



DA

ONE NATION. ONE FUTURE

Building Firm Foundations

The DA's Housing Policy
for South Africa

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INTRODUCTION

In an **Open, Opportunity Society for All**, every citizen should have the opportunity to enjoy the benefits of a home, in the way that he or she feels is best able to meet her particular needs.

The state has a critical role to play in working to create such an environment. In a country where so many citizens are desperately poor, only a fraction of the population can hope to enjoy these benefits without assistance. The state must do its best to help those who cannot do so on their own.

However, more than seven million people live precariously in shacks or derelict buildings or on the streets, and the government's efforts have done little to make a dent in this.

The tragedy of Irene Grootboom, who died in early 2008 while still living in a shack, despite having taken the state to court and won over its failure to provide adequate housing, points to the many failings of this programme.

There are various reasons for this. Firstly, the model of housing delivery chosen is neither practical nor affordable in South Africa's circumstances. As a result, it has delivered an often sub-standard, often unsuitable product to only a small number of those in need, with little focus on people's actual needs.

The obligation the state has placed on itself to deliver as many formal houses as fast as possible, in the face of vastly inadequate resources, has resulted in project failures such as the N2 Gateway – which involved the shifting of many thousands of shack dwellers to make room for homes affordable only to middle-income earners.

This approach has also grossly discouraged individuals, CBOs, NGOs and the private sector from contributing their initiative, energy and resources to providing housing for the poor. It has engendered a culture of entitlement while often simply creating new slums.

DA housing policy aims to address the need for adequate shelter by putting in people's hands the tools, knowledge and resources they need to take care of their own needs and meet their own priorities, with the assistance rather than the instruction of the state.

Our objective is to empower people and communities to make key decisions on housing for themselves, with the state providing financing and back-up support for the very poor.

This approach will not only maximise the use of state resources, but also turn recipients of state assistance into active agents of development rather than passive victims of fate and the state.

Providing adequate shelter is first and foremost an individual responsibility, assisted and supported by government where appropriate. Most people are quite able and willing to play their role, particularly if bureaucratic obstacles are removed.

Government must create an environment which energises the provision of housing and the development of sustainable and healthy communities, and which makes it possible for people to use housing as productively as possible, but which also allows people to come to their own conclusions and make their own decisions in their circumstances.

PART I: MEETING DIFFERENT HOUSING NEEDS

Introduction

Many different priorities, circumstances, and ambitions motivate peoples' decisions about where to live, whether to rent or to buy, what kind of home to live in and what sacrifices they are prepared to make to live there.

For those South Africans with incomes and a certain amount of financial freedom, these decisions are not always easy to make, but are certainly possible to make. For the poor, the decision is generally forced on them by their environment and circumstances.

In an **Open, Opportunity Society for All**, individuals should be free to make their decisions in accordance with their own needs and responsibilities. The DA will therefore seek to introduce a wide range of different housing arrangements for the poor.

1.1 Home Ownership

The desire to specifically own rather than rent a home drives many South Africans. Almost 70% of all formal dwellings are owned by their occupants, and 5.6 million black South Africans own their own home – despite the fact that denying home-ownership rights to blacks was a pillar of the apartheid state. The DA will focus on ensuring that ownership rights can be entrenched and expanded.

a. Entrenching property rights

The right to hold, use, enjoy, sell, let or mortgage property cannot be properly enjoyed unless this right is firmly entrenched in law. The potential for arbitrary expropriation of property, for example, leaves home-owners feeling insecure and vulnerable, and discourages others from seeking to own a home.

The DA aspires to a society in which everyone is able to enjoy the right to buy and sell property. We will therefore establish a secure system of property ownership and ensure that property rights and security of tenure are guaranteed within a sound and consistent legal framework.

b. Expanding property rights

To encourage wealth-creation on a national scale, it is necessary not only to protect the rights of existing property owners, but also to extend the benefits of ownership to as many people as possible.

Acquiring land and property is expensive and time-consuming, and therefore particularly difficult for buyers on low incomes. While many of these impediments are necessary to ensure the security of the process, various changes could be made to the property registration system to make property transactions quicker, simpler and cheaper, and therefore more user-friendly and accessible to more people.

A variety of steps will be taken to bring this about, including:

- The abolition of all tax on land transfers (including stamp duties and transfer duties) for first time buyers and sellers; and
- The introduction of simpler, cheaper forms of registration and definition of land boundaries.

1.2 Rental Housing

There are many people who cannot or do not want to own a home. Many move around a great deal in search of employment or move back and forth between rural and urban areas, for example.

There is currently far too little affordable rental accommodation available to meet the need. The quantity available is, moreover, decreasing, as the government increasingly seeks to run previously subsidised rental accommodation on a commercial basis, meaning that poor people face unaffordable rent increases or the prospect of having their homes sold.

The limited accommodation that is available is provided largely in housing units built and run by the various levels of government. This is an expensive, cumbersome and inefficient option. It also compels tenants to live in locations decided on by the municipality, which creates a “ghetto-isation effect” and reduces the mobility and range of choices of the tenants. It is important, therefore, to cater for a

range of requirements in the low-income housing market.

The DA will introduce a variety of measures to increase both the quantity and the variety of rental stock available to the poor. This will be done largely by encouraging the private sector to provide more rental accommodation.

a. Increasing Choice

(i) State-Subsidised Rental

The DA will provide for a range of different rental subsidy schemes, to make rental more widely available on a more flexible basis, with the objective of widening the range of choices available to the poor.

(ii) Low Interest Loans for rental stock

The DA will develop specialised reduced interest rate loans to encourage co-operatives or companies to build rental stock.

A requirement will be that borrower's charge rental affordable to the low income market, and tenants will be required to meet income requirements. The loans will also be available to rehabilitate existing low-cost rental units.

(iii) Rentable Rooms

The renting out of one room of a house by a family is an important driver of housing development in many developing countries.

New households entering the housing market for the first time live in one room, and rent out another. As they build up capital, they can either build more rooms or occupy the larger house themselves. This can add substantially to a family's income and improve their housing prospects considerably.

The DA will:

- Encourage housing designs incorporating a rentable room in new housing developments in both the public and the private sector.
- Introduce a 'soft' loan, to be repaid over a period of three years, for the construction of an additional room.

(iv) A Rental Housing Foundation

The DA will set up a foundation to act as a partner to potential new landlords to stimulate the conversion of existing properties into rental accommodation.

This body will raise and channel state subsidies, any available municipal council subsidies, bank bonds and investor funds into the joint purchase of suitable houses and other buildings, in conjunction with individuals who wouldn't necessarily have the means or the knowledge to do so themselves. The Foundation will co-own the property with the ultimate objective of being bought out by the landlord.

(v) Tax rebates for companies providing rental accommodation

The DA will investigate offering tax rebates to companies who make rental accommodation available to their employees and their families.

(vi) Legal Protection for Landlords

Uncertainty about their legal rights in cases of non-paying or otherwise problematic tenants makes potential landlords reluctant to enter the market.

Legislation on private sector rental must protect lessors, who must be permitted to evict tenants who don't pay or cause damage. At the same time tenants must be protected from arbitrary eviction by a clear set of rules which accurately and fairly balances the rights of lessors and lessees. The provincial Rental Housing Tribunals, whose job it is to mediate in disputes between tenants and landlords, currently provide little real assistance and need to be strengthened.

The shortage of housing has been exacerbated by an Appeal Court decision making it virtually impossible, in terms of the Prevention of Illegal Eviction From and Unlawful Occupation of Land Act, for the owner of a property to evict a non-paying tenant. The damage to the rental housing market is potentially enormous and the DA will amend this legislation to ensure that tenants can be evicted in terms of defined criteria and following due process.

1.3 Powering up the state housing subsidy

The state housing subsidy has helped enormously to expand the housing market for poor South Africans, and continues to offer millions of poor South Africans the possibility of owning or renting a formal home.

However, while over two million houses have been built, many of them have been plagued by problems. Corruption, corner-cutting, and poor monitoring of

contractors have left some of them uninhabitable. In October 2008 it was revealed that over 71 300 low-cost houses were in need of repairs or renovation.

Furthermore, a one size-fits-all approach has produced swathes of identical houses, often providing little better in terms of shelter, comfort and practicality than the shacks that the beneficiaries had previously occupied, and has turned many developments into inhospitable and crime-ridden areas.

At the same time, as basic as the product offered is, this housing construction programme simply cannot meet the need. More than 400 000 affordable houses would need to be built every year to eradicate informal settlements by 2014 – the Department of Housing’s target. Yet only half of this is being delivered.

The DA believes that the subsidy itself must continue. But it must be used more productively and in a way that more directly meets the needs of individual beneficiaries.

a. Prioritising needs

Given the depth of need, and the resources available, policies which only deliver formally constructed houses as the sole choice can never be the answer to South Africa’s housing backlog. This programme will only ever meet a fraction of the need, and the housing subsidy will never be able to go far enough to meet other important requirements that recipients might have, such as suitable location, reliable services and adequate community facilities.

Furthermore, the DA believes it is important that beneficiaries should not be treated as passive recipients of state assistance, but should be able to choose the needs that they want to prioritise, and choose a way of providing for these.

Formal housing is an important component of DA housing policy, but it will be one of a range of options available, not the only one. Rather than offering one lump sum subsidy, the DA will introduce three possible subsidy vouchers which will allow people to choose the alternative which most closely suits their personal circumstances.

The three voucher options will be:

- Site and service only (with legal tenure and assistance with building);

- Site and service followed by state-provided housing; or
- A rental subsidy.

