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HOUSING MARKET DYSFUNCTIONALITY AND DISPLACEMENT OF THE POOR IN SOCIAL RENTAL HOUSING IN EAST LONDON, EASTERN CAPE

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Abstract

South Africa is experiencing an enormous housing backlog which is being addressed through a number of options of the publicly founded housing programmes for the poor, one of which is the social housing programme. The social housing programme seeks to provide well located and quality rental housing option to low income earners while contributing to urban restructuring and has since its establishment, become a very desirable housing option which is attractive to higher income groups who are specifically excluded on the basis of income. This paper seeks to unpack dysfunctionalities within the social rental housing sector which serve to disenfranchise the poor, who are the intended beneficiaries, of rental housing opportunities in East London, a large city in the Buffalo City Metropolitan Municipality. We grapple with policy surrounding social housing in South Africa, and while using qualitative methodologies, we observe major inconsistencies between the official policy of social housing and practice

Keywords: Social Housing, dysfunctionality, housing disfranchisement, South Africa, East London

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Introduction

According to the UN-Habitat, only a few areas affect human beings as much as housing does and that the importance of housing cannot be over-emphasized. Huchzermeyer (2001: 305) notes that South Africa's housing policy is based on the fundamental understanding that housing is a basic need. Van Wyk (2009: 18) defines housing as "an instrument for political stability, economic prosperity, social welfare and household well-being and an economic, physical product- which requires various parallel and consecutive processes, services, suitable resources and relevant systems in order to create and maintain quality, sustainable living environments for human beings". In line with this definition, Jimoh (2012: 2) notes that social housing emphasizes that housing is a pre-requisite for exercising other rights such as health, insurance, education, employment, citizenship, culture and leisure.

Similar to many other developing countries, South Africa has to deal with excessive housing backlogs and housing demand brought about due to population growth (Onatu, 2012: 187; Van Wyk, 2009: 38; Jimoh, 2012: 20). Onatu (2012: 187) goes on to note that "South African cities inherited a dysfunctional urban environment with skewed settlement patterns that are functional inefficient and costly, and huge service infrastructural backlog in historically underdeveloped areas". Moreover, South Africa has an undersupply of rental accommodation, especially for low-to middle-income earners. In the absence of rental housing supply, these households, usually public and private sector workers, must reside with family or more likely occupy inadequate accommodation, either squatting in the inner city or in backyard shacks or informal settlements (Africa, 2012: 5; Eastern Cape department of Human Settlements, 2014).

Chipkin (2003) notes that ‘dysfunctionality’ is written and spoken about as a host of social practices and malpractices that produce undesirable consequences. In this paper, we adopt Chipkin’s definition of dysfunctionality and we argue that the displacement of intended beneficiaries of the social rental housing initiative is symptomatic of deeper dysfunctionality within the South African state subsidized housing programmes. For instance, a number of studies have reported that corruption is the root cause of the ‘dysfunction’ in housing leading to fraudulent allocations of housing opportunities to people who do not qualify, subletting and illegal transfers (Kangethe & Manomano, 2014, Tissington, Munchi, Murigi-Mukudi & Durojaye, 2013, Rubin, 2011). There exists a growing body of media reports and research on how bribery and inducement facilitate quicker access to state subsidised housing as well as illegal access by those whose income levels are above the threshold.

Access to state housing subsidies by those who do not qualify is largely a by-product of the slow pace of housing delivery, design and systematic problems of the housing sector. Two of the consequences of these problems are the large backlogs and the emergence of the gap housing market. Gap housing refers to the market which exists between those households that are considered ‘too rich’ to qualify for state subsidised housing but, are ‘too poor’ to qualify for a house in the private property market. The Centre for Affordable Housing Finance in Africa (CAHF) notes that by income, the gap market is defined as comprising those households earning between R3501- R9000. However, by affordability, the gap market is likely to be much wider (Centre for Affordable Housing Finanace in Africa, 2015). Moreover, given that the income categories for different categories of the housing market do not get adjusted on a regular basis, yearly at a least, many categories reward earlier applicants and penalize those who apply later. Housing backlogs in the subsidised sector and the gap market together create incentives to engage in corrupt and fraudulent activities to secure decent accommodation.

