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RENTAL DEFAULT FACING SOCIAL HOUSING INSTITUTION IN SOUTH AFRICA: A CASE STUDY OF JOHANNESBURG.

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ABSTRACT

Purpose: High rates of urbanization have concentrated housing needs in urban areas. This has resulted to large-scale housing and service backlog. The rapid growth in housing demand represents a mammoth task for both the present and future housing policy in South Africa. Local Government in an effort to address this challenge has placed high premium to inner-city regeneration. An important part of this regeneration is the development of social housing. Since inception the social housing institutions have been struggling to meet their mandate due to end-user default in rental payment and this call for investigation.

Problem of investigation: The problem of default in rental payment by residents of social housing institutions has reached a crisis point in addressing housing challenge facing the country. The only way the problem could be addressed is by knowing the reasons behind the default. Some of the social housing institutions have reached a point that this tendency might force them to close down. Hence, this investigation tends to find out the underlying reasons behind the inability of the end-users in meeting the set obligation in relation to rental payment.

Design/Methodology: This investigation will be based on primary and secondary data with great emphasis on the analysis of legislations guiding housing programme and development. The data will be based on published and unpublished materials. These findings will be contextualise in Johannesburg as a case study because this happen to be one of the municipalities with high rate of migration and attendant housing shortages.

Findings: Affordability is the objective of social housing institution and default in rental payment impacts on its sustainability. Policies and legislations meant to drive housing process are misconstrued leading to non payment of rent and eviction. Added to this is shift in labour practice from permanent to contract appointment as a result of global economic melt down and the pandemic of Hiv/Aids. This investigation also finds out that the social housing sector is to some extent bringing new lease of life to inner-city regeneration. **Conclusion:** Rental housing to be sustainable it is basically meant for people who have regular income and who can afford to pay as they are based on

cost recovery. There is need to review legislations guiding housing development, especially with relation to eviction, rental policy and the view of housing as entitlement.

Key words: Social Housing institutions, Rental payment default, inner-city regeneration and Johannesburg.

INTRODUCTION

The housing backlog in South Africa is currently estimated at about 2.7 million households. In Johannesburg the backlog has worsened (State of Cities Report, 2006). To address the housing backlog and to meet up with the increase in demand for housing the National Department of Housing (DoH) released its white paper on housing (DoH, 1994), which set out new national housing vision, policy, and strategies. The white paper introduced four different types of subsidies, namely; Project-linked subsidies, Individual subsidies, consolidated subsidies and Institutional subsidies. These subsidies with the exception of Institutional subsidies are argued to have led to peripheral location of settlement where the land is cheap as compared to location around area of viable economic activities.

The implication of this is that most households have to travel long distances to and from work as well as coughing a huge portion of their salaries on transportation (Boaden and Karam, 2000; Huchzemeyer, 2003). This has impacted negatively on both the productivity and cost of labour. Most households who could not afford to be spending huge amount of money on transportation from the location where most of these subsidies houses were located resorted to find a living space within the inner city. Initially, the housing policy placed too much emphasis on ownership, but it has been recognized that the lack of co-ordinated rental housing policy is a shortcoming

One of the available housing typology that is readily available to low and medium income earners working in or around the city is Social housing units as they are of high standard, well managed and accessible to this income group based on their earnings. This housing typology is argued to have been oversubscribed due to high rate of urbanization, but not much has been noted about the increasing rate of rental default necessitated by changing circumstances. This investigation will uncover the reasons leading to rental default by tenant's living in social housing units and provide meaning policy solution that will improve the system and ensure sustainability of the social housing institutions in view of increase in urban population resulting from immigration.

REVIEW OF LITERATURE

Various studies have been conducted on the rental market in South Africa in the past (Social Housing Foundation, 2007; Vusani, 2003; DOH, 1999; NHFC, 2002; NHFC, 2003; SSA, 2007, Social Housing Foundation, 2001). These studies points out that about 1.8 million South African households in the middle-to- lower-income groups live in rented accommodation as opposed to about 5.2 million households that own property. The continued increase in the number of household seeking accommodation in rental unit has resulted in shortage of rental accommodation and low vacancy rate especially in the inner-cities. This places enormous pressure on the environment and socio-economic sustainability of the cities as they attempt to provide goods and services as well as needed infrastructure (SACN, 2004:10). The problem that causes most concern to majority of urban dwellers in both developed and developing countries is the problem of finding an appropriate place to live

(Gulger, 1996:122). The popular feeling that prices of shelter of all kinds have been rising excessively would indicate that housing investment has not been keeping pace with increase in housing demand (ibid: 122). South African cities are faced with this challenge but in a unique form linked to the legacy of Apartheid, delayed urbanization and Political transformation (SACN, 2004:13).

South African cities inherited a dysfunctional urban environment with skewed settlement pattern that are functional inefficient and costly, and huge service infrastructural backlog in historically underdeveloped areas. Approximately 58% of South Africans urban population lives in urban areas (ibid). It is argued that the rapid rate of urbanization means that housing delivery as it currently stands, at a pace of about 190,000 houses a year, is insufficient to respond to the demand for housing in the country (Engineering News, 2004:16). Presently the housing backlog is estimated to be about 2.4 million households (Engineering News, 2004:16). This has resulted in a concerted effort to address this acute shortage of urban residential accommodation through the establishment of social housing units.

The establishment of social housing institutions is one among many programmes of our government intended to offer housing choices to communities and to ensure access to decent housing, which restores their dignity, pride and productivity. Social Housing according to the Toolkit developed by the Social Housing Foundation, is “a particular approach to affordable housing whose core intention is to provide low to moderate income households with an affordable housing option”(SHF, 2002). The institution also engages with the provision of community development services and promotes a lifestyle that is conducive for community living (Moss, 2003; 3). It has an added advantage or benefit of regenerating the area where the housing stock is located. According to SHF (2002) the process is managed by viable and sustainable, independent institutions, which encourage the participation of residents in managing their own communities with exclusion of immediate individual ownership.

In analyzing types of Social Housing Institutions, Alison (2004:1) noted that there are three types of Social Housing Institutions: namely;

Tier 1 Umbrella Institutions that primarily provide property management services, for a fee, to other, smaller institutions. Their mission tends to be the servicing of collective tenant organization.

Tier 2 Social Housing Institutions that develop, own and manage their own rental stock without any intermediary association, they deal directly with their tenants.

Tier 3 Social Housing Institutions that have been established by tenant groups as a mechanism for acquiring and managing their own housing.

The Tier 2 is very common in South Africa and in analyzing this group pointed out that one of the most critical challenges that Social Housing Institution faces is default rate which can be attributed to loss of employment, Hiv/Aids and lack of understanding of the type of tenure. In furthering this argument Moss (2003) 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 and Lack of end user information. In reacting to the impact of Hiv/Aids on social housing institutions Karcia, et.all,(2002:8) warned that social housing institutions must choose between doing nothing-and risk having both their financial and social sustainability threaten- and thinking proactively about how they might support their residents and staff. SHF (2005) in its annual reports blamed the regulatory and institutional authorities' attitude towards eviction as one of the reason for high rate of rental defaults. According to their findings "payment defaults are seen as a statistical data for large investors but a financial disaster for small savers" (SHF, 2005: 41). The general

perception is that the legal institutions and processes do not effectively address the issue of default in most social housing institutions. Hence, the Justice system has come under great attack and criticisms. None of these studies and investigation has taken cognizance of the prevailing global melt down, high inflationary rate and increase in job losses, bank reluctance in lending and approving mortgage loans and Hiv/Aids.

THE RESEARCH AND PROBLEM STATEMENT

This research to investigate the problem facing social housing institutions in the context of urban regeneration cannot have come at a better time than now. Evidence suggests that the demand for affordable and better accommodation in key urban centers continue to skyrocket. Both Private landlords and social housing institutions report exceptionally low vacancy rates. Exceptional buoyant demand conditions are likely to continue to contribute towards a positive outlook for the sector in the short to medium term. New social housing projects released onto the market in centers such as Johannesburg, Durban, Port Elizabeth and East London according to a study carried out by Social Housing Foundation (2005) are typically over-subscribed often by a factor of ten or more. Changes to the country's credit law, the global credit crisis and increase in interest rates have reduced the ability of many households to finance home ownership thereby compelling them to resort to rental option. But the salvo that this investigation will throw is that this buoyant demand conditions particularly in the 'affordability' segment will be short-lived and the attractiveness of this sector as an investment destination, particularly to small investors who definitely play important role in rental market globally will not

continue in the face of incessant rental default. This calls for an investigation on the causes of rental default and need to proffer policy solution so that the sustainability of this emerging sector continue to grow in the face of present circumstance. This brings to mind the key questions which this research is based on which is why there are so much rental payment default in Social housing institutions managed projects inspite of government good intention in this regard?

The goal of the research is to contribute to the debate and add to existing knowledge about how to improve the management of rental default in Social Housing Institutions that will lead to adequate housing in the inner-city of Johannesburg and sustainable development for the poor. The use of Johannesburg as case study is because there is strong presence of social housing projects here as compared to other areas in South Africa. The investigation is based on contemporary phenomenon with some real life context (Yin, 1994:1). Social housing sector in South Africa is still in an embryonic stage of development and this research cannot come at a better time. The research will also

review the Social Housing Policy for South Africa 2005 in the light of the establishment of Social Housing Regulatory Authority and proffer adequate policy measures for rental management to ensure cost recovery on investment.

OBJECTIVE OF THE STUDY

- To present an overview of the place of social housing institutions in the context of South African Housing Policy
- Review of the legislative framework impacting on social housing institutions
- Identify key factors that causes rental default in social housing institutions
- Provide policy recommendation to combat and effectively manage rental default and ensure the sustainability of social housing institutions

METHODOLOGY

This investigation will be based on literature review both published and unpublished as well as secondary data with great emphasis on the analysis of South African housing policy and legislation related to social housing sector. The data used is mainly qualitative and quantitative based on content analysis and case study. The findings will be contextualize to Johannesburg as a case study because it is one of the provinces with high rate of migration and attendant housing shortage. The reason for using case study is because the phenomenon under discussion is a real life context and will shed light to the need for appropriate mechanism and policy solution to the rental default in other parts of the country.

ECONOMIC PERFORMANCE

The nature and scope of social housing institution performance as well as the impact of rental default cannot be well understood without taking a look at South African economic system. South Africa has the most sophisticated free-market economy on the African continent (UNHSP, 2008:4). It represents only 3% of the continent's surface area, yet it accounts for approximately 40% of all industrial output, 25% of gross domestic product (GDP). The South African economy grew by 2.2% during 2001, 3.7% during 2002; 3.1% in 2003; 4.9% in 2004, 5% in 2005, 5.4% in 2006- the highest since 1981- and 5.1% in 2007 (Statistics South Africa, 2007). There is also reduction in overseas borrowing deficit from 48% of GDP in 1996 to 23% in 2009 (Leask, 2009:3). According to a Labor Force Survey by Statistics South Africa only 11.91 million of the total population is economically actively employed. The official unemployment rate stands currently at 26.5% of the country's economically active population (UNHSP, 2008). If one includes those who have given up looking for employment, it is close to 40.5%. This ratio impact and exert great influence on access to social housing and affordability notwithstanding government goal of spending R112 billion for housing development in 2009 budget.

BACKGROUND TO SOUTH AFRICAN HOUSING POLICY

South Africa's housing policy is based on seven key strategies:

1. *Stabilizing the housing environment in order to ensure maximum benefit of state housing expenditure and facilitate the mobilization of private sector investment.*

2. *Mobilizing housing credit and private savings (whether by individuals or collectively) at scale, on a sustainable basis and simultaneously ensuring adequate protection for consumers.*
3. *Providing subsidy assistance to disadvantaged households to assist them to gain access to housing.*
4. *Supporting the peoples housing process entailing a support programme to assist people who wish to build or organize the building of their homes themselves.*
5. *Rationalizing institutional capacities in the housing sector within a sustainable long-term institutional framework.*
6. *Facilitating speedy release and service of land.*
7. *Co-ordinating and integrating public sector investment and intervention on a multi-functional basis (Department of Housing, 2000:17)*

The cornerstone of the post -1994 housing policy was a new Housing Subsidy Scheme with a once-off capital subsidy target at the 'poorest of the poor' (Tomlinson, 1999). The housing subsidy scheme is divided into different categories, namely, project-linked subsidies, individual subsidies, consolidated subsidies, institutional subsidies, rural subsidies and people's housing subsidy (<http://www.info.gov.za> cited 24th July 2009).

The social housing institution falls under the umbrella of institutional subsidies. This subsidy allows for both profit and non-profit companies to access institutional subsidies for the purpose of providing housing on a collective basis to beneficiaries of the housing capital subsidy scheme. The additional powers and functions given to local government in the Housing Act, 1997, do allow local government to decide to keep social housing stock out of the housing market stock in their region (Moss, 2002: 4). The South African Housing Subsidy Scheme Quantum amount for the period 1 April 2008 to March 2009 with respect to institutional subsidy within the income of R0 - R3, 500.00 for top structure is R41, 027.00 whereas institutions must add capital of at least R43, 505.00. (<http://www.housing.gov.za>, assessed 15th August, 2009).

BREAKING NEW GROUND

This is a comprehensive housing plan for the development of integrated sustainable human settlement introduced by the government in September 2004 in view of oversight by the government in promoting the residential property market (<http://www.info.gov.za> cited 24th July 2009) . It is an approved government housing programme in the next five years that includes the development of low-cost housing, medium-density accommodation and rental housing as well as stronger partnership with the private sector; social infrastructure and amenities. The plan is also aimed at changing the spatial settlement pattern by building multicultural communities in a non-racial society. Key strategic priorities are:

1. *Accelerating housing delivery*
2. *Improve the quality of housing products and environment to ensure asset creation*
3. *Ensure a single, efficient formal housing market*

4. *Restructure and integrate human settlements.*

While the above comprehensive housing programme notes the continued relevance of the state housing programme introduced in 1994, it flags the need to redirect and enhance various aspects of policy, and commits the Department of Housing to meeting a range of

specific objectives which is basically the creation of sustainable human settlement (DoH, 2005: 4).

GUIDING PRINCIPLE OF SOCIAL HOUSING POLICY

The social housing policy was approved in June 2005 and adheres to the general principles laid down in the Housing Act, 1997 (Act 107 of 1997) Part 1 section 2 (DoH, 2005). It will also comply with relevant section of Rental Act, 1999 (Act 50 of 1999) and must be read in conjunction with White paper on housing (1994), the Urban Development Framework (1997 cited in SACN, 2004) and National Housing Code. The National Department of Housing Comprehensive Plan for the Development of Sustainable Human Settlements' (2004) provides direction (DoH, 2005: 10). According to the guidelines the social housing must among other things

1. *Promote urban restructuring through the social, physical, and economic integration of housing development into existing areas, likely to be urban or inner-city areas.*
2. *Promote the establishment of well-managed, quality rental housing options for the poor.*
3. *Respond to local housing demand*
4. *Deliver housing for a range of income groups (including, inter alia, middle income, emerging middle class, working class and the poor in such a way as to allow social integration and financial cross subdivision.*
5. *Support the economic development of low income communities in various ways.*
6. *Foster the creation of quality living environment for low-income persons.*
7. *Encourage the involvement of the private sector where possible.*
8. *Promote the use of public funds in such a manner that stimulates and facilitates private sector investment and participation in the social housing sector.*

(Source: Department of Housing, 2005:10)

The social housing policy has come under spotlight in introducing a unique approach by mixing regulation and sector grant-making (both capacity building and capital grant) (SHF, 2005:6). This makes the regulatory arrangement on the one hand quite powerful and influential in directing the

sector delivery and growth, but on the other hand introduces a range of conflicts into the system which will need to be managed (SHF, 2005:7).

SOCIAL HOUSING FUNDING

Funds for the social housing programme and for financing the implementation of the social housing programme and any relevant provisional housing programme consistent with national housing policy must be made available from money earmarked for the purpose from the Department annual budget and money allocated to a province for that purpose in terms of the annual Division of Revenue Act (Social Housing Bill, 2007:14).

The 2006 Housing Vote has allocated the following medium term expenditure to the Social Housing Programme.

| Year | Amount |
|---------|-------------|
| 2006/07 | R110Million |
| 2007/08 | R160Million |
| 2008/09 | R240Million |

(Source: <http://www.housing.gov.za>. cited 24th of July 2009)

The marginal increase in fund for 2008/09 is to assist in the Regulatory Authority staff cost, grant funding and operation cost.

The Department of Housing established the National Housing Finance Corporation (NHFC) as a development finance institution in 1996, to ensure that every low-and moderate income household gains access to housing finance. The NHFC's revenue is derived from interests and service charges for its wholesale lending and financial services (<http://www.info.gov.za/aboutsa/housing.htm> cited 24th July 2009).

SOCIAL HOUSING INSTITUTIONS SECTORS

1. National Housing Finance Corporation

The National Housing Finance Corporation is a public company, wholly owned by government, and operating under specific exemptions from the Bank Act of 1990 (Act No. 94 of 1990). It was set up as a development finance institution in April 1996, the NHFC main role is to pilot and explore ways

of sustainably providing housing credit to low income earners (Department of Housing, 2000). The NHFC aims to create housing opportunities for low and moderate income families by:

- Funding intermediaries to promote broader access to housing
- Building adequate and sustainable capacity within organizations which it funds
- Partnering organizations to pioneer new finance and housing delivery approach

To achieve this mission, the NHFC focuses its efforts in three distinct areas:

- (a) Dept Finance: The NHFC makes loans available to established housing institutions, non-bank lenders and banks, for on-lending to households eligible for credit
- (b) Equity Finance: The NHFC provides financial gearing capacity to social housing institutions and non-bank lenders
- (c) Capacity Building: The NHFC provides assistance to emerging and new institutions to provide them with institutional capacity that will enable them to fully participate in this market.

(Department of Housing, 2000: 35)

2. The Social Housing Foundation

The Social Housing Foundation (SHF) is a Section 21 company that was set up in November 1997 with the aim to develop expertise and delivery mechanisms in the social housing market. The SHF mission is to promote, support and assist the integrated process

of sustainable social housing in South Africa (Department of Housing, 2000: 41). To achieve this the SHF aims at improving the environment in which the social housing organizations currently operate, to contribute to the development of the industry, and to raise the profile of social housing, as a valuable contribution towards low income housing in South Africa.

3. The National Association of Social Housing Organizations

The National Association Of Social Housing Organization (NASHO) was formally launched on 27 May 2002 by the then Minister of Housing, Sankie Mthembu Mahanyele. NASHO was formed to represent and promote the interest of social housing institutions within the sector. Its major objectives are:

- To promote the social housing sector
- To be the voice of the sector
- To provide the information on the activities of the sector
- To build capacity in the sector
- To develop programme to further the interest of the sector

LEGISLATION AND INSTITUTIONS IMPACTING ON SOCIAL HOUSING INSTITUTIONS

Prevention of Illegal Eviction and Unlawfully Occupation of Land Act, 19 of 1998

The act provide for the prohibition of unlawful eviction as well as procedure for the eviction of unlawful occupiers. It set to repeal the Prevention of illegal Squatter Act, 1951 and other obsolete laws (Department of Housing, 1998). It recognizes that no one may be deprived of property, except in terms of law of general application and no law may permit arbitrary deprivation of property. Special consideration should be given to the rights of the elderly, children, disabled persons and particularly households headed by women, and that it should be recognized that the needs of those groups be considered (Ibid: 1).

Rental Housing Act 50 of 1999

The Rental Housing Act 50 of 1999 has the following objectives:

- To define the responsibility of Government in respect of rental housing property;
- To create mechanisms to promote the provision of rental housing property;
- To promote access to adequate housing through creating mechanism to ensure the proper functioning of the rental housing market;
- To make provision for the establishment of Rental Housing Tribunal;
- To define the functions, power and duties of such Tribunal;
- To lay down general principle governing conflict resolution in the rental housing sector;
- To provide for the facilitation of sound relations between tenants and landlords and for the purpose to lay down general requirement relating to leases
- To repeal the Rental Control Act, 1976; and
- To provide the matters connected therewith.

The following questions have arisen over this Act;

- Compliance and awareness of its existence;
 - Whether it applies to co-operative tenure;
 - Whether it applies to the lease of a shack
- (Moss, 2003:7)

Constitution of South Africa, 1996

The South African Constitution protects the right of access to adequate housing. Section 26 provides that:

- Everyone has the right to have access to adequate housing.
- The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realization of this right.
- No one may be evicted from their home, or have their home demolished, without an order of court made after considering all the relevant circumstances. No legislation may permit arbitrary evictions.

KEY FINDINGS FROM THE STUDY AREA

The municipal city of Johannesburg is the provincial capital of Gauteng, the wealthiest province in South Africa, having the largest economy of any metropolitan region in Sub-Sahara Africa

(www.wikipedia.org assessed 25th August, 2009). According to 2007 Community Survey, the city has a population of 3,888,180 (CHS, 2007). The land area is 1,645km² with a population density of 2,364/km². The population of Johannesburg has been noted to have increased by 22.2% over the period between 1996 0- 2001. These rates of population increase pose serious challenge to housing provision and infratstructural service delivery. In analyzing the growth of household renting City of Johannesburg is noted to be having 14% of all income band from R850.00 – R10,000.00, Cape Town is having 13%; eThekweni, 5%; Nelson Mandela 4%; City of Tshwane 12%; Amathole district municipality, 1% and uMgunundlovu district municipality, 3% (Community Household Survey, 2007).

One of the key challenges that the social housing institutions operating under this environment is encounters is the problem of default in payment by residents and the long process it takes to obtain court injunction to evict or compel them to pay. This is one of the problems that contributed to the collapse of Cope Housing Association an NGO which develops and manages low-income housing cooperatives in Johannesburg. This social housing institution was owed R1.4 million in areas for three years (Mail & Guardian, 2003:13). These institutions are in business and the viability depends on its ability to recover costs through rental repayment, which ranges from R1, 500 – R3, 500 for one and two bedroom apartment.

One of the most frequently raised issue by formal private sector landlords in relation to social housing institutions in Johannesburg relate to regulations, institutions and process associated with managing evictions resulting from non payment of monthly rent. The widely held perception is that the legal institutions and process simply do not work in terms of eviction due to the bottleneck posed by the above legislations. The Prevention of illegal eviction Act has come under attack due to the fact that it requires a high court ruling for an eviction and seeks to criminalize evictions undertaken without court order (SHF, 2003: 41).

The Rental Housing Act of 1999 that manages and interprets the relationship between landlords and tenants as well as the functions of tribunal has been criticized of not assisting in addressing the issue of default as the tribunal has no power to evict tenants. The Constitution of South Africa, Bill of Right Section 26 mandates the state to respect, protect, promote and fulfill the right of all citizens to have access to adequate housing. The Constitution according to (IDASA, 2002 cited in Moos, 2003) housing right should be seen against the legacy of deep social inequality. This research reveals that resident's interpreter this to mean that access to social housing is a right and not obligation that require financial discipline and commitment. Culture of entitlement (Moos, 2003:11).

Affordability has also been attributed to the prime motive for rental default in social housing institutions (Moss, 2003:10). Global economic meltdown has added another dimension as most households in South Africa cannot access mortgage loans due to banks stringent lending condition now. The introduction of National Credit Act and more cautious approach by financial institutions when approving housing loans has had dramatic influence on the number of people access mortgage house loans and property market in general. According a report on the Sunday Times (2009:9) banks at present only grant 1 out of every 10 to 12 home-loan applications, compared with one in every five last year. The labour law which previously gives workers confidence and stability that enable them to pay and maintain certain lifestyle is under serious threat due to sporadic increase in contract labour and uncertainty in job market. This has had serious impact on rental repayment as most household are increasingly loosing their job status and thereby defaulting in their rental payment.

Another issue that has come to be noted in this study that causes default is the economic loss of jobs through retrenchment/redundancy and other social issues like the loss of partners' income (death, illness, divorce and abandonment),

The HIV/AIDS pandemic is also noted to be taking a toll on residents of social housing thereby causing them to default in their payment. Keciya et.al (2002) admitted in their studies that while most social housing institutions are aware that HIV/AIDS may be an issue among their residents and staff, very few had considered the effect that this might have on their operations and on the lives of residents. In analyzing the impact the above stated legislation and institutional framework has on social housing institutions, SHF (2003:2) noted that combination of regulation and legal institutions together create a lengthy and expensive process relating to eviction.

CONCLUSION AND RECOMMENDATION

Social housing though a new concept in South Africa is found to be a housing typology that is aimed at addressing the urban restructuring in terms of social, economic and physical integration of housing development into existing areas especially inner-cities. The potential of social housing institutions in contributing to improve living conditions of residents of inner-cities can be better understood if governments, NGOs and international agencies analyze the weaknesses of certain sections of the housing legislations and policies related to access to housing as a right. Social housing projects are based on affordability and cost recovery and the problem of rental default impacts on its sustainability. The problem of rental default and the long procedure in effecting eviction in view of Housing legislation position on eviction and changing socio-economic circumstances of residents is analysed. This research has also shown the potential causes of rental default in social housing institutions using Johannesburg as case study. This paper suggests that the following preconditions will lay foundation for good housing strategy and minimize default in social housing institutions:

- An increase in the economic growth that will increase job creation and strengthen job stability thereby enabling individuals accessing social housing to meet their rental and other obligations.
- There is need to set up appropriate legislative mechanism to monitor and evaluate rental payment default within social housing industry and other housing sectors in the country.

- Social housing is a new concept to prospective residents. As part of broader housing consumer education initiative, consumers should be made aware of the concept and their obligation with regard to prompt rental payment
- There is need to critically review legislations guiding housing programme and development in South Africa in the light of the changing circumstances taking place and other forces shaping the structure of spatial planning.
- There is also the need to review Rental Housing Policy of 1999, especially on the powers of the tribunal to adjudicate on issue of rental default and sensitize the people that housing as a right does not mean that they should not pay when they want to access social housing units.

One area that might require further research is on the need to identify mechanisms that might enable improved alignment between the regulatory environment on the issue of eviction and the institutional infrastructure tasked with enforcing these laws.

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