The voucher will be available to everyone up to a maximum defined income level, on a sliding scale dependent on income. The many advantages of this change in approach include:

- Giving individuals the freedom to decide where they want to live and what type of house they want to live in.
- Helping to change often destructive community dynamics that can hamper a housing project. Individuals will not be held hostage by the demands of community leaders.
- It will give individuals a greater sense of ownership over their houses, as it will give them a greater say over what they receive.
- It will stimulate competition among contractors to build better quality houses to attract a new market of buyers.

The DA will introduce a new way of managing the process which will give families, communities, municipalities and developers a meaningful say in what houses are built, rented or improved, and where this happens.

Whatever option people choose to exercise, the DA will ensure that the emphasis of delivery changes from allocating sites at random to giving people a choice in where they want to live. Provided that a site is available, voucher recipients will be able to take their money to wherever they choose to live.

The emphasis will be on improving choice, increasing personal responsibility and tailoring services to better meet accommodation needs as they develop over the life of the individual.

Lists for beneficiaries of housing subsidies will be determined according to processes that are open and transparent, and lists will be publicly available.

In the DA-run City of Cape Town:

- Housing lists have been integrated. Prior to the creation of the unicity in 2001, Cape Town had been separated into 7 municipalities with 7 separate housing lists. In 2006, the DA-led administration integrated these 7 lists, as well as the list held by the province. This has allowed the

City to verify the validity of all claims, and created a strict (and fair) order for the allocation of housing, which had formerly been a haphazardly conducted affair.

- The City has also insisted on including backyard dwellers in housing projects – the City's policy is that length of time on the waiting list must be an important criterion for prioritising delivery.

(i) Site-and-Service

The site-and-service option will entitle recipients to a plot with basic services. Beneficiary households will have full legal title to their piece of land, and they will be free to erect their own dwelling on it.

Because the whole subsidy is devoted to the land and services, recipients will be able to obtain a bigger and/or more suitably located plot than they would otherwise have received.

There are other advantages to harnessing peoples' initiative and creativity to build their own houses:

- The state has neither the money nor the capacity to provide a suitable dwelling for everyone who needs one.
- Self-help approaches are often cheaper than a managed delivery process, because beneficiaries use their own labour, unconventional building materials and processes can be used, and building can proceed incrementally.
- Where the future owners of houses have participated directly in decisions, international precedent shows that people are more satisfied, and take more ownership of the result.

The state will be responsible for:

- Enforcing basic safety and health regulations in housing construction and urban planning. For example, local governments must ensure that there is space for emergency services and adequate firebreaks. However, setting unrealistically high standards not only makes housing more costly, but reduces peoples' choices and creativity. Norms and standards will therefore be the minimum to ensure health and safety.

- Implementing a programme of mobile training courses for recipients of site and service packages. The running of the courses will be tendered out to qualified trainers or engineers, with the emphasis on low-cost materials and energy-conserving building methods. They will cover subjects such as house orientation, building materials, construction technology, sanitation, electrification and maintenance.
- Researching and promoting the use of small-scale technologies such as hand-powered brick-making technologies.
- Encouraging the development of small-scale building contractors, by providing them with training in construction as well as business skills.

Over and above legal title over their land, subsidy beneficiaries will be entitled to sufficient services to allow them to live healthily and safely. These will include:

- Municipal facilities such as roads, potable water, sanitation, and appropriate public open spaces, such as informal markets and parks;
- Government-funded facilities such as schools and clinics.

(ii) In-Situ Upgrading

Housing developments, which often require temporary relocation of beneficiaries, can be incredibly disruptive to long established communities. In-situ upgrading represents a realistic and creative policy option that delivers serviced sites without too much disruption.

Identified areas would be de-densified to allow for the installation of basic services and the construction of roads. Thereafter, the demarcation and allocation of plots can proceed, and beneficiaries can take transfer of their new assets. Once this has been completed, the state can begin assisting with further development of the sites on an incremental basis

In-situ upgrading is often preferable to greenfields development because of the shortage of available and appropriate land, and therefore must form an important part of any holistic housing policy.

(iii) Formal Housing

Beneficiaries may decide that they are willing to sacrifice certain other benefits for a formal house.

Those who choose this option will be entitled to a serviced site with a housing voucher indicating the amount of money still remaining, after the acquisition of the site and services, for the construction of a house.

The state will initiate the provision of formally constructed units once specific targets have been reached for the provision of serviced plots. The state must guarantee to provide a house within a certain time, which would be determined on the basis of demand for this option.

The nature and size of these houses will depend on a partnership between the state and the households who will benefit.

The state's contribution will depend on the balance remaining after the purchase of a serviced plot. This will be supplemented with a family contribution, which can be provided in the form of money, materials or labour. Any household fitting the stipulated income profile and who is one the housing waiting list will be entitled to a house, and will be able to choose from a number of housing development options or draw up their own, or use their housing voucher to obtain a house from a private sector or NGO supplier.

