



FINAL EVALUATION REPORT FOR IMPLEMENTATION EVALUATION OF THE FINANCE LINKED INDIVIDUAL SUBSIDY PROGRAMME (FLISP)

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GLOSSARY OF ACRONYMS AND ABBREVIATIONS

Acronym	Description
APP	Annual Performance Plan
BASA	The Banking Association South Africa
BNG	Breaking New Ground
CAHF	Centre for Affordable Housing Finance
DFI	Development Finance Institution
DoRA	Division of Revenue Act
DPME	Department of Performance Monitoring and Evaluation
DPSA	Department of Public Service and Administration
EEDBS	Enhanced Extended Discount Benefit Scheme
ECDHS	Eastern Cape Department of Human Settlements
FI	Financial Institutions
FICA	Financial Intelligence Centre Act
FLISP	Finance Linked Individual Subsidy Programme
FSC	Finance Services Charter
FSDHS	Free State Department of Human Settlements
GDHS	Gauteng Department of Human Settlements
GEHS	Government Employee Housing Scheme
HLAMDA	Home Loan and Mortgage Disclosure Act
HSDB	Human Settlements Development Bank
HSDG	Human Settlements Development Grant
IA	Implementing Agent
IDP	Integrated Development Plan
IRBA	Independent Regulatory Board for Auditors
IRDPA	Integrated Residential Development Programme
KZNDHS	Kwa-Zulu Natal Department of Human Settlements
LP COGHSTA	Limpopo Province Cooperative Governance, Human Settlements and Traditional Affairs
MIF	Mortgage Indemnity Fund

MinMEC	Ministers and Members of Executive Council
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
MPDHS	Mpumalanga Department of Human Settlements
NC COGHSTA	Northern Cape Cooperative Governance, Human Settlements and Traditional Affairs
NCR	National Credit Regulator
NDHS	National Department of Human Settlements
NDP	National Development Plan
NHBRC	National Home Builders Registration Council
NHF	National Housing Forum
NHFC	National Housing Finance Corporation
NPC	National Planning Commission
NPM	New Public Management
NURCHA	National Urban Reconstruction and Housing Agency
NUSP	National Upgrading Support Programme
NW DLG&HS	North West Department of Local Government & Human Settlements
OoD	Office of Disclosure
PEHG	Provincial Emergency Housing Grant
PHSD	Provincial Human Settlements Department
PSP	Professional Service Provider
PToC	Programme Theory of Change
RLRP	Rapid Land Release Programme
RHLF	Rural Housing Loan Fund
SAHL	SA Home Loans
SALGA	South African Local Government Association
SOP	Standard Operating Procedures
TSC	Transactional Support Centre
UISP	Upgrading of Informal Settlements Programme
WCDHS	Western Cape Department of Human Settlements

DEFINITION OF TERMS

Term	Definition
Affordability	The amount an individual or a couple can afford to spend on a new home, based on their income and any deposit that they have available for the new home. The low incomes of many people have created a serious affordability problem in housing.
Affordable / Gap market	Individuals earning between R 3 501 to R 22 000 generally find it hard to qualify for housing finance; their income is regarded as low for mortgage finance, but too high to qualify for the government 'free-basic house' subsidy scheme.
Approval/decline of FLISP application	The positive or negative outcome of the application for FLISP housing subsidy. If the outcome is positive (approved), the housing subsidy will be granted according to the qualifying band and the FLISP application will then be processed. If the outcome is negative (declined), the applicant may continue with the home loan application as per the Bank's terms and conditions but without the housing subsidy.
Approval/decline of home loan	The positive or negative outcome of the home loan application by the Banks upon their assessment of the application according to their own credit and affordability assessment standards and the National Credit Regulator's (NCR) lending criteria. When the outcome is positive (approved), the FLISP application will go ahead and when the outcome is negative (declined), the FLISP application will not be considered any further.
Beneficiary	An individual who has successfully applied for home loan and been allocated a housing subsidy under FLISP, their particulars are recorded on the central database.
Bond Originators	The intermediaries between the applicants and the Banks. They assist applicants with compiling the required paperwork and submitting to the Banks for the home loan on applicants' behalf.
Development Finance Institutions	The National Housing Finance Corporation (NHFC); the National Urban Reconstruction and Housing Agency (NURCHA); and the Rural Housing Loan Fund (RHLF) which have now been consolidated under the NHFC in anticipation of the development of the Human Settlements Development Bank.
Employers	Employers who have policies in place to assist their employees with access to affordable housing through FLISP.
Financial Institutions/ Lenders	Mainly refers to the four (4) main banks of South Africa (First National Bank, Standard Bank, Nedbank and ABSA) that provide the mortgages/ home loans to individuals as well as Banking Association of South Africa.
FLISP Accredited development project	The specific FLISP projects in each Province that applicants can apply for through FLISP Property Developers. These are located throughout the country and can be accessed through the NHFC and DHS.
Housing Subsidy	The financial assistance that is provided through the FLISP to reduce the initial mortgage loan amount or augment the shortfall between the qualifying loan and the total house price. The grant is paid out by Government.

Key stakeholders	Individuals and organisations who are directly involved with the programme as partners, beneficiaries etc.
Once off FLISP subsidy amount	The amount that the beneficiaries qualify for. This ranges between R27 960 and R121 626 depending on the joint monthly income.
Payment of a subsidy	The housing subsidy disbursement to the beneficiary either through the Attorney's trust account or directly into the beneficiary's home loan account depending on whether the housing subsidy augments a shortfall between the qualifying home loan amount and house purchase price OR the housing subsidy reduces the principal home loan amount, rendering loan repayment instalments affordable.
Provincial Programme Champions	The programme contact persons in all the nine (9) Provinces. These are the people that are directly working with FLISP.
Property Developers	The FLISP accredited housing developers. These developers assist applicants with home loan applications to Banks as well as FLISP application.

EXECUTIVE SUMMARY

Introduction and Background

The FLISP provides for a mechanism to address the market dysfunctionality when it comes to the affordable or the gap housing market. This is the market between the full subsidy segments which constitutes a free house for people earning up to R 3 500. But then for people earning above that limit, up to the segment where people are able to earn enough to buy a residential property in the market, there is a gap consisting of people who are unable to finance their purchasing a house without assistance. FLISP is a demand side instruments which assists such people to qualify for home loans. FLISP is also intended to stimulate the development of housing stock in the affordable housing market segment.

Purpose and Scope of the Evaluation

The scope of the study was limited to the FLISP as it is defined in the official programme documents. The purpose of the evaluation study as defined by the Terms of Reference includes:

- To monitor the performance of FLISP;
- To improve performance indicators;
- To improve monitoring mechanisms;
- Assess if there is value obtained from the funds disbursed;
- In addition, the study will determine if the implementers or Provinces are adhering to the Guidelines that were approved by MinMEC in 2018; and
- Evidence generated through the evaluation study will be used to strengthen the implementation of the FLISP during the balance of the MTSF period through any recommendations that will be made.

Research Methodology

The method of gathering primary research data was twofold consisting of interviews with the key stakeholders such as Provincial officials, Banking sector etc. as well as structured questionnaire interviews with the Programme beneficiaries. All interviews were done remotely via MS Teams for the key stakeholders and telephonically for the programme beneficiaries.

The purposeful sampling technique was used to select the respondents for the key stakeholder interviews, based on the role that each stakeholder plays in the Programme. With regard to the Programme beneficiaries, initially the stratified random sampling technique was planned to be used so as to ensure representation in all the Provinces. However, due to challenges experienced in obtaining beneficiary contact information resulted in the adoption of the Snowball Sampling Technique (SST) in which a sample of 47 beneficiaries interviewed was achieved with approximately 28% declining to be interviewed.

Data Analysis Techniques

Quantitative data was analysed using SPSS. Descriptive statistics were computed to describe the socio-demographic characteristics of the beneficiaries.

Qualitative Data was recorded and subsequently transcribed and translated verbatim. The data collectors were also taking notes from the online one-on-one interviews. Using the content analysis methodology, the team identified themes and sub-themes that formed the basis of the coding structure for the transcripts. The transcripts were thoroughly read to identify emerging themes and sub-themes, which were then examined, referenced and grouped and then analysed manually.

Summary of Findings

Based on the foregoing, the following findings were revealed from the study:

- The intended lower income first time home owners are not benefitting as much from FLISP, instead they are being crowded out by higher income earners.
- Incorrect information is the main reason potential FLISP beneficiaries are being turned back.
- The NHFC does not have a physical presence in other Provinces besides Gauteng.
- Existing marketing strategies are not effective in promoting FLISP and efforts are underway by the NHFC to boost this.
- The approved policy for the 2018 amendments is still outstanding resulting in many of the innovative provisions still not being implemented.
- The subsidy quantum in place is not realistic vis a viz building costs.
- The Covid-19 pandemic had significant impact and changed the way in which the Programme is being implemented.

Recommendations

In addressing the various challenges and inefficiencies inherent in the FLISP, some of the recommendations made have been highlighted in the table below:

Recommendations	
1.	As much as possible, the Programme must align its processes with those of the banks who are the primary stakeholders in this instance, particularly in reducing timelines and streamlining the application procedures.
2.	Extensive use of social media to create and maintain awareness, e.g. Facebook page, Twitter handle and a WhatsApp dedicated line.
3.	Investment in the creation of affordable housing stock.
4.	Both below the line (BTL) and above the line (ATL) marketing strategies should be urgently deployed so as to raise awareness on the FLISP program.
5.	NHFC should consider having a physical presence in all the Provinces. This can be implemented in conjunction with PDHS in which the entity can set up shop in Provincial offices.
6.	The policy needs to provide for a procedure to deal with FLISP subsidized properties that are repossessed by banks when the beneficiary fails to honor mortgage repayments.
7.	The official policy document and guidelines for the amendments to FLISP that were made in 2018 is still outstanding.
8.	Regular updates to the subsidy quantum should be done annually to keep up with rising building costs.
9.	The NHFC must sign MoUs with its Programme partners to hold each party accountable.
10.	The Programme needs to get Municipalities on board especially the metros which are involved in the housing development space.
11.	Establishment of dedicated FLISP sub-unit in Provinces which do not already have this.
12.	Regular FLISP workshops designed for NDHS and PDHS to ensure that there is consistency of application of FLISP policy and guidelines.
13.	Development of Programme M & E Framework for FLISP
14.	The Department carry out a review of the FLISP organogram so as to increase and ensure efficiency.

