

A black and white photograph of an elephant's head and trunk, looking towards the right. The elephant is partially obscured by text.

# **A demand led approach to affordable housing**

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**African Union For Housing Finance Conference  
Affordable Housing: Alternative Building Technologies**

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## **Staff Housing – A life changing partnership**

- **PPC's is encouraging home ownership amongst its own employees.**
  - **The initiative will run over a 4 year period and hopes to assist at least 300 employees**
  - **The approach is to make acquiring a home a life changing experience for every participant**
  - **Success is measured by how the participants are fundamentally empowered to manage their housing process and achieving their planned results**



## The process of empowerment – Partnership model

**Support provided :  
Financial**

- **The PPC Home Ownership Grant**
- **Support in accessing loan finance:** Mortgage Loans, Pension backed and Top-up loans
- **Accumulated employee contributions**

**Support provided :  
Housing Decision Service  
(choosing options, understanding risk and exercising choice)**

- **Advice and Information:** Advice through an affordable, creditworthy housing action plan supported with relevant information on purchasing, building or upgrading a sub-standard home
- **Debt and Budget Support:** Debt consolidation, improve budgeting and tainted record resolution support
- **Home Purchase Transactional Support:** Advice and services to buy an existing or developer provided house.
- **Home Building Home Improvement Transactional Support:** This includes having house plans developed and approved, accessing materials, securing the loan finance, identifying and appointing a builder and overseeing the building process until completion.



## Housing Circumstances by Tenure and Income (Households), 2011

| <i>Mthly Income</i>  | R0 - R 3200      | R3200 - R 6400   | R6400 - R13000   | R13000 - R26000  | R26000 plus      | Unspecified   | Total             |
|--|------------------|------------------|------------------|------------------|------------------|---------------|-------------------|
| <b>A: Formal - owned</b>   | 2 345 700        | 1 030 532        | 774 015          | 673 762          | 1 344 840        | 32 678        | <b>6 201 527</b>  |
|  | 37%              | 16%              | 12%              | 11%              | 21%              | 1%            | 43%               |
| <b>B: Formal - rented, plus Room/Flatlet not in backyard</b>                 | 1 908 744        | 899 039          | 705 977          | 524 357          | 643 362          | 11 548        | <b>4 693 027</b>  |
|  | 30%              | 14%              | 11%              | 8%               | 10%              | 0%            | 32%               |
| <b>C: Informal settlement - regardless of whether it is owned or rented</b>  | 766 069          | 276 497          | 146 779          | 42 181           | 17 784           | 461           | <b>1 249 771</b>  |
|  | 12%              | 4%               | 2%               | 1%               | 0%               | 0%            | 9%                |
| <b>D: Backyard dwelling - regardless of whether it is owned or rented</b>    | 400 117          | 167 196          | 101 059          | 31 378           | 12 889           | 316           | <b>712 955</b>    |
|  | 6%               | 3%               | 2%               | 0%               | 0%               | 0%            | 5%                |
| <b>E: Traditional dwelling - regardless of whether it is owned or rented</b> | 724 303          | 271 968          | 88 243           | 28 283           | 26 277           | 830           | <b>1 139 904</b>  |
|  | 11%              | 4%               | 1%               | 0%               | 0%               | 0%            | 8%                |
| <b>F: Hostel</b>   | 0                | 0                | 0                | 0                | 0                | 0             | <b>0</b>          |
|  | 0%               | 0%               | 0%               | 0%               | 0%               | 0%            | 0%                |
| <b>G: Other</b>  | 222 961          | 95 366           | 63 159           | 35 693           | 34 330           | 759           | <b>452 268</b>    |
|  | 4%               | 1%               | 1%               | 1%               | 1%               | 0%            | 3%                |
| <b>Total</b>   | <b>6 367 894</b> | <b>2 740 598</b> | <b>1 879 232</b> | <b>1 335 654</b> | <b>2 079 482</b> | <b>46 592</b> | <b>14 449 452</b> |
|  | <b>44%</b>       | <b>19%</b>       | <b>13%</b>       | <b>9%</b>        | <b>14%</b>       | <b>0%</b>     | <b>100%</b>       |

Source: StatsSA, Census 2011

Counting: Household weighted; Type of main dwelling and tenure status by annual household income

South Africa: Housing Overview

15 August 2014

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# PPC Special Home Owners Support Programme

| Employee profile : [REDACTED]       |  |
|-------------------------------------|--|
| Job grade                           | 12   |
| Income category                     | R5 000   |
| Debt status                         | 18%  |
| Share /employee contribution status | R50 000  |
| Family description                  | Married  |
| Current living circumstance         | Live in fiend's house with wife and 2 children |

| Employee profile                    |                                    |
|-------------------------------------|------------------------------------|
| Job grade                           | 14                                 |
| Income category                     | R9 000                             |
| Debt status                         | 12%                                |
| Share /employee contribution status | R21 000                            |
| Family description                  | Single                             |
| Current living circumstance         | Rent with no formal lease contract |

## Employee Profiles

| Employee profile : [REDACTED]       |   |
|-------------------------------------|---|
| Job grade                           | 13  |
| Income category                     | R7 000  |
| Debt status                         | 63%   |
| Share /employee contribution status | R14 700<br>Plus proof of expenditure                  |
| Family description                  | Married with 3 children                               |
| Current living circumstance         | Rented house from brother-in-law - Evicted from there |



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Housing aspiration

- Buy in secondary market ;
- Incrementally self build @ place of work or place of origin
- Buy from developers

### Support provided

- Advice on how to access & assess a house
- Assessment of value
- Verified Seller
- Delivering of securities and deposit
- Monitor transfer of house
- Support installation of security features to house
- Ongoing support in final handover – responsibilities of home owner

### Lessons learnt

- Lower end of the market – unreliable service providers
- Proper procedures pays in the end
- Building trust through honest communication
- Quality building work is found (financially and trust)
- Find ways in which informal and self built processes can be monitored and supported – don't compromise on quality
- Abstract concept of credit worthiness support
- The psychology of becoming a home owner
  - Importance of identifying early warning signs
  - Planning for the unforeseen
  - Gaining trust is hard work
- The power remains with our member



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## On alternate building technologies What we gather from lower income households

- The acceptability of any system built house is doubted – look to the middle income families
  - In the absence of an established market presence, low income households generally perceive the system product as lower grade and resist purchase of such products.
- Lack of understanding of system housing technologies , not only by low income households, but also by the local builders they rely on.
  - This is disempowering to such households as they lack the understanding and local construction networks to alter, expand or repair such system houses.
  - This often means that there is by definition an ongoing dependence on the system installers, to deal with such issues.



Partnership.....In bringing the technologies to bear.....what we need to overcome.

### Economies of Scale:

- Building systems - manufactured at a facility and require a minimum off take to justify the investment.
  - This minimum threshold often undermines the viability of this option unless the order for the houses is underwritten by a third party who will purchase the houses for rental or for on-selling. This is particularly relevant when the proposed production facility is to become a small enterprise.
  - Housing developers generally manage sales risks by only building to order (with finance approved) as they cannot afford to carry finished stock for any period.





Major learning.....

- Integrate the dominant incremental method of building with the availability and use of building
- Many great technologies - building technological innovation not only innovation required to promote acquiring homes



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**THANK YOU**