The formal housing delivery process can be undertaken under less time pressure, and without playing the numbers game, because pressure on delivery will have been eased by the provision of serviced sites.

This will allow for proper attention to problems that are hindering the process under way at the moment, including poor construction, lack of consultation with communities and corruption.

Alternatively, a family could decide to opt for a housing voucher equivalent to the cost of the serviced site and the house to which they are entitled. This could be used to pay for, or as a deposit on, a flat or other accommodation in a high density development.

(iv) Rental Subsidy

For people who are entitled to a housing subsidy but for whatever reason do not want to own a house, a rental subsidy voucher will be made available. This will entitle them to receive a subsidy on their monthly rental for accredited private sector accommodation or for state-provided accommodation.

The subsidy will be set at a sustainable level at which the total cost to the state is similar to that which applies to the site-and-service and formal housing options.

A landlord will have to be accredited in order for a tenant to be able to receive a subsidy for accommodation. This will require him or her to:

- Ensure that the accommodation meets basic criteria of health, hygiene and safety. These criteria will be designed not to set unrealistic standards, but to prevent the state from being complicit in exploitation. Landlords will apply to the relevant municipal council for accreditation;
- Sign a Charter of Tenant Rights and comply with all of these provisions before or after being accredited; and
- Ensure that tenancy agreements reflect a balance of rights and responsibilities.

c. Identifying and Releasing Land

Land identified for low-cost housing should be close to jobs, schools and transport. But this is often in demand for other purposes. Scarcity of affordable and convenient land, which is also suitable for housing, has been the ongoing major constraint on housing delivery.

The DA will address this problem by:

- Requiring all municipalities to conduct land audits to identify available land for housing in their jurisdictions,
- Identifying run-down inner-city areas and underutilised industrial areas, where land is more accessible, for rejuvenation and development;
- Making more extensive use of mechanisms such as land swaps;
- Establishing a land fund to assist local authorities to acquire land; and
- Simplifying the legislative framework for housing projects by reducing the red tape required to initiate such projects

d. Ensuring sustainable communities

A significant problem has emerged with regard to the sale of newly acquired state funded sites and houses for very low values, after which beneficiaries move back into their previous informal accommodation. Attempts have been made to limit this problem by forbidding recipients from selling their houses for a period of eight years. But the effect of this will be to

interfere with the development of a healthy property market, and therefore reduce the value of the assets.

Instead, the DA will:

- Reduce the moratorium period to twenty-four months, with the seller required to provide proof of an offer of purchase on another residential property, in order to provide some barrier against fraudulent deals or deals based on deceit, but without interfering too much in the market;
- Require that where a property obtained through a state housing programme is sold on within eight years, the purchaser must supply the original owner with some verifiable indication of the market value of the property. Should this evidence not be provided at the time of sale, it could be grounds for invalidating the sale.

e. Guaranteeing delivery

The DA will not tolerate a situation where deserving beneficiaries of the state housing programme are left with a worthless product because of corruption and neglect. To ensure that money for housing goes to the right people, in the right way, the DA will take the following steps:

- Ensure that performance and ability to deliver are the overriding factors in awarding tenders for any housing delivery programmes. Small businesses will be favoured over large ones, and empowerment criteria will apply, but only after cost and performance have been taken into account;
- Conduct careful and continuous assessment of the efficiency and effectiveness of housing subsidies, using special audit units which will ensure that funds are actually spent where they have been allocated and that those to whom they were intended were actually helped; and
- Establish a permanent fraud unit within the department of housing to replace the ad hoc task teams which are generally set up when fraud is unearthed. A permanent unit would ensure that fraud is identified early and

dealt with quickly, and that patterns can be followed.

- Conduct an audit of housing projects which have been terminated or not completed or abandoned, to determine whether they should be rescued or abandoned.

PART II: PLANNING FOR SUSTAINABLE COMMUNITIES

The creation of public open spaces and other public facilities, as well as the maintenance of an environment that is able to balance out the diverse needs of individuals within a community, is fundamental to building communities rather than housing blocks. The state has a responsibility in both of these respects.

2.1 The physical structure of communities

a. Urban Design

To function properly, cities and towns need to be governed by a system of regulation that makes enough room for the particular needs and desires of individuals, but which at the same time creates an orderly, peaceful environment. Urban planning also needs to ensure that areas develop in ways that allow all its citizens to prosper, that prevent the development of slums, that are not fragmented and that allow easy movement from one part to another.

The DA will encourage the development of towns and cities which are pleasant and supplied with adequate services. This requires attention to compacting our urban areas. We need to change the stigma around flats and convince people that the choice is not only between a shack and a house. Housing must be about shelter, but it must also be about making towns and cities work.

b. Zoning Rules

Creating safe, healthy and pleasant communities and minimising the environmental impact of development must be a part of future housing development. However, strict zoning rules can easily impose inflexible arrangements on communities whose requirements are very different to those envisioned in the rules. Poor communities, in particular, are already constrained in the options available to them and need to be able to use the resources they have in many different ways. A city should be able to accommodate high levels of mixed use in different zones or neighbourhoods.