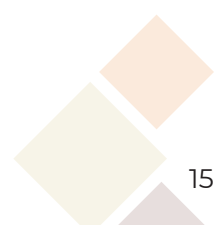
Conclusion

Findings point to the following lessons being learned:

- FLISP is a sophisticated and unique Programme which requires that the implementation approach must be organised and efficient.
- The Programme must keep up with changing economic conditions
- Regular revision of the Programme to eliminate whatever is not working.
- Close working relationship with the Financial Institutions ensures programme efficiency.

Further research in the following areas needs to be conducted:

- Securitisation of mortgage bonds, the extent to which this could provide affordable finance to lower income groups
- The extent to which householders are willing and able to utilise pension funds and other savings towards housing access.
- The extent to which employer housing subsidies contribute to housing access in the low income sector.



CHAPTER 1: INTRODUCTION

1.1 Introduction

The Finance Linked Individual Subsidy Programme (FLISP) was introduced in 2005 with an intention to provide access to adequate and affordable housing for the low to middle income households. In 2018, the NDHS made some significant changes in the Programme's implementation guidelines, with the objective of improving the hitherto lacklustre performance of the programme. In 2020 the project to carry out the implementation evaluation of the performance of FLISP was initiated. TJDynamic Development Practices was appointed in October 2020 to carry out the evaluation by the National Department of Human Settlements (NDHS), which is the Department under which FLISP falls.

1.2 Problem Statement

The concept of the existence of an affordability gap in the housing market is one that has been discussed extensively and has been the subject of a number of interventions, including FLISP. Ideally FLISP should be a game changer in the affordability housing market / sector but uptake since its inception has been low. It is necessary to diagnose the underlying constraints and barriers that are resulting in low uptake of the programme. The latest revision in its prescripts in 2018 which are currently being formalised as an official policy document, were implemented with immediate effect. The purpose of this implementation evaluation of the Programme is to appraise the Programme's implementation after the latest revisions, with a view of measuring and understanding its contribution towards achieving Outcome 8 in this current MTSF period.

1.3 Purpose and Scope of the Evaluation

The scope of the study will be limited to the FLISP as it is defined in the official programme documents. As such the study will go into some detail on the programme's conceptualisation, development and implementation since its inception and particularly after the latest 2018 policy revisions.

The purpose of the evaluation study as defined by the Terms of Reference is:

- To monitor the performance of FLISP;
- To improve performance indicators;
- To improve monitoring mechanisms;
- Assess if there is value obtained from the funds disbursed;
- In addition, the study will determine if the implementers or Provinces are adhering to the Guidelines that were approved by MinMEC in 2018; and

Where possible evidence generated through the evaluation study will be used to strengthen the implementation of the FLISP during the balance of the MTSF period through any recommendations that will be made.

1.4 Study/ Evaluation Questions

The assumption is that there are various issues that can be presumed to contribute to the success of the Programme. These have been framed in the form of study questions that the evaluation will investigate further:

- (i) How significant has the take up of the FLISP been since the amendment of the income bracket?
- (ii) What is the spatial distribution of the FLISP stock?
- (iii) Is the private sector generating adequate affordable housing stock?
- (iv) How is the Programme interpreted at national, provincial and municipal level?
- (v) What are the factors leading to poor performance of the Programme? Are the challenges being addressed and how?
- (vi) Does the Province have a one-stop-shop/TSC? If yes, how is the Province running the concept? If not, is there a possibility to establish a one-stop-shop/TSC in the Province?
- (vii) Look at the possibility at introducing a one-stop-shop or a Transactional Support Centre (TSC) in each Province, taking into account the running of the one-stop-shop/TSC, as an unfunded mandate, location and the availability of the relevant systems?
- (viii) How effective are the funding arrangements of the FLISP?
- (ix) What are the reasons for not appointing NHFC as the Implementing Agent for FLISP in Provinces that have not done so?
- (x) What role have the financial institutions and employers played in the implementation of the FLISP, what are the current arrangements?
- (xi) Do the Provinces have a marketing strategy in place? If not, why not?
- (xii) How effective are the mechanisms or strategies to create awareness of the FLISP? (Do beneficiaries understand the programme, for them to benefit from the programme?)
- (xiii) How realistic is the subsidy quantum in comparison with the current building costs and poor delivery of housing stock in the FLISP market?

1.5 Evaluation Approach

The participatory evaluation approach and document analysis will form the backbone of the study exercise. The participatory evaluation approach will involve interviews with identified key stakeholders or programme participants, ranging from NDHS officials, beneficiaries, implementing agents and other programme partners. Involving programme participants will ensure that the data collected is of a high quality and will provide useful insights when considering recommendations to be made.

The review and analysis of various documents will provide valuable and useful historical information about the FLISP and its implementation to date. These include annual and quarterly reporting documents from the NDHS, NHFC, PDHS, National Treasury, DPME, HLAMDA and any other official reports on the Programme. The table below depicts the evaluation planning matrix which summarises the methodology. The evaluation methodology is discussed in greater detail in Chapter 4: Evaluation Design and Methodology.

Table 1: Evaluation planning matrix

No	Evaluation Question	Performance Indicator	Potential Data Source	Methodology	Responsibility
1	How significant has the take up of the FLISP been since the amendment of the income bracket?	Number of people taking up the subsidy since the amendment viz a vi targets. Amount paid out in subsidies vis a vi budget allocated.	Quarterly and annual performance reports (NHFC, NDHS etc.)	Document Reviews and analysis	Service Provider
2	What is the spatial distribution of the FLISP stock?	Amount and location of FLISP stock	Provincial DHS Reports	Document Reviews and analysis	Service Provider
3	Is the private sector generating adequate affordable housing stock?	Amount of affordable housing stock generated by private sector.	HLAMDA Reports FLISP Study Documents	Document Reviews and analysis	Service Provider
4	How is the Programme interpreted at national, provincial and municipal level?	Understanding and correct implementation of the Programme at national, provincial and municipal level.	NDHS Reports, IDPs, NDHS officials	Key informant interviews Document analysis	Service Provider
5	What are the factors leading to poor performance of the Programme? Are the challenges being addressed and how?	List of factors identified as challenges Solutions that have been implemented as a way of addressing the identified challenges.	Annual Reports, NDHS Provincial officials, Auditor's Report	Document Reviews and analysis Key informant interviews	Service Provider
6	Does the Province have a one-stop-shop/TSC? If yes, how is the Province running the concept? If not, is there a possibility to establish a one-stop-shop/TSC in the Province?	Presence of TSC in Province How the TSC has been implemented	NDHS Officials and Reports, NHFC	Document Reviews and analysis Key informant interviews	Service Provider
7	Look at the possibility at introducing a one-stop-shop or a Transactional Support Centre (TSC) in each Province, taking into account the running of the one-stop-shop/TSC, as an unfunded mandate, location and the availability of the relevant systems?	-	PDHS provincial officials	Document Reviews and analysis Key informant interviews	Service Provider
8	How effective are the funding arrangements of the FLISP?	FLISP uptake indicators in relation to number of successful applicants	Bank and Programme partner Reports, NDHS Quarterly Report	Document Reviews and analysis Key informant interviews	Service Provider
9	What are the reasons for not appointing NHFC as the Implementing Agent for FLISP in Provinces that have not done so?	Factors / reasons for appointment or non-appointment	Provincial reports, NDHS officials, NHFC reports	Document Reviews and analysis Key informant interviews	Service Provider

No	Evaluation Question	Performance Indicator	Potential Data Source	Methodology	Responsibility
10	Are roles and responsibilities of the NHFC and the Provinces well understood?	How the Programme is being implemented by the officials viz a vi the programme blueprint and defined NHFC role	Provincial reports, NDHS officials, NHFC reports	Document analysis Key informant interviews	Service Provider
11	What role have the financial institutions and employers played in the implementation of the FLISP, what are the current arrangements?	Information on roles defined by the blueprint and actual arrangements on the ground	Bank Reports, Employers Reports,	Document analysis Key informant interviews	Service Provider
12	Do the Provinces have a marketing strategy in place? If not, why not?	List of marketing strategies being used in each Province. Reasons why there is no marketing strategy in each Province	NDHS & NHFC Reports	Document analysis Key informant interviews	Service Provider
13	How effective are the mechanisms or strategies to create awareness of the FLISP? (Do beneficiaries understand the programme, for them to benefit from the programme?)	Uptake levels Beneficiaries who are conversant with the programme	NDHS & NHFC Reports and officials	Document analysis Key informant interviews	Service Provider
14	How realistic is the subsidy quantum in comparison with the current building costs and poor delivery of housing stock in the FLISP market?	Current building costs for affordable house Bond costs in relation to cost of house	Quarterly reports, developers input, NHBRC	Document analysis Key informant interviews	Service Provider
15	Any recommendations to improve the implementation of the FLISP?	-	Reports, Interviews with officials, data synthesis	Document analysis Key informant interviews	Service Provider

Source: NDHS Chief Directorate: M& E FLISP Evaluation Terms of Reference

In addition to the above, the NDHS has spelt its detailed requirements for the evaluation in the Terms of Reference (ToR) document which has been included in the annexures below.

1.6 Programme Logic Theory

The following Section is an attempt to describe the FLISP theory of change or logic model in terms of how the programme achieves the desired outcomes and impacts through

the various activities that are implemented. The programme logic model presents a simplified analysis of the rationale at the core of the programme and in so doing, articulates the diverse components that constitute the Programme. This in turn guides the development of key performance indicators. According to a National Health Services Strategy Support Unit publication, developing a Logic Model for a programme has the following advantages:

- The logic model illustratively condenses the programme's "story".
- Enables a shared understanding of the programme and supports communication.
- The logic model can act as a "health check" to identify gaps and inconsistencies.
- Helps to identify key metrics and data required.
- Provides a structured framework.
- Enables a standardised but flexible approach to evaluation.
- Focuses teams on the most important outcomes and activities.
- Allows capture of key lessons which can be transferred to create an evidence base.
- Helps to identify what features of the programme contributed to outcomes.

Our FLISP logic model comprises the following linked components:

- Definition of the aims and objectives of the programme.
- Inputs – these are the resources needed to support and sustain the programme, for example funding and human resources.
- Activities - these are the activities done to implement change.
- Outputs - are the immediate results of the programme. An example in this instance would be the number of people who have received subsidy assistance from the programme.
- Outcomes – these are the benefits derived from the programme which are a direct result of the outputs. An example would be an increased number of units in the affordable housing sector.
- Impact – the impacts are long term changes that are community or even country-wide. An example would be increased economic activity in the affordable housing market sector.

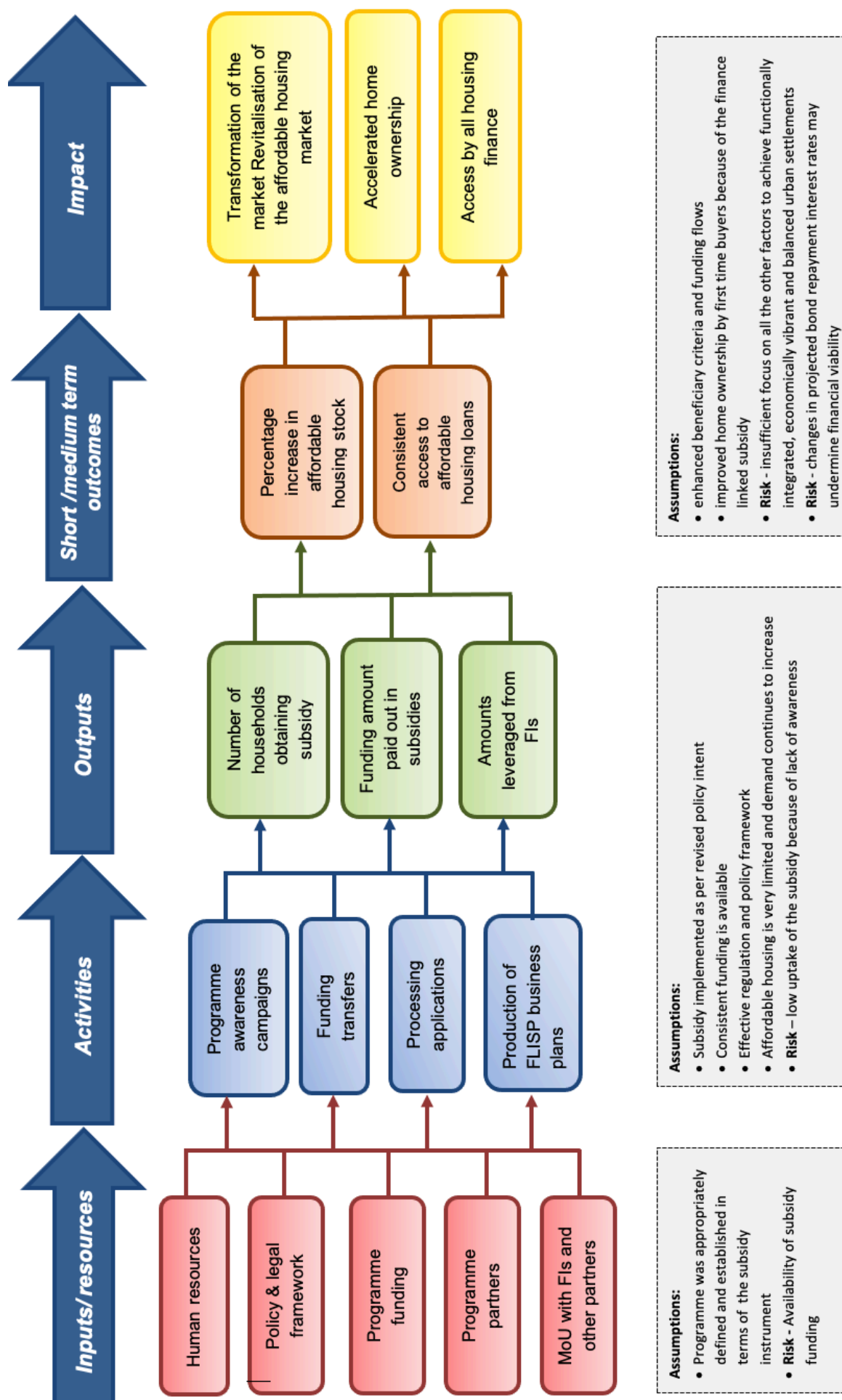


Figure 1: Proposed Logic Model

Source: Author Compilation

1.7 Significance of Study

Previous studies that have been done on FLISP have focused on the Programme in the broad context of South Africa's housing policies and programmes and their impact on housing delivery. The revision of the Programme's policy and guiding principles was carried out so as to overcome the weaknesses identified in the previous versions of FLISP. This study is significant as it will provide insight into the extent to which the policy changes have had an impact on the Programme and its implementation in the Provinces and highlight areas where implementation can be strengthened.

CHAPTER 2: LITERATURE REVIEW & THEORETICAL FRAMEWORK

2.1 Introduction

This Chapter constitutes an appraisal of the existing literature to gain insight into research on the thematic areas which are considered foundational in the inception of FLISP. These include housing subsidies, affordable housing provision and access, accessibility to housing finance and property markets, amongst others. It also identifies gaps in the body of research knowledge that exists where further research may need to be done in the future.

2.2 Overview of Housing Development in South Africa

Section 26 of the Constitution of the Republic of South Africa directs the State to ensure that everyone has the right to access adequate housing. The State must therefore take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right. This constitutional provision forms the basis of the National Department of Human Settlement's various legal frameworks, policies and planning instruments.

The United Nations Centre for Human Settlements (UNCHS) has defined adequate housing as follows:

"Adequate shelter means more than a roof over one's head. It also means adequate privacy; adequate space; physical accessibility; adequate security; security of tenure; structural stability and durability; adequate lighting, heating and ventilation; adequate basic infrastructure, such as water supply, sanitation and health related factors; and adequate and accessible location with regard to work and basic facilities: all of which should be available at an affordable cost. Adequacy should be determined together with the people concerned, bearing in mind the prospect for gradual development. Adequacy often varies from country to country, since it depends on specific cultural, social, environmental and economic factors. Gender specific and age factors, such as the exposure of children and women to toxic substances, should be considered in this context". (Cited: Fuller Housing Centre, 2014)

Pre-1994 apartheid era laws and policies prohibited black people particularly as well as other marginalised South African citizen from purchasing homes and forced them to live in the outskirts of urban areas in designated crowded townships with limited service provision. Among the key features of the apartheid government's urban spatial policies was a racially-motivated, segregationist residential development, which physically placed black South Africans in the peripheries of cities, where they were further marginalised by the political, economic and educational policies of the day (Adebayo, 2010). Furthermore, the lending practices of banks promoted the economic, racial and spatial segregation found in housing provision, with lending restricted to certain groups and certain areas (Rust, 2009). Exclusion from the formal economy also resulted in the majority of black people having incomes below the poverty line and therefore unable to afford adequate housing without assistance.

The property market favoured higher income earners, and private sector housing developments also focused on the higher end housing market and very little affordable housing delivery was being developed. Increased urbanisation also exacerbated the overcrowding in townships and resulted in increased informal settlements and backyard shacks (White Paper on Housing, 1994).

The housing market that was inherited by the South African government in 1994 was dysfunctional and had severe abnormalities due to the policies and political turbulence of the pre-democratic era. It was necessary for government to intervene to overcome these abnormalities. Interventions would focus on creating an enabling environment for housing deliver by the private sector and where deemed necessary include direct government involvement in delivery (White Paper on Housing, 1994). In the years that followed the Government enacted housing legislation and adopted housing policies that were formulated with the intention to address the problems and normalise the housing market as much as possible. From the start there was recognition by government that it would not be able, on its own to supply the housing needs of the country and that there was need to work with the private sector (UN Habitat, 2018).

2.3 Subsidised Housing

Internationally, housing subsidies form a very important component of providing access to housing for lower income households. In South Africa, the introduction of housing subsidies was central to the government's housing programmes as a recognition that there was a large segment of the population that were unable to afford housing access through the open market. Targeted housing subsidies have taken many forms and have been instrumental in the provision of housing for millions of households in South Africa. Subsidies have been both supply side and demand side in nature:

- Ownership subsidies
- Social housing subsidies
- Rental housing subsidies
- Collective subsidies

Security of tenure is a central feature in the State's housing programme and over the years this has expanded from the basic freehold to include other forms. The initiation of subsidy programmes initially focused on ownership with the objective that property can be accessed by all as an asset for wealth creation and empowerment.

The role of government in the implementation of housing subsidies has gradually shifted to that of enabler or facilitator as over the years the cost of subsidies has taken its toll on the fiscus. (Financial and Fiscal Commission, 2012).