In this paper we interrogate the practices and trends that work to disenfranchise low to medium income earners of the privilege of accessing low rental accommodation in social housing projects as envisaged by the social housing policy. According to the Republic of South Africa Social Housing Act No. 16 of 2008, “social housing means rental or co-operative housing option for low to medium income households at a level of scale and built form which requires institutionalized management and which is provided by social housing institutions or delivered by agents in approved projects in designated restructuring zones with the benefit of public funding as contemplated in this Act.” Given that social housing tends to be in more desirable neighbourhoods unlike RDP housing which like the township around which these developments are often located, are visibly cheap, uniformly built row upon row monotony and often located far away from socio-economic opportunities (Philip, 2014, Hohman, 2013). In fact, there is a strong argument to be made that the expansion of townships under the RDP housing subsidies perpetuates the colonial and apartheid legacy of unequal access to opportunities, and other amenities. Older inner city apartments especially at the lower end of the market meanwhile are no more desirable as they are often associated with inner-city decay. In a sense therefore, access to social housing is emerging as the battlefield for more desirable and spatially integrated housing.

Housing reform in South Africa

The problem of separate development

The inauguration democratic government in 1994 presented an opportunity to redress the racial legacy of erstwhile colonialism and apartheid systems. Apartheid (or separateness) as a planning system was premised on separate residential areas in terms of the Group Areas Act of 1950 for different racial groups classified in terms of the Population Registration Act of 1950 as blacks, coloureds, Indians and whites – all with differentiated access to amenities in terms of the Separate Amenities Act of 1953 and socio-economic opportunities. As political system, it was based on unequal citizenship and subjugation of the black African majority in particular. As expected, reforming the apartheid legacy has been a preoccupation of the ANC[2] government and in this regard government has embarked on extensive legislative and policy reforms to reflect the demands of the non-racial democratic society.

Consequently, the democratic government inherited a racially segregated housing system that promoted high standards for white people and inadequate and highly objectionable settlements for other races. By 1994, one of the major outcomes of apartheid's extremely complicated bureaucratic institutional framework was the massive housing backlog perhaps most visible in the urban areas – particularly the large metropolitan cities. In terms of the ruthlessly enforced Group Areas Act of 1950,

[2] ANC stands for African National Congress. It is the Republic of South Africa's governing social democratic political party. It has been the ruling party of post-apartheid South Africa on the national level since 1994.

and in pursuit of creating racial enclaves mass forced removals were undertaken in the 1960 -1980s. While white people took occupation of the best available locations, black Africans, coloured and Indian people were forcibly removed to distant and segregated townships which are located at the periphery of the urban areas.

While the white suburban areas developed to first world standards, elsewhere, the African townships in particular stagnated under apartheid. The pretext of the enforced temporary sojourn of Africans in urban areas was used as an excuse to under-provide municipal infrastructure in townships which were largely a combination of single sex hostels and standardized so-called match box houses. The combination of the decision to restrict construction of houses for Africans from the under influx control laws, and heightened immigration into urban areas by Africans at least by the early 1970s would lead to a housing crisis – characterised by overcrowding and proliferation of informal settlements (Seekings, 2010). Moreover, the arrival of democratic dispensation in 1994 and the removal of apartheid legislation heightened rural to urban migration with a concomitant increase in the housing backlogs. Thus, apartheid has bestowed on these cities skewed and functionally inefficient settlement patterns in which black townships are often mono-functional residential spaces which are located far away from economic opportunities and other amenities. In spite of multiple interventions after the Apartheid rule came to an end, South African housing policies since 1994 have, in some instances, reinforced the spatial divide bequeathed by the Apartheid era by placing low-income housing on the periphery of cities, far from economic activity (Lemanski, 2009: 473; National Development Plan, 2011: 28; Philip, 2014; Turok, 2012).

Post-apartheid reforms

Accordingly, as early as 1994 the housing problem was identified as one of the greatest challenges facing the new democratic dispensation presided over by the Government of National Unity. This related "not only to the enormous size of the housing backlog and the desperation and impatience of the homeless, but also the extremely complicated bureaucratic, administrative, financial and institutional framework inherited from the apartheid government" (Department of Housing, 1994; Wicht, 1999: 4). Moreover, as a result of exceedingly high levels of unemployment coupled with low wage levels, a large number of South Africans are unable to provide for their housing needs (Hopkins, 2006; Republic of South Africa Department of Housing, 1994). Not surprisingly therefore, section 26 of the Constitution of the Republic of South Africa, 1996, enshrines citizen's right of access to adequate housing which must be progressively realised. The South African Reconstruction and Development Programme (RDP) began after the 1994 elections with a narrowly focused commitment to increasing the quantity of housing stock available to the poor as quickly as administratively possible (Barry, Dewar, Whittal & Muzondo, 2007). While the government had built over 2.9 million houses for needy households between 1994 and end of 2010, the 2011 census revealed that more than 13% of the population were living in informal dwellings (elsewhere), a further 5% lived in informal dwellings or shacks (in backyard) and a further 3% lived in house/flat/room (in backyard) (Statistics South Africa, 2011).

The main vehicle with which the South African government seeks to address the housing backlog is the capital subsidy approach. The housing subsidy is the key instrument used by the government to develop housing for low-income households (Bannister, 2003: 5). The Department of Human Settlements defines a housing subsidy as a grant provided by the government to qualifying beneficiaries to be used to buy a house or, to finance the construction of a house that complies with the ministerial minimum norms and standards. There are five main types of subsidies: individual and project-linked, consolidation, rural and institutional subsidies.

- Individual and project-linked subsidies are linked to household income and are intended to enable ownership of a house for the first time. Beneficiaries of this subsidy by acquire registered tenure.
- Consolidation subsidy provides a 'top-up' amount to households that have benefitted from previous subsidy programmes. This subsidy programme is paid to communities or individual households for the completion of houses
- Rural subsidy was introduced to cater for the housing needs of people with informal rights to land, such as rights to land through laws and customs of a community.

The institutional subsidy caters for approved housing institutions whose aim is to provide alternative tenure arrangements such as rental, instalment sale, share block or co-operative tenure instead of immediate ownership (KZN Department of Human Settlements, 2015). These rental and cooperative housing options provided by approved housing institutions for low income persons under institutionalised management constitute the social housing programme. According to the Social Housing Foundation, social housing is a fresh "approach to affordable housing whose core intention is to provide low to medium income households with an affordable housing option" (SHF, 2002)

Social housing is the term used to describe subsidised rental housing in South Africa. Section 1 of the Social Housing Act (16 of 2008) defines social housing as "a rental or co-operative housing option for low to medium income households at a level of scale and built form which requires institutionalised management and which is provided by social housing institutions (SHI) or other delivery agents in approved projects in designated restructuring zones with the benefit of public funding". By its very nature, social housing is not an option for the very poor because persons accessing accommodation from housing institutions will have to earn a secure income, formally or informally, to be able to afford the rental or other periodic payment for accommodation (Eastern Cape department of Human Settlements, 2014). The South African government's housing strategy places a focus on social and middle income housing as important components and this is emphasised in the Breaking New Ground policy[3].

Social housing can provide access to affordable, well-located accommodation for those who choose not to, or may not be able to, purchase property. It plays a critical role for those who cannot access housing finance, a segment likely to grow in light of the global turmoil in credit markets (which impacts on the willingness of lenders to finance higher risk clients) as well as increasing interest rates in South Africa. The Eastern Cape department of Human settlements also acknowledged that rental as

[3] Breaking New Ground (BNG) policy was introduced in 2004 to fast track housing delivery by introducing more effective and responsive housing programmes. This policy focused on the quality of housing products and the development of sustainable human settlements by introducing a variety of alternative and innovative housing programmes. The key objective of the policy was to eradicate informal settlements by 2014.

especially important to the poor because it offers choice, mobility and an opportunity to those households who do not qualify for an ownership subsidy. (EcDHS, 2014/2015: 10). Ogusanya (2009: 1) notes that social housing is a tool of South African housing policy promoting improved quality of life and integration of communities by providing affordable, high-standard, subsidised housing with the added benefit of regenerating the area where the housing stock is located.

The social housing programme serves two key objectives. On the one hand, it seeks to fast-track the restructuring of South African society in order to address structural, economic, social and spatial dysfunctionalities, while on the other hand it seeks to improve the overall functioning of the housing sector and in particular the rental sub-component thereof in order to widen the range of housing options available to the poor (Du Preez & Sale, 2011: 1; Nedbank Report, 23).

Methods

Study Area

Located in the Eastern Cape Province, East London is the second largest city in the province after Port Elizabeth. Administratively the city is located in the Buffalo City Metropolitan Municipality, and is ranked 7th of the eight metropolitan municipalities in South Africa. The seat of the provincial government is in Bisho, which is located some 60 kilometres from East London, but still within the Buffalo City Metropole. A large proportion of the government workers in Bisho commute daily from East London and thus play a significant part of the housing demand in East London. East London hosts one of the strategic harbours of the country, the Port of East London close to which major industrial areas are located – most significantly the export oriented Mercedes Benz factory and the East London Industrial Development Zone both which anchor the economy of the city. The housing conditions in East London are quite similar to that of other large metropolitan areas and large urban areas whose history and geography reflects racially segregated colonial and apartheid past.

Social Housing Institutions

In this study, social housing institution refers to an "institution accredited or provisionally accredited under the Republic of South Africa Social Housing Act No 16 of 2008 which carries or intends to carry on the business of providing rental or cooperative housing options for low to medium income households, on an affordable basis, ensuring quality and maximum benefits for residents, and managing its housing stock over the long term" (Social Housing Act No 16 of 2008). For the study we decided to select the two largest *social* housing institutions in East London in terms of size of the social housing rental stock namely, Own Haven Housing Association (hereafter Own Haven) and Sohco Property Investments (hereafter Sohco). Both organisations are registered under Section 21 of the Companies Act which regulates companies that do not intend to make profit but focus on the provision of services.

Own Haven owns the Southernwood Square in Southernwood offering 249 units consisting of bachelor, one and two bedroom flats as well as Reservoir Mews offering 429 bachelors, one and two bedroom flats. It also owns the Skyview offering 103 two and three bedroom flats, Haven Hills which offers 258 flats consisting of one-, two-and three-bedroom rental units. Sohco owns the 598 unit Amalinda complex, consisting of 65 one bedroom, 493 two bedrooms, 40 three bedroom units. It also owns the Emerald Sky, an 840-unit complex with one bedroom and two bedroom units

Data

The paper is based on largely qualitative data from in-depth interviews conducted with 11 residents of Own Haven and Sohco, two senior officials of Own Haven and Sohco as well as a senior official at the Eastern Cape Department of Housing. Interview questions were developed based on a literature review which included an extensive policy analysis as well as legislation regulating social housing in South Africa. After repeated attempts to secure an interview with a representative of the South African Social Housing Regulatory Authority (SAHRA), officials requested questions to be submitted in writing to which they also responded in writing. Each interview was coded using themes based from the problem statement and a review of law and policy on social housing in South Africa. Given the sensitivity of the study, we were aware that residents of the social housing institutions would be fearful about their identity being revealed. Thus, while we committed to confidentiality and created a comfortable environment for them to speak freely, we cannot claim complete openness. The confidentiality cover of non-attribution of data to any individual has been extended to officials as well.