In designing zoning laws, the DA will create a balance between minimum planning criteria for health and safety, and allowing for flexible arrangements to suit communities' needs. This will, inter alia, involve

slashing much of the red tape currently associated with housing planning.

c. Planning for low-cost housing

If we do not contain urban sprawl and the practice of developing low-cost housing predominantly on the periphery of our urban areas, we shall aggravate the problem of providing affordable services and transport, and poverty will unnecessarily be exacerbated.

Individual, civil society and private sector housing initiatives will take off if the correct policy environment is in place, and if we move away from locating low-cost housing developments only on vast tracts of open land on the fringes of our towns and cities.

The DA will:

- Impose density requirements and plot size restrictions on low-cost housing developments where state money is being used;
- Make provision for high density residential accommodation alongside major transportation routes;
- Encourage multi-storey and semi-detached residences as one of the options available to low-income families, for purchase or for rental; and
- Offer tax benefits for low-cost housing developments within already developed areas, especially when they are high-density.

d. Inclusionary housing

If housing development is not guided in certain ways, to make housing markets work for the poor and to restructure apartheid settlement plans, the poor will continue to be denied the opportunities they need to lift themselves out of poverty and South Africa will never move away from the extremes of wealth and poverty that characterize our landscape.

The DA will use inclusionary housing zones as part of our package of measures to increase opportunities for the poor and stimulate urban development. Around the world well-conceived inclusionary housing zones have been shown to create more integrated

neighbourhoods without negatively affecting property values or the quality of neighbourhoods.

In this regard the DA will:

- Negotiate targets for all municipal councils aimed at directing 15% of all new housing developments within the city at the low-income and gap housing market. It will be the responsibility of the local government to see that this percentage is achieved in the locality, either through developing new housing, or converting existing housing into affordable housing, or encouraging certain kinds of housing developments from developers.
- Introduce a range of incentives for housing developers, such as density bonuses, to stimulate the development of affordable housing on private land.
- With regard to state-owned land, land will be made available to developers on condition that the developer set aside a percentage for gap housing. All municipalities will be required to conduct land audits to identify available land for housing in their jurisdictions.
- Where zoning deviations are sought by developers to build houses, a requirement in granting such deviations will be the inclusion of a certain percentage for low-cost housing.

The DA will ensure that in planning for such zones, appropriate attention is given to meeting everybody's needs – where middle and low income families can be close to good schools, to jobs, to transport and to the other amenities of city life, and be part of healthy communities.

The defining criteria for a successful process must be order, predictability and a defined and regulated process. The DA will apply the following considerations in all decisions about inclusionary housing:

- The income base (property rates) of the municipality must be protected. Municipal councils must bear in mind the need for an appropriate mix of housing to maintain their own revenue.
- When initiating projects, a cost/benefit analysis for the municipality's income and its residents' welfare must be conducted. If, for example, a development is considered for an area far away from public health facilities

and transport routes, low-income residents will not be able to benefit as envisaged.

- Identification of land must involve "public discourse" processes and complete transparency, especially if rezoning is necessary.
- Time frames and red tape for rezoning applications need to be reduced, so that developments are not stalled.

2.2 Building Standards

a. Private Construction

In general, the DA believes that it is more useful to apply performance criteria for housing construction than to impose absolute exclusions on certain kinds of houses or building materials. Particularly where space and money is limited, people must use their houses to meet many different needs. The government has an obligation not to impose excessive restrictions on these uses.

In terms of this understanding, the DA will oblige new houses to:

- Not negatively affect the health or safety of families;
- Be secure; and
- Not impact on the environment in unacceptable ways.

These standards will balance needs and affordability with safety and environmental concerns, but with the emphasis on allowing people to make maximum use of their creativity and enterprise.

b. Construction Standards for Government Projects

A significant problem with houses built from government subsidies is the government's insistence on impossibly high standards in comparison to the money available. This has made corner-cutting, the use of unsuitable materials and shoddy workmanship inevitable. The DA will ensure that construction standards are realistic, enforceable and affordable.

Standards will have to be:

- Relevant to socio-economic conditions of the beneficiaries, as well as their needs and desires;
- Technologically suitable;
- Culturally acceptable; and
- In harmony with the environment.

The DA's approach to standards will be different for shelter and for formal housing. Services and construction standards must be intermediaries between what is and what ought to be. If standards are to be affordable, adequate and effective, they must be evolved so as to reconcile a number of potentially conflicting cultural, social, economic and technological factors.

c. Cutting Construction Costs

The DA will try to move away from a reliance on expensive building materials like brick and cement and energy-consuming systems and services. Alternative building methods, designs and materials, like solar water-heating systems and solar batteries, must be investigated. For example, simply building houses facing north would save on energy costs, and result in health and environmental benefits as well.