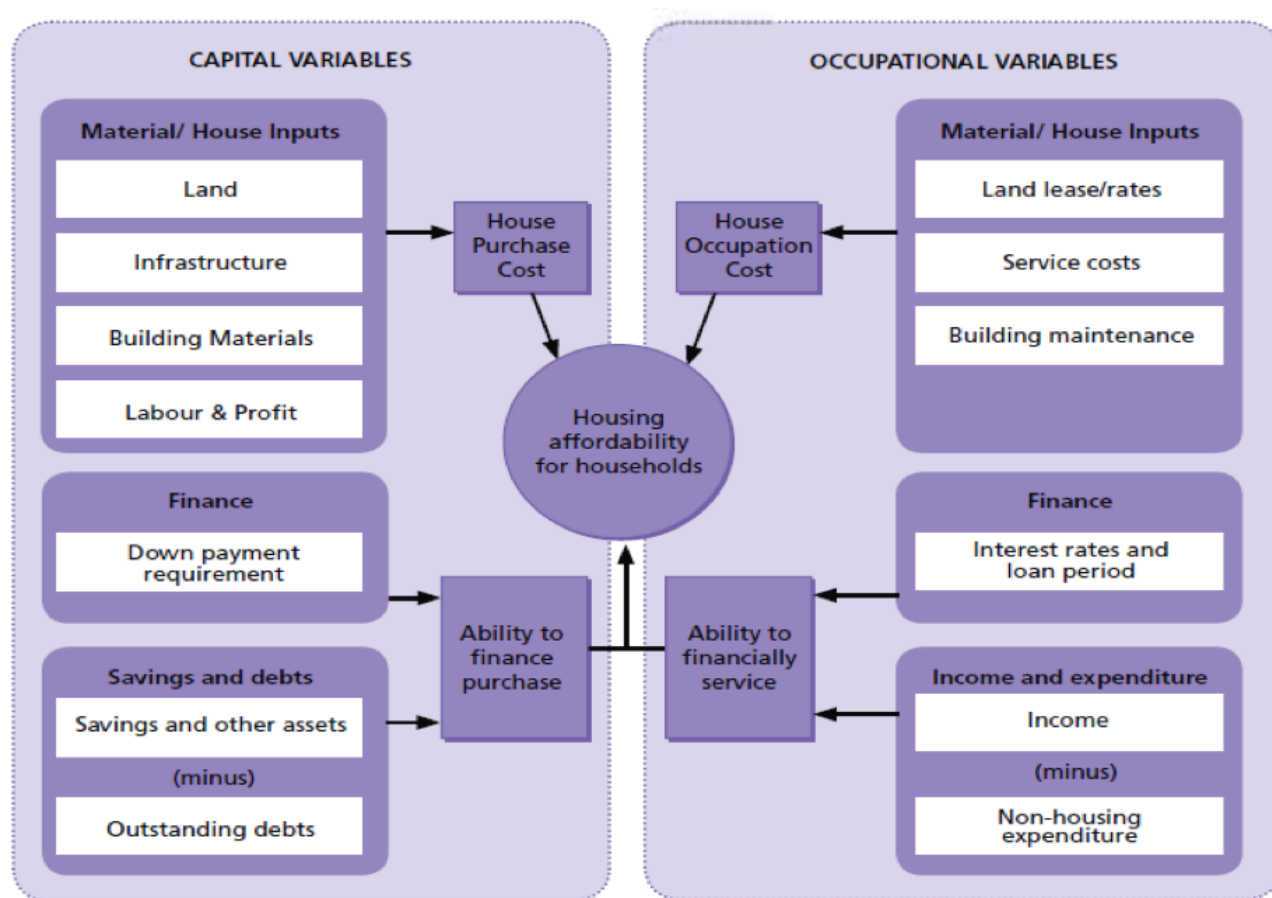
2.4 Affordable Housing and the Gap Market

The supply of affordable housing in the market is very limited and demand continues to increase annually. The World Bank estimates that the urban household growth rate in South Africa is 2% per year. The supply of affordable housing is not able to keep up with the growing demand. The FLISP is one of the instruments with which NDHS aims to increase the supply of affordable housing stock and invigorate the affordable housing market. A study by the World Bank and National Treasury estimates that in 2018, there were approximately 3.5 million households in the income bracket defined under the FLISP.

The Oxford Dictionary defines affordable housing as housing which is deemed affordable to those with a median or average household income or below. What is considered a median income however, may vary from place to place. As such, the definition of "affordable housing" varies across different countries and is very much dependent on economic performance. However, there is a general consensus that for housing costs to be considered affordable they should consume no more than 30% of the household income (World Bank Report, 2018) and that it should be at minimum, socially acceptable form of housing. UN Habitat goes further to state that affordability is determined by assessing the household's ability to pay by subtracting all debt obligations from a regular source of income and by determining the disposable income and its ability to service a housing loan (UN Habitat, 2008).

Affordable housing does not only incorporate the housing structure but includes the entire spectrum of environmental factors that make living acceptable and comfortable. Among them are good access routes, ventilation, sanitation and access to basic human need such as water. Housing affordability therefore involves the ability of households to consume other basic necessities of life such as food and clothing in addition to accessing adequate housing. It includes the ability of households to consume housing that permits reasonable standard of living, ability of mortgagors to effectively meet mortgage obligations, and households' access to adequate standard of housing without denying them access to other basic necessities of life (Boamah, 2010).

Figure 2: Basic components of housing affordability



Source: UN Habitat 2011

A basic socially acceptable standard housing unit is defined by a particular community's view of what is required for decent living and this varies by city. How much floor space is required in a standard unit reflects consumer choices, market conditions, and regulatory constraints. The definition should also include minimum standards for basic amenities (running water, a toilet) as well as access to essential social services such as schools and health clinics. An acceptable housing unit should also place workers no more than an hour's commute from centres of employment (McKinsey Global Institute, 2014)

In South Africa affordability is defined predominantly using income levels. For most people in South Africa, formal housing is unaffordable because of low income levels. As a result other household expenditure and over-indebtedness, low income households have limited resources which can be committed to the acquisition of a house. Low incomes and unemployment have been worsened by increasing poverty rates due to a steady overall decline in GDP growth from 5,5% in 2006 to a projected economic growth rate of just 0,1% for 2019 (CAHF, 2020). Household expenditure on housing and transport is high, with further limits disposable income available for housing. In 2016, research shows that households living in formal houses in urban areas spend on average 35% of total expenditure on housing and services compared to only 19% in informal housing (David Gardner, Nick Graham, 2018).

Furthermore, according to Finmark Trust, (2017) access to multiple sources of consumer credit has created high levels of indebtedness that further constrain housing affordability for households by limiting access to housing finance credit (Gardner and Graham, 2018).

Such factors as increasing construction costs, the inaccessibility of housing finance, etc. also play a contributing role. An affordable house in South Africa is used generally to describe houses valued under R500 000, the basis of this definition being the estimated mortgage monthly repayment amounts payable with mortgage finance. In 2015 only 30% of South Africans were able to afford a house of more than R 500 000 (National Department of Human Settlements, 2015).

It is important to note that during 2020 there was a drastic fall in interest rates. With effect from 1 September 2020 the prescribed interest rate was cut to 7%. The rates cut was intended to help support the economy, business and cash-strapped citizens who have been affected by the Covid-19 lockdown and the resulting economic pressures. This has significantly increased the loan amounts banks are willing to lend. Typically, in 2019, an affordable house was considered to be less than R 500 000. The status may very well change if interest rates start to creep back up in time.

However, the updated FLISP does not place an upper limit on the value of the house that a beneficiary can apply for, so the reduced interest rate will result in additional affordable housing stock being available on the market. In South Africa, with the affordability income bracket now set between R 3 501 and R 22 000, at today's prevailing prime interest rate of 7% (December 2020) an affordable house would range approximately between R 113 000 and R 851 285. In measuring affordability, however, bank calculations are based on approximately 25% of net household income (CAHF, 2015).

In South Africa banks' credit assessment formula comprises mainly of 3 components which are used to calculate credit risk:

- the ability to pay - determined by affordability, income to determine disposable income;
- collateral - this includes property, pension, insurance, savings, subsidies etc.; and
- Behaviour and attitude towards credit - determined by savings record, municipal service payment record, housing aspirations, compliance with law and order, attitude towards housing credit. (UN Habitat, 2008)

The South Africa Context: Demand and Supply of Affordable Housing

More than 77.7% of the 14.4m households in South Africa live in formal dwellings, 13.6% reside in informal dwellings and 7.9% in traditional dwellings. Stats SA estimates that the demand for adequate housing is about 2.2 million households – this includes households in informal settlements and backyard shacks (Gardner and Graham, 2018).

The main limitations to the delivery affordable housing including the FLISP market have been synthesised as follows:

- Inadequate supply of serviced land that is readily available for development
- Costs of Construction – these include the costs of servicing the sites as well as actual construction.
- Inadequate Infrastructure
- Cost and access to finance for development by developers.
- Reliance on traditional banks – There needs to be an increase competition and innovation in the affordable mortgage sector.
- General bureaucracy and ineffective policy actions: To deliver the high numbers of affordable housing units required, the process of land and real estate transactions needs to be much faster , for example planning permissions.
- Ineffectiveness of Public-Private Partnerships (PPPs) for Housing Development - Developers see a great market opportunity in the affordable sector. However, they avoid building in municipalities with poor regulatory and permitting records despite high demand for affordable housing.
- The lack of easily accessible mortgage finance to lower income segments.

In their 2020 Yearbook, the Centre for Affordable Housing Finance makes the following analysis of the current affordable housing market in South Africa:

“The price of the cheapest, newly-built two-bedroom house built on a minimum size plot of 40m² in the City of Johannesburg is R 539 830. At the prime rate (7%), and with no deposit, the monthly repayments on this house would be R 4 185 a month, presumably affordable to a household earning R 16 740 per month. With a FLISP subsidy of about R 61 000, a household earning about R 15 000 per month might qualify. For lower income earners, the resale market provides some affordability. For example, at an income of R 3 700 per month a household could afford R 143 171.