Findings and Discussion

This study addresses the perceived displacement of targeted beneficiaries of social housing by higher income groups in East London South Africa. Housing policy has sought to position and social housing as a decent and most economically accessible housing typology for low and medium income earners. During the course of the study we noted that the ostensible dysfunctionality and the subsequent displacement of intended beneficiaries from accessing social housing is a complex and multi-dimensional problem. All of these dimensions are interconnected and they serve to create an environment that is conducive to the said displacement. Here, we discuss some of the dimensions that possibly result in displacement of the intended beneficiaries:

“Under-fundedness” of the sector

By the early 1990’s the South African housing sector was fragmented and inconsistently funded (Hopkins, 2006). Social housing projects are financed with a combination of government funding, debt and equity (Sobuza, 2010; Nedbank Report, 2012). According to a study done for the Support Programme for Social Housing, the financial situation of the majority of Social Housing Institutions in South Africa is precarious (Ndinda, Hongoro, Mustapha, & Davids, 2014). Social housing institutions must be finically viable, with a low rate of default, high repayment rates and good management practices. The Social Housing Regulatory Authority (SHRA) is the government agency which serves to regulate the sector in SA and it is also responsible for disbursing the Restructuring Capital Grant (RCG), the main national source of funding for social housing. The restructuring capital grant was made available by the revised Social Housing Policy for social housing projects in certain geographic restructuring zones. The private sector can access this grant for registered social housing projects.

Those projects have to qualify in terms of a number of criteria, including the financial viability of the project, its state of readiness for delivery, and its targeted rentals. At least 30% of the units in the project must have rentals that are targeted at the ‘Primary Target Market’, (30% of the average household income of between R1 500 and R3 500 per month). The other source of state funding is the Institutional Subsidy administered by provincial governments. The institutional subsidy mechanism was introduced to cover the development costs of units for households earning less than R3 500 per month paid to SHI that develop social housing stock. The Restructuring Capital Grant (RCG) and the Institutional subsidy make up 60 to70% of the capital cost of development of social housing. The balance – 30 to 40 %- of social housing development finance requirements are usually covered with debt on commercial terms extended by either the publicly funded National Housing Finance Corporation (NHFC) or the large banks.

However, the value of institutional subsidies has become inadequate compared with inflation. Sobuza (2010: 30) observes that the current funding framework and the current institutional subsidy is not tailored to the production of viable medium to higher density housing projects, and has no proper provision for the operating management costs of the housing stock”. For instance, Sager (Sager, 2014) notes that when it comes to funding most SHI’s are walking on a tightrope because both the funding structure and the income schedules in terms of the Social Housing Policy are outdated. The RCG subsidy has not increased since the sector was formalized in 2008, despite the usual construction cost hikes as well as changes in building regulations which have increased the cost of construction (Sager, 2014). There are many cash demands within a typical South African social housing institution such as set-up costs of a typical social housing Institution, set-up costs of developing a social housing project and running costs of the social housing institution. Thus the rising inflation and associated building costs inhibits the ability of both government and private sector to deliver housing for those falling within the Gap market. Due to the under-funded nature of social rental housing in South Africa and the high maintenance costs of social housing projects, most institutions run at an operating deficit, especially in the initial years. These findings and the literature in this regard was corroborated by the following qualitative sentiments from the Social Housing Institutions officials:

"The other sector wide challenge is the financial model, where over the past four years systematically the sector has granted to a halt because with building costs, in particular, escalating all the time while the subsidy quantum, as well as our income bands that we are allowed to service have remain static. So the financial model has become more and more dysfunctional to a point where we find that now for all intents and purposes we can't do new developments because the balance portion of the subsidy model, the loan element, is getting bigger and bigger to make up the issue of building costs and our tenants aren't able to afford a higher rental because they are still in the same income band".

According to the department of human settlements, a diagnostic review by the support programme for social housing found that only a limited number of SHIs are performing and delivering housing units. There are severe financial challenges within the sector and the parameters of the current subsidy approach are too tight to allow the provision of social housing too far down-market. The sector has been moving out of the low income market into the middle income markets due to the financial pressures. This has resulted in an unsustainable situation where the majority of the SHIs have developed and currently depend on debt and donor funding.

Moreover, sager also notes that the target market has also remained the same since the sector was formalized and legislated. “The target market has remained households with incomes below R7,500, which may be charged a maximum of 30% of this for rental. Prices have increased by 23% in the past five years. This means that in effect households earning R1,155 to R5,775 in real 2008 terms are currently being targeted, implying that rental incomes are effectively reducing (in real terms) for SHIs” (Sager, 2014).

Another factor which adds to the funding challenges faced by SHI’s culminates in the conditions attached to SHRA funding, in the event that a SHI applies for the RCG. “To qualify for the funding, at least 30% of the beneficiaries of the housing development should come from the target market, namely households earning R1,500 to R3,500, charged an average of R750 per month rental” (Sager, 2014).

Affordability

We noted that another dimension that could possibly exclude intended beneficiaries from the benefits of social housing is affordability of rental. Our assumption is that: similar to the arguments about gentrification and displacement in literature (Marcuse, 1985; Vandergrift, 2006) a vicious cycle is created with the erection of social housing projects whereby poor people who fall within the intended income bracket come to realise that, for one reason or the other, they cannot afford the rental and thus they move back to where they came from. In light of the situation whereby income earners are unable to afford decent housing the United Nations Centre Human Settlements (UNCHS Habitat) has identified a condition they call “housing poverty”, which is related to the fact that it is not only the ‘income poor’ who experience difficulties in accessing affordable and decent housing but also those who earn reasonable income (Groves, 2004). In his thesis about challenges to affordable housing Khakhi (2009:) also writes that “for other sectors and in particular the lower income bands, no housing is affordable, unless it is made freely available to beneficiaries.”

Writing about rental default facing social housing institutions Onatu (47), notes that affordability has been attributed to the prime motive for rental default in social housing institutions. Furthermore, Moss (2003) did a survey in analyzing National Housing Finance Corporation tenant survey in 5 provinces comprising: Gauteng, Eastern Cape, Western Cape, Free state and Kwazulu Natal noted that the major reason for default is affordability. Similarly, despite that the intention of social housing is to provide affordable low to medium income households an affordable housing option, a number of tenant participants decried unaffordability.

social housing can only work under conditions of high levels of employment and steady income. A study conducted by the Human Sciences Research Council shows that those in the 15000 to 3500 earning bracket are more likely to default in their rental payments. Most of the people within this earning bracket do not have a steady income as they mostly do shift work. The study notes that the reasons for defaulting included difficulty in making the repayments, fewer working hours, unemployment, illness, rent increases and unexpected utility bills. Our assumption in this regard was supported by sentiments from some of the tenants:

"It is a nice place but it's expensive. We are now looking for a cheaper place because we also have a baby to take care of now. For example, 2 beds is R4000 which is too expensive. A bachelor is R2000 and on top of that there is water and lights. There's lots of things. Rent is high here."

A consequence of this is that many social housing institutions would rather not qualify for the Restructuring Capital Grant and keep a rental stock that is more likely to pay their rental. As a result, in many social housing projects those at the top end of the Gap market (i.e. earning closer to the ceiling of the gap) occupy the majority of the units provided due to the amount of rent and/or rates required as well as the reliability of those beneficiaries to pay rent. Thus in this way, the intended beneficiaries who earn below 3500 end up being displaced.

Bribery and corruption in the allocation process

The study did not exclude the possibility of bribery and corruption in the allocation of social housing units. Narratives of fraudulent malpractices that reinforce supposed displacement of the intended beneficiaries were made by interviewees. The findings also indicate that social housing institutions are complicit in the process of letting to people who do not qualify to the exclusion intended beneficiaries. Writing in the context of RDP subsidy allocations, Kang'ethe & Manomano (2014) argue that the process of accessing any form of subsidised housing in South Africa is rendered dysfunctional by the innumerable malpractices such as bribery, corruption, nepotism, favouritism and gross maladministration making the housing beneficiaries or would be beneficiaries despondent and socially excluded. The tenants reported that there were people they suspected to be earning salaries greater than the income bracket for social housing yet staying in these projects. These assumptions and perceptions were corroborated with the following qualitative sentiments from some of the interviewees:

"bra, there is a lot of I politics in terms of who is supposed to be here and who's not, you check?

"I'm just guessing along those lines that maybe there is a bribing in between or maybe persons renting a flat but not on his own name yabo"

"That it's imishimbilili[4] *abayenza bona at that level. You see? And when they submit reports to the regulator and how they hide such tenants I would not know how they do it."*

Inconsistencies between policy and Practice

The Eastern Cape Department of Human Settlements and Social Housing Regulatory Authority indicated that the target market for social housing is households within the R1500– R7500 earning bracket in line with the Social Housing Policy. A key dimension of the social housing programme is social integration and as part of

[4] *Imishimbilili* is an isiXhosa word to denote fraudulent practices

this the tenanting must adhere to the following mix: a minimum of 30% of tenants must be in the primary market of R1500-R3500 and the other 70% should be in the secondary market of R3501-R7500. Management at both of the social housing institutions agreed that these are targets that they need to adhere to in terms of their ongoing registration with the Social Housing Regulatory Authority. Yet the Own Haven 'rental quote for 2015' shows that for the primary market an income of R3425 to R5094 is required while for the secondary market an income of R6140 to R10916 is required for the Southernwood Square and Reservoir Mews estates. Similarly, the 'qualifying criteria' on the Sohco website, include an income requirement of gross family or occupier's income between R3 265 - R11 300 per month.

We observed that while the stated policy is to enroll residents within the R1500-R7500, the prospectuses of the two social housing institutions required higher incomes than the policy targets which is a regulatory issue as the two institutions are supposedly breaking the tenets of their accreditation. This partly explains inconsistent lifestyle artefacts such as executive sedans and sports utility vehicles (SUVs) driven by tenants which point to occupants earning far beyond the regulated R 1500-R7500 range. Given that instalments for such vehicles range between R4000 and R12000, one resident responded that *"you can't drive a jaguar and say you earn a salary in the R5000-R10000 range".* Many of the respondent remarked that there clearly were problems in the tenanting process.

Moreover, there is lack of clarity in terms in terms of what happens when tenants' incomes increase to the level that this income falls outside the confines of the R1500-R7500 range. Also related to this is the rigidity of the income range over time which has failed to take account of South Africa's inflation range of 5-10% in the past 10 years of implementation of social housing in East London. There cannot be any doubt however that failure to make inflationary adjustments to the income qualifying criteria potentially reduces tenure security and increases the administrative burden of searching for new clients every year on the social housing institutions

In practice therefore, both institutions have practically abandoned the policy requirement of serving the R1500– R7500 income band. These inconsistencies with regard to income brackets seem to be thriving despite regulatory requirements and assurances by the Eastern Cape Department of Human Settlements that social housing institutions could not enroll clients outside the stated income band. The findings also revealed that tenants' leases continue for as long as the tenant is paying their rent. This creates a situation whereby tenants decide to pass the flats on to relatives or friends when they move on. Lease agreements should have an end date and the tenants should re-apply once their leases have come to an end.

Subletting to people outside the income bracket

While subletting is specifically not permitted in terms of the lease agreement, these do occur in different forms. Both social housing institutions claim that they collect and keep updated information on unit occupants and periodically complete tenant audits and inspections to check occupancy arrangements. Both also report that they occasionally have to deal with subletting of units, which often involves an additional family member or friend staying with the lease or occupying the unit when the lessee relocates. Some interviewees indicated they were renting space in the unit from their friends or were occupying the unit instead of the lessee who had since moved from East London.

Limitations

We attempted to understand how individuals who should be excluded in terms of income qualification policy were tenants in the social housing institutions to the exclusion of the less well-to-do qualifying applicants. We observed that respondents were generally guarded in their responses. This study may be classified among what is termed ‘sensitive topics’. As Lee (1993) observes such sensitivity is culturally and context defined and often involves intimate, discreditable or incriminating information which potentially poses a substantial threat to those who are or have been involved in it. In particular Lee (1993) postulates three types of risks: intrusive threat, threat of sanction and political threat. Intrusive threat refers to the ‘private, stressful or sacred’ (Lee, 1993:4) such as sexuality, death and worship. The threat of sanction relates to studies of deviance which may reveal stigmatizing or incriminating information such as this study which could potentially reveal illegality such as bribery and corruption in the allocation of social housing on the part of respondents (both tenants and the social housing institutions) or mere fragrant violation of social housing policy. In fact, studies that reveal what has hitherto been hidden are more problematic if these revelations further impugn the poor and less powerful in society. To its credit though, the social housing regulatory authority was frank in its inability to properly regulate the sector.

A further problem is the size of the sample of residents of social housing institutions interviewed. However, Munyuki (2015: 37) rightly points out that while a relatively small sample of narratives does not speak for all in the community, “it can be considered to provide evidence that can be used to create an understanding of the inter-subjective meanings that are shared by the whole community". We propose here that in order to discern further what indeed is happening in terms of the housing allocation process, more research needs to be undertaken by the Social Housing Regulatory Authority which could require social housing institutions to provide it with up-to-date information of the current tenants. Alternatively, the social housing authority may check income details of residents of social housing institutions with the tax and internal revenue service – the South African Revenue Services.

The social housing sector in South Africa is still in its formative stages and is as yet under-researched. The unavailability of literature meant that this study mostly relied on literature that deals with RDP housing as a foundation to understanding the research problem. Taking into account all the above factors signals that there is a need for further research.

Conclusion and Recommendations

Social housing policy has been positioned and subsequently marketed as a decent and most economically accessible housing typology for low and medium income earners. However, the current quantum of both the Restructuring Capital Grant and the Institutional Subsidy need to be revised in light of inflation if the sector is to be sustained for the long run. A number of studies (NDHS, 2005; Sobuza, 2010; Ndinda et al, 2014) have already argued that the government funding portion of social housing is not enough in light of escalating construction and building maintenance costs. Social housing institutions have become heavily reliant on debt funding in order to make up for this. However, because they provide affordable rental services to the low income earners it becomes difficult to make enough profits to service their loans. HSRC conducted a case study whereby a housing institution known as the Housing Association Blaauwberg

(HAB) in Atlantis[5] was sequestrated and handed over to s liquidator for failing to service its debt to the National Housing Finance Corporation (Ndinda et al, 2014). Literature from the European Union (Gibb, 2002; Hastings, 2004; Hills, 2007) shows that social housing estates became stigmatised and tenures of last resorts in the 1990s when investment in the sector dropped.

The roles and responsibilities of the sector regulatory agency, the Social Housing Regulatory Authority, need to be revised. Sector problems caused by SHRA's instability also kept cropping up in the interviews with the social housing institutions management. There is a myriad of inconsistencies between what the policy says and what happens in reality that the SHRA need to investigate and clarify. This recommendation is supported by the following qualitative sentiments from the interviews with the social housing institutions management:

"The social housing regulation system in general is quite unwieldy and overly complex and as a result difficult for the industry regulator to administer. We understand from the SHRA that the reporting system is currently under review."

"the apparent paralysis of the Social Housing Regulatory Authority (SHRA) as a result of funding irregularities and the associated resignation of senior management has significantly impacted on the project evaluation and funding allocation processes, delaying it by at least six months."

It is clear that the positioning of social housing as a decent and economically accessible housing typology has been successful leading to high demand even from non-qualifying higher income groups who seem to have curved a niche in this housing typology. However, the growing trend of rental default by tenants signals that there are affordability

[5] Atlantis is a town in the City of Cape Town Metropolitan Municipality in the Western Cape, South Africa

issues for people within the legislated income bracket. Studies on housing affordability suggest that when housing costs exceed 30% of the household income it becomes unaffordable (Ndinda et al, 2014). We recommend that policy in this regard also needs to be revised in light of inflation. We recommend that further research pertinent to the supply and demand and accessibility of social housing by the intended beneficiaries be conducted.

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