There is also significant room for savings on the costs of construction in the case of building materials, and on the cost of infrastructure and resources like electricity in the case of systems and services. For example, environmentally and ecologically sensitive technologies have been used in over 325 urban infrastructure projects by the Housing and Urban Development Corporation in India, resulting in 15 to 40 percent savings in building costs.

In conjunction with the South African Bureau of Standards, the DA will develop guidelines for affordable alternative technologies. This must go hand-in-hand with an education campaign to make alternative options be seen as real alternatives rather than cheap, low-quality impositions by government. Building regulations may also require adaptation.

2.3 Promoting stable, vibrant communities

In many communities across the country efforts to bring stability, prosperity and peace are hampered by acute unemployment, enormous crime rates, a high proportion of one-parent families, and significant educational disadvantage. Dumping and littering, dilapidated and abandoned houses and drug dens all define an environment which drains its residents of inspiration and hope.

It is extremely difficult for these communities to resolve these problems on their own.

On the other hand, a set of intensive and well-targeted interventions, entered into in partnership with local communities, could fundamentally change the dynamics of the current situation.

The DA will introduce a range of measures to help communities to improve the conditions in which they live. While many of these solutions are discussed under other DA policies, including in particular social development, security, jobs and education, some interventions fall within the sphere of housing and urban planning.

a. Investment and infrastructure

Dysfunctional communities shed jobs and opportunities because poor access, crime and social problems keep investors away, and weak infrastructure makes it difficult for people to move in and out. In addition to programmes to address transport, security, and job-creation, the DA will also tackle physical infrastructure problems by ensuring that all areas are adequately supplied with community facilities, by rehabilitating slums, by addressing the social problems that often hamstring development and by ensuring that order prevails.

(i) Community Facilities

Housing developments are often sterile, monotonous and without stimulation. At the same time, it is in these areas, where private space is very limited, that public facilities are most needed.

The DA will develop a basket of minimum public infrastructure requirements which must be provided in housing developments. These will include, but not be confined to, adequate roads, schools, public transport, halls, libraries, recreation areas and economic markets. It will also prescribe a certain amount of space that must be set aside for community facilities.

In the DA-run City of Cape Town:

- Spending on services and infrastructure (transport infrastructure, roads, wastewater treatment plants and electricity reticulation and other infrastructure) tripled to R3.1bn for 2008. By comparison, the ANC government spent R1b/year on services and infrastructure between 2001 and

2006.

- The City's investments in infrastructure have helped facilitate R30bn in current and planned private developments in the CBD. Twelve new office buildings, and several new hotels and developments on the Waterfront, have been approved. R100 million has been allocated to the building of a tourism centre in Harare, Khayelitsha. R131m allocated to the infrastructure upgrade of the Mitchells Plain Central Business District (CBD), including 1 107 new informal trading bays.

However, communities have different priorities, and no outsider can claim to know their needs without consulting them. Developers will be required to follow procedures to determine exactly how and where communities would like these facilities to be located. These procedures will require, for example, including community representatives in especially the initial planning stages. Where communities can show that consultation has not been adequate, they will be able to take action and insist that the problems be rectified.

In addition, where money has been allocated for new developments or upgrading, the DA will, wherever possible, allow communities themselves to decide which facilities should be given priority and developed first.

(ii) Slum Rehabilitation

Special attention needs to be devoted to low-income areas that have degenerated into slums. The DA will identify slum areas across the country and target them individually with a rehabilitation plan.

The key to success will be creating a sense of ownership. A rehabilitation plan will depend on a neighbourhood committees, consisting of members of the community elected to represent it. The committees will have to meet tough performance criteria, but will be provided with technical help to ensure that they run efficiently.

The relevant municipal council, in conjunction with the neighbourhood committee, will prepare a master plan for identified slum areas, which will incorporate an analysis of government services in the area, including policing, welfare, education and health services, to identify and address the main problems.

The master plan will embrace the following aspects:

- The planning and implementation of projects for the physical upgrading and/or installation of infrastructure like roads, sewer, water and storm water systems;
- A credit and saving component, which will introduce the concept of loans to a community as a whole rather than individual members to raise funds for upgrades; and
- Assistance with income-generating activities in order to raise the funds.

b. Addressing social and family problems

Poor communities are often more troubled than others by problems such as crime, drug abuse, vandalism and truancy. While there are a number of agencies providing support, there are problems of co-ordination, a 'one size fits all' approach, and the general lack of an after hours service. The DA proposes that:

- Special dedicated multi-disciplinary teams be established within identified suburbs to co-ordinate the efforts of the relevant bodies and groups to provide an intensive and focused intervention in the targeted areas, and to provide full service integration.
- These teams also give attention to providing activities and amenities for young people, particularly in the evenings and school holidays, and supporting and extending the ongoing work of the local community to attract more parental involvement in out of school activities.
- Land suitable for development for private housing and commercial use adjacent to the target areas must be identified as part of the planning process, and the Development Agencies should attract investment to develop these areas. Other strategic sites for investment and development, that would help to accelerate the process of regeneration, must be identified. Consideration will be given to development incentives, particularly for housing and retail shopping.