Houses at these prices do exist in established townships where houses were developed as part of the national housing programme and have been integrated into the property market. This offers a new opportunity for affordability that begs further policy attention. A key pressure on affordability is the insufficiency of supply in the affordable segment. In 2019, a total of 45 366 new housing units were delivered across the top twenty municipalities in the country. The deeds registry shows that in the same period, a total of 56 610 new residential properties came onto the deeds registry, of which 55% were valued at less than R 600 000” (CAHF Yearbook, 2020).

2.5 Trends in the Housing Finance Sector

Furthermore, the trends in housing market portray the necessity for intervention in the housing finance sector as they show a steady pattern of the majority of housing finance being concentrated in the higher income brackets. For example, in 2018, 67% of all approved mortgage finance loans were for people with income levels in excess of R 15 000. In 2019, however, this percentage rose to 79%. It should be noted that the remaining 21% reflects incomes below R 15 000 in spite of the existing FLISP policy.

Table 2: Housing Finance 2019

Income Category	Received	Scored	Approved	Approved Taken-Up	Approved Not Taken-Up	Declined
R0 - R3500	35 271	21 632	8 599	6 854	1 743	11 064
R3501 – R5500	103 926	65 576	29 257	26 475	2 759	36 398
R5501 – R7500	65 312	50 292	27 131	23 814	3 256	22 874
R7501 – R10000	63 891	51 706	30 817	26 351	4 315	20 768
R10001 – R15000	104 637	90 027	55 688	45 107	10 180	33 191
R15001 and above	1 029 218	925 778	594 290	328 508	248 587	289 085
TOTAL	1 402 255	1 205 011	745 782	457 109	270 840	413 380

Source: HLAMDA Annual Report Jan 2019 – Dec 2019

According to the HLAMDA annual report, the major reason for declined housing finance applications is affordability. The report further points out the fact that there are still high levels of loans declined in the affordability gap market despite the interventions that are in place and highlights the need to intensify such interventions so as promote greater access to housing finance by households.

Furthermore, the report highlights that particular expenses that are associated with mortgage lending such as transfer costs, bond costs, legal fees and acceptable deposit contribute to limiting mortgage finance access for the gap market and future interventions may need to address this.

2.6 International Perspectives

Evidence from international experiences reinforces the fact that housing subsidies play an important role and are necessary in providing affordable housing. In fact, according to a Joseph Rowntree Foundation report, the housing market on its own is incapable of producing affordable housing without State intervention in the form of subsidies and the like (Gibb, et al, 2013). In both the developed and developing nations a mix of individual and organisation subsidies have been utilised for decades as part of wide-ranging housing strategies and policies with an objective of improving housing market operations and correcting inherent housing market failures that predominantly affect households with lower incomes.

In countries such as Chile programmes similar to the FLISP have been adopted and have been instrumental in the development and access to affordable housing. The individual subsidies in many parts of Latin America are also used to complement household savings in order to access housing finance.

2.6.1 Affordable Housing Finance in Africa

On the African continent, some finance linked subsidy housing programmes have been initiated in such countries as Egypt and Ethiopia. However, financing for such programmes has been linked to the State or State owned enterprises and/ or corporations rather than the banking sector. In Egypt, the subsidies are given by the Government to developers to build affordable housing units (between 38m² and 63m²) (UN Habitat, 2011). The units are then sold and the government further provides a direct subsidy to qualifying households who access financing from a special purpose micro-finance scheme. In a similar programme in Ethiopia, housing finance is provided by the Central Bank to qualifying beneficiaries, with favourable loan repayment terms.

Many African countries face limitations with the formal banking sector which is not sufficiently developed to support mortgage access to the majority of the population. Where mortgage finance is available the products tend to be very expensive and untenable for households in the low income segments - as is the case in Malawi (UN Habitat, 2011). The mortgage loan terms are short interest rates are high and required deposits can be as much as 50% of the loan amount. To address such challenges, in countries such as Ghana a partnership has been launched between the Home Finance Company and the Centre for Housing Finance International which aims to provide affordable housing finance for low income housing. However, the impact of such initiatives is still to be seen.

2.6.2 INFONAVIT Programme in Mexico

The programme enables low-income households to access subsidized mortgage finance funded by worker contributions. This is in the form of a pension fund supported by the mandatory contributions of workers in the formal sector, their employers and the federal government. The programme provides loans to workers to purchase housing and pay it back at subsidized interest rates, usually over a 30 year term. The program constitutes over half of the Mexican mortgage market, providing purchase financing for 458,000 loans in 2007. Its benefit is limited to workers in the formal sector, however, and affordability issues can pose a challenge to qualifying lower-income formal workers. The Programme has been criticized for failing to reach the bottom rung of the low income segments. (UN Habitat, 2011).

2.6.3 The Protect Housing Programme - Spain

The Protect Housing Programme has been running for decades. The programme promotes home ownership by low-middle to middle income households by providing subsidies to:

- Developers who are developing low cost affordable housing for the market; and
- Beneficiaries purchasing such homes receive subsidy amounts that depend on their income and household size.

The production of subsidized owner-occupancy dwellings is coordinated through a rather complex financing system in which both developers and homebuyers can receive financial support from the government. The development of these houses is done by both the private sector and non-profit developers. Private developers finance the housing developments using loans from the state which are at less than market interest rates. On completion, the housing units are sold at regulated prices that are also below market prices. The profit the developers earn is marginal but this is offset by the fact that demand is guaranteed and financial support from the government is readily available.

A characteristic of these subsidised housing units is that they are protected – this means that if the owner decides to sell their house before the protected period ends then they must sell the house at the regulated price and pay back the subsidy amounts involved.

The Programme has changed form over the years to adapt to the macro – economic climate but can be considered to be a success as it has been instrumental in enabling lower income households to become home owners. In addition, the focus of the Programme on both the supply and the demand side of the affordable housing market has ensured that there is adequate supply of affordable homes on the market for buyers.

2.6.4 Chile Subsidy Programmes

The country has the following housing ownership subsidy programmes:

- For the poorest residents, the Ministry of Housing created a subsidy program called Funding for Cooperative Housing with an up-front subsidy of US\$8 400 per household. Applicants need US\$300 of savings and have to present a specific housing proposal. The subsidy covers the cost of land, infrastructure and a 350-square-foot unit (32m²). The beneficiary can extend the unit at their own cost in time.
- Once off income subsidy to augment credit obtained towards the purchase or construction of a house. The subsidies can be used to buy new or existing housing or to construct a house on one's own land. The subsidy is US\$4 500 for houses that cost US\$9 000 or less and it decreases linearly to US\$2 700 for houses up a price limit of US\$18 000. Nearly 40,000 units have been granted annually under this program (Navarro, 2005).
- The Chilean programme is touted as a phenomenal success and is attributed with the curtailing of land invasions and less proliferation of informal settlements (UN Habitat, 2011). Its greatest criticism however, was the failure to reach the lowest income segment of the affordability sector, who tended to be unable to raise the savings required in order to qualify for the subsidy.

2.6.5 Other Interventions

Other state interventions in other countries in the affordable housing sector to facilitate housing access have been as follows:

- Preferential interest rates (below market rate) for housing finance being given to the identified income segments. The lower interest rate increases affordability for the household. The lenders are then given tax credits in return.
- The granting of subsidies to financial institutions to cover mortgage origination costs for households in the affordable housing sector.
- The State issues full or partial guarantees against default risk for identified income segments in the affordable housing market.
- Establishment of second tier state owned financial institutions which is geared towards the provision and financing of housing finance for lower income segments.
- Facilitation of the establishment of community initiatives focused on housing provision.
- Products that stimulate household saving towards qualifying for a subsidy for the purchase of a house. (Arietta, 2005).
- Subsidized mortgage finance funded by worker contributions
- Mortgage securitizations for example in Chile and Colombia. The mortgage loans are converted to securities which can be sold to investors to raise additional funding. (Inter-American Development Bank, 2007)

2.6.6 Challenges Identified

In many countries a combination of the above strategies have been employed but not without challenges. In Peru, for example, even though such programmes proved to be quite popular, their potential reach was constrained by the limited availability of government funding.

Furthermore, as is the case in South Africa, in many countries, the affordability of housing finance loans is a challenge that has to be managed with many of these programmes. UN Habitat has identified the following challenges in the implementation of such programmes aimed at providing housing finance to lower income households:

- Historically, low income households are not the traditional, typical users of the formal banking sector and its products. Furthermore, formal banks tend to be logistically out of reach to low income communities.
- Relative lack of credit history of low income households.
- General perception by formal banking institutions that low income household pose significantly higher risk and is unprofitable. Challenges with the reluctance of formal banks to lend to the less affluent sectors has led to many countries developing various models in which the government participates as a lender either directly or through special purpose State owned companies/ entities.
- Lack of collateral to enable the household to access credit. Where collateral exists, banks tend to be wary of the litigation costs that would result in the event of a default.
- Lack of awareness and general understanding of how the subsidy works on the part of households. This underscores the importance of having programmes which target low income household investing in local and community level awareness campaigns.
- Informal sector employment and lack of income stability by households. The formal banking sector tends to favour formal sector employment where there is readily available documentation.

Over the years, legislation, policies and programmes have evolved to address some of the challenges experienced. For example, in countries such as Panama, the introduction of subsidies to offset the mortgage costs for financial institutions was a response to some of the challenges (Inter-American Development Bank, 2007).

Furthermore, as a result of the challenges experienced by the low income mortgage finance sector in many countries, the International Finance Corporation (IFC) of the World Bank and the Inter-American Development Bank (IDB), among others, have supported legal and policy adjustments so as to enable banks to strengthen the housing finance sector and attract long-term funding from capital markets (UN Habitat, 2011). Countries such as Chile have shifted their approaches to both raising capital for mortgage finance, increasing their emphasis on the development of linkages between the housing finance sector and capital markets. Moving beyond the traditional means of raising capital through short-term savings deposits, there has been a shift to the mobilization of capital through mechanisms like mortgage securitization and the attraction of institutional capital to housing finance investment. (UN Habitat, 2011).

