

KHAYELITSHA PEOPLE'S HOUSING PROCESS

SUBSIDIES
DONATIONS

“When DAG became involved in the project in 2007, I never trusted them, but their constant committent and communication strategies gave me hope.

Geffin Gcinile Mahlombe, project beneficiary

The construction of the 10 Khayelitsha projects under the People's Housing Process (PHP) started in 1998. The projects were on hold from 2005 up until 2011 when the funding was released. Construction was completed in 2015.

PARTNERS

Beneficiaries

Households with a combined monthly income of less than 3,500 RA (202 EUR).

Public Partners

The PHP is managed by the Directorate of the Western Cape Government, the Department of Human Settlements.

Private Partners

Building supplier BUCO (Mitchell's Plain, Capetown), 10 local contractors.

International Partners

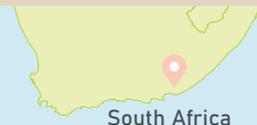
Development Action Group (DAG - facilitator), other international donors (including the Evangelischer Entwicklungsdienst (EED), Cordaid, Heron Foundation, Misereor and the Ford Foundation).

CONTACT



dag.org.za
Zama Mgwatyu
✉ zama@dag.org.za

LOCATION



Khayelitsha, South-Africa

RESOURCES

Interview with Zama Mgwatyu, April 2021

Development Action Group, [Unblocking the Khayelitsha People's Housing Process, a case study of the pre-construction phase of 10 blocked projects in Khayelitsha](#), October 2012.

Development Action Group, [Unblocking the Khayelitsha People's Housing Process Projects](#), August 2016.

Newton, C., [The peoples housing process... getting the quality in the quantity?](#), 31 May 2013.

Ramasodi, L., Bergen, van J.W., [The People's Housing Process: Its meaning and Relevance](#), XXXIII IAHS World Congress on Housing Transforming Housing Environments through Design, 27-30 September, 2005.

FUNCTIONING

The People's Housing Process (PHP) is a mechanism established by the government, where the South-African Western Cape State provides a **capital subsidy to low-income households** to implement community-driven housing projects. The subsidies are granted at the municipal level. The process includes the **direct involvement of the beneficiaries in the decision making** over the housing process, allowing them to work together to pool their resources and contribute their labour to build their homes. The goal of the PHP was for people to be able to build bigger and better houses, build social capital and bring communities closer together. Under this programme the State plays a purely facilitative role by providing finance (for construction and technical support), infrastructure and services, ensuring access to land and by regulating PHP delivery.



2,363,991 RA
137,111 EUR
Donations

KHAYELITSHA
PEOPLE'S HOUSING
PROCESS



64 millions RA
3,7 millions EUR
Governmental subsidies

Responsibilities of the beneficiaries

- Take the lead in initiating the projects in partnership with other stakeholders;
- Engage the province and municipality on how to implement the PHP;
- Take ownership for projects at the community level;
- Set up leadership structures to engage with other stakeholders;
- Identify and mobilise resources to contribute to the project;
- Participate and contribute time and leadership.

Responsibilities of the municipality and/or province

- Encourage and support the program;
- Create an enabling environment for the implementation of the program;
- Build capacity;
- Plan and budget for the program;
- Monitor and evaluate the program implementation.

KHAYELITSHA PHP PROJECTS

The PHP was used to provide finances to start 10 housing development projects in Khayelitsha, one of the large townships of the Western Cape. Subsidies were allocated to construct 36m2 houses.

However, since the beginning, the PHP has been faced with many challenges. Due to various reasons, varying from financial mismanagement to corruption at the municipal and community level, the Khayelitsha PHP projects were blocked in 2005.

As several subsidies and PHP grants had been paid and construction had started, the Department of Local Government and Housing of the Western Cape and the PHP Trust approached the Development Action Group (DAG) to assist with the unblocking of the projects and complete the housing projects.

In 2007, DAG submitted an external audit report that identified **2,371 beneficiaries from the 10 projects** that had been blocked.

From 2007 to 2011, DAG assisted the government with the review of the PHP policy, changing it into the Enhanced People's Housing Process, to put in place institutional systems that were lacking, secure financial flows and build multiple stakeholder partnerships.

STAGE OF COMPLETION	% ON GROUND	NUMBER
SHACKS	0%	118
SLABS	0% à 23%	9
ROOF HEIGHT	24% à 53%	20
PLASTER AND INTERNAL FINISHES	54% à 99%	1,983
COMPLETE	100%	241
TOTAL		2,371

Source: Development Action Group, Unblocking the Khayelitsha People's Housing Process, a case study of the pre-construction phase of 10 blocked projects in Khayelitsha, October 2012

RESULTS

Subsidies amounting to 64 million RA (about 3,7 million EUR) were unlocked to benefit 2,173 households. In addition to subsidies, support from international donors was contributed: DAG leveraged 2,363,991 RA (137,111 EUR) in funding over the 5-year period during which the projects were blocked.

Some beneficiaries were in a position to save, allowing them to supplement their housing subsidy and give small enterprises a down payment. The 118 shacks that were completely transformed into newly constructed houses cost 108,000 RA (6,275 EUR). The other funding was used to complete the construction of the other houses.

CONSTRUCTION PROGRESS

The funding leveraged by DAG was used to add value to the subsidies and enable small enterprises to develop and have deep stakeholder engagement. To ensure the affordability of the projects, **DAG focused on working with local contractors**, to create work opportunities and make sure that the local communities would benefit from the project and the subsidies would have a bigger impact.

A large private sector building supplier (BUCO) supported the local contractors, so that they could participate in the project **by providing access to credit to buy building materials**. The minimum starting credit for each company was 100,000 RA (5,810 EUR). A system was implemented that gave credit with incremental increases dependent on timely payment of outstanding debt.

Once housing beneficiaries signed off on satisfactory completion, an invoice was submitted to the Provincial Department and payment was made to DAG within 3-5 days. Within 2 weeks DAG made the payment to these contractors following a sign-off on the contractor's invoices. A total number of 140 building workers were employed over a construction period of 20 months, which **injected around 6.55 million RA (378,300 EUR) into the local economy**, an average of nearly 2,340 RA (136 EUR) per month to around 140 families.



LESSONS LEARNT

- » Although some subsidies and PHP grants were paid out, houses were not built or were incomplete and of poor quality. There is a need for **support structures and strategic partnerships** to support the local communities in the implementation of their housing projects. In this case it became clear that **only subsidies are not enough to implement these systems and that there was other funding needed**.
- » **Organization and management by an external party is often necessary in community-led housing projects**. For example: subsidies were allocated for 36m² houses, but some houses were constructed differently and turned out to be bigger, so that it was difficult to keep the cost of completing the house within the subsidy amount.
- » PHP is still existing on paper, but no longer prioritized by the government. They had to pay a fee to DAG to facilitate the process, but there was no funding available for this. The systems and support structures that were put in place throughout the process by DAG were not employed, resulting in the abandonment of the process.
- » Importance of establishing and nurturing **public-private partnerships to improve the quality of life of vulnerable populations**. DAG consolidated a well-established strategic partnership with the Western Cape Government and built new ones with many local stakeholders and contractors.
- » Community-driven approaches are important to affordable housing delivery, but there is also the critical importance of **integrating social aspects** (local economic development, job creation, homeowner education) into the construction process.