Escalating rates of drug addiction compromise all community upliftment efforts. In the DA-run City of Cape Town, specific steps have been taken to reduce addiction levels. The City has:

- Set up a Drug Abuse Hotline.
- Opened an outpatient drug treatment centre in Tafelsig, Mitchells Plain, which specialises in treatment for tik users. Another centre is due to open in the next year in Table View, while a proposal for a centre in Khayelitsha is currently being discussed.
- Secured R10m worth of funding from the German Government for a Power-Child child shelter and drug treatment centre in Delft.
- Set up a specialised narcotics unit within the metro police to focus on substance-related crimes. Though the unit has been operation for only a few months, it has been successful in deterring drug-related crime through visible policing, road blocks and drug busts.

c. Restoring order

An effective crime policy, involving in particular cracking down hard on drug lords and intervention programmes for youth at risk of falling into crime, must become a priority for dysfunctional areas. These policies are aimed at ensuring that any citizen in any community in South Africa is able to move around freely and safely.

The DA will, in addition, implement measures focusing specifically on problems affecting urban development.

In the DA-run City of Cape Town, various steps have been taken to keep the streets safe for law-abiding citizens:

- The City is currently restructuring the metro police and law enforcement into specialised units to ensure that they are made as efficient as possible. Specialised units have been set up to focus on substance abuse, metal theft, land invasion and displaced people. Other potential units being considered are: a tactical response unit, a dog unit, a unit to assist Neighbourhood Watches, and an informal trading unit.

- A network of CCTV cameras has been set up throughout the City.
- Serious crime in the Cape Town CBD has been reduced by 80% compared to 2000, largely due to the Cape Town Partnership – a PPP between the city and business.
- The City has established partnerships between the Metro Police and community volunteers who patrol neighbourhoods in Khayelitsha.
- The City has developed an intervention programme whereby the homeless are sheltered, provided with rehabilitation and given job opportunities.
- A scrap metal task team, the “Copperheads” has recovered hundreds of thousands of rands worth of stolen Council-owned equipment.

(i) No state housing for criminals

Municipal councils should make full use of all legal remedies available to them to deal with tenants engaged in criminal and/or anti-social behaviour, including evicting people who have been proven to have been involved in criminal activities from accommodation which is rented from the state.

(ii) Non-payment

Communities cannot be regenerated if people who are able to pay rental or bond costs and for services do not do so. It is easy for a few non-payers to affect the ability of entire communities to access loans and services, and non-payment undermines the integrity of the whole financial system.

The DA will take action to ensure that those who attempt to disrupt communities with illegitimate demands are tackled.

Specific strategies, including eviction, must be used to deal with households who refuse to pay bonds or rates, in order to prevent the effects of a few non-paying households from having detrimental effects on a whole community. In addition, the DA will:

- Improve legislative enforcement measures to place rates service charges in the same position as income tax, and with the powers of enforcement conferred by the Income Tax Act;

- Speed up legal processes to ensure prompt action against non-payers;
- Take a tough line against local authorities that insist on high levels of services that communities cannot afford. Delivery options must be limited to those that are affordable;
- Develop mechanisms to outsource credit control where municipalities lack the capacity to do it themselves;
- Make maximum use of pre-paid meters and other mechanisms to ensure pre-payment.

(iii) Land invasions

The problem of the illegal invasion of land or houses has become so pervasive in South Africa that armed guards are often required at building sites. These invasions have a detrimental effect on the pace and cost of housing delivery, undermine confidence in South Africa and sometimes result in gross injustice for intended beneficiaries.

The DA's proposal to provide people with full legal title to a piece of land first, before changing the emphasis to formal housing, will speed up the allocation of land, and should therefore have a significant effect on easing pressures for delivery of land.

The DA will also cut red tape in the identification, allocation and development of land to ensure that it can become available for development without undue delay.

In addition, the government must also be ready for a rapid response to illegal land invasions. Each local and provincial government must have a plan in place to deal with invasions as they happen, including, for example, a hotline for the notification of invasions. By being prepared, violent and protracted confrontations can be avoided.

PART III: HOUSING FINANCE

3.1 Access to Private sector Finance

South Africa faces a growing problem of people in regular employment, who cannot be classified as poor, but who cannot afford to buy a house. Only households earning less than R1 500 a month currently have access to the full state housing subsidy, and those earning over R3 500 a month cannot access it at all. But even the full subsidy is only barely sufficient for the most basic accommodation (often smaller than the shack that beneficiaries moved out of).

Many people who need to obtain additional finance for housing struggle to do so. Over 80 percent of the population earn less than R6 000 per month, which is currently the effective limit for most individuals or families to access private sector home financing.

This leaves many people “stranded” between public and private sector housing finance thresholds. Opening up the housing market to these households must also be tackled as a matter of urgency.

Two main problems stand in the way of access to credit by low income-earners:

- Personal circumstances, including low income, informal employment or uncreditworthiness; or
- The neighbourhood they live in, which makes loans difficult to obtain.

a. The formal banking system

(i) Financing risk

The DA will focus on finding ways to encourage banks to expand their involvement in the low-income market, in ways that do not negatively affect the stability of the banking system.

The DA supports measures to encourage more public disclosure about risk and to create partnerships between banks and the government to address the problems that lead to blanket exclusions.

Only by a partnership between government at all levels, banks, property developers and the community can the factors that lead to difficulties in obtaining financing approval be addressed.

With regard to credit-risky areas, it will be necessary for the government, banks and property developers to reach an agreement on risk reduction and risk sharing. This will require a commitment from government that factors that create high risk areas, including high crime, inability of the bank to recover its money where the borrower has defaulted, poor municipal billing (banks cannot sell a repossessed property until outstanding rates have been paid), and illegal occupation, will be addressed. This must go hand in hand with a commitment by banks to recommence lending once the negotiated conditions have been fulfilled.

In addition, the criminal justice system must ensure law and order, and particularly the effective enforcement of the law of contract, to ensure that credit agreements can be properly enforced.

(ii) Cutting the costs of first time home ownership

In order to make home ownership a realistic option for low- and middle-income people, the DA will:

- Allow the first R10 000 of an individual’s retirement fund to be used to pay for a deposit and legal fees on a first home;
- Introduce a “rand-for-rand” subsidy programme, whereby the State will match the amount accumulated by a low-income home-buyer for a deposit with an equal contribution, up to a maximum of R2 000. It will be open to low-income earners with a sound credit history, buying property for the first time; and
- Give tax concessions to employers contributing to employee housing.

(iii) Partnerships

The DA believes that partnerships between the government and banks to meet the particular needs of the low income market are critical. It is important that mechanisms be found to give some guarantees to banks to compensate them for making loans to riskier clients.

(iv) Evictions

Where there is no good reason for the occupiers of a dwelling not to pay the rent or the bond, then the situation is clear and the law must take its course.

But in an environment where jobs are scarce and where more and more breadwinners are succumbing to AIDS, many families find themselves unable to pay bonds or rent due to circumstances beyond their control. It will be necessary to develop coping strategies which recognise both the need to be sympathetic to occupants and financial realities.

The DA will:

- Implement a national transitional subsidy programme for families who have lost a breadwinner, for a period of a year, to ensure that they have a period of grace in which remaining family members can make arrangements for the future, before having to cope with the prospect of eviction;
- Negotiate a Code of Practice with banking institutions to cover cases of family tragedy, to ensure that fair procedures are followed in such circumstances; and
- Investigate the possibility of allowing child support grants to be issued to children under the age of 21, to allow child-headed

households to continue receiving child support grants after the death of a breadwinner;

- Support measures aimed at re-housing families in accommodation that is more appropriate to their means; and
- Support and encourage specialised life insurance requiring HIV/AIDS infected homeowners to take part in treatment programmes.

b. The Informal System: Co-operative Banks

Co-operative banks operate on the Stokvel principle by making loans to people within a small community. They generally operate on a revolving credit basis, and they use social intermediation, and link loans to savings, to ensure repayments. Their costs are low, so, unlike formal banking institutions, they are able to offer small loans.

These institutions are regulated in terms of the Co-operatives Act of 2005. The DA will continue to look for ways to give them room to grow and encourage more people to place their trust in them.

PART IV: IMPLEMENTATION

Firstly, there are some aspects of this policy that are easily and immediately implementable because they concern the proper implementation of laws and policies that should already be in place across the country. Examples would be guaranteeing delivery on housing projects, reducing corruption and creating a stable property rights environment.

Secondly, some of these proposals relate to matters that are local competences, such as urban design, zoning, planning, and provision for inclusionary housing. We would be able to implement these measures directly in the local councils we control, and to some degree indirectly in other municipalities through provincial legislation and policy.

Thirdly, housing is a joint national and provincial competence. Provinces receive a ring-fenced allocation for housing, which they are required to disburse to municipalities on the basis of projects that the provincial government approves. Provincial government is able to significantly influence the kinds of houses and developments that local councils build through provincial policy and legislation.

Finally, some aspects of the policy, and particularly those relating to changes to tax law and pensions law, are of exclusive national competence. The DA would not be able to implement these directly, but would only be able to lobby for their implementation.