

Draft Improvement Plan for the synthesis evaluation on housing assets for households and municipalities

1. Policy review

Recommendation 1

R1 Policy should contextualise asset building as a long-term and integrated process: Asset accumulation and asset building are long-term projects. Although a 20-year review such as the present one would certainly provide some indications of short-term gains (or lack of gains), the longer-term values should be contextualised. It should at the same time also be mentioned that current asset-building processes in South Africa view asset building as a housing and economic process (as is clear from the programme theory). The international evidence suggests that although asset building through housing is important, other savings schemes and educational goals are to be integrated with the existing asset-building programmes. The South African context provided scant evidence of an integrated approach to asset building. The danger of using housing as the only or the predominant asset is very real. A more appropriate response would be to view housing in relation to other assets and capabilities (such as education). This more holistic approach is pivotal given that in the period between 1972 and 2002, house price inflation was slightly lower than the Consumer Price Index. Yet, the programme theory for human settlements is characterised by its largely economic orientation.

Intervention Objective 1 (improvement area)

Asset creation seen as a long term outcome and integrated with other assets

Draft Asset evaluation Improvement Plan

Outputs to achieve the objective	Priority L/M/H	Activity to achieve output	Person/institution responsible	By when? (Deadline)	Target	Embedded where	Budget available	Current situation/ Progress Report
1.1. Revised housing policy		1.1.1. The broader ToC of the housing programme/policy should be revised. The appropriateness of the capital subsidy should be relooked. The logic of the intervention to be reassessed. Is the programme appropriately structured?	DHS	31 March 2017	Review of current policies and programmes. The review of the appropriateness of the capital subsidy will be undertaken as part of the programme review and this will be informed by the White Paper (once it is completed and approved)	Policies and Programmes		Consultation on the draft White Paper
	H	1.1.2. The white paper should contextualise/embed assets as long term and integrated. This notion should be in the introduction section of the housing code.	DHS	31 March 2017	Development of White Paper still in process therefore the activity will only be confirmed when the Paper has been approved	Policies and Programmes		

Outputs to achieve the objective	Priority L/M/H	Activity to achieve output	Person/institution responsible	By when? (Deadline)	Target	Embedded where	Budget available	Current situation/ Progress Report
		1.1.3. Revise/develop the curriculum for built environment professionals/officials at national, provincial and local level. Each official should go through induction to understand the ToC of HS programme, and different parts of the programme and how it all function together.	DHS		The notion of the ToC of HS programmes is already covered in the programme coordinated by the Department through WITS. The professionalization of the built environment profession is also under implementation (partnerships with institutions of higher learning offering degrees specific to Human Settlements / covering aspects of the built environment)			



Draft Asset evaluation Improvement Plan

Outputs to achieve the objective	Priority L/M/H	Activity to achieve output	Person/institution responsible	By when? (Deadline)	Target	Embedded where	Budget available	Current situation/ Progress Report
1.2. Measurement of the composite social wage		1.2.1. Develop and agree on the measurements of the composite social wage. The composite of the social wage should be relooked to better understand the relationship between the different parts and the cumulative impact. NB to understand what housing contributes to the safety net provided by the state.	NT					



2. Appropriately segment the target market

Recommendation 2	<p>Recommendation 2: Appropriate segmentation of the Housing Subsidy Programme: The international literature on asset accumulation suggests that appropriate segmentation of households could help to focus asset programmes and strategies. This drive for segmentation also originates from the reality that segmentation is currently already visible in the fact that the Department has both the Finance Linked Individual Subsidy Programme (FLISP) and a programme on the upgrading of informal settlements (by means of which security of tenure is generated outside title deeds). Segmentation in no way inhibits the functioning of integrated housing pathways between the different segments. Thus, although segmentation is an important consideration in policy formulation, the overall housing system should be viewed as a single system in which movement between segments is easy.</p>
Recommendation 3	<p>Recommendation 3: Support self-help processes: The evidence in the report suggests that households who are actively involved in their housing construction processes are significantly more satisfied and generally create larger units than the housing units constructed by contractors as part of the Housing Subsidy Programme. Self-help also broadens housing finance mechanisms to microfinance and unsecured lending practices. The danger is that self-help processes are associated with low-income households while lower-middle-class and middle-class households could benefit from such attempts and from unsecured loans. This will also lessen the prominence of the mortgage instrument as the main housing finance instrument in the gap-housing market.</p>
Recommendation 4	<p>Recommendation 4: Accelerate attempts to implement FLISP: The fact that a significant percentage of subsidised housing units have not – as envisaged by the programme theory – been linked to the market economy, does not mean that there should not be a drive towards creating increased market access. In this regard, the expansion of FLISP and the elimination of obstacles related to its implementation should be considered a priority.</p>
Recommendation 6	<p>Recommendation 6: Support the microfinance mechanism: Given the impact of both the global financial crisis and the economic recession, it does not seem as though small mortgage loans will ever return to the South African housing landscape. Evidence from the review suggests that it could become increasingly difficult to provide mortgage finance to lower-middle-income persons. In this regard, the role of microcredit and own savings will become important considerations in connection with housing investments and with markets at the lower end of the market. The roles of both microcredit and savings as integral parts of an asset-based approach should be better articulated.</p>



Recommendation 7	Recommendation 7: Provide transactional support. The need for transactional support originates from two sets of evidence. First, approximately 50% of houses provided under the Housing Subsidy Programme do not have a title deed. Transactional support to those who want to obtain legal title could assist towards increasing this percentage. Secondly, the relatively high percentage of households who have transferred their housing units informally could also benefit in this respect. In conclusion, some consideration can also in specific circumstances be given to the sales restriction – or then at least to ensuring that there is no confusion regarding the process itself.
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Recommendation 5	Recommendation 5: Support informal settlement upgrading processes. The current informal settlement upgrading initiatives – as a form of segmentation in respect of asset building – should be supported on an ongoing basis.
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Intervention Objective 2 (improvement area)	Differentiated response to different segments of the market to build assets Alignment of individual programme logic with the broader policy objectives
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Outputs to achieve the objective	Priority L/M/H	Activity to achieve output	Person/institution responsible	By when? (Deadline)	Target	Embedded where	Budget available	Current situation/ Progress Report
2.1. Revised Code	H	2.1.1. Relook the programme theories of change in relation to the broader policy ToC.			See comment in relation to policy review			
	H	2.1.2. The housing programme has hybrid outcomes, but each programme must be explicit about its purpose. The code must be reviewed to make these issues clear in line with the revised housing policy	DHS		See comment on the review of programmes, copy, edit and paste			

3. Getting finance to work better for the poor

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Intervention Objective 3 (improvement area)	<p>Increase access to housing finance?</p>

Outputs to achieve the objective	Priority L/M/H	Activity to achieve output	Person/institution responsible	By when? (Deadline)	Target	Embedded where	Budget available	Current situation/ Progress Report
3.1. Revised approach to development finance interventions	M	3.1.1. DFIs should explore array of financial instruments to respond to market failures	Lead: DHS Support: DFIs		Dependent on the review of policies on housing finance. Modalities will be specified in the policy documents			DHS currently doing a review/evaluation of the development finance instruments and the impact of different instruments
	H	3.1.2. State should provide support to enable DFIs to access funding from capital markets through variety of mechanisms. Build R&D capacity in DFIs? Should consider legislative intervention.	Lead: NT Support: DHS			New DFI Act White Paper		DHS is currently working on a consolidation of the DFIs and the development of a new DFI. This could respond to this action

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Outputs to achieve the objective	Priority L/M/H	Activity to achieve output	Person/institution responsible	By when? (Deadline)	Target	Embedded where	Budget available	Current situation/ Progress Report
	H	3.1.3. Explore guarantees to minimise the risks and reduce the cost of providing finance to the poor and low-to-middle income households	Lead: DHS Support: NT		Under discussion as part of the policy review process			
	H	3.1.4. Diversify the financial instruments. Currently the programme uses only capital subsidy to respond to housing needs.	Lead: DHS (working with DFIs)		See comment on policy review,			
	H	3.1.5. Provide transactional support for trading, making investment in housing and other housing related issues	Lead: DHS		All dependent on the conclusion of the policy review			Housing white paper 2015 already captures this issue. Work would be needed to determine the mechanics of getting this support (and funding it) to households

4. Work better with municipalities

Recommendation 10	<p>Recommendation 10: Consolidate the building environment in respect of the 3.8 million houses that have been constructed: A nuanced approach to the said consolidation is required. In some cases, an approach such as this should be orientated towards improving the physical quality of the housing provided through self-help programmes (building advice and support) and putting appropriate local regulations in place. Depending on the context, increasing densities on these stands (which in some cases could require substantial revision of municipal regulations and probably also call for revised infrastructure guidelines) should be considered. Adequate maintenance of infrastructure and maintenance of the public environment at the local level should also be prioritised. In some cases, formalising tenure arrangements will be required; in others, the ability to migrate from the existing tenure arrangements to formal tenure should be facilitated. Finally, consideration should be given to the overall development of sustainable human settlements in the process of consolidation. While in some cases this could mean having to improve access to social amenities, it could in other cases entail the development of appropriate public spaces.</p>
Recommendation 9	<p>Recommendation 9: Create a support programme for municipalities to increase their own revenue sources: There is an inherent danger that local government could become increasingly dependent on grants as opposed to finding ways of expanding their own revenue base. In this regard, consideration can be given to creating a support programme to assist municipalities to find ways to increase their own revenue sources.</p>
Intervention Objective 4 (improvement area)	

Outputs to achieve the objective	Priority L/M/H	Activity to achieve output	Person/institution responsible	By when? (Deadline)	Target	Embedded where	Budget available	Current situation/ Progress Report
4.1.		4.1.1. Better align plans at city level to drive value in low-to-middle income settlements developed through the housing programme	Lead: CSP Support: DHS, DCoG	March 2017	Facilitate alignment of Provincial and municipal plans			
		4.1.2. Monitoring at national, provincial and municipal should indicate which programmes are applied in each metro.	DHS					New practice note issued by DHS addresses this. Need to monitor implementation thereof

5. Improve market performance

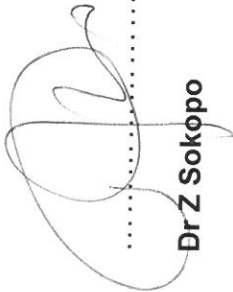
Recommendation 8	Recommendation 8: Improve location and integrated development: The main reasons for the poor market performance and for the poor social performance of housing units provided by the Housing Subsidy Programme relate to their poor location and to the general lack of integrated development (poor access to social amenities). On the one hand, this outcome is the result of the nature of the capital subsidy scheme – which optimises housing size at the expense of location, while on the other hand, it also reflects that there is both little local innovation and little support for improved locations.
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Intervention Objective 5 (improvement area) Improve the location of subsidy houses, reduce sprawling and improve values

Outputs to achieve the objective	Priority L/M/H	Activity to achieve output	Person/institution responsible	By when? (Deadline)	Target	Embedded where	Budget available	Current situation/ Progress Report
5.1.	H	5.1.1. Further work to be done to understand how we get location right with the housing programme. This could be in restructuring of the capital subsidy, land markets, regulatory instruments (planning instruments (SPLUMA))	DHS/DCoG?		Dependent on the policy review process			

Outputs to achieve the objective	Priority L/M/H	Activity to achieve output	Person/institution responsible	By when? (Deadline)	Target	Embedded where	Budget available	Current situation/ Progress Report
	H	5.1.2. Further work to understand the multimodal nature of cities and economic opportunities for the poor to better define good location/well-located land/settlements. This would be different for each City.	CSP/SACN					

Endorsed by


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Acting Director-General: Delivery Frameworks

Date:
