

**REPORT OF THE NATIONAL
HOSTELS WORKSHOP HELD ON 4
APRIL 2001 AT THE IKHWEZI
COMMUNITY CENTRE, GUGULETU,
CAPE TOWN**

**A workshop organised by the Development
Action Group (DAG) as part of the Urban
Sector Network (USN) hostels programme.
DAG is an affiliate of the USN.**



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DAG was established in 1986 and works with poor communities in urban areas of the Western Cape on housing and development issues. DAG's core activities are the facilitation of integrated development projects that promote habitable environments and sustainable livelihoods, development education to empower community organisations and other practitioners, and undertaking research, advocacy and lobbying to influence policy and practice.

The USN is a national association of South African NGOs involved in development and governance issues. The affiliates of the USN are: Afesis-Corplan (East London), Built Environment Support Group (Durban and Pietermaritzburg), Centre for Community and Labour Studies (Durban), Cope Housing Association (Johannesburg), Development Action Group (Cape Town), Foundation for Contemporary Research (Cape Town), Planact (Johannesburg) and Urban Services Group (Port Elizabeth).

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1. INTRODUCTION

This report documents the presentations and discussions at the national hostels workshop held in Cape Town on 4 April 2001. The workshop was organised by the Development Action Group (DAG) in partnership with the City of Cape Town as part of the Urban Sector Network hostels programme. This programme is intended to include involvement in pilot hostel redevelopment projects in Cape Town, producing research publications and training materials, and holding a series of workshops to disseminate best practices and get input into policy positions.

In many ways hostels are the physical manifestation of the systematic racial discrimination and economic exploitation of the past. Largely invisible to the general public, hostels are home to several hundred thousand people across the country. The White Paper on Housing (1994) estimated that over 400 000 households lived in private sector, grey sector (privately owned hostels constructed on public sector land) and public sector hostel accommodation.

The national policy towards hostels outlined in the White Paper was aimed at the "upgrading and redevelopment of hostels in order to create sustainable humane living conditions in State and privately owned hostels countrywide and to ensure the re-integration of these hostel communities into the surrounding communities". The hostels redevelopment programme was initiated in 1991, the National Hostels Co-ordinating Committee was formed in 1993, and the Hostels Redevelopment Programme policy for the upgrading of public sector hostels was adopted in 1995. The objectives of the public hostel redevelopment plan were to:

- Promote humane living conditions
- Include hostel residents, the neighbouring community, relevant public authorities and any others affected by a project in the decision-making processes
- Embody a development orientation, both in terms of empowerment and participation and in terms of promoting economic development
- Promote social integration within hostel communities and also between hostels and adjacent communities
- Include plans for accommodating those who are displaced by the project
- Initiate local institutions and administrative procedures in order sustain physical improvements and undertake socio-economic development

A Local Negotiating Group (LNG), comprising the local (or provincial) authority, hostel residents, representatives of the neighbouring community and local business people was to be formed to participate in the planning and design of a hostel upgrade.

Three forms of hostels redevelopment were envisaged:

- Conversion to rental units for single people and families where there is a demand for rental in the area.
- Conversion to ownership of family units where there is not overwhelming demand for single rental accommodation in the area, where the hostel can be efficiently converted and where the redevelopment is affordable to the residents.
- Conversion to an alternative use such as a school or community facility (or even demolition) if the hostel is inconveniently located, if there is no demand for hostel-type accommodation or the hostel is so run down that redevelopment would be too expensive.

An important principle was that no redevelopment application would be accepted unless alternative acceptable accommodation would be provided to any residents that would be displaced by the redevelopment. The LNG also had to approve all redevelopment plans.

Six years on, while much upgrading and conversion of hostels has taken place, many challenges remain. Thousands of unconverted and converted hostel beds are still administered, usually poorly and at a loss, by local authorities and private companies who are keen to rid themselves of these troublesome legacies. On the other hand, hostels continue to provide cheap accommodation that is fundamental to the survival strategies of large numbers of low-income people.

The National Department of Housing is currently in the process of reviewing the Hostels Redevelopment Programme, recently requesting each of the provinces to make policy recommendations based on their experiences. As such, it is an appropriate time to review past achievements and to critically debate some of the issues around the redevelopment and management of hostels so as to forge a way forward.

Firstly, an overview of the proceedings of the workshop is given. This is followed by the five case studies presented at the workshop: dealing with grey sector hostels in Cape Town; redeveloping public sector hostels in Cape Town; the management of public hostels in Durban; the upgrading of the Kranskloof hostel in Durban; and the redevelopment of mine residences by AngloGold and the National Union of Mineworkers. Finally, some key issues arising from the workshop are highlighted.

2. PROCEEDINGS OF THE WORKSHOP

2.1 Welcome and keynote address

Brian Moholo, Director of the Urban Sector Network (USN) National Office welcomed participants to the workshop. He gave an overview of the USN hostels programme and how it came about.

Monty Narsoo, Deputy Director General (DDG) of the Department of Housing, gave the keynote address, in which he looked at the current state of hostels policy. He started off by noting that the hostels issue is very important, but has not been getting the attention that it deserves.

In the 1980s and early 1990s, hostels were political flashpoints. Violence in the hostels almost jeopardised the negotiations for a democratic government. A number of initiatives emerged at this time and a National Hostels Co-ordinating Committee was formed. At first it discussed the violence, but it then emerged that they would have to deal with the issue of housing conditions. This led to the formulation of guidelines for the redevelopment of hostels agreed to by the ANC and the government at the time. The detailed set of policy guidelines were approved in 1994 by the Minister of Housing, Joe Slovo. An institutional framework was set up: there had to be structured consultation with residents of hostels. This was to take account of what residents wanted, but it also meant that gatekeepers were allowed to slow the process.

The issues relating to hostels were different in different areas, for example, there was a ANC/IFP battle in Gauteng. There was a realisation that more than just housing issues were being dealt with. The attempt to redevelop hostels was seen as a political attempt to neutralise other political organisations and crime syndicates operated in some hostels. Hostel redevelopment could therefore not just be seen as the improvement of infrastructure – social, economic and political issues also had to be taken into account.

The initial policy was for a space of 15m² per hostel resident. The hostel upgrading subsidy was based on the normal housing subsidy divided by four. The hostel redevelopment programme was initially run by the national housing department, but responsibility for evaluating applications and monitoring progress was subsequently transferred to the provinces.

What happened was that millions of Rands were spent on fixing up the hostels and making sure that everything was working, but issues of management were not taken into account. What improvements happened did not last, because there was no proper management. The issues of management and control are essential for hostels and other institutional housing.

The DDG noted that hostels are particularly complex. Sometimes they are switchboards for rural people who come into urban areas, sometimes they are

political strongholds, sometimes they are centres of crime, sometimes they are merely the cheapest form of accommodation available for those who cannot afford other accommodation.

The Department of Housing started four pilot projects, in Gauteng, the Free State, KwaZulu-Natal and the Western Cape. Issues of tenure, management, design and social housing were looked at.

The DDG said that there is currently a policy vacuum in relation to hostels. Policy at a national level was meant to be informed by actual projects and experience, but, in practice, this never really happened. In looking at a new policy on hostels, the Department of Housing will be looking at a consultative process. There is a lot of debate on whether hostels should be treated separately from other housing as a special case, with separate funding and different rules. The other argument is for equity, for example, housing subsidies are the same irrespective of whether there is a high water table or steep slopes. The Department of Housing has stuck to the position that equity is related to the size of the subsidy rather than the product, and this is partially a political position.

The DDG highlighted that what has been a problem is that the location and nature of hostels led to the isolation of hostel residents from surrounding communities. This has started to change, however – there has been movement in and out of hostels, they are no longer all single sex, shacks are being built on hostel grounds and electricity and water from hostels are being used by residents of informal settlements.

The DDG also pointed out that a considerable amount of business activities are happening in hostels, for example, *spaza* shops and *shebeens*. Generally, people using houses in new housing projects as *spaza* shops are frowned upon, but hostels have to be seen as part of economic growth and job creation. In the President's State of the Nation speech, the President spoke about investment in economic infrastructure – considerable amounts of infrastructure money will be put into the Integrated Rural Development Strategy and the Urban Renewal Strategy. The President has identified Khayelitsha and Mitchells Plain in the Western Cape, Mdantsane and Motherwell in the Eastern Cape, KwaMashu and Inanda in KwaZulu-Natal, Alexandra in Gauteng and Galeshewe in the Northern Cape as pilots for the Urban Renewal Strategy. In KwaMashu and Alexandra, one of the key issues relates to what to do with the hostels. The redevelopment of hostels is increasingly seen as something that has to be dealt with in an integrated way within the context of urban renewal. R6 billion has been allocated and the Department of Provincial Affairs and Local Government will be responsible for this. The main thrust is infrastructure aimed at stimulating economic growth, but social programmes would also need to go alongside with this. For example, there is a planned retail district in Alexandra.

2.2 Case studies

Case studies were presented by the following speakers:

- Sarah Thurman, City of Cape Town (Cape Town Administration), presented her paper on Cape Town's hostels in general and the City of Cape Town's grey sector hostel programme in particular.
- Charles Croeser, City of Cape Town (Cape Town Administration), talked about the City of Cape Town public hostels redevelopment programme.
- Nonhlanhla Mthembu, Durban Unicity (Central Operational Entity), gave a presentation on the management of hostels in Durban and the proposed policies.
- Geoff Nightingale, Durban Unicity (Inner West Operational Entity), gave a presentation on the implementation of the Kranskloof hostel upgrading project.
- Chris Petersen, AngloGold and Johannes Maloka, National Union of Mineworkers, gave a presentation of the Khotsong and Reahola hostel conversion projects.

There was a written input by Joseph Mashota, City of Johannesburg, who was unable to attend the workshop to make his presentation. In his input he notes that there is a need to break away from one of the remaining vestiges of an apartheid system of separation of families and communities on the basis of gender and ethnicity. He further notes that hostels are rapidly turning into a zone of urban decay exposed to invasion, illegal dwelling and over-use of existing services and facilities, and that this process of slum creation is creating health hazards.

The proposed approach of the City of Johannesburg to the upgrading of public hostels is based on constructing new self-contained units where areas of open ground are available and converting existing hostel blocks into self-contained units to accommodate both single people and families. They believe that they should reduce their direct involvement in the administration and management of hostels. In other words, the City of Johannesburg should not be a landlord, and their main focus in housing management should be on facilitation, policy formulation, regulations and the implementation of national and provincial programmes. There is recognition of the need to apply stricter credit control systems in order to recover the operating costs, and to discontinue bulk services provision of electricity and water to hostels.

The City of Johannesburg's proposed tenure options to promote a greater sense of ownership by residents are: ownership by occupants, ownership by private sector investors and "rent to buy" instalment schemes. Finally, the author of the input notes that the current grant of R4000 per bed is insufficient, and that a grant of up to R17000 is required for each self-contained unit.

2.3 Presentations by provincial housing departments

There were presentations by Alexis Rautenbach of the Western Cape Housing Department and Lesiba Sekelè of the Gauteng Housing Department.

During 2000, all provinces were requested to review hostels policy and make recommendations to national government. The national Department of Housing will integrate the best practices from each province and draw up a proposal for national hostels policy for MINMEC to consider.

2.3.1 Western Cape

It was noted that hostels are a complex issue. The provincial government has identified 10 public sector hostel complexes in the Western Cape. VKS were appointed as consultants to drive the hostels programme in the province. Four of the projects are completed and four are nearing completion.

The Western Cape Housing Department came to the conclusion that in general the policy does work, but it needs to be streamlined. Local authorities should play a greater role and have a register of residents in projects. Grey sector hostels, they propose, can be dealt with under the institutional subsidy programme.

It was decided to go for two tenure options, as some people do not want permanent tenure. Hostel stock should be kept as rental, but people can qualify to become homeowners

Hostels residents prior to 15 March 1994 should be entitled to all benefits, and hostel residents who moved in after 15 March 1994 should be subject to the normal Housing Subsidy Scheme criteria.

Applications should be submitted with a business plan, as for institutional subsidies. The balance in the R16000 should be repaid to the province.

2.3.2 Gauteng

The Gauteng provincial government had not yet forwarded its policy recommendations, which were still in the form of a discussion document, to the national department. The document was based on a consultative research project undertaken by consultants.

Since adoption of the hostels policy in 1994, there have been a number of pilot projects in Gauteng, one of which was the Nancefield Hostel in Soweto. Funding of hostel redevelopment is within the provincial subsidy allocations. Little upgrading has occurred due to problems of gaining access into hostels, long consultation processes and no agreement on what is to be done.

Key findings of the research in Gauteng are:

- Approximately 80% unemployment among hostel residents
- Low incomes (up to 65% earn less than R1000 per month)
- Most hostels have a mix of families and single people
- 83% of hostel residents have dependents living with them
- Both male and female hostels have tended towards mixed gender
- Considerable overcrowding
- Unhealthy living conditions

- HIV/AIDS and other sexually transmitted diseases
- Alcohol abuse
- History of the hostels: ethnic differences

The discussion document recognised that there are both permanent and transitional hostel residents. In hostel redevelopment there should be a choice of:

- Upgrading, i.e. conversion into single units with shared facilities, i.e. for people from rural areas to come and work
- Conversion to family units

With regard to dedensification, there is a policy that alternative accommodation for displacements must be found. In terms of the new public procurement policy, local authorities must prioritise housing via Land Development Objectives (LDOs) and Integrated Development Plans (IDPs).

It was noted that it is important to alleviate poverty via job creation, e.g. via the Department of Labour's Labour Fund, and that there is funding available to accommodate people affected by HIV/AIDS.

2.4 Group discussions

Workshop participants participated in group discussions on key issues in small groups, and reported back in a plenary session. Each group discussed and reported back on one of the following key issues:

- Management options – reported on by Deidré Papenfus
- Financing options – reported on by Sarah Thurman
- Working with *in situ* residents – reported on by Seabata Dinthe
- Capacity building – reported on by Johannes Maloka
- Allocations, affordability and displacement – reported on by Anthea Houston

Other issues highlighted as being important, though not able to be dealt with, were:

- Tenure choices and a sense of ownership
- Economic development
- Access and control
- HIV/AIDS

2.4.1 Management options

Key points of discussion:

- Who should manage hostels for rent?
- How to set and collect rent in unconverted and converted hostels?
- How to help hostel residents make the transition to cost recovery rentals?

Who should manage hostels for rent?

- Hostels are a thorny issue that nobody wants to deal with, but ultimately they are the responsibility of local authorities, who need to work in partnership with others to deal with the problem.
- Long term management structures need to be set up by local authorities, together with residents (hostel committees) and other stakeholders, e.g. NGOs.
- Caretakers/effective maintenance
- Pilot project to look at other options, e.g. social housing, private sector

How to set up and collect rent in hostels:

- Cost recovery rentals linked to services provided. Hostel rentals in CT are set at R6.90 per bed-space per month, which dates back to 1983, and are unsustainable.
- Apply debt management/credit control policy, e.g. divide between arrears account and current account. Arrears must be recovered to be put back into the hostels.
- Awareness raising around citizenship rights/responsibilities – role of councillors is also important in this regard
- Register and sign lease agreements
- Billing: monthly statements/credit control
- Indigent policy based on income where necessary

Challenges:

- Income denial
- Cost of managing hostels
- Nobody wants to deal with hostels

2.4.2 Financing options

Key points of discussion:

- Use of hostel or institutional subsidies for full redevelopment to self-contained units?
- How to finance minor upgrading?
- Where to get supplementary grant and loan finance?
- How to use resident contributions?

Challenges: money

Barriers:

- Availability of subsidies
- Affordability/unemployment
- Local government has limited funds/unfunded mandate
- Support of private sector – companies and financial institutions
- Companies want out

Proposals/recommendations:

National and provincial

- Keep the subsidy
- Ring-fence subsidies

- Little data on hostels, with possible exception of KwaZulu-Natal; need more data on scale of problem and resources needed

Private sector

- Need to publicise good and bad cases of private sector involvement
- Explore non-conventional sources: provident/pension fund backed loans, community based financial institutions

Residents

- Should contribute where possible
- Local economic development/skills/business development should be integral to any hostels redevelopment programme

Local government

- Calculated, sustainable subsidies only, linked to tenure options and effective management
- Improve effectiveness of administration and contribute funds in lieu of maintenance responsibilities

2.4.3 Working with *in situ* residents

Key points of discussion:

- Existing committee structures
- Participatory design processes
- Incomes that don't fit your financial model – too high or too low
- Relocation during construction

Existing committee structures:

- Debate about whether local government should deal directly with committees elected directly by beneficiaries or via existing structures such as broader forums, as intermediaries can act as gatekeepers. It was noted that hostels are often not a high priority for broader forums. Capacity building should be focused on the direct beneficiaries.
- It was also noted that in the City of Cape Town's hostels redevelopment programme, participation does not happen exclusively via the Local Negotiating Group, but there is also extensive consultation with all residents via area committees, allocation committees and general committees.

Participation design process:

- Participatory process: by the local authority and beneficiaries
- Incremental designs
- Environmental issues

Relocation during construction:

- Temporary relocation – local authority facilities to be used to relocate
- Another option were "Wendy houses", which could later be used for trading

- Dedensifying: feasibility studies should look at numbers of displacements beforehand and mobilise land and subsidies to provide for them

The issue of trying to densify where possible to minimise displacements was raised, but it was pointed out that costs may prohibit this, for example, as it may mean have to make major changes to structural elements of buildings.

2.4.4 Capacity building

Discussion:

- What do hostel residents need to learn about developing and managing housing?
- How to help hostel residents make the transition to ownership?
- What training techniques will work?
- Who pays for capacity building?

Key issue: is there institutional capacity to do capacity building?

Capacity building should focus on:

- Educating hostel residents about housing as an investment
- Information about legislation framework/hostel policy
- Maintenance issues (skills training and admin)
- Basic legal skills
- Although some people felt the rent to buy option should be encouraged as a way of working towards eventually doing away with all hostels, it was accepted that people who want to continue renting in a hostel have that right.
- Education on tenure options (security of tenure), home ownership and responsibilities
- Education around financial modelling (budgeting)
- Running cost information (energy, water, appliances, etc.)
- Housing advice offices, support centres

Training techniques:

- Hands on approach, demonstrations
- Assimilation
- Workshops
- Assignments
- Exchange programme (networks, forums)
- Case studies

Who pays for training:

- Residents through levies (housing associations)
- Companies
- Former owners

Challenges:

- Changing mindset of hostel residents, etc.
- Changing mindset of financial institutions

Recommendations:

- Partnerships by private company and public, local government and financial institutions, etc.

2.4.5 Allocations, affordability and displacement

Key points of discussion:

- What are the allocations criteria?
- Do allocations criteria act as a barrier to effective choices for residents?
- Do allocation policies take affordability into account? What happens to residents who cannot afford an upgraded unit?
- Do the people with the lowest incomes lose out on housing opportunities?

Challenges:

- Unemployment
- Overflow
- Data base
- Integrated approach

Recommendations:

- Local authorities must take responsibility (housing plans)
- Hostels must be located within a broader context via housing strategies so that we can start beginning to mobilise land and finances.
- Linked funding mechanisms
- Some hostel dwellers, e.g. those earning more than R2000 per month, are potentially able to access housing elsewhere and could potentially be accommodated in other housing that could better suit their needs, although it was noted that many people may prefer to rent irrespective of their income.
- Provide "unemployed" with option of new, well located greenfield sites
- Hostels should target the "poor"; should try to ensure that those with low incomes who cannot get access to other accommodation are living within hostels rather than those earning over R2000 per month.

2.5 Way forward and closure

Anthea Houston, Director of DAG, discussed the way forward. The participants in the workshop would receive a report of the workshop proceedings and would be on the mailing list for the research reports and future workshops planned as part of the USN hostels programme.

The workshop was closed by Daphne King, Manager of Existing Housing, City of Cape Town (Cape Town Administration). She said that we have inherited a nightmare created by the migrant labour system. Local authorities have to address these issues. She felt that there needs to be a national policy direction on what to do with hostels, e.g conversion to family units and/or upgrading them for continued use by migrant workers. She highlighted the issues of what to do about displacements caused by hostel redevelopment

and importance of links between institutions, e.g. between local authorities and between local authorities and NGOs. Hostels need to be put higher on the agenda of local authorities. She closed by thanking DAG for organising the workshop and said that this workshop was just the beginning of starting to tackle the issue of hostels.

3. TRANSFORMING THE HOSTELS IN CAPE TOWN: MOVING BEYOND THE HOSTELS SUBSIDY PROGRAMME

Sarah Thurman, Housing, City of Cape Town (Cape Town Administration)

3.1 Introduction: some issues to consider

Redeveloping migrant labour hostels is not a simple process. There are many complex social and political needs that must be considered. For a large number of Cape Town's poor, the undeveloped hostels, with their minimal monthly charges, are an appropriate form of housing and central to their household survival strategies. Redeveloping the hostels brings improved conditions but increased costs. While this may be desirable for many people with reasonable salaries, it is not suitable for others.

The Cape Town hostels provide a highly valued base and a flexible form of accommodation for a sector of the population that is still migrant or transient - living a life between Cape Town and the Eastern Cape. Different members of a given family may depend upon a particular room or bed for times that they need to be in the city. Although it is beginning to change amongst younger people, many hostel residents still consider their home to be the Eastern Cape, preferring to make any investments there rather than in Cape Town.

Linked to the above, residents of the hostels tend to be very embedded in traditional, Xhosa culture. Many businesses in the hostels are based upon rural traditions (selling *umqombothi*, for example) and it is still not uncommon for women to be encouraged not to work, as this is considered demeaning to the husband.

Community organisation in the hostels is strong. Generally in each hostel there is a committee and, at a higher level, there are block and area committees. To a large extent, but to differing degrees in different places, these committees control the hostels, taking responsibility for allocations and even evictions. The role of the local authority, and even hostel holding companies, in administering most of the hostels has been limited since the mid-1980s.

Finally, as state owned "assets", the redevelopment and management of hostels brings to the fore the thorny issue of local government finance. As bed-spaces, the hostels are expensive to maintain - even inadequately - although the real costs are seldom known. In the case of converted/upgraded hostels, as council administered rental housing, the units continue to be subsidised by the local authority. In the current, fiscally strained local authority environment, this is problematic.

3.2 Conventional hostels redevelopment: the limitations

Many local authorities around the country have undertaken hostels redevelopment programmes, converting or upgrading their hostels using the hostels subsidy. The upgraded units are generally retained as state-

administered rental housing. Drawing primarily from our experiences in Cape Town, several problems are associated with this approach.

- More funds and more action are required to tackle the problem. In the central Cape Town area, for example, where the City administers around 13 000 hostel beds, only 600 units have been produced in the last 6 years through the Public Hostels Redevelopment Programme.
- Local authorities around the world are notoriously poor at administering rental housing (the reasons for which are many, but beyond the brief of this paper). The City of Cape Town is no exception. If the improvements are to be sustained, converted hostels demand a different form of management, and ownership, than that provided by the local authority.
- Given the vast number of hostels, the finances required and - in some places - resident resistance to redevelopment, we must acknowledge that hostel beds will remain with us for many years. We need to find creative ways to manage the unconverted hostels in order to improve the conditions and lives of the people living there.
- Although in most cases community participation is central to the redevelopment, the local authority is the developer and controls the process. The involvement of hostel residents in the redevelopment and management is not pro-active.

The rest of this paper will highlight some of the work being carried out by the Cape Town Administration in terms of looking to the private sector and the residents for funds, finding creative management and tenure forms outside of local authority ownership and finding ways of managing "hostel beds" to improve the conditions for the residents and to reduce the deficits within the local authorities.

3.3 Profile of the grey sector hostels

Cape Town's "grey sector" hostels were constructed by private companies in the 1970s and 1980s to accommodate their "Bantu" employees for the duration of their contracts of employment in Cape Town. The land upon which the hostels were built remained in state ownership, and the companies entered into an agreement with the then Bantu Administration Board for user rights to those hostels. The fact that the hostels were built and used by private companies on land owned by the State has left a somewhat ambiguous situation as far as responsibility is concerned.

In Cape Town there are a total of 117 grey sector hostel buildings and approximately 5 100 bed spaces accommodating an estimated 10 000 people. At least half of the companies have effectively abandoned their hostels and many others no longer exist. The lease-holding companies want to rid themselves of these embarrassing legacies and the residents want to see improvements in the conditions and privacy for themselves and their families. To add an additional layer of complexity and confusion, most of the

original lease agreements are lost and a majority of the hostel residents are no longer company employees.

The grey sector hostels differ from the public hostels in several ways. For one thing there are 97 separately distinguishable hostels, making it easier to work hostel by hostel. There is also the potential to mobilise additional resources from lease-holding companies. And finally, there are no national guidelines/subsidies focused on these hostels.

3.4 The Grey Sector Hostels Programme

In the absence of any national guidelines and in a context of scarce resources, the objectives of the Grey Sector Hostels Programme are as follows:

- To seek resources from a variety of sources, including the Provincial Housing Development Board (PHDB), the residents themselves, former or current lease-holding companies, and loans from financial institutions
- To encourage the residents to take responsibility for ownership and management and provide support to the residents once they have taken ownership
- To improve the administration of the hostels that are the de-facto responsibility of the council with a view to improving the conditions and transferring the ownership to the residents over a period of time (management of bed spaces)

The programme activities are described below.

3.4.1 Communication/information to residents

Because the grey sector hostels have always slipped through the policy and programme net, the residents have been without clear information regarding their rights and options. Misinformation and confusion abounds in these hostels and residents are often insecure with regard to their tenure¹. Thus one of the most valuable activities of our programme over the past 18 months has been to hold workshops with residents in each area to inform people of the status of their particular hostel and of the upgrading and ownership options. Regular meetings are held with area based hostel committees to update them in respect of progress and programme activities.

¹ For example, in one hostel, the lease-holding company has been attempting to "sell" the hostel to its employees for R45 000 per household. The company assumed that the residents could obtain a subsidy from the government. This is despite the fact that the company does not own the land.

3.4.2 Securing funds

Negotiating with lease-holding companies

Group and individual meetings have been held with many of the former or current lease-holding companies to persuade them to contribute towards improving the conditions in their hostels. In legal terms, the council does not have much leverage, except where the lease agreements still exist and the terms of that agreement state that the companies are responsible for maintenance. In most cases, the user or lease agreements state that the municipality must maintain. As such, most of the negotiation has been conducted on the basis of corporate social responsibility.

The result of these negotiations have been mixed. Most companies, however, recognise that they do have a responsibility to contribute. Funds have been secured/committed from 4 hostel holding companies and negotiations are on-going with a further 9. Interestingly, the main resistance has been encountered from the only international company in our portfolio. On the whole, the South African companies have been very co-operative, to the extent of allowing employees to take time off work for critical meetings.

Council contribution

At the present time it is not policy for the council to contribute towards upgrading the grey sector hostels. However, it may be argued that in the cases where the council is responsible for maintenance, and where the company and residents have contributed, the council should contribute funds in lieu of these responsibilities. This investment will ultimately result in less operational costs that would be spent on maintaining the hostels.

Resident contributions

As part of the training process, residents are presented with design options, linked to costs and committed funds. Depending on the level of upgrading desired, and the deficit, resident contributions are determined. Where residents are forming co-operative societies, the resident contribution is termed a membership contribution. Depending upon the rules and conditions of the particular co-operative (determined through workshops), when a member decides to leave, the contribution is recouped with interest, and a percentage of the increased value of the property. In one of our projects residents have secured loans against their provident funds. In a second, loans are being sourced from commercial banks, and, potentially the Kuyasa Fund, a housing loan fund established by DAG.

Provincial Housing Development Board/ government subsidies

Because of the over-commitment of subsidies at the provincial level, subsidies are not currently being secured for the grey sector hostels, although one application has been submitted (the council is providing bridging funds in this instance). Institutional subsidies were secured for a 12 household project last

year. In the absence of provincial subsidies, in one of the on-going projects, the redevelopment costs are being covered by company, resident and council contributions alone.

Other contributions

Additional finance is being secured on an *ad hoc* basis such as from the Netherlands based Habitat International Guarantee Fund.

Where no other funds are available, the team is conducting workshops to inform community organisations and residents to discuss the process of applying for subsidies and organising the residents.

3.4.3 Upgrading options

There are several options in terms of upgrading, depending upon the levels of overcrowding, whether residents wish to own their own self-contained unit, the existing design², and of course, the amount of funds available.

3.4.4 Tenure options

Although it is often the cheapest option for residents, local authority rental is not an ideal form of tenure for a variety of reasons. The maintenance is inadequate, administration poor and it tends to work against the cultivation of a sense of resident responsibility. Moreover, the high level of community organisation in the hostels lends itself to the formation of social housing institutions such as co-operatives³. It is anticipated that transferring the hostels to the residents to own and manage will create a sense of responsibility and ownership as well as reduce the administrative burden on the municipality.

Whether the residents decide to take straight ownership (freehold or sectional title) or to establish a legal body to take group ownership, people need to be made fully aware of the implications and the process. Through the Grey Sector Hostels Unit and Tenure Options Programme, the council is conducting intensive training workshops with residents of hostels where resources are available.

For the most part, residents are taking up the option of co-operative ownership or freehold title. The decision depends upon whether or not there are shared facilities or communal areas in the converted units. In some cases, residents are opting to remain as council tenants. While we cannot deny them this right, the viability of transferring the converted or unconverted rental units to a Housing Association is also being explored.

² For example, it is difficult to add ablution facilities to allow for privacy where the buildings are double or triple storey.

³ Many of the hostel committees have been, in effect, administering their units for many years - controlling bed space allocations and even carrying out some internal maintenance

To help ensure the effective long term management of the converted units, it is anticipated (pending approval from the new council structure) that the council will commit itself to providing post-institutional development support to the various housing organisations that are formed for at least 3 years. A separate institution will be formed to provide this support, using funds from both council and the Social Housing Institutions Development Fund. This is linked to the Tenure Options Programme of transferring council housing units to Sectional Title or Housing Association tenure forms.

3.4.5 Land release

In order to encourage the residents to take ownership, the sale of the hostel land is necessary. A central component of the strategy is the speedy sale of land to the residents at a cost that will not compromise the viability of the project. A land release policy for the hostels has been approved at a rate of R5.24 per m² providing that the project qualifies as a social housing project.⁴ The qualification assessment is carried out by the council's Housing Directorate and the sale of the land is authorised by the Estates Department.

3.4.6 Grey Sector Hostels Unit

In summary, the role of the council in the Grey Sector Hostels Programme is to provide a supportive and facilitative role to help secure finances, to inform residents of their tenure and upgrading options, to assist them to follow through with the selected options, to hold their hand through the construction process, and to assist in the development of policies and procedures to support the process. In order to do this, a dedicated team has been established as the Grey Sector Hostels Unit within the Housing Directorate.

3.4.7 Other partners

Due to the scale of the challenge and limited human resources, the team has been negotiating with several potential partners to bring them on board on a hostel by hostel basis. DAG has now agreed to assist in terms of design, construction management, and in the development of co-operatives. In another project, the Cape Town Community Housing Company is taking on the role of construction project manager. This is speeding up the redevelopment by allowing for a direct transfer of funds to the company, reducing council bureaucracy and time spent by officials on project management supervision. And finally, Rooftops (Canada) is providing invaluable support in the development of the tenure options, among other things.

3.5 Managing hostel beds

The development of policies and procedures for managing bed spaces is not the core business of the Grey Sector Hostels programme, but obviously influences its activities. For example, if council tenants are either not paying

⁴ Planning and Economic Development Committee, 08-05-2000

rent or are paying minimal rent there are few incentives for them to change the status quo and opt for ownership beyond the "carrot" of improved conditions. Moreover, as noted in the introduction, it is increasingly acknowledged that the management of bed-spaces must be addressed in the longer term.

3.5.1 The current situation

At the present time, the council's monthly charge for bed spaces is R6.90. This includes service charges and rents. Very few people are paying this monthly charge. Invoices are not generated because the amount does not justify the administrative cost and there is no arrears management. While some reactive and even planned maintenance is carried out, given the age and poor quality of the buildings and plumbing, and the level of overcrowding, this is still inadequate. Consequently, the conditions are often extremely poor.

The council has very little administrative control, particularly over allocations and many people do not have bed cards. "Bed farmers" who sub-let their rooms are commonplace. This means that the real residents of the beds, who are often women, do not have secure tenure. The current situation is neither desirable nor sustainable.

Improving the conditions in one set of flats in Langa has taken place in the last 18 months outside of the hostels subsidy. The City allocated R5 million from its capital budget to upgrade the Langa 'Old Flats' (720 rooms, nearly R7 000 per unit). This has significantly improved the conditions, but the rent and administration have not yet been upgraded.

Over the past year, a number of proposals have been made in terms of improving the administration - and conditions - of bed spaces. Many of the proposals were produced by someone seconded by Rooftops (Canada), but have yet to be implemented.

3.5.2 Summary of the proposals for managing bed-spaces

- In parallel to the Public Hostels Redevelopment Programme and Grey Sector Hostels Programme, securing of funds to carry out basic upgrades to hostels - as opposed to full conversions. These improvements must be linked to improved administration, and the testing of alternative tenure forms (such as Housing Associations, for example).
- Registration and regularisation of all hostel residents (including women), with the help of committees in the hostels.
- In recognition of the importance of the committees and participation of residents, council should build upon and formalise the role of the committees in the administration of the hostels.
- To encourage a move away from bed-spaces to rental of a room, it is suggested that accounts be generated per room, rather than per bed.
- Phased increases in rental/service charges to cost recovery. This should be linked to rent payment incentives such as the provision of increased maintenance, upgrading or a caretaker, based on good payment levels.

- A dedicated officer in each housing office and a senior housing officer focused specifically on unconverted hostels.
- In the refurbished Old Flats, it is proposed that caretakers be installed as a pilot to increase council administrative control, to increase security and to improve maintenance.

3.6 Conclusion: critical issues and lessons

In summary, we feel it is important to highlight some of the major challenges experienced and lessons learnt by the City to date.

- For some residents, paying little or next-to-nothing in rent, the current status quo in the hostels suits them just fine. Nevertheless, it is important to change the status quo in order to improve conditions and to increase the income from the hostel residents (from practically nothing) to the city, in terms of upgrading and increasing the effective management of unconverted units.
- The hostel resident population is constantly changing. Great influxes of people take place when redevelopment is on the cards. This creates conflict amongst residents and again highlights the need to regularise the existing residents.
- Committees retain a strong presence in the hostels and can be an invaluable partner as well as a source of problems. In many places, given the history and lack of administrative capacity within the former Black Local Authority municipal housing offices, they are effectively the governance force in many of the hostel areas. While it is neither equitable nor reasonable to let this authority continue as the rights of individuals are often violated, it is essential to work with and through these committees. A key lies in forging a constructive relationship with these committees, redefining the relationship between the council and the committees and guiding them to be more developmental and democratic. The council has neither the capacity nor human resources needed to redevelop and manage the hostels alone.
- Linked to the last point, hostel committees are both hierarchical and patriarchal, and addressing issues of women's empowerment is challenging. While council can adopt a policy that gives women equal tenure rights to men (which it has done), it is proving more difficult to encourage their participation in decision-making forums.
- Where overcrowding is severe, with more than one household sharing a room, and/or company funds are not available, redevelopment is more problematic as the resources are not available for the construction of new units to accommodate all residents.
- Restructuring within many South African industries is resulting in large-scale retrenchments in large numbers of the grey sector hostel holding companies. Two companies that have contributed to the project have done

so on the basis that it is laying off many employees and this at least will help to ensure that those employees have a long term home. While we are happy to have the capital funds to carry out the upgrading, retrenchments have a negative impact on residents' ability to pay the operational costs associated with their homes.

- In terms of resident contributions, there are sometimes wide disparities in income level within a given hostel. This means that some residents will choose a greater level of upgrade based upon their personal financial capacity. In addition, some people do not have access to the cash required. This means that in many cases personal loans are needed, and it is difficult to find a lending institution prepared to provide loans to people not employed on a permanent basis.
- The absence of subsidies from the Provincial Housing Development Board means that it is difficult to forward plan. And in terms of subsidies themselves, some modifications should be applied to the institutional subsidy so that it can apply to hostels - allowing single people to qualify, for example. The hostel subsidy should be flexibly applied, to allow for basic upgrading rather than full redevelopment only, so that it can be spread further.
- Despite the rhetoric around the formation of public-private and community partnerships, the reality is that local authorities are not currently set up to support such partnerships. The bureaucracy is cumbersome and procedures are time consuming.

4. CITY OF CAPE TOWN PUBLIC HOSTELS REDEVELOPMENT PROGRAMME

Charles Croeser, Housing, City of Cape Town (Cape Town Administration)

4.1 Introduction

First, there is an overview of the City of Cape Town Public Hostels Redevelopment Programme. Second, allocations processes are looked at. Third, project finances are discussed. Finally, future directions in the Public Hostels Redevelopment Programme are outlined.

4.2 Overview of the programme

Cape Town's hostels are mainly located in Langa, Nyanga and Guguletu. They are generally well located and are suitable for high density development.

Table 1: Public hostels in Cape Town (Cape Town Administration)

Area	Number of beds in public hostels
Langa	7 400
Nyanga	2 800
Guguletu	2 800
Total	13 000

The public hostels are owned by the City and let as bed-spaces. There are no dormitories; there are generally two beds per room. The policy is to reduce occupancy to one person/household per room, and this has already been achieved in many units. Allocations of vacant beds are largely done by the committees in the hostels.

The programme has a target of 8000 family units over 10 years. The programme was launched by hostel dwellers who organised themselves and formed a NGO called Umzamo. A Local Negotiating Group was formed to liaise with the hostel dwellers.

The programme involves infrastructure upgrading, e.g. roads, stormwater, water and sewerage, and environmental improvements, e.g. planting of trees by garden committees and working with a landscape architect.

The approach to development is based on partnership with the community. The City of Cape Town is not upgrading its hostels but is redeveloping them into family units for rental from the City. Some sharing of facilities is still necessary, for example, due to the high cost of bathrooms. The programme involves rolling out projects to progressively upgrade areas. New directions for public-private partnerships are also being explored.

The team consists of an in-house project manager and civil and electrical engineers (electrical installations are done by the City electrical department). Africon are the project managers and mediator. Architects Associated are the

architect, Barrat and Boyes are the quantity surveyor and HHO are the civil engineers.

To date, 600 units accommodating 800 households have been completed.

4.3 Allocations process

The allocations process for converted units is run on a points system. The following factors are taken into consideration: formal tenure, length of time in hostel, age, family size, payment history, ability to pay (affordability) and preparedness to share.

In terms of affordability, 20-25% of hostel residents earn more than R2000 per month, and could potentially access loan finance. Currently all residents in a block are being accommodated in a redevelopment, but a possible change is that there will be more emphasis on affordability in the future. There will also be no more sharing of facilities and only family units will be built, i.e. only families will be accommodated in redeveloped units.

4.4 Project finances

Hostel funds come from the Provincial Housing Development Board. The current level of subsidisation is R16 000 plus an extra 15% (i.e. R18400) per four hostel beds. There is also a R5000 loan per unit from the City of Cape Town Consolidated Funds, which is repayable over 10 years. This will need to be increased unless the subsidy is linked to inflation. R5000 is not adequate and this should be increased.

The rents of converted units are adjusted to reflect actual costs. The rentals are calculated based on cost recovery, although some reductions were made by the council. Rent for a family unit is set at about R200 p.m. Those who are unable to afford the rents of R200 p.m. can stay in hostel beds.

4.5 Future directions

The two key issues to be taken into account in the future of the hostels programme are increasing investment and incorporating local economic development.

In order to be able to leverage more financing, it is proposed to focus on higher income residents (over R2000 p.m.). Loans of R30 000 per unit, e.g. from Gateway Home Loans, can be obtained for those in stable employment. Investment levels could be doubled, and units could be delivered at R50 000 each. It is also proposed to develop via the institutional subsidy option, which may enable transfer to private ownership after 4 years. Partnerships with the private sector are also being explored.

There are opportunities for hostel redevelopment to contribute to the creation of economic opportunities. For example, hostel redevelopment in Langa is encroaching on the spaces used by informal traders. The Housing

Department does not want to be the landlord for traders as it is not the core business of the City to rent out trading space, but it is possible to create servitudes under the buildings and then cede them out. A managing agent can then let this out to traders.

4.6 Conclusion

In summary, the Public Hostels Redevelopment Programme is working within the context of the urban renewal of Langa, Guguletu and Nyanga in order to generate economic opportunities and improve the quality of life. The programme is a partnership with community through which 8000 flats will be developed, economic opportunities will be generated and the quality of life will be improved. Public hostels will ultimately largely disappear from Cape Town.

5. PROMOTING SUSTAINABLE HOSTEL ADMINISTRATION

Nonhlanhla Mthembu, Housing, Durban Unicity (Central Operational Entity)

5.1 Introduction

Hostel administration is a challenging task. The Hostels Policy was adopted by Council in 1998, in order to try and deal with the complexities and challenges. The successful practical implementation of a policy can take up to 10 years or more. Hopefully, the upgrading initiatives, which focus on the improvement of the quality of life for residents, will speed up the implementation of the Hostels Policy.

The structure of the paper is as follows:

- Vision for Durban Metropolitan Unicity Municipality
- Objectives for implementation of efficient hostel administration procedures
- Hostels Policy
- Challenges

5.2 Vision for the Durban Metropolitan Unicity Municipality

The key outcomes that were adopted by the Unicity Committee last year in 2000 are represented in Figure 1.

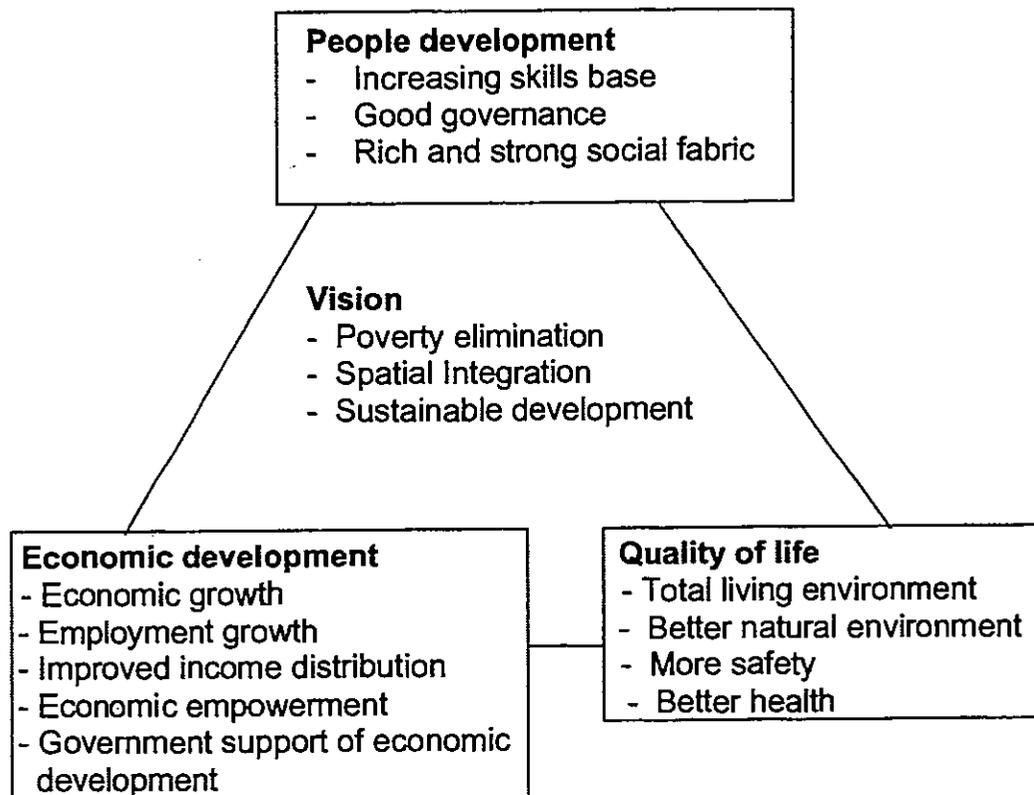


Figure 1: Vision for the Durban Unicity

5.3 Objectives for the implementation of efficient hostel administration procedures

The Durban Central Operational Entity is responsible for five hostels (SJ Smith, Dalton Road, Thokoza, Umlazi Glebelands and Jacobs) and is negotiating with the KwaZulu-Natal Provincial Housing Department for the transfer of a further two hostels (Umlazi T Section and KwaMashu Hostels).

Table 2: Public hostels in Durban (Central Operational Entity)

Hostel	Number of official bed spaces	Estimated number of illegal residents
SJ Smith	4 500	2 000
Dalton Road	1 552	2 000
Thokoza	1 100	500
Umlazi Glebelands	11 104	9 000
Jacobs	1 100	1 000
Umlazi T Section	8 340	-
KwaMashu	18 250	22 000
Total	45 946	36 500

The objectives of implementing administration procedures are to:

- Ensure de-densification of the hostel residents and also to reduce the abuse of resources.
- Ensure that hostels are administered in a cost-effective and efficient manner.
- Foster integration of the hostel community with the broader communities, so that they are not separate islands.
- Provide efficient maintenance.
- Ensure that only the legal residents have access to the hostels.

5.4 Hostels policy

By 2006, public hostels within the Durban Metropolitan Unicity Municipality should offer rental accommodation with a clean, private, healthy and secure environment, where they will contribute towards the payment of these services. Both our upgrading programme and also the administration policies are geared towards the realisation of this vision and also the three main objectives of the Unicity as a whole.

The access policy was effected in 1998. Four out of the five hostels the Central Operational Entity is responsible for have agreed to access control. The Access Policy is geared to achieve the following results:

- Control the entry and exit of hostel residents.
- Proper security system to be put in place.
- Access cards with identity of the tenant.
- Effective and efficient access control system, with the presence of security at the gate.

All authorised tenants are to be registered and sign a lease agreement. Illegal residents are to be regularised and also sign a lease agreement. For visitors there will need to be agreement with the residents. The residents must report their visitor to a Councillor for that particular hostel, who will in turn report to the administration. Visitors will have to contribute 50% of the rental, depending on the duration of the stay of that particular resident.

No trading will be allowed in sleeping rooms. All registered trading operators will be controlled by the following departments: Informal Trade and Small Business Opportunities, the City Health Department and the Real Estate Department.

5.5 Payment of rentals

Billing of accounts will contain the following information:

- Name
- Postal address/hostel address
- Description of charge
- Rental account.

The rental structure will be broken down as follows (rentals will be reviewed annually):

- Electricity
- Water
- Refuse removal
- Sewerage
- Administration: insurance, maintenance, wages and sundries.

The debt collection policy has not yet been applied, but its procedures are as follows:

- Rentals are payable by the 7th of each month.
- If there is failure to pay, as specified in the agreement, a demand letter requiring payment will be sent.
- If there is no response within 7 days, a reminder notice will be sent.
- If there is further failure to pay, the issue will then be referred to the Legal Department to proceed with a summons.
- If there is no response to the summons, the Legal Department will proceed to obtain a default judgement and a Warrant of Ejectment.
- After ejectment, there will be normal allocation to another tenant.

5.6 Challenges

Generally, the Housing Department still faces these challenges:

- Violence
- Overcrowding
- Criminal elements
- Vandalism
- Non-payment of services
- Introduction of market-related rentals

- Dealing with evictions for non-payment.
- High rate of unemployment
- Infrastructure abuse, i.e. illegal use of electricity and water
- Upgrading
- Informal settlements
- Uncontrolled businesses

5.7 Conclusion

The Housing Department endeavours to speed up the implementation of efficient administration procedures and the upgrading of hostels, in order to achieve the creation of humane living environment and quality of life for hostel residents.

6. THE KRANSKLOOF HOSTEL UPGRADE

Geoff Nightingale, Housing, Durban Unicity (Inner West Operational Entity)

6.1 Introduction

The Kranskloof Hostel is situated in KwaDabeka in the Inner West Operational Entity area, 5 km north of Pinetown.

The population of the hostel was originally estimated at 35 000 people, but a census carried out found that there were 5591 residents. The census also found that 58% of residents were unemployed.

Table 3: Gender and age distribution within the Kranskloof Hostel

Years	Male	Female	Total
0-3	147	126	273
4-5	46	57	103
6-12	126	135	261
13-16	84	69	153
17-18	40	36	76
19-21	180	103	283
22-25	569	241	810
26-35	1345	573	1918
36-45	772	265	1037
46-55	387	124	511
56-60	76	29	105
61-65	29	8	37
Over 66	20	4	24
TOTAL	3821	1770	5591

Table 4: Original bed count

Block	Single flats	Dormitories (6 beds)	No. of beds
A	-	403	2418
B	-	406	2436
C	-	353	2118
D	68	283	1766
E	-	165	990
H	518	-	518
J	217	-	217
TOTAL	803	1610	10463

A survey of the hostel dwellers undertaken to determine their needs found that almost 60% said that the main advantage of living in hostels is that rent/services are cheap. Over 30% of the hostel dwellers said that the main disadvantage was that it was overcrowded.

6.2 Implementation of the upgrade

Funds of R10 million were approved by the Provincial Housing Development Board on 28 April 1999 for the first phase of the upgrade. There was extensive consultation with the Kranskloof Hostel Committee. The criteria for the upgrade were determined as:

- Technical
- Safety: unsafe electrical wiring (someone had been electrocuted shortly before the upgrade commenced)
- Health: the garbage disposal system was not operating properly
- De-densification: the dormitories were to be dedensified to become 5-bed units
- Privacy
- Hot water: each unit had a geyser, but they seldom worked

A show room based on the criteria was constructed and approved by the community and committee. Estimates were carried out by a quantity surveyor, who went into every room in the hostel to see what needed to be done. The entire upgrade was found to fall within the funding quota:
 8853 beds x R4000 subsidy x 15% extra = R40 723 800.00

Table 5: Bed-spaces on dedensifying

Block	Single flats	Dormitories (6 beds)	No. of beds
A	-	403	2015
B	-	406	2030
C	-	353	1765
D	68	283	1483
E	-	165	825
H	518	-	518
J	217	-	217
TOTAL	803	1610	8853

A conventional tender procedure was followed. All works were under one umbrella contractor, with a provisional sum for specialist works. At least 30% of the work was to be allocated to emerging contractors. The tender was based on the entire Block A and 220 units of Block H and the tender amount was within the budget of R10 million.

A reputable company was the lowest tenderer, but the community was not happy with the contractor because of alleged previous bad experiences. There was no substantive evidence for not appointing them. The second lowest tenderer was not reputable, and third lowest tenderer was R1 332 530 more expensive than the lowest tender. It was then decided that the Inner West Operational Entity be the main contractor and sub-contract out. It was responsible for insurance and other contractual matters.

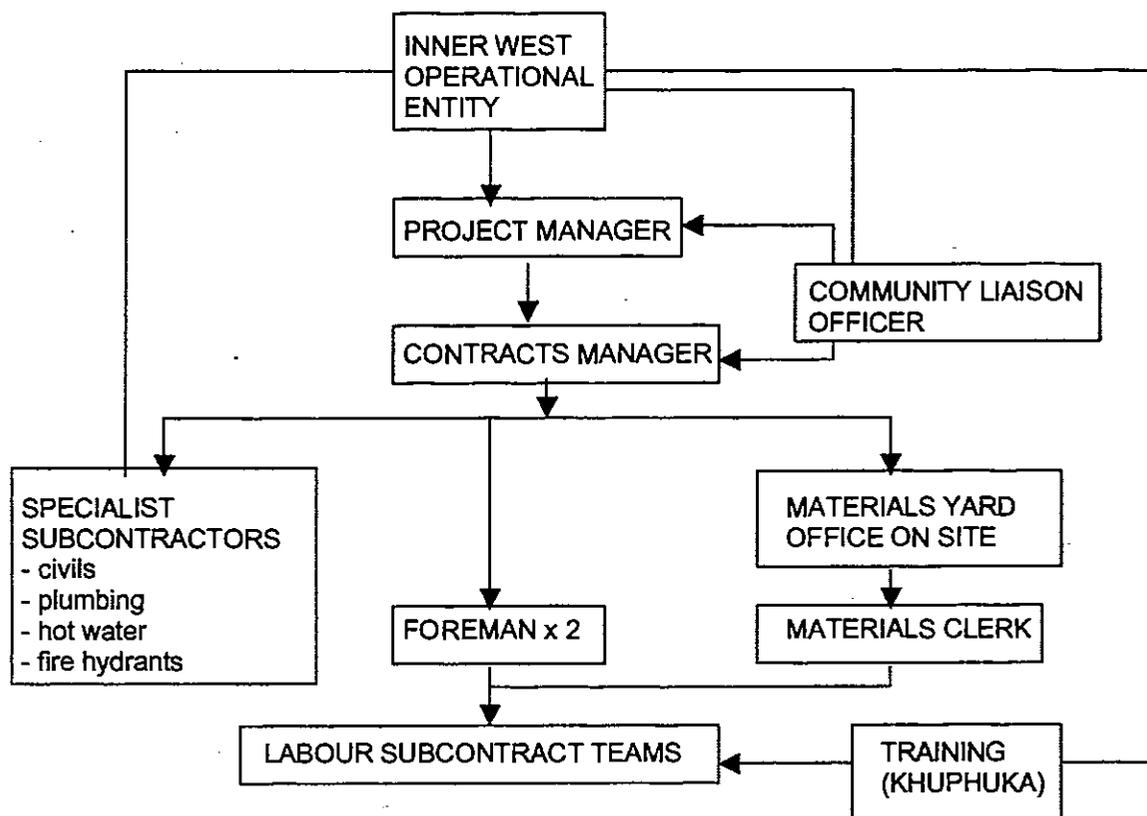


Figure 2: Contractual arrangements for the Kranskloof hostel upgrade

The role of the contracts manager was to:

- Prepare quotations and adjudicated labour-only contracts
- Establish detailed budget
- Assist emerging contractors with regard to productivity, financial administration, materials usage, safety and quality
- Manage emerging and specialist contractors
- Be responsible for materials purchasing and controlling the site office and materials yard

Labour-only sub contractors were responsible for the painting, plastering, carpentry and brick laying. Contract amounts were determined as the average of the three lowest reasonable tenders and work was awarded at this average to the number of sub-contractors required. Labour-only contractors had to be registered as a close corporation and VAT vendor and had to take responsibility for public liability. The tender terms well workshopped, with a strong element of empowerment.

In terms of materials purchase, a list for most materials was drawn up and quotes obtained from suppliers. Each item was purchased at its lowest price from that particular supplier. Sub-contractors' tools were bridge financed

6.3 Conclusion

The positives of the project were:

- Money went directly back into the community
- Empowerment
- Hard work was rewarded
- Minimal construction delays
- Cost saving of R 1 million by cutting out contractor's profit and preliminaries and general cost (P&Gs)
- The upgrade was done without any occupants having to vacate rooms: full occupation continued with minimal disruption

On the negative side, a vast amount of administration was required as there were 40 emerging contractors on the project at the same time, and there was also considerable contracts risk.

In conclusion, based on the experience of the Kranskloof Hostel upgrade, the Ingredients for a successful upgrade are:

- Strong leadership within committee (with both male and female committee members)
- Good communication (regular meetings with committee)
- Respected community liaison officer and contracts manager
- Strong administrative skills by contracts manager
- Hands-on project manager
- Practical audit procedures

7. THE KHOTSONG AND REAHOLA PROJECTS

Chris Petersen, AngloGold, and Johannes Maloka, National Union of Mineworkers

7.1 Introduction

AngloGold employs 78 000 people, of whom about 50% are housed in 18 "Residences" (i.e. hostels) in the Free State, Gauteng and North West.

Through interaction with the National Union of Mineworkers (NUM), the company discovered that there was a great need for family housing. Research was undertaken which showed that 33% of hostel residents wanted the hostels to be converted to family units. Joint Housing Forums, consisting of members of both AngloGold and NUM, were established. The first project was initiated in 1996 and this led to a second project, and there are more projects planned.

7.2 Khotsong Village Square (Vaal River)

Western Reefs No. 7 Residence was converted into 160 family units. Each unit was 56m² with two bedrooms, a dining/sitting room, a bathroom and kitchen facilities. The conversion was funded by AngloGold.

Subsidies were applied for from the Provincial Housing Development Board in 1997 and were subsequently approved, but no money has become available as yet, due to various reasons.

The units are currently being rented by employees with some degree of subsidisation.

AngloGold has a unit which assists small businesses. There are twelve small businesses in Khotsong Village, including a dressmaking business and hair salon. There is also a crèche which provides services free of charge.

7.3 Reahola (Matjhabeng)

The Reahola Housing Association, a community based partnership comprising AngloGold, NUM and the Welkom TLC, converted the 405 rooms of the old Western Holdings No. 7 Hostel at a total cost of R8M. A further R3 was spent on the development of service infrastructure.

The complex consists of 72 one-bedroom, 309 two-bedroom and 24 three-bedroom flats. Prices vary from about R25 000 for a one-bedroom, R30 000 for a two-bedroom and R34 000 for a three-bedroom flat. According to Victor Bengu, Reahola Housing Association Director, the first two flats were sold on Christmas Eve. To date 15 flats have been sold.

Prospective owners can buy the flats at reasonably low prices and pay for them in monthly installments over a period of five years.

The development of the project follows an agreement between AngloGold, NUM, the former Welkom Transitional Local Council, the Free State Housing Board and the newly formed development company, Reahola Housing Association. In terms of the agreement, AngloGold made the empty hostel available while the Free State Provincial Housing Board provided 405 subsidies to first-time home-owners.

Applicants whose gross household monthly income does not exceed R3 500 are eligible for a housing subsidy, provided they are first-time owners; live with a partner and/or support dependants and that they are South African citizens.

7.4 New projects

A number of new projects are planned. Negotiations between key stakeholders are in the process in two potential projects :

- eKhayalihle Residence (West Wits), where the conversion of 353 family units is planned.
- Khayaletu Residence (Vaal River), where the conversion of 184 family units is planned.

8. CONCLUSION

The workshop showed that the hostels issue is an extremely complex problem that we have inherited as a historical legacy of the migrant labour system.

It seems that the first challenge we face in dealing with the hostels issue is a lack of information on the scale of the problem.

The discussions at the workshop made it clear that there are a wide range of different hostels. There are great regional differences between hostels and great differences between public and grey sector hostels. In some regions there are political or ethnic differences between hostel dwellers and residents of surrounding areas (e.g. Gauteng), whereas in other regions this is not the case (e.g. Western Cape). In some regions hostels are largely occupied by families with strong urban links (e.g. Western Cape), whereas in other regions there are large numbers of single people with strong rural links in hostels (e.g. KwaZulu-Natal). There is also a problem with definitions. It appears that different people sometimes mean different things when they use terms such as "hostel", "hostel unit", "hostel redevelopment" and "hostel upgrading".

Key issues that were raised in the workshop include:

- Integration of hostels into the surrounding area. In some areas this is extremely difficult.
- Tenure: some hostel residents want ownership of family units, while others would prefer to continue renting bed spaces. Although many people are in favour of converting all hostels into family units for ownership, it is clear that dealing with hostels issue should include both conversion to family units for ownership and the upgrading of hostels for continued rental of rooms or bed spaces.
- Displacements: how to deal with people who are displaced by hostel redevelopment, for example, single people when a hostel is converted to family units.
- Sustainable management of hostels: effective maintenance, cost recoverable rents and an indigent policy for unemployed people.
- Project funding for hostels redevelopment
- Local economic development/job creation
- HIV/AIDS: single men and migrant workers are high HIV/AIDS risk groups, but different authorities are taking very different approaches. The Central Operational Entity of the City of Durban is working with a AIDS NGO and AIDS committees within hostels to raise awareness around AIDS as part of a programme funded by USAID and the KwaZulu-Natal provincial government. The City of Cape Town, on the other hand, is not doing anything about AIDS as part of its public hostel redevelopment programme as it is regarded as a Health Department issue.

Future activities planned during the rest of 2001 and in 2002 as part of the USN hostels programme are:

- Production of four research reports: communal tenure options for hostel redevelopment projects; management models for public hostels; design options for hostel redevelopment; and delivery models for hostel

redevelopment. These research reports will be based on DAG's involvement in hostel redevelopment projects in partnership with the City of Cape Town.

- Production of training materials for hostel redevelopment projects. This will be piloted in the hostel redevelopment projects DAG will be involved in.
- Four regional hostels workshops (Gauteng, Kwazulu-Natal, Eastern Cape and Western Cape) and one national hostels workshop to highlight best practices and inform policy development.

APPENDIX A: WORKSHOP PROGRAMME

Chairperson: Sivuyile Mxokozeli, City of Cape Town (Cape Town Administration); Co-chair: Eliza Moore, Roofops Canada

1. Welcome by Brian Moholo, Director of the Urban Sector Network National Office
2. Keynote address by Monty Narsoo, Deputy Director General of Housing
3. Sarah Thurman, City of Cape Town (Cape Town Administration): Transforming the hostels in Cape Town – moving beyond the hostels subsidy programme
4. Chris Petersen, AngloGold and Johannes Maloka, National Union of Mineworkers: The Khotsong and Reahola hostel projects
5. Nonhlanhla Mthembu, Durban Unicity (Central Operational Entity): Promoting sustainable hostel administration
6. Geoff Nightingale, Durban Unicity (Inner West Operational Entity): The Kranskloof hostel upgrade
7. Charles Croeser, City of Cape Town (Cape Town Administration): The City of Cape Town public hostels redevelopment programme
8. Alexis Rautenbach, Western Cape Housing Department: recommendations on hostels policy
9. Lesiba Sekele, Gauteng Housing Department: recommendations on hostels policy
10. Group discussions and report backs:
 - Management options
 - Financing options
 - Working with *in situ* residents
 - Capacity building
 - Allocations, affordability and displacement
11. Way forward by Anthea Houston, Director of the Development Action Group
12. Closure by Daphne King, Manager of Existing Housing, City of Cape Town (Cape Town Administration)

APPENDIX B: LIST OF PARTICIPANTS

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