Microfinance institutions have also increasingly entered the market and many offer housing loans. Access to such credit enables households to progressively build and own property. The success of microfinance institutions lies in the following components in which they differ from formal banks:

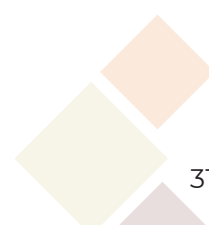
- The loans are offered over a short term, typically 6 to 24 months.
- The loan amount is small and may be offered in cycles, so that the household get a new one once the existing one gets paid up.
- Collateral can be in a variety of forms – durable goods such as cars, jewellery etc.
- Give credit to households employed in the informal sector.
- Community based revolving credit funds that are run at community level.

The Protected Housing Programme implemented in Spain also had the positive impact of not only giving access to home ownership for lower to middle income, but also has, over the years greatly increased the supply of affordable housing in the housing market. As a result, in 2009 home ownership in Spain stood at 82, 1% (Montagut, 2013). A long term effect of this was also to boost the country's GDP and reduce unemployment. The Chile example also proved to be successful in providing access to affordable housing. Both Programmes demonstrate the need for sustained state intervention in the provision of affordable housing. Over the years, the programmes have been revised, tweaked to work better when new information came to light. This requires strong monitoring and evaluation capabilities in programme implementation. Programme awareness is also a factor and there needs to be structures dedicated towards administration and programme awareness at local level.

2.7 Gaps in Existing Research

The role and contribution of microfinance institutions/ facilities in the provision of affordable housing finance to households that would otherwise not qualify for finance from formal banks has been highlighted. However, there is a scarcity of detailed information and data on the operations of such companies and the extent to which they impact affordable housing access by low income households. Access to detailed information of this nature would assist decision makers in determining policy changes that can strengthen these activities.

The work of community level non-governmental organisations and other community groups has also been touted as an important aspect in programme success as they play an important role in disseminating information and educating the public on how they can access government programmes. More research into this area is necessary to establish the extent of the reach and provide decision making information on how best communities can be reached and made aware of programmes that will benefit them.



Other areas for further research include the following:

- Securitisation of mortgage bonds, the extent to which this could provide affordable finance to lower income groups
- The extent to which householders are willing and able to utilise pension funds and other savings towards housing access.
- The extent to which employer housing subsidies contribute to housing access in the low income sector.

2.8 Chapter Summary

It is evident that the access to housing finance can be a tool that enables households to purchase a home which provides the household with security and stability. However, affordability and lack of access to formal mortgage markets has resulted in limited access by low income households. Programmes such as FLISP are aimed at bringing housing finance down to the lower income groups by increasing households' affordability levels. Research shows that for such programmes to have the intended effect, government and other stakeholders need to actively play a role in providing incentives, education and awareness, policy direction (UN Habitat, 2011). Upcoming trends relating to micro-finance are an opportunity that can also be used in increasing access.

CHAPTER 3: ELEMENTS OF FLISP

3.1 Introduction

Government's Finance Linked Individual Subsidy Programme (FLISP) was conceptualized to assist low to middle income households entering the housing market. The FLISP subsidy can be accessed by individuals who satisfy the qualification criteria for the subsidy, however, the type of assistance varies depending on the beneficiary's circumstances and needs. This chapter discusses the FLISP in detail.

3.2 Policy and Legal Framework

The following section gives an overview of the legislation, policies and various planning instruments that form the backdrop to the inception and implementation of FLISP.

Table 3: Policy and Legal Framework Matrix

Year	Policy/ Legislation	Description	Linkages with FLISP
1994	White Paper on Housing (1994)	<p>Outlined the State's objective to create viable, integrated settlements where households could access opportunities, infrastructure and services, within which all South Africa's people would progressively have access to:</p> <ul style="list-style-type: none"> • A permanent residential structure with secure tenure, ensuring privacy and providing adequate protection against the elements; and • Potable water, adequate sanitary facilities including waste disposal and domestic electricity supply. 	<p>Set out the policy framework and guidelines on the future of housing development in South Africa. Identified the provision of subsidies as being key in providing housing for the previously disadvantaged.</p>
1997	Housing Act 107 of 1997	<p>The Housing Act of 1997 was largely based on the White Paper of 1994. It mandates national government to formulate housing policy and monitor implementation of such policies and programmes as well laying the basis for financing national housing programmes. The Act also provided for the development of the Housing Code which would further define the various roles and responsibilities of Government in the provision of Housing.</p>	<p>Government has introduced a number of Housing Subsidy Programmes in terms of the Housing Act 1997. FLISP is one such programme that was introduced to provide subsidies to the gap market.</p>

Year	Policy/ Legislation	Description	Linkages with FLISP
2009	The National Housing Code - Revised 2009	<p>The Housing Code was promulgated in 2000 (later revised in 2009) and it clarified the roles and responsibilities of the three tiers of government as follows:</p> <ul style="list-style-type: none"> • <i>National Government</i> – to establish and facilitate a sustainable national housing development process. • <i>Provincial Government</i> – to create an enabling environment by promoting and facilitating the provision of adequate housing in the Province within the framework of national housing policy. • <i>Municipalities</i> – to pursue the delivery of housing. Every municipality must take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to ensure that the housing right as set out in Section 26 of the Constitution is realised. 	The Code introduces the adoption of individual subsidy programmes to assist households acquire homes in the affordable housing market.
2004	Breaking New Ground (BNG): A Comprehensive Plan for the Development of Sustainable Human Settlements (2004)	<p>The BNG Housing Strategy of 2004 was developed out of a need amongst other issues, to increase the supply of affordable housing in the housing market. Tissington, 2018, summarised the principal aims of BNG as follows:</p> <ul style="list-style-type: none"> • Stabilising the housing environment by creating effective partnerships between a range of stakeholders, the beneficiaries and service providers; • Building trust within the housing sector through encouraging payments of services by beneficiaries and encouraging lending in affordable housing;¹²¹ • Mobilising credit for low-income housing by managing and cushioning commercial risk whilst sharing the risk between all role players; • Releasing and servicing well-located land speedily and efficiently in order to expedite housing delivery; and • Coordinating state investment in development to maximise the impact of state funding. 	The BNG strategy collapsed the subsidy system and revised category of income groups for better targeting. In the categorisation, first 2 tiers i.e. income segment 0 – R 1 500 and income segment R 1 500 – R 3 500 would receive the full housing subsidy. A new subsidy segment was created for affordable housing targeting the middle-income segment of R 3 500 to R 7 000 pm, the FLISP target market.

Year	Policy/ Legislation	Description	Linkages with FLISP
2007	Inclusionary Housing Policy, 2007	<p>The objective of the Inclusionary Housing Policy was to achieve a “more balanced outcome of built environment creation in the direction of more racially integrated and income inclusive residential environments. Inclusionary housing in South Africa has been defined as the harnessing of private initiative in its pursuit of housing delivery to middle/ higher income households to also provide (include) affordable housing opportunities in order to achieve a better socio-economic balance in residential developments and also contribute to the supply of affordable housing (Tissington, 2018).</p> <p>The policy goal is to incentivise or compel the private sector to provide accommodation opportunities for low-income and lower-middle income households (often black households) in areas from which they might otherwise be excluded because of the dynamics of the land market. It also seeks to boost the supply of affordable rental and ownership housing through requiring residential property developers to set aside up to 30% of all large scale residential developments towards affordable housing. A few such projects have been implemented, mainly in Johannesburg and Cape Town; however, their impact on the affordable housing market has been negligible (Tissington, 2018).</p>	Although the policy’s impact has been negligible, it did create some affordable housing options in the housing projects in which it was implemented.
On-going	Human Settlements Vision for 2030	<p>NDHS fully subscribes and is committed to the NDP policy guidelines on transforming human settlements to create functionally integrated, economically vibrant and balanced urban settlements by 2030. Spatial planning is key in creating enabling environments with access to economic opportunities, all essential services and infrastructure. To achieve this, all human settlements planning should have traces of the social, economic and environmental sustainability. People should be settled in areas that are accessible to economic opportunities. The Department is aiming to break apartheid spatial patterns of fractured housing and land markets by 2030.</p>	FLISP is the one of the Programmes introduced to policy objective to stimulate the secondary housing market as well as normalise mortgage finance lending and housing markets in the affordable housing sector.

Year	Policy/ Legislation	Description	Linkages with FLISP
Annual	The Division of Revenue Act	<p>The Division of Revenue Act (DoRA) provides for the equitable division of revenue raised nationally between the national, provincial and local spheres of government. The Act is enacted annually as per the provisions of Section 214 of the Constitution. DoRA amendments are prepared annually in alignment with the MTSF priorities. The allocations have 2 components i.e. equitable share allocations, and conditional grant allocations to Provinces and Municipalities. FLISP is funded from Human Settlement Development Grant (HSDG), a Schedule 5 Grant with a specific purpose conditional grant to Provinces and NHFC as per the Division of Revenue Act (DoRA) being “to provide funding for the progressive realisation of access to adequate housing.....”</p> <p>Provinces are therefore accountable for all funds transferred by NDHS in terms of the prescripts. NDHS also transfers some funds directly to the NHFC for the following:</p> <ul style="list-style-type: none"> Operational funding component which covers the overhead costs related to the FLISP. Subsidy grant component which is used to pay the subsidy amount for the approved applicants over to the banks. 	The operational and grant subsidy components of the FLISP are funded annually through the DoRA and the HSDG to fulfil the mandate of progressive realisation of access to adequate housing by all.
-	Human Settlements Development Grant (HSDG)	<p>The Human Settlements Development Grant (HSDG) is a Schedule 5 Grant in terms of the Division of Revenue Act (DORA). The Grant is allocated to the nine Provinces towards the progressive realization of access to adequate housing through the creation of sustainable and integrated human settlements.</p> <p>The purpose of the Human Settlement Development Grant is:</p> <ul style="list-style-type: none"> To provide funding for the progressive realization of access to adequate housing through the creation of sustainable and integrated human settlements. To provide funding to facilitate a programmatic and inclusive approach to upgrading informal settlements. 	The operational and grant subsidy components of the FLISP are funded annually through the DoRA and the HSDG.

Year	Policy/ Legislation	Description	Linkages with FLISP
-	The Outcomes Approach	<p>Government adopted the National Outcomes Approach in 2009 as part of a broader shift towards a results-based approach signified by improving government performance: Our approach (Presidency, 2009). The Outcomes Approach is premised on the evolution of a range of results-based practices often associated with the New Public Management (NPM) movement which came to the fore internationally in the mid-1990s (Mouton, 2010). In 2009 Government agreed initially on 12 outcomes and subsequently in 2014 on 16 outcomes as a key focus of work. These outcomes have Delivery Agreements containing measurable outputs, activities, indicators and clear targets over the MTSF period.</p> <p>Outcome 8 focuses on sustainable human settlements with an improved quality of household life. Outcome 8 has four outputs:</p> <ul style="list-style-type: none"> • Output 1: Accelerate delivery of housing opportunities. • Output 2: Improving access to basic services. • Output 3: Mobilisation of well-located public land for low income and affordable housing with increased densities on this land and in general. • Output 4: Improved property market. 	<p>FLISP is one of the instruments under the Outcome 8 Delivery Agreement meant to improve the functioning of the property market by accelerating the delivery of housing.</p> <p>A target of 582 000 (including FLISP) for home loans approved by banks towards affordable housing market.</p>
-	Medium Term Strategic Framework (MTSF)	<p>The current MTSF highlights the fact that human settlement patterns remain inequitable and dysfunctional across the country, with densely settled former homeland areas and insecure tenure. Housing demand has increased dramatically as household size has reduced and with urbanization accelerating over the past 25 years despite extensive efforts to address these issues. The current MTSF period started on the 1st April 2019 and will continue up to the 31st March 2024 and focuses on three inter-related outcomes:</p> <ul style="list-style-type: none"> • Spatial transformation through multi-programme integration in priority development areas; • Adequate housing and improved quality living environments; and • Security of tenure. <p>During the period, the FLISP has set a target of 20 000 households (2019-2024 MTSF).</p>	<p>The MTSF details the strategic priorities for the MTSF period 2019-2024. FLISP is among the priorities highlighted in the Human Settlements ambit, with a target of benefitting 20 000 under FLISP households, an increase from a baseline of 9 762.</p> <p>MTSF sets target of 582 000 (including FLISP) target of home loans approved by banks towards affordable housing market.</p>

Year	Policy/ Legislation	Description	Linkages with FLISP
-	National Development Plan (NDP)	<p>In terms of human settlements, the NDP intent is the “breaking down apartheid geography through land reform, more compact cities, decent public transport and the development of industries and services that use local resources and/or meet local needs” (NPC, 2012: 233)</p> <p>In terms of the agenda going forward, the NDP sets out the objectives for 2030 as:</p> <p>Strong and efficient spatial planning system, well integrated across spheres of government;</p> <ul style="list-style-type: none"> • Upgrade all informal settlements on suitable, well located land by 2030; • More people living closer to their places of work; • Better quality public transport; and • More jobs in or close to dense, urban townships (NPC, 2012: 58). 	FLISP is a tool with which to accomplish the transformation of human settlements by 2030 in South Africa.
2000	Home Loan & Mortgage Disclosure Act, 2000 (HLMDA)	<p>The Home Loan and Mortgage Disclosure Act was enacted in 2000 to enable government to monitor banks' lending practices and patterns particularly with regards to formerly marginalised low income sectors of the population and their respective neighbourhoods. The Office of Disclosure was established and was mandated with the responsibility of monitoring and reporting on the lending practices of banks. Banks were now required to report to the Office of Disclosure on each secured loan application. The report had to include the type of housing loan, the loan purpose, security provided, the loan-to-value ratio for secured loans, the success of the loan application, the demographics and income levels of the applicants, and some characteristics of the property. If the loan application was declined, banks had to disclose the reason for the decline. The Office of Disclosure would also receive and investigate public comments on financial institutions relating to home loans; to make available to the public information that indicated whether or not financial institutions were serving the housing credit needs of their communities, and rating such financial institutions in accordance with such information; to assist in identifying possible discriminatory lending patterns; and to assist any statutory regulatory body in enforcing compliance with anti-discriminatory legislation NDHS/DPME (PMG, 2014).</p>	The Office of Disclosure reports on bank lending patterns within the low income housing market, the FLISP target market.

Source: Author Compilation

3.3 Background of FLISP

3.3.1 Introduction

The following section discusses the background of the FLISP, how it came to be conceived in 2005 and how it has changed over the years in line with the changing macro-economic environment as well as in response to lessons learned from its implementation in the early years. The discussion into the background of the Programme has been divided into four historical time periods which coincide with significant changes made to the Programme policy and implementation guidelines, particularly in the increase of the income subsidy bands. At its inception in 2005, the FLISP qualifying income band was set at R 3 501 and R 7 500. The upper limit was increased to R 15 000 in 2012 and again in 2018 to R 22 000. The implementation guideline changes also entailed some changes in the way the Programme would be implemented. The most significant of these changes being the 2018 amendment which gave the role of Implementing Agent (IA) to the NHFC – a role in which the Provincial DHS would have to appoint them to in order formalise it.

3.3.2 Pre 1994 - 2005

During the period prior to the first democratic elections in 1994, housing policies were segregationist and exclusionary in nature. However, between 1992 and 1994, as the political climate rapidly changed, extensive dialogue focusing on housing policy and development was initiated through the establishment of the National Housing Forum (NHF). The NHF discussions and dialogue were aimed at reaching a consensus of what a new non-radicalized housing policy should encapsulate (Tissington, 2010). The NHF was comprised of civic organisations, business and political interest parties as well as non-governmental organisations. Amongst others, the NHF dialogue reached the following broad consensus which would form the basis of the National Housing White Paper of 1994 and later, the BNG Policy of 2004:

- There was need for Government to provide a Framework for housing delivery and facilitate delivery (Tissington, 2010).
- Subsidies should be a major cornerstone of housing provision by the government.
- The adoption of a once off capital subsidy scheme for households with incomes that were less than R 3 500.

The White Paper acknowledged the unavailability of housing finance especially for low to middle income households due to the reluctance by formal financial institutions to extend credit to certain income groups (Housing White Paper, 1994). The need for government intervention in the housing credit market to make it more inclusive was also highlighted. The White Paper proposed that the introduction of subsidies be flexible to accommodate wide ranging tenure and delivery options.

The Paper proposed that a credit linked subsidy be introduced as a component of the ownership subsidy. This subsidy was to be applied for simultaneously with the housing finance loan from an accredited institution (Housing White Paper, 1994).

So foundational was the Housing White Paper that the fundamental policy and development principles introduced in it continue to guide all developments in respect of housing policy and implementation.

During this period however, capital subsidies for the provision of housing were project-linked and focused on the creation of uniform housing units for ownership via freehold title in standardised township layouts. For the housing market segment earnings above R 3 500, the option was for them to obtain credit housing finance from financial institutions. In an effort to boost the number of lower income earners accessing housing finance, the government made the following undertaking:

- The Record of Understanding, 1994 was signed between the banking sector and the government in which the government undertook to implement measures to normalise township housing markets by ensuring law and order and enforcing a culture of payment. (Huchzermeyer, 2001).

- In 1995, government set up the Mortgage Indemnity Fund (MIF) to indemnify defaulting creditors. In turn the banking sector committed to extending housing finance to the low income market. A target of 50 000 housing finance loans per annum for the low income segment was set for the first 3 years. However, the initial targets were not met and in 1998 the indemnity fund was discontinued.
- Furthermore, the formation of the NHFC in 1996 would also assist low income earners to enter the formal housing finance market.

These efforts did not have the desired impact of opening up the housing finance market to the lower income groups. Further, targeted interventions were necessary to bring about the desired effects. According to Huchzermeyer, (2001) the conventional housing finance system proved too complex and expensive for the low income housing market. However, the then Minister of Housing reiterated that government was committed to unlocking housing credit to benefit lower income segments (Huchzermeyer, 2001).

In the early 2000s the National Housing Department carried out a comprehensive review of its housing policies and programmes to date. Amongst other pertinent issues, the review highlighted that the low income segment of the affordable housing market was constrained. This led to the adoption of a revised comprehensive housing policy, Breaking New Ground (BNG) in 2004. The BNG was built on the principles of the White Paper but also attempted to supplement existing mechanisms and instruments to ensure more responsive, flexible and effective delivery (Tissington, 2011). Furthermore, the BNG further acknowledged skewed growth of the residential property market which was steadily marginalising the lower income housing market segment. The adoption of the BNG was a significant shift in policy direction from a housing supply centred model to a demand driven model (Tissington, 2011).

The BNG further identified the lack of housing finance in the lower income housing market as an area requiring directed intervention. As part of this intervention, the Department of Housing proposed the establishment of the Office of Disclosure under the Home Loan and Mortgage Disclosure Act to monitor lending trends and increase lending transparency in financial institutions.

The revised policy also restructured the subsidy instrument by revising the minimum benefit amounts to benefit an increased segment in the lower income housing market segment. A credit linked subsidy instrument targeting households in the R 3 501 – R 7 000 income segment, a strategy that would unlock housing finance for an estimated 108 000 households. It was also envisaged that restructuring the subsidy instrument in this way would stimulate the secondary housing property market (BNG, 2004). These provisions in the BNG paved the way for the inception of the Finance Linked Individual Subsidy Programme – FLISP as it is now commonly referred to in 2005.

An official policy document was developed which provided the guidelines as to how the Programme would be rolled out nationally. A Memorandum of Understanding was also signed between the Minister of Housing and the Banking Association of South Africa as well as the four major banks, namely ABSA, FNB, Nedbank and Standard Bank. The Programme would provide a subsidy towards a deposit ranging from R 3 369 to R 23 584 on a sliding scale based on the applicant's income. In response to this program, a number of banks launched affordable housing finance products for households earning less than R 7 500 per month (World Bank Report, 2010).

The principal objective of the newly originated FLISP from its inception was to assist beneficiaries to acquire ownership of existing residential property or a vacant serviced residential stand linked to an accredited building contract. The programme was designed to cater for beneficiaries that were able to access housing finance from accredited financial institutions, linked to a subsidy, thereby also supporting the development of a functioning residential property market and enhancing the linkages between the primary and secondary residential property market (FLISP Guidelines, 2005).

Additionally, the BNG also committed the Department of Housing to spearheading a national programme to actively improve market information and transaction support in the lower income residential property market. Part of this intervention would be developing mechanism to ensure that there was estate agency sector participation in the housing delivery process in low income communities (BNG, 2004).

Furthermore, in 2004, the Financial Services Charter (FSC) came into being as a transformation policy for the financial sector. Its mandate was to 'actively promoting a transformed, vibrant, and globally competitive financial sector that reflects the demographics of South Africa, and contributes to the establishment of an equitable society by effectively providing accessible financial services to black people and by directing investment into targeted sectors of the economy' (BASA website). As part of fulfilling this mandate, the Charter committed that financial institutions would invest R42 billion over 10 years towards stimulating provision of and access to housing for households earning between R 1 500 and R 7 500 (World Bank Report). The BNG proposed that the Department of Housing engage with the Reserve Bank to establish instruments to enforce these targets (BNG, 2004).

3.3.3 2005 – 2012

A 2018 World Bank Report on FLISP reiterates that uptake of the FLISP after its inception in 2005 remained significantly low. Banks continued to mostly adhere to their traditional lending practices and granted housing finance to the higher end of the R 1 500 to R 7 500 income segment as defined in the Charter, as well as pension-backed loans and unsecured loans for smaller loan amounts, without relying on FLISP subsidies (World Bank, 2018). The report highlights the main reason for the low up-take of FLISP during this period as the provision in the Housing Act (2001 Amendment) which forbids the disposal of subsidised units for a period of 8 years. The Financial Institutions would face a risk in dealing with defaulters of FLISP linked mortgage bonds as there would be likely legal hurdles in repossessing and disposing of such houses. Financial institutions also highlighted their fears that loans linked to a government subsidy would negatively impact repayment behaviour and that administrative procedures were inefficient (World Bank, 2018).

Furthermore, the administrative role of the Programme was left to Financial Institutions who were reluctant to play this role. There was also a dearth of low cost houses on the market.

The revised FLISP has been introduced by the Minister of Human Settlements in terms of the provisions of Section 3(5) of the Housing Act, 1997 and took effect from 1 April 2012 on which date all the previous versions of the FLISP were terminated. The Programme was redesigned to address the implementation challenges and low uptake that the Programme had experienced to date. Some of the changes included the following:

- The FLISP qualifying income segment was revised to R 3 500 to R 15 000. This effectively increased the maximum subsidy for the lowest income segment to R 87 000.
- The establishment of a maximum price of R 300 000 for a house – this provision was later removed due to its restrictive nature.
- The subsidy could be applied to newly constructed houses and resale houses
- The savings / down-payment requirement was removed.
- Households with incomes below R 7 000 were given the option to apply for a free serviced stand under an Integrated Residential Development Program (IRDP) in lieu of the demand subsidy linked to a mortgage loan.
- The NHFC was appointed to administer the Programme.
- FLISP linked housing projects to be implemented nationwide.

3.3.4 2012 – 2018

In 2013 The Financial Services Charter was incorporated into the Financial Sector Code, which applies to the entire financial sector and provides financial institutions points based on the extent to which they serve low-income customers. The points earned by the financial institution translate to BBBEE scores and government business is allocated to those with acceptable scores. This gives incentive for Financial Institutions to expand lending into the affordable housing market. The Financial Sector code low income segment had an upper limit of R 18 500 in 2013.

In the following years after its 2012 redesign, the up-take of the revised FLISP remained very low. Between April 2012 and March 2015 only 2,793 FLISP subsidies were approved to the value of just under R 140 000 000 – a fraction of what was available in the budget. See Table 4 below:

Table 4: FLISP Uptake from 2012/13 to 2019/20

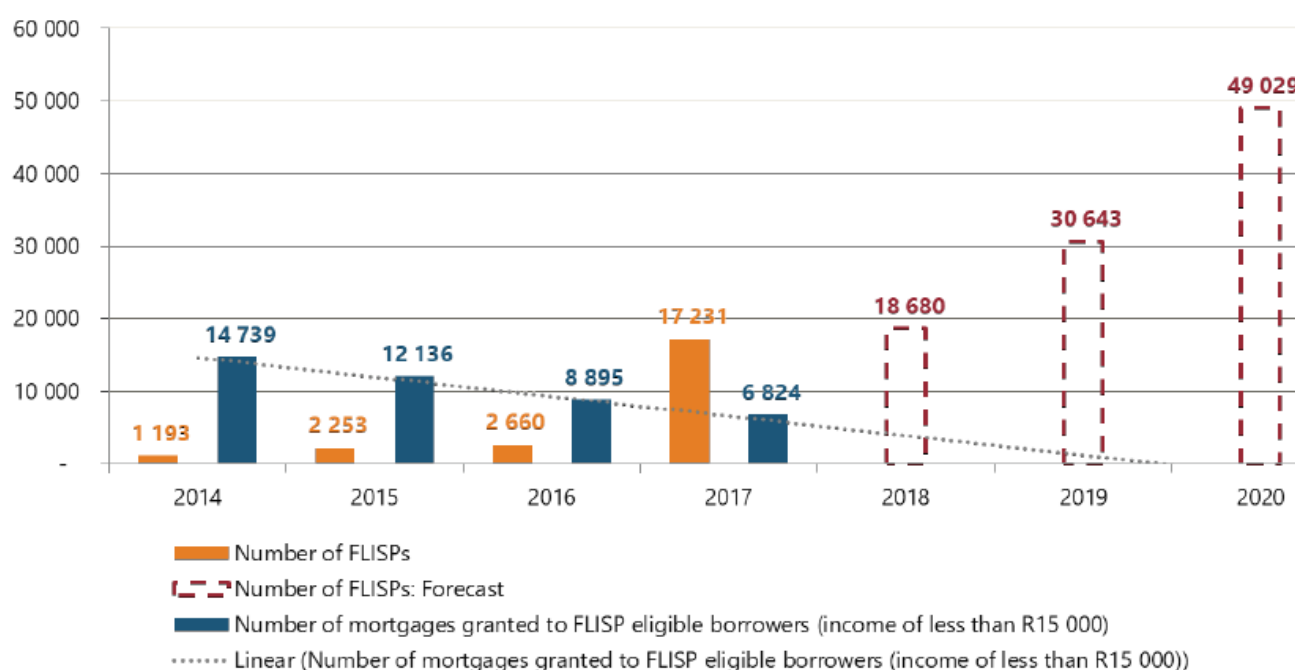
PROV	2012/13		2013/14		2014/15		2015/16		2016/17		2017/18		2018/19		2019/20		TOTAL	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
EC	40	5	115	255	0	243	0	324	113	194	540	250	724	181	0	122	1 532	1 574
FS	200	0	500	16	0	54	37	10	170	24	300	10	819	88	279	282	2 305	484
GP	0	28	1 223	756	600	447	1 293	420	893	1 245	4 135	829	5 570	563	1 500	791	15 214	5 079
KZN	150	28	1 087	125	300	365	350	210	400	306	2 480	370	1 164	286	300	401	6 231	2 091
LP	200	26	75	84	340	58	300	58	256	164	300	0	458	0	100	30	2 029	420
MP	79	0	103	1	196	32	100	8	78	20	120	22	848	25	221	59	1 745	167
NC	26	0	35	0	10	0	30	0	30	11	20	3	296	12	20	9	467	35
NW	108	7	347	3	169	24	277	0	34	17	92	35	1 804	61	0	100	2 831	247
WC	0	115	0	231	0	426	145	186	1 260	1 128	926	621	2 316	432	853	1 217	5 500	4 356
NHFC																1 167		1 167
TOTAL	803	209	3 485	1 471	1 615	1 649	2 532	1 216	3 234	3 109	8 913	2 140	13 999	1 648	3 273	4 178	37 854	15 620

Source: NDHS

FLISP did not effectively address the affordability gap for access to housing finance and did not effectively provide to the lower end of the affordable market (FSC target market). The majority of households in the FSC target market were ineligible for mortgage finance due to indebtedness and creditworthiness issues and a further 20% were too poor (Gardner and Graham, 2018).

A World Bank research into subsidy housing markets found that banks were not using FLISP to expand the affordable housing finance market but rather as additional credit risk insurance. The Banking sector continued to only approve housing finance applications for borrowers who already qualified for the loan of sufficient size to pay for the house. The number of mortgage loans made to the affordable sector did not noticeably increase, however, and appeared to remain in the 25 000 to 30 000 per year range – with FLISP beneficiaries constituting a fraction of this. This was just enough to show some commitment on the side of the banks, but of a scale that is not related to needs in the affordable housing sector (World Bank Report, 2018). This is illustrated in Figure 3 below.

Figure 3: Performance of FLISP in the mortgage market



Source: NCR, Estimates of National Expenