

## Social housing: The South African model

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*Sam Odia, National Director of The Fuller Center for Housing, explains why Nigeria has much to learn from South Africa's experience and policy in providing affordable housing.*

Good things may be in the offing in the housing sector if some of the signs we are witnessing are anything to go by. First of all, following several months of hard work, on the 14th of December 2011 the Federal Executive Council (FEC) officially adopted the revised National Housing and Urban Development Policies as official policies of the Federal Government. The new housing policy whose prime objective is to “ensure that all Nigerians own or have access to decent, safe and sanitary housing in healthy environment with infrastructural services at affordable cost, with secure tenure” dedicates a whole chapter to the social housing sector, specifying its target as those in the no-income, low-income and lower-mid-income groups – an upper limit that is defined as not exceeding 4 times the national minimum wage (presently N18,000) or, N72,000 per month.

But the adoption of the new policy is not all that is brewing in the housing sector. A separate bill, privately sponsored by Senator Benedict Ayade (Cross River North) ‘to provide a Social Housing Scheme in Nigeria...’ has gone through first and second readings and will, hopefully become law before the year runs out. The sponsorship of this bill deserves the commendation of all and sundry who yearn to see housing made affordable to ordinary people in this country. The proposed social housing scheme, whose main objectives include the significant improvement of the well-being of the poor & needy, will provide a window of opportunity for governments at all levels to demonstrate their commitment to the provision of housing as a social responsibility to the citizenry; it will also seek to unlock benefits to the economy in the realm of wealth creation and employment generation.

The social housing scheme will further seek to promote the delivery of housing with secure tenure and facilitate access to funding for social housing from a variety of sources, including donors & philanthropists; it will work with the poorest section of the population to strengthen housing as a self-build activity; enable a local workforce to be used, in order to ensure that a larger proportion of economic value is captured within the local economy.

The scheme will also seek to create jobs not only on the immediate job site but also through the manufacturing of housing construction inputs; it will seek to enhance the social well-being of the rural populace and improve social capital. It will further aim to be a hallmark of the larger dimensions of the concept of shelter, by improving the total quality of rural life, strengthening local capacity and involvement. The proposed social housing scheme, which will be overseen by a 10-member board is less detailed in its operational framework than one would expect. However, according to the draft bill, it will be implemented and promoted using a variety of methods, such as co-operative schemes, rental schemes, public-private partnerships, public-public partnerships, building-in-stages (BIS) or extendable unit schemes, slum upgrading schemes and many others.

Last week, we noted that there is a plethora of issues facing the housing delivery industry in Nigeria, but that each country around the world is faced with its own peculiar set of challenges also. Many are in the process of surmounting theirs. We looked at the example of South Africa which, through its Reconstruction and Development Programme (RDP), set a goal of 300,000 houses to be built a year with a minimum of one million low-cost houses to be constructed within five years. About 200,000 of the 300,000 targeted by the RDP were actually built annually immediately after the apartheid era.

We have much to learn from the South African example, and so I would like to spend another week looking at their social housing program, in the hope that we can derive some useful lessons as we develop our own detailed programme. This is particularly necessary because it appears that the draft social housing bill presently before the Senate, might be lacking in the necessary operational details. This could be advantageous, in that it allows room for manoeuvrability and change as we set out on this new journey, but it could also be bad, since it leaves too much room for ambiguity and does not communicate properly to stakeholders, particularly participants and executors of the scheme. There is talk of a separate 'Social Housing Policy' in the offing – as distinct from the recently approved 'National Housing Policy' – that may spell out the required operational details which we urgently need.

The South African social housing policy, seen at a glance reveals that it is underpinned by a number of principles amongst which are:

1. Must promote the social, physical, and economic integration of housing development into existing urban and/or inner-city areas through the creation of quality living environments. Social housing has the specific objective of achieving urban regeneration, especially in inner city areas. Social housing developments must consider and be based on integrated development planning. Therefore, social housing developments should be in line with local Integrated Development Plans (IDPs) and other related plans created for the promotion of integrated development in urban areas. Including in this concept is the need to address social facilities where projects are executed and the need for adequate space to accommodate recreation and other needs. Higher residential densities must be realised, while urban fragmentation and sprawl must be countered.
2. Must be responsive to local housing demand. Housing institutions and their supporters must adequately demonstrate the demand for this type of housing option in areas where social housing development is planned or underway. Through being a demand-driven housing option, participation from residents at different levels, phases of projects and in various forms needs to be accommodated within the operations of the housing institution as the provider of the housing option.
3. Must support the economic development of low income communities by ensuring that they are close to job opportunities, markets and transport and by stimulating job opportunities to emerging entrepreneurs in the housing services and construction industries. Social housing has shown its ability to develop sustainable human settlements and inter alia mixed income communities in strategic locations. It is for this reason that vacancies in projects are generally low, and rental payments (in case of well managed institutions) are generally high. In addition, the housing services industry has a strong capacity to support the development of SMEs in services such as cleaning, security, plumbing, electrical and other maintenance functions.

4. Must ensure the involvement of residents in the social housing institution (SHI) and/or key stakeholders in the broader environment through defined meaningful consultation, information sharing, education, training and skills transfer. Social housing must encourage and support residents in their efforts to fulfil their own housing needs in a way that leads to the transfer of skills and empowerment. Education, training and information sharing must take place before occupation by residents and must be done throughout the process in such a way that residents are able to make informed decisions about their housing and protect themselves as responsible housing consumers. Residents must participate in the administration and management of their housing option.

5. Must ensure secure tenure for the residents in social housing institutions, on the basis of the general provisions for the relationship between residents and social housing institutions as defined in the Housing Act, and the Rental Act. This applies to all forms of tenure provided for within this policy. Residents need to be made aware of the tenure provisions of the social housing institution prior to and upon acceptance of these provisions as a form of consumer protection.

6. Must support mutual acceptance of roles and responsibilities of tenants and social landlords, on the basis of the general provisions for the relationship between residents and social housing institutions as defined in the Rental Act, the Cooperatives Act, as well as in the envisaged Social Housing Act. Social housing is based on mutual respect for the rights of tenants and owners, and the speedy resolution of conflicts that may arise. Social housing institutions and Government need to cooperate to develop a consensus on roles and responsibilities, educate all parties on these roles and responsibilities, and allow for effective implementation of the contractual obligations of all parties.

7. Must be facilitated, supported and/or driven by all spheres of government. The roles and responsibilities of the various spheres of government with regard to facilitating, supporting and/or driving social housing should be clear to ensure efficiency and prevent unnecessary duplication. The role of local government is particularly significant in facilitating the implementation of social housing within their area of jurisdiction. The ability of this sphere of government to create an enabling local environment is critical to the success of the sector. Cooperative governance and coordination of resources between the spheres and within the spheres among different government departments, is key for creating and enabling a supportive environment for the delivery of social housing.

8. Must promote the creation of sustainable, viable and legally independent housing institutions responsible for providing and/or developing, holding and managing social housing stock. The establishment of viable social housing institutions, able to deliver at the scale that is required over the next few years, by its very nature, is a time consuming process. It requires extensive support, financially, administratively and technically from Government and other key stakeholders in order for the endeavour to be successful.

9. Must ensure transparency, accountability and efficiency in the administration and management of social housing stock. Social housing institutions essentially operate as business entities. Therefore, transparency in the way that decisions are made, information is exchanged, and accountability and efficiency in the administration of the institution is essential for its establishment and for making social housing successful as a sector.

10. Must promote best practices and compliance with minimum norms and standards in relation to the delivery and management of social housing as a sector. This is necessary to ensure consistency in housing delivery in the sector and the maintenance of an acceptable level of quality within the sector.

11. Must promote the use of public funds in such a manner that stimulates and/or facilitates private sector investment and participation in the social housing sector. Public sector investment should be used to gear the private funding provided for social housing in order to obtain maximum benefit for both the social housing institutions and its residents. Operational surpluses of social housing institutions must be reinvested in new social housing projects.

12. Must promote housing delivery for a range of income groups (including, inter alia, middle income, emerging middle class, working class and the poor) in such a way as to allow integration and cross-subsidisation.

Through the regeneration of economies in local areas, social housing should be able to accommodate the actual needs of persons earmarked for assistance including those persons in the medium income categories, while increasingly reaching persons located at the lower end of the market. Social housing will therefore provide opportunities across the income streams. Government's grant funding will, however, be focused on the lower income end of the target market.

13. Must operate within the provisions of the Constitution, 1996, the Public Finance Management Act, 1999, the Preferential Procurement Act and other statutory procurement prescripts. These provisions indicate that fair and equitable competition regarding access to Government resources must be instilled at all interfaces between organs of the State and the suppliers of housing goods and services. The social housing policy will therefore comply with these requirements.

14. May be implemented by social housing institutions of various legal forms. Social housing institutions may comprise not-for-profit legal entities, or profit-oriented entities. The Social Housing Corporation will determine whether the specific legal entity of an institution applying for assistance is appropriate or not within the context of this policy. The main objective of the entity must, however, be to provide housing to the target market. It should not include other objectives of interest that could compromise the sustainability of the institution.

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