

## #9 RETHINKING LAND AND HOUSING ALLOCATION

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Ronald Eglin



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It will take more than 20 years for government to address the housing backlog.<sup>1</sup> This does not include new household formation that will occur over this period. If government wants to make significant inroads into this backlog and new demand, Afesis-corplan proposes that government should shift the majority of its housing budget from building RDP<sup>2</sup> houses (for a relatively few people every year) to providing (basic) serviced sites with access to (at least) incremental tenure security as part of an organised Managed Land Settlement (MLS) programme.<sup>3</sup> Households will then be able to use their own resources to start to build their own structures on this land with government providing housing support in the form of, for example, bulk buying schemes and promoting material savings schemes. Government will also be able to then more directly help those in desperate need, like the aged and people with disabilities, to build top structures.

<sup>1</sup> See from South Africa's Housing Conundrum, SAIRR, @liberty, No 4, 2015/6 October 2015/Issue 20 <http://bit.ly/1GtSNeC>

<sup>2</sup> RDP stands for reconstruction and Development Programme houses, a term that has stuck to mean government subsidised housing from the early 1990s when government first stated to build such houses.

<sup>3</sup> See <http://afesis.org.za/managed-land-settlement/> for more on this argument.

### Contact Details

9 Wynne Street, Southernwood  
PO Box 11214, East London, 5213  
Tel: +27 43 743 3830  
Fax: +27 43 743 2200  
Email us: [info@afesis.org.za](mailto:info@afesis.org.za)

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Assuming that it costs five times more to build a RDP house on a serviced site as it does just to provide a basic serviced site, this means that municipalities and government will be able to provide at least four times as many households each year with access to a site within a MLS approach than they would have been able to provide serviced sites with RDP houses with the same amount of funding.<sup>4</sup> The implications of this are that government will have to find about four times more new pieces of land to accommodate all these new sites. How this could be achieved is explored elsewhere.<sup>5</sup> This learning brief looks at the implications of having to allocate land to four times more people within a similar time period as compared to the number of people for whom RDP houses are being allocated at the moment. It also starts to reconceptualise who should be eligible to receive (basic) serviced sites, tenure security, top structures and housing support.

Presently the housing allocation system is really a housing subsidy allocation system, in that it is used by government to identify beneficiaries who qualify to receive a housing subsidy (and by implications title deeds and a house on a serviced site). The first hurdle that someone has to cross in order to get a house is that they need to qualify for a housing subsidy. Criteria that are used to determine who qualifies for a housing subsidy include households earning below R3,500 a month, being a South African citizen, having dependents, being over 18 years of age, and not receiving a housing subsidy in the past.<sup>6</sup> The next hurdle to cross is that the household needs to move towards the top of any housing subsidy allocation list that is used in any local context. This is generally a first-come-first-served waiting list but it is also often linked to other criteria such as coming from a particular area (such as an identified informal settlement or from backyard shacks), or coming from a specific category of people (such as the aged, child headed households, war veterans, people with disability, etc.).

Having jumped these two hurdles, under the present housing subsidy allocation process, the household is given one of the relatively few (compared to demand) RDP houses that are built each year. If a person is low down on the locally managed housing waiting list, they have to make their own plans to house themselves. This often involves occupying land without authorisation within an informal settlement or living in a backyard shack.

Government, in its pre-draft human settlement white paper<sup>7</sup>, is considering changing the housing subsidy in a way that only the aged and destitute will be eligible for a housing top structure subsidy, the remaining poorer households will receive a serviced site and professional self help assistance. This new 'site-and-service' approach is very similar to the MLS approach, except that in the MLS approach government could, at the start, provide communal services as opposed to services per site, and government could provide people with some form of interim or basic tenure security as opposed to full title deeds up front.

If government was to combine the MLS approach with the proposed site and service approach as outlined in the pre-draft human settlement white paper, then government would be able to revamp the whole land and housing subsidy system. The three categories of a such a revamped land and housing subsidy system would include the following:

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<sup>4</sup> This is based on an estimate of about R160 000 to build one serviced site and house, compared to an estimate of R32 000 to provide a basic serviced site.

<sup>5</sup> See learning brief on land acquisition at <http://afesis.org.za/wp-content/uploads/2017/06/Learning-Brief-Land-Acquisition-and-development-for-human-settlement-development.pdf>

<sup>6</sup> See qualification criteria in housing code Of 2009 <http://www.dhs.gov.za/content/national-housing-code-2009>

<sup>7</sup> see <http://bit.ly/2lCd8M9>

1. plot and basic services
2. site and services
3. top structure

Table 1 provides more detail on what comes with each of these categories.

Table1: subsidy categories and qualification criteria

Subsidy Category and Product	Who qualifies
<p><u>Plot and basic services</u></p> <ul style="list-style-type: none"> <li>• Tenure security (not title deeds) to a designated plot<sup>8</sup> (can be a plot or an erf/site) approved by government but not necessarily registered in the deeds registry; and</li> <li>• communal ablutions.</li> </ul>	<p>All people living in South Africa who satisfy the following criteria:</p> <ul style="list-style-type: none"> <li>• Older than 21</li> <li>• Earn less than R3,500 per household</li> </ul>
<p><u>Site and services</u></p> <ul style="list-style-type: none"> <li>• Individual title deeds to surveyed site with erf number, and</li> <li>• water and toilets per site.</li> </ul>	<p>From the people who qualify for a plot and basic services plus the following criteria:</p> <ul style="list-style-type: none"> <li>• South African citizen; and</li> <li>• Have dependents: and</li> <li>• Not have received a housing subsidy before</li> </ul>
<p><u>Top structure</u></p> <ul style="list-style-type: none"> <li>• Starter house</li> </ul>	<p>From the people who qualify for site and service, plus the additional criteria:</p> <ul style="list-style-type: none"> <li>• Older than 65; or</li> <li>• Destitute; or</li> <li>• Child headed households<sup>9</sup></li> </ul>
<p><u>Housing support</u></p> <p>Indirect:</p> <ul style="list-style-type: none"> <li>• Building advice and training</li> <li>• Access to material and service provider data bases</li> <li>• Access to cheap loans</li> </ul> <p>Direct:</p> <ul style="list-style-type: none"> <li>• Starter house kit</li> <li>• Service provider and material coupons</li> </ul>	<p>Indirect</p> <ul style="list-style-type: none"> <li>• Anyone from the plot and basic services phase onwards (maybe even anyone in South Africa)</li> </ul> <p>Direct</p> <ul style="list-style-type: none"> <li>• Anyone from the site and service phase onwards</li> </ul>

These categories would be combined with a fourth housing support category. The second column in Table 1 outlines how these four categories can be linked to specific target groups for who would be

<sup>8</sup> in this learning brief the term erf is used to describe portion of land as shown in a survey diagramme and registered in the deeds registry. A plot in contrast only needs to be a portion of land that is recorded on a scaled map that is recognised by a municipality.

<sup>9</sup> More research is needed to deal with people younger than 21 not being eligible for housing subsidies.

eligible to benefit from each category. In effect anyone older than 21 and earning less than R3,500 per month per household would qualify for a plot and basic services. This includes people who presently would not qualify for a housing subsidy such as people who (despite earning less than R3,500 a month and being 21 or older) have received a subsidy before (but for whatever reason no longer benefit from this subsidy); people living on their own; or foreign nationals living in the country legally<sup>10</sup>. Note that in a plot and basic service context, as described in this learning brief, a person does not receive title deeds, its only when one moves or changes to a site and service that title deeds come into the picture. To qualify for a site and service one would need to also be a South African citizen, have dependents and not have received a subsidy before. Even more stringent qualification criteria (of being older than 65 years of age, or being destitute) could be set for people to be able to qualify for a housing top structure subsidy. All people would be able to access indirect housing support services, but only people who qualify for site and service would be able to qualify for direct housing support. The exact nature of the direct housing support would need more analysis, to determine who would be eligible for what direct housing support.



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<sup>10</sup> Consideration could even be made to extend this to foreign nationals living in the country illegally, as the constitution says that everyone has the right to water (section 27) and an environment that is not harmful to their health and wellbeing (section 24), but the implications of this need more analysis. It is only section 25(5) of the constitution that refers to citizens (not everyone) having the right to the state fostering conditions (through legislative and other methods) which enable citizens to gain access to land on an equitable basis.

In order to operationalise such a land and housing allocation process, government would need to open up its land and housing demand data base to all people who would qualify for a plot and basic service. The state would need to develop a large number of incremental settlement projects<sup>11</sup> so that they are able to provide as many people as possible with access to at least a basic level of services and tenure security. These areas would include informal settlement areas as well as new managed land settlement areas. As part of the process of upgrading these (previous) informal settlement areas and managed land settlement areas households who qualify for a registered site/erf and basic services would be able to use additional government site and service subsidies to in effect buy the land and obtain title deeds to the site/erf and install water and sanitation per site. Only people who qualify for top structure funding will then be able to have a house built for them.

This article mainly on the MLS side of the incremental settlement approach and does not deal with the upgrading of informal settlement side. For example, in relation to the upgrading of informal settlements, issues relating to who would benefit from land, services and top structure subsidies gets 'muddied' in situations when people are living in the informal settlement who earn more than R3,500 per month. If one installs basic services into this settlement and upgrades the internal roads it would be difficult to stop the non qualifying household from using the communal toilet and driving on the roads. In other words 'non qualifying' beneficiaries would benefit from the basic upgrading taking place in the informal settlement. The Upgrading of Informal Settlement Programme (UISP) in the existing housing code presently states that housing subsidy non qualifiers living in an informal settlement may not receive top structures (i.e. phase 4 of the USP) but they should be considered on a case by case basis for receiving benefits from phases 1 to 3 (up to putting in services). (See page 67 of UISP programme of housing code)

Adopting such a categorised approach to land and housing subsidy allocation (as outlined in table 1) requires government, communities, development practitioners, and all stakeholders involved in land and housing development to reconceptualise how land and housing subsidy allocation can be done in future compared to how it has been managed in the past. Rather than having one category of housing subsidy qualifying beneficiaries who receive title deeds to a serviced site and a housing top structure; there would be three categories of people, the first and widest category of people would receive a plot and basic services, the second would be able to receive a site and service, and the third narrowest category would be able to receive top structure subsidies. The development of the new Human Settlement white paper, and subsequent changes in the housing code that will flow from this any new human settlements policy provides a unique window of opportunity for stakeholders concerned to consider such a mind shift in thinking about land and housing allocation.

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<sup>11</sup> For more in incremental settlement see: <http://afesis.org.za/managed-land-settlement/>