JS Pienaar & CE Cloete

Hostel conversion through the Institutional Housing Subsidy as affordable housing: Case study of the Sethokga Pilot Project, Gauteng, South Africa

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Abstract

Existing government policies and programmes promote the redevelopment of single sex public hostels to provide family units as a sustainable form of housing for the poor in South Africa. A survey was carried out among residents of Sethokga hostel in preparation of a pilot conversion project with funding via the Institutional Housing Subsidy. The survey revealed that low pay and high unemployment contributed to real fears among residents about their ability to afford rent for the upgraded accommodation, and the possibility of displace ment, and even eviction as a result. The expressed need therefore, appeared to be for flexible funding arrangements that allow for affordable accommo dation options not limited to family units, ranging from single rooms to apart ments for sub letting and sharing, an option which would not be possible with the use of the Institutional Housing Subsidy as the sole funding instrument.

Keywords: Hostel conversion, affordable housing, housing subsidy

JS Pienaar, Department of Construction Economics, University of Pretoria, South Africa. Telephone: 27(0)12 420 4545 Fax: 27(0)12 420 5473 E mail: ccloete@postino.up.ac.za

CE Cloete, Department of Construction Economics, University of Pretoria, South Africa. Telephone: 27(0)12 420 4545 Fax: 27(0)12 420 5473 E mail: housing@postino.up.ac.za

Abstrak

Bestaande regeringsbeleid en programme moedig die herontwikkeling van openbare hostelle vir enkellopendes na gesinseenhede aan as 'n volhoubare vorm van behuising vir armes in Suid Afrika. 'n Opname is gedoen onder in woners van die Sethokga hostel ter voorbereiding van 'n omskeppings loods projek wat deur middel van die Institusionele Behuising Subsidie bevonds sal word. Die opname het getoon dat lae besoldiging en hoë vlakke van werk loosheid bygedra het tot ware besorgdheid by inwoners oor hul vermoë om die verhoogde huurgeld vir die verbeterde verblyf te bekostig asook vrese oor gevolglike ontworteling en uitsetting. Die uitgesproke behoefte blyk derhalwe te wees vir meer buigsame bevondsingsmetodes wat voorsiening maak vir be kostigbare verblyfsopsies wat nie beperk is tot gesinseenhede nie, en wat strek van enkelkamers tot woonstelle vir onderverhuring en gedeelde inwoning, 'n opsie wat nie moontlik sou wees met die Institusionele Behuising Subsidie as enigste bevondingsinstrument nie.

Sleutelwoorde: Hostelomskepping, bekostigbare behuising, behuising subsidie

1. Introduction

South Africa is a land of contrasts. Great mineral wealth, agricultural exports, and reasonably sophisticated manufacturing and services sectors have made it one of Africa's major economies with a well-developed infrastructure. At the same time, the majority of the people are poor, and large parts of the rural hinterland underdeveloped and lacking in basic amenities such as clean water, sanitation and electricity.

The urban population, about 54% of the total, is concentrated in the major cities such as Johannesburg and Pretoria (situated in the central province of Gauteng), and in the coastal cities such as Cape Town, Port Elizabeth and Durban. A significant component of this urban population is made up of men who come from rural homelands to the cities in search of work, with many of them housed in dormitory type single sex hostel compounds. Sethokga, situated at the edge of Tembisa township roughly midway between Tshwane (Pretoria) and the Johannesburg International Airport, is one of the larger such hostels with approximately 12 000 bed spaces spread among 29 blocks on a 22 hectare site belonging to the Kempton Park local municipality (Crofton & Pienaar, 2000: 6).

The local and metropolitan municipalities for the area, together with the provincial government and various community organisations have been trying since 1997 to launch an upgrading programme for the hostel. Preparation for a pilot project for conversion of some dormitory blocks into 500 family units with the Institutional Housing Subsidy as funding instrument started in 2000. This paper presents some of the findings from a survey carried out among residents as part of project preparations.

2. Background to the hostel system

The discovery of diamonds and gold during the latter decades of the 19th century in the then Republics of Transvaal and the Orange Free State was the catalyst for large-scale urbanisation in South Africa. The mining industry, followed later by the manufacturing and other sectors, needed large numbers of cheap labour. This, coupled with the final destruction in the 1870's of indigenous black political, military and economic power by the British and the Boers, were some of the factors that gave birth to the migrant labour system in South Africa (Wilson, 1972: 1-2). Under this system black men would leave their traditional rural homes for the towns and cities in search of work, leaving their families behind to eke out an existence based on subsistence farming or rely on remittances from the men working in the city.

The ideology of separate development (or *apartheid* as it became better known) relied, among other things, on influx control aimed at limiting the presence of blacks in South African cities. The policies of successive white-controlled minority governments which ruled South Africa until the introduction of majority government in 1994, regarded blacks as temporary sojourners in 'white' urban areas, and denied them property rights in these areas until the early 1990's (HSRC, 1993: 3).

One of the results of the policies of spatial segregation of different races is that the majority of urban blacks reside in so-called 'townships' – residential dormitories situated on the peripheries of almost all towns and cities- from where they commute daily to work and shop. Most of the hostels are found in these townships, or on the sites of gold, diamond, coal and other mines spread across the country.

In the context of this paper the term hostel refers to dormitory type single sex accommodation, built originally around mines and cities to house black male migrant workers from rural homelands and neighbouring countries. These hostels range from small annexes on mining and factory premises housing less than a hundred people, to large sprawling compounds with up to 12 000 bed spaces.

The total value of investment in land, infrastructure and buildings in the provision of hostel accommodation is not reliably known, but it must be substantial if one considers that hostels house an estimated one million people on low income (Forgotten Hostels, 1994: 14).

The hostel system, devised to accommodate migrant labourers at the lowest possible cost, showed scant consideration for comfort and quality of living environment, and complexes were designed specifically to make it impossible for families to join their men residing there. The fact that the system was destroying community and family life and the consequences of this for the future received no attention at all.

In the final decades of the struggle against *apartheid* during the 1980's and early 1990's, the townships were racked by internecine political violence. Hostel residents were usually heavily armed, and more often than not they belonged to ethnic groups different to those of the surrounding township communities. Hostels were regularly being used as springboards for raids on the strongholds of political rivals in the townships during this time (HSRC, 1993: 4-8, 10-25).

3. The current state of hostels

Three main types of hostels have been provided:

1. Hostels built and managed by the public sector to house their own employees, but also with space rented out to industry;
2. Hostels or compounds built by larger private sector employers, usually as *in situ* adjuncts to mines and factories;
3. The so-called 'grey sector' hostels, built by private sector employers on land owned by the public sector, and managed by these employers under contract with a local or district authority.

Hostels have been subject to a wide range of construction, management, and maintenance standards. Private sector hostels were generally better managed than public sector ones, but a large number of employers have been doing away with hostels because of the costs and difficulties involved in owning and managing hostels. In the 'grey sector' especially, many employers have simply abandoned their contracts with the local authorities in question (USN, 2001: 17).

Public sector hostels, owned by local and provincial authorities, have generally become unmanageable politically and financially. Control over who enters and lives in hostels is virtually impossible, registers and other administrative records are outdated, rental levels have stagnated at mid 1980's levels (and are in up to 75% of cases not being collected anyway), and management and maintenance levels are low (USN, 2001: 5-7; Crofton & Pienaar, 2000: 6).

Living conditions in these hostels are extremely poor due to overcrowding, lack of privacy, overloading of services, and non-maintenance among other factors (HSRC, 1993: 26). Physical observation of the Sethokga hostel complex revealed a state where up to twenty five residents inhabit a single dormitory, with two or more people sharing cubicles of 2.6 x 2.6m each with one side completely open to a central corridor, and communal facilities consisting of a dining area with one stove, and one dysfunctional bathroom for the whole dormitory. There is no electricity in the sleeping quarters (originally provided, but long since vandalised), and many window panes are broken (Crofton & Pienaar, 2000: 13).

From the 1970's onwards there were sporadic upgrades and refurbishments of both private and public sector hostels. These were interrupted by the conflicts of the 1980's and early 1990's, and public sentiment wavered between calls on the one hand for the demolition, and on the other hand for the complete overhaul of the system (HSRC, 1993: 34-37). A National Hostels Co-ordinating Committee was formed in 1993, and helped to formulate the national policy of the newly elected African National Congress (ANC) government towards hostels in 1994. The essence of this policy was that hostels should be redeveloped to create sustainable humane living conditions, and to re-integrate these hostel communities into the surrounding township communities (South Africa. Department of Housing, 1994: 25).

4. Options for upgrading and conversion of hostels under government's subsidised housing programme

Based on the Department of Housing's National Housing Code (2000), a number of options which could theoretically be used for the redevelopment of hostels under government's subsidised housing programme are mentioned. These are summarised below:

4.1 The project-linked capital subsidy scheme for first-time home-ownership

Developers, who can include municipalities, submit a project proposal for the development of houses on serviced stands for people who qualify in terms of the subsidy eligibility criteria. The subsidy amounts available per qualifying household are as per table 1.

Table 1: Housing capital subsidy amounts according to income band

Combined household income of beneficiary	*Current subsidy as from April 2004*	*Beneficiary contribution as from April 2002*	*Total product price*
Below R1 500 per month	R25 800	R2 479	R28 279
R1 501 R2 500 per month	R15 700 (U.S.)	R2 479	R28 279
R2 501 R3 500 per month	R8 600	R2 479 + shortfall	R28 279

(Project linked subsidies)

The amount of subsidy can be increased by up to 15% for disability and geophysical factors. This is to compensate for additional development costs caused by adverse site conditions, and to act as incentive for development that puts poor people in close proximity to facilities and economic opportunities. There are also optional extras where houses with facilities for the disabled are provided.

Considered transfer payments by the receiver of revenue, these subsidies are also zero-rated for purposes of Value Added Tax (VAT), effectively adding 14% (at 2004 tax rates) to the purchasing power of the subsidy.

In the case of hostels redevelopment one option is for this subsidy to be used to build new free-standing dwellings for individual full title ownership on unused portions of land within hostel complexes. This option would require sub-division of the land as well as the installation of additional services.

Another option would be to convert existing dormitories into family apartments that can be sold off to beneficiaries under sectional title. Sectional title is a form of ownership where an individual holds title to a dwelling unit (which can be a free-standing unit, or part of a multi-unit building), but owns together with all the other owners of sectional title dwellings on that property an undivided share of the land on which the dwellings are built. Where existing dormitories are converted and sold under sectional title, the project would be exposed to all the problems that sectional title properties generally experience in low-income areas in the private sector (poor management and maintenance, inability to collect levies and service debts, etc.).

4.2 The Peoples Housing Process

The Peoples Housing Process was introduced to allow communities to actively participate in the provision of their own housing without the involvement of private developers, but with technical and administrative support from approved Housing Support Organisations. This is not a separate subsidy instrument, but an alternative process (to one driven by developers) by which people can access most of the other subsidy instruments through greater involvement in the design and construction of their own homes.

Facilitation grants are made available by government to kick-start a project, and an establishment grant of R570 per beneficiary can be applied for to pay for the services of the Housing Support Organisation. The subsidy amounts are as per whichever subsidy instrument is used as funding mechanism.

Hostel residents acting as a community could conceivably use this route to obtain ownership of and improve their accommodation by making use of the local authority, a suitable NGO, or even a team of professionals as their Housing Support Organisation.

4.3 The institutional subsidy for social housing

Essentially also a project-linked subsidy, this subsidy is provided to non-profit institutions that are independent of government and are registered as approved legal entities to provide and manage mainly, but not exclusively, subsidised rental housing to households earning less than R3 500 per month.

This subsidy was introduced in 1995 as a once-off capital grant of R16 000 per dwelling unit to the approved social housing institution. As at July 2004, the subsidy amount is standing at R25 800 per unit as part of government's policy to promote medium density rental housing. The tenure options currently allowed include:

- Rental;
- Co-operative ownership (Co-operatives or Share-block schemes, the latter a form of ownership where shares are

held by individuals in a company which owns the whole property, and which entitles the shareholder to the exclusive use of a particular dwelling unit in the scheme);

- Instalment sale (with a minimum rental period of 4 years before conversion to ownership).

Because the hostels redevelopment programme itself has been in limbo for the last few years, the institutional subsidy route has been considered as an alternative for getting hostel conversion projects off the ground. The usual process is broadly as follows:

1. A municipality that owns a hostel initiates and initially supports the setting up of an independent social housing institution (not for profit company acting as a Housing Association or Co-operative, or Share-block company) with technical and capacity building support from the Social Housing Foundation (an independently managed, government-owned support organisation), the government and sometimes development NGOs;
2. The municipality then transfers the property to the institution by way of Deed of Donation, or sells it at nominal cost;
3. Once the institution is up and running it executes the project with funding obtained through the institutional housing subsidy and top-up loan finance from the government's National Housing Finance Corporation if required;
4. The institution 'inherits' the residents who will become the primary source of its future rent-paying tenants, and owns and manages the stock for its own account.

4.4 The Public sector hostels redevelopment programme

This programme makes provision for grant funding from central government for the upgrading/conversion of public and 'grey-sector' hostels to create:

- humane living conditions for residents, and to
- provide affordable and sustainable housing opportunities on a rental or ownership basis for people on low income.

Table 2: Comparison of key aspects of the different options for hostel upgrading or conversion in South Africa

Key aspect	*Project linked capital subsidy for first time home ownership*	*Peoples Housing Process*	*Institutional subsidy for social housing*	*Public sector hostels upgrading programme*
Subsidy available	Sliding scale up to R25 800 for households earning below R1 500 p.m.	As project linked subsidy	R25 800 Per dwelling unit for households earning below R3 500 p.m.	R25 800 per unit, or R6 400 per individual sharing
Developing agent	Private developer or municipality through private developer	Community with assistance from Housing Support Organisation	Non profit housing association or co operative	Municipality or provincial government with private contractors
Tenure options	Immediate individual ownership	Immediate individual ownership	Rental Instalment sale (tenant purchases unit after 4 year initial rental period) Co operative ownership	Rental Immediate individual ownership
Responsibility for Managing	Individual home owner	Individual home owner	Housing association for rental Individual or home owners' association after ownership	Municipality or provincial government for rental Individual or home owners' association after ownership

The grant is provided in the form of a capital subsidy in the amount of R25 800 per self-contained family unit, or R6 400 per bed for individual sharing facilities.

To qualify for support under the programme, hostels redevelopment projects must:

- be planned and executed in an inclusive and participative manner (a local negotiation group involving residents and other community interest groups must be established);
- be based on a proper socio-economic survey to determine needs and affordability levels;
- not result in the displacement of residents unless acceptable alternative accommodation arrangements can be made;
- be sustainable in terms of on-going payment of maintenance and service costs;
- maximize employment opportunities for residents and locals in the construction and maintenance phases.

5. National housing norms and standards for government subsidised housing

The South Africa National Housing Code for subsidised housing (2000: 119-120) defines such housing as,

> *A permanent residential structure with secure tenure, in ternal and external privacy, and adequate protection against the elements, with portable water, adequate sanitary facilities and a domestic energy supply.*

Dwellings have to have a minimum gross floor area of 30m^2 (32m^2 in Gauteng Province).

5.1 The Sethokga hostel

Sethokga is a local authority-owned public sector hostel at the north-eastern edge of Tembisa, a sprawling township of more than five hundred thousand people roughly halfway between Pretoria and the Johannesburg International Airport. The hostel is situated close to Oakmoor station on the main rail link between Pretoria and Kempton Park, and has good transport links (mini-bus taxi, bus and rail) with Pretoria, the Olifantsfontein/ Clayville industrial complex to the north, and fast-growing Midrand to the west. The area is reasonably well-serviced with regard to facilities such as hospitals, schools, sports grounds and trading, both formal and informal.

The Sethokga complex consists of twenty nine U-shaped single and double-storey blocks on approximately twenty two hectares of land, with twelve thousand official bed spaces.

Sethokga hostel was constructed in the early 1970's and consists of cement washed and painted concrete hollow block walls, asbestos cement profiled sheet roofs, and concrete slabs on rib-and-trough galvanised steel sheet permanent formwork. There are no ceilings or floor finishes. Each hostel block consists of separate dormitories of 25 bed spaces sharing an entrance, and very rudimentary cooking, dining and ablution facilities. Sleeping 'cubicles' each 2.6 x 2.6m in size, and accommodating two beds are arranged in rows open to, and on either side of a central corridor. There is no individual privacy other than whatever flimsy provisions residents themselves have been able to make.

The buildings are structurally reasonably sound, and although built on medium dolomitic soil, are not expected to give much trouble if basic precautions such as paving, drainage and prevention of major water and sewer leaks are maintained. Most of the internal electrical reticulation in the buildings have long since been stripped out. Prior to a clean-up initiative carried out by the local council in early 2000, the sanitation and sewage systems were largely dysfunctional due to blockages and leaks, and these remain severely overloaded.

5.2 The Sethokga hostel conversion pilot project

According to the Land & Housing Development Support Group (2001: 8-10), Sethokga was selected for conversion for two main reasons. Firstly, its sheer size meant that a successful conversion would contribute substantially to urban renewal in the area, and earn the government considerable political plaudits. Secondly, the cost of maintaining services in the face of low levels of rental payments was becoming an unaffordable burden to the local authority owner of the complex. In 1997 the local authority commissioned a consulting firm, Urban Planning Services, to carry out a comprehensive socio-economic survey among all hostels within its area of jurisdiction, and to prepare a Hostel Strategy and Impact

Study. This study proposed conversion of the entire Sethokga complex into one, two, and three-bed room family apartments (Urban Planning Services, 1998).

The proposed conversion was prevented from taking place through what appears to be a combination of political factionalism within the complex, and fears of inability to pay rentals and subsequent displacement among residents. By the end of 1999 the project team had been dissolved, and conditions in the complex continued to deteriorate.

In early 2000 the Gauteng Provincial Housing Development Board (PHDB), the Ekurhuleni Metropolitan Council, The Kempton Park Municipality, The Social Housing Foundation, the Land and Housing Development Support Group (L&HDSG), and the Sethokga Community Development Forum agreed to set up the Sethokga Housing Association (SHA) and re-start the long-term redevelopment of the hostel complex. The first phase was a pilot project aimed at the conversion of dormitories into five hundred family units for rental with institutional housing subsidy funding and a top-up loan from the National Housing Finance Corporation to cover the capital costs of the development.

The Ekurhuleni Metropolitan Council, acting on behalf of the owner of the complex, the Kempton Park Municipality, appointed the Land and Housing Development Support Group as consultants to carry out a new social survey and prepare a feasibility study and business plan for the pilot project. The main aims of the survey were to determine the socio-economic profile of existing residents, their housing needs and preferences, and levels of payment for housing and services that the residents would be able to afford. Although falling outside the scope of this paper, it needs to be mentioned that the study also took into account issues such as existing patterns of trade and movement in and around the complex, the need for social, business and recreational facilities, opening up the complex to neighbouring communities without sacrificing security aspects, and the spatial integration of the pilot project with the rest of the complex to ensure maximum impact.

The SHA was set up and operations initially funded with an interest-free loan from the municipality. A socio-economic survey was conducted among a sample of five hundred residents in July 2000, and the results of this were used to plan and design the project and procure a contractor to do the construction work. The initial construction budget was R12.4m or R24 800 on average per unit. The project was initiated under the old institutional capital subsidy of R18 400 per unit (R16 000 plus 15% discretionary variation for geophysical conditions), which subsidy would have provided about 75% of the capital outlay, with an NHFC loan funding the balance. Tenders were obtained in April 2001, and construction was to start in May 2001.

Residents, however, again put a halt to the handing over of the site to the contractor, and at the time of writing construction had still not started. At a number of public meetings held subsequently residents have given their reasons for halting the project as being a lack of proper consultation with themselves, and unrepresentative leadership. This happened despite the fact that the community had participated in the planning process and was kept informed at all times of what was going to happen. By mid-2003 costs had escalated to over R15m.

In 2002 the Gauteng Provincial Housing Department advised that the project would be cancelled as an institutional housing project, and reconstituted under the Public Sector Hostels Redevelopment Programme. This process is now underway with conversion of the entire complex into family and communal units phased over a period of four years 2005 – 2009.

5.3 Some results from the socio-economic survey

Crofton & Pienaar (2000) had done a socio-economic survey. For the survey five hundred residents or 25% out of a target population of two thousand were selected using a non-probability sampling technique. A ten page survey questionnaire was developed to identify key focus areas and accompanying variables. Residents completed the questionnaires with the help of fifteen trained fieldworkers proficient in the various home languages of the residents. Completion of the questionnaire took about 90 minutes per respondent.

After the statistical processing has been done, only 326 responses were considered reliably usable. This represented the final sample (16.3% of the target population). In addition the official municipal register and management records were scrutinized. The hostel complex was also physically surveyed, and resident activities were observed and recorded for a period of two weeks by trained field-workers.

The survey indicated that occupants were still overwhelmingly men living in the hostel on their own without their families (more than 88%). Of these, 54% were sharing their bed space or cubicle, usually with another man in the same situation. Only 9.5% were sharing their cubicle with a woman or woman with child/children. In the sample, 16.8% of residents originally came from the Eastern Cape Province up to 1000km away, and 73.3% from Limpopo Province (formerly Northern Province) up to 400km away, indicating their largely rural roots.

Of the sample of residents participating in the survey 45% were married and 51% had never married, although 72% indicated that they had dependents. A high proportion (75%) indicated that their dependents would join them if proper housing (and jobs) were available. Most of the dependents in the rural areas (61%) currently enjoy some form of employment, or are involved in income-producing activity, and most of this would be lost if the dependents joined the men in Sethokga.

Of the Sethokga residents, 37% visit their families at least once a month and 31% at least once a year. The vast majority (78%) indicated a desire to stay in Sethokga permanently, citing as main reasons for staying here the following:

- Close to work: 54%
- Nowhere else to stay: 42%

Existing individual home-ownership elsewhere appears to be at a low level (13.2% of total). Residents in the sample were asked whether they owned residential property anywhere outside of Sethokga. (Communal ownership in tribal areas was not taken into account). Table 3 below indicates existing home-ownership among residents in the sample.

Table 3: Existing home ownership among residents in the sample

Age category (Years)	*Owns a home*		*Does not own a home*		*Total*
	Number	*%*	*Number*	*%*	
18 19	0	0.0	4	1.2	4
20 29	7	2 2	128	39.3	135
30 39	14	4.4	84	25.8	98
40 49	14	4.4	28	8.6	42
50 59	7	2 2	26	8.0	33
60 69	0	0.0	8	2.5	8
70 79	1	0.1	1	0.1	2
No response	0	0.0	4	1.3	4
Total	43	13.2	283	86.8	326

Reasons given for the above were that:

- residents from outside the province initially entertained the notion that they would eventually return ‘home’ and did not therefore, want to invest in a permanent home in the city (36.8%);
- simply not having been able to afford home-ownership to date (58.3%);
- other reasons (4.9%).

Affordability therefore, appears to have been the main constraint.

Tenure preferences for converted units were as follows:

- Ownership: 36%;
- Rental: 27%;
- Rent to own (a form of deferred ownership, with an initial rental period of a minimum of four years as required by institutional subsidy regulations): 35%.

The above is a strong indication that interest in different forms of tenure is more or less evenly spread between the three main options, and that any solution would have to provide a definite mix of tenure options in order to meet the expressed needs of residents.

Informal communication with residents indicated that the high number opting for rent-to-own can probably be ascribed to the fact that ownership can be obtained without having to put down a deposit immediately, and a general misconception that rental payments during the prescribed four year rental period would ‘pay off’ the purchase price.

Existing rentals averaged approximately R85 per bed per month. Most of those who were paying were doing so through pay-roll deductions effected automatically by their employers (mainly municipalities in the area).

A total of 92.3% indicated a willingness to pay rent for upgraded accommodation. Preferred rentals for proposed converted units averaged as follows:

- One-bedroom units: R100 per month;
- Two-bedroom units: R200 per month;
- Three-bedroom units: R300 per month.

When compared with the financial feasibility study for the project these figures are R120 – R250 per month lower than the rentals needed after conversion to make the project viable. The preferred affordable rentals above could only be achieved if the product norm of 32m^2 minimum floor area could be relaxed and subsidy eligibility criteria changed to allow sharing of units.

Unemployment was 35% and non-payment of rental was 38.5%.

Reasons given for non-payment were as in table 4.

Table 4: Reasons for non payment of rent

Reasons given for non payment of rent	*%*
Not employed unable to pay	29.54
Nobody else pays	24.58
No reason given	19.08
No maintenance waiting for conversion	12.66
The hostel office is corrupt	5.80
No billing from municipality (Don't know how much/where to pay)	5.50
Not a legal occupant of hostel	1.20
Was told by leaders not to pay	0.92
Government is paying	0.55
TOTAL	100.00

Most residents who were not paying were heavily in arrears, with average arrears exceeding R2 000 per resident. In the survey 90.2% of residents indicated that they were not currently paying rent whereas the municipal records reflect a non-payment level of only 38.5%. This suggests that a large number of people are not even aware that they are paying rent (rent payments of formally employed residents are by automatic debit facility or pay-roll deduction). The non-payment figure also roughly corresponds with the number of unemployed residents (35%).

5.4 Lessons from the Sethokga experience to date

Crofton & Pienaar (2000) found that lengthy consultation with community representatives and local politicians has revealed that the main reason the pilot project was halted was the fact that it inadequately addressed the needs of the majority of residents. A memorandum presented by residents to the provincial Member of the Executive Council (MEC) for housing in July 2002, listed among others the following demands:

- dismantling of the Sethokga Housing Association;
- further consultation with the community on housing needs and affordability;
- commitment to provide alternative accommodation for anyone affected by proposed redevelopment.

A range of results from the 2000 survey on housing needs and income and expenses were combined with the above to establish the following salient points:

- Less than 30% of residents could afford to spend R500 per month or more on housing. The majority therefore, would be unable to afford the rent for converted family units. The adjustment from current rentals to the envisaged rentals for converted units would be too great for most residents. Affordability appears to remain the primary consideration in the minds of hostel residents. The rigid product norms and eligibility criteria of the government institutional housing subsidy scheme on the other hand render conversion projects too expensive to meet the need for a range of affordable housing options.

Table 5: Affordable monthly payments on housing

Amount	*Number*	*%*
More than R0 but less than R100	90	27.61
More than R100 but less than R500	139	42.64
More than R500 but less than R1000	58	17.79
More than R1000	39	11.96
TOTAL	326	100.0

- Residents would not like to leave the blocks they are currently staying in because of established family and other social ties and networks, safety, and running of informal businesses from their blocks.

Table 6: Reasons given for not wanting to move from current residence

Main reason given	*Number*	*%*
Family members staying in same block	35	10.74
Friends staying in same block	121	37.12
Feel safe here because of knowing other residents	86	26.38
Running an informal business from the block may lose clients if moved	27	8.28
Other reasons	22	6.75
Do not mind moving	35	10.74
TOTAL	326	100.00

- Consultation with leaders and views expressed at public meetings revealed fears that partial redevelopment as envisaged in the pilot project would divide the community and cause conflict when it came to allocation of new units to a selected few.
- Residents not targeted for the pilot project expressed a fear at public meetings that their expectations of better living conditions would never be met once the conversions for those few who can afford the higher rentals of converted units have been completed.
- The single tenure model (rental only) did not reflect residents' preferences as shown in table 7 below. From a broader planning and management point of view the single tenure model would also perpetuate the transient nature of the population in the complex, and fail to provide socio-economic diversity and stability provided by a degree of permanent ownership within the complex.

Table 7: Residents' tenure preferences

Form of tenure preferred	*Number*	*%*
Immediate full ownership	118	36.20
Rental	88	26.99
Rent to own (Instalment sale)	120	36.81
TOTAL	326	100.00

6. Conclusion

The Sethokga hostel conversion pilot project was initially designed to provide family rental housing in accordance with the government's Institutional Housing Subsidy Scheme. Results of the socio-economic survey conducted to determine residents' housing needs and affordability levels (Crofton & Pienaar, 2000), and subsequent actions by residents themselves, indicated that this single-option approach, restricted to the provision of family rental housing, was not entirely appropriate.

Efforts to get the Provincial Housing Development Board (PHDB) to accept and fund options that responded to the expressed needs, but did not comply with minimum norms and standards as laid down in the National Housing Code, were unsuccessful. Under political pressure from the National Department of Housing it was decided to conform to standards, and press on with the pilot. This decision, as borne out by the residents' actions in halting the project, was a mistake. The consequence of insisting on minimum norms and standards, and the lack of flexibility in the Institutional Subsidy funding regime for hostel conversion would have been that residents are denied a variety of choice, as well as the opportunity to be part of an integrated and sustainable housing solution more finely tuned towards their needs.

If conversion with the use of the Institutional Subsidy is to be successful, a more flexible approach from government is needed – one that combines the use of variable norms and a combination of subsidy instruments so that the planning and design of hostel conversions can be tailored around real needs rather than the strictures of inflexible bureaucratic systems. Under such conditions hostels could start forming a valuable asset within the communities from which they have been isolated, and with whom some of them have lived in sometimes violent conflict for so long.

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