we use co-ops in agriculture such as the *boere kooperasie*,[14] and although people know communal land ownership in a tribal context, the co-operative model has not yet translated into a housing model. Some of the best NGOs with the best training and capacity-building

14 Afrikaans, "farmers' cooperative".

have tried it, but inhabitants still considered the [NGO] committee as 'the landlord'. In many cases, when the committee failed to perform some of the functions, some stopped paying in the same way that they would do to a landlord. That is why many co-ops in the social housing context in South Africa were not successful. Although there are those that are really successful, they are exceptions and we do not know why they work better than the others. We tried co-ops because there was support from Canada, the Netherlands and Norway. They sent experts, they did the financial model, but we found that they were just replicating their models here, which was not the most appropriate for our context, as I explained before. So, you need to be careful with this.

Most of the social housing institutions in South Africa are non-profit organisations, with a few private companies and a small number of Government entities. We also found that private companies – compared to the non-profits involved in social housing – were not really invested in the tenant engagement aspect [or] social development. Only time will tell us what the consequences will be, because there is a social price to pay down the line where people are disengaged. When you put people in an environment that is alien to them, they may not necessarily feel welcome, and one needs to provide the tools to help people navigate through that. You need to nurture the community for it to transform into something stable.

Discussion

Sheela Patel mentioned that the concept of social housing had been exported aggressively from Europe. It basically preached State provision of housing; but, in the contexts of South Africa or India, this only worked for a very small amount of people. She noted that this was in part due to the way that the economics of it were worked out, which, in European contexts, could assume a relatively fair wage. In South Africa, however, she explained that the Europeans would encourage housing activists to start up construction companies, but this did not work well. She clarified that, ever since she had been working with social movements in the informal sector, she had refused to engage in social housing projects because they did not apply to shack dwellers. She referred to a successful mixed-income development she had experienced in Surabaya, Indonesia, where traditional villages eventually became slums (kampongs) where new urban development had begun catching up with rural areas. The government's intervention was to allow the houses to remain as they were, but they improved the infrastructure in the neighbourhood. This enabled the rich and the poor to remain next to each other and to service each other.

Ms Houston agreed that one should be careful of simply importing models; it was better to figure out adequate solutions from within. She noted that, in South Africa, there was a 'second generation' of social housing, where mixed-income developments were becoming more widely accepted. She favoured these not only for financial cross-subsidisation, but also for what she termed their "social sustainability". She also noted that social housing had performed well from the rental point of view. Speaking from her own experience, the success rate in respect of rent collections was above 95% and vacancies were below 2%. She attributed this to the undersupply of housing: people made sure they were good tenants and made an extra effort to pay rent because they knew that finding new accommodation would be a challenge.

Mahongora Kavihuha, a trade unionist, made clear that they rejected PPPs as they did not emphasise the communities, but were rather a matter between Government and the private sector. He rejected the commodification of social programmes, stating that capitalist propositions were not compatible with the provision of social programmes. He noted that cooperatives, as a recourse, were not often employed in Namibia due to the tendency to promote business issues above social ones. He asked what level of government in South Africa – national, provincial or municipal – oversaw social housing. He also asked which of the two – Cape Town or the Western Cape Province – was the more active in terms of social housing.

Ms Houston responded that National Government decided on national housing programmes such as social housing. Money flowed from there through Provincial and Municipal Government levels. The Provincial Government oversaw administration of the housing budget. She reiterated that Communicare was one of the three largest institutions providing social housing. Communicare was based in Cape Town, but the other two were in Johannesburg. She noted that the Government in South Africa supported a free-market economy, so there was a reluctance of interventionist programmes that might affect housing markets.

Phillip Lühl noted that Namibia was also reluctant to entertain interventionist measures. He illustrated this by referring to the common concern that such measures would affect property prices. He explained that this barrier to creating mixed-income neighbourhoods arose out of a fear that prices for higher-income units or for other properties in the surrounding areas would be affected. However, he cautioned that property prices could not be given top priority when discussing housing options.

Ms Houston replied that, in South Africa, there had been a conversation about a 'living wage' of about N$8,000 per month. She noted that various institutions tracked how income and inflation affected the cost of living. For example, she explained how an income of N$3,500 in 2008 would need to be almost N$14,000 in 2017 to be able to have the same value. She also acknowledged that most people in South Africa did not earn that much, so that was another conversation, namely what constituted an acceptable amount of rent for this lower-income sector.

Uazuva Kaumbi from the National Housing Enterprise (NHE) stated that it was important to note that social housing was mostly of a rental nature. He asked whether there were examples of rent-to-own in South Africa, and whether tax incentives existed for social housing developers there.

Ms Houston responded that certain tax benefits existed for social housing developers. She also said she was aware of rent-to-own options in countries such as the US, but they were not available in the South African social housing sector. She noted that the bottom of the middle-income group could in principle afford the monthly instalments of a mortgage, but the challenge then became the down payment. To overcome this barrier, the South African Government had developed a subsidy mechanism. The challenge then become the supply of housing in that bracket, she said.

Mr Charl-Thom Bayer, Head of the Department of Land and Property Sciences at NUST, asked where the South African Government got its funds for housing. He also referred to social housing programmes in Denmark which were not necessarily focused on 'the poor' but on students, young professionals, couples with no children, or those who were downsizing. He also enquired whether the South African property gains tax was useful in controlling inflation in property prices.

Ms Houston responded that, although South Africa had a property gains tax, it did not prevent price escalations. However, she explained, it allowed the Government to capture some of the value and then redistribute that to lower-income sectors. She also mentioned that the South African Government did not ringfence portions of fiscal revenue for housing, but that funds were sourced from the national budget. Just after South Africa's democratisation in 1994, there were some international grants via bilateral agreements with other countries, but those had now ended. She also noted that the Government was decreasing its funding for housing. She therefore suggested to the Namibian members of the audience that, if a new housing programme was on the cards, special attention should be paid to how it could be sustained over the decades to come. To illustrate, she referred to a discussion in South Africa regarding the designation of certain areas for value added tax ; however, such additional taxes had not yet been used to develop housing.

Ms Patel cautioned against a phenomenon that she had witnessed in India and elsewhere, namely implementing legislation that was very progressive in principle, but, due to a situation of high inequality, the better-offs instead of the lowest-income groups benefited from it.

John Nakuta, a human rights legal expert from the University of Namibia, mentioned that there were two reasons why the discussion on social housing in Namibia was not taking place. The first was due to the pre-Independence legacy of housing migrant labourers in compounds that were known for their poor living conditions. Having had this temporary accommodation as a backdrop created a particular bias in favour of home ownership rather than rental. The second reason was the ignorance that prevailed with regard to social housing. Since South Africa shared a similar history in both these respects, Mr Nakuta asked how social housing had become more widely accepted there.

Ms Houston replied that, in her country, the stigma of renting was less prevalent. Even before South Africa became a democratic state in 1994, there had been vibrant rental markets. She added that some of the decision-makers, when they were only young public servants, lived in rentals and knew the benefits of that model. She agreed that the memory of land dispossession during the apartheid regime had encouraged a bias for home ownership. However, she pointed out that shifting away from that mindset might take generations.

A MURD employee explained that the idea of social housing was not generally supported by the Namibian Government. Despite the challenge of land availability and certain shortcomings with respect to PPPs, he encouraged everyone to see the virtues of Government-supported housing developments. He suggested considering cross-subsidisation from the wealthier to the lower-income groups as a possibility. He referred to existing initiatives where the private sector (banks, construction companies, etc.) had partnered with the SDFN and local authorities to provide affordable housing. He also mentioned how some mines had met the challenge of providing housing for their employees. He asked Ms Houston to expand on the cross-subsidisation that took place through Communicare's schemes.

Ms Houston replied that the organisation cross-subsidised across their property portfolio. However, she stressed that current legislation restricted social housing to those earning between N$1,500 and N$7,500 a month. Nonetheless, she acknowledged that undertaking an entirely new development focusing on such incomes alone would be unfeasible. She noted how making provision for some commercial housing units in a social housing development made such new developments more viable. In South Africa, there was no formal objective of determining what a high-income earner should be paid, but she admitted that those who earned incomes at the top of the scale had several options open to them, making their interest in social housing units rather unlikely. Her team, however, had identified that their units could also be attractive to those earning between N$7,000 and N$25,000 a month.

Mr Kaumbi asked how the cross-subsidies were determined.

Ms Houston replied that, for higher incomes, Communicare tried to offer units for rent that would be comparable to those in the free market. In this way, instead of the rent being captured by a private landlord, her company employed the surpluses to cross-subsidise lower-income units. She acknowledged that, among those who paid the least in rent, people still complained about how

expensive rents were. Nonetheless, for the services and units offered, they represented the cheapest available in the market, to her knowledge.

An unidentified contributor asked how rent was collected, whether Communicare developments were mixed-use (e.g. shops, workshops), and what sort of amenities such as playgrounds their developments offered.

Ms Houston clarified that, when she took over the company, it was not run in a very efficient way. Accordingly, a lot of effort was made to improve operations so that the company could recover its good standing with financial institutions. She explained that Communicare had a team of 28 people in the property management section. This team was responsible for managing the properties, i.e. signing new leases, collecting rent, resolving conflict, etc. For example, a team of six undertook development initiatives with the tenants. Ms Houston stressed the relevance of these social initiatives to keep togetherness and resolve tensions, which is important because considerable common space is shared by all tenants. She also noted that Communicare monitored economic mobility, particularly if a household improved its economic position. A three-person team focused solely on rental collection, which showed how important it was for the company to liaise personally with tenants. She described how some tenants made deposits and then sent them proof of payment, while others preferring paying by debit order. However, to her, the method of payment or the monitoring was not as much of a key to success as person-to-person engagement was, because of the latter approach's psychological value. She added that another team focused solely on new developments, whereas other social housing bodies usually outsourced this function. As a final point, she noted that Communicare tried to source grants to finance additional benefits to their developments such as trees or playgrounds. She acknowledged that, although some of their developments included small shops, more needed to be done in this respect. She mentioned a new housing development that would include a market.

Mr Bayer noted that, although watching the property market was important, housing was also a human right and complete commodification of housing should not occur at the expense of other aspects. He referred to some calculations he had made using public sector salaries as a reference to see what was affordable in the Namibian market. His results showed that, today, only high-level civil servants such as Directors were able to afford a mortgage for a home at the median house price. He cautioned that salaries were not keeping up with inflation and rising house prices, and that, for many in Namibia, salaries were negligible when it came to owning property. He explained that, in other countries, private developers were compelled to include social housing within a new development. Such regulations allowed many who lived in peripheral areas but worked in centrally located ones to save on transport costs, for example. He asked Ms Houston whether similar regulations existed in South Africa.

Ms Houston responded that she was aware of this mechanism in other parts of the world, but that it was only practised at a small scale in South Africa. She stated that such conditions were negotiated at the municipal level when a developer requested approval for a new housing scheme. In some cases, they requested special exemptions or allowances, which offered the municipality some leverage to press for the inclusion of social housing units. This mechanism could also be used to compel private developers to include social services such as public schools or clinics. She mentioned a recent move by the City of Cape Town to make centrally located plots available for mixed-income developments with the proviso to accommodate lower-income groups as well; this corresponded with the approach taken by the social housing sector for such groups.

A MURD employee asked to what extent the land costs such as rates and taxes influenced their developments and how social housing companies received accreditation.

Ms Houston replied that land costs were required for the municipality to recover their costs of servicing and maintaining the property. However, such costs could be recouped from other developments such as shopping centres or office blocks instead. She noted that the accreditation process in South Africa was quite rigorous. Although accreditation took place on a yearly basis, they were now in talks to make the accreditation validity period five or eight years. When applying for accreditation, a company had to have a good governance structure, had to demonstrate their capacity to deliver social housing, and had to submit business plans. Accrediting bodies could also inspect an applicant's offices and audit their financial reports.

Mr Kavihuha remarked that what was needed, in his view, was ownership. He noted that the problem in Namibia was not a lack of land but its inequitable distribution. He regretted the fact that PPPs did not include partnerships with workers or social groups. He also affirmed that trade unions were not considered stakeholders in Government consultations. Noting that land servicing had been commodified, he referred to the time around independence when local government still used to undertake some servicing functions, but that these had since been outsourced on tender to the private sector. He stressed that union membership was not only composed of working people but also of the working poor, namely those who were earning a wage that was nevertheless not sufficient to get by. He also pointed out that the union's approach to informal workers, which was to 'formalise the informal'.

Hilia Hitula, a town planner at the Walvis Bay Municipality, remarked that it was not easy to draw much from private developers through PPPs, as the private sector also sought a profit margin before investing their time in such ventures. She believed that a cultural change was required in order to recognise what ownership meant in Namibia. She explained that the idea of everyone owning a piece of land required property management processes.

She also encouraged the Forum to come up with Namibia's own definition for social housing. She mentioned an example in Walvis Bay where the Municipality had tried to cross-subsidise the servicing of plots for the SDFN from the sale of industrial land. However, the challenge then became one of allocation.

Ms Houston that some institutions in South Africa kept waiting lists, but that these were generally ineffective because the circumstances of those registered changed as tiem passed. Her company stopped keeping waiting lists for this reason, and instead found a way of communicating when units became available, e.g. through notices at workplaces around the area where the development was located, via local newspapers or the Internet. When an applicant came to them, there were forms that needed to be filled out and supporting documentation that was required. The applicant was then screened and a credit assessment was made. Ms Houston explained that a poor credit assessment did not mean that the person would automatically be disqualified, as there were other factors in place to evaluate the applicant. However, if a person was already heavily indebted, the social housing monthly payments would only make their circumstances worse.

Mr Lühl asked how inclusion in social housing takes place.

Ms Houston responded that South Africa's legislative process entailed consultation, although in many instances this was not genuine participation. She noted how many in South Africa were not organised in terms of a social group or association, and that it could not be said that all the voices had been included when policies regarding housing were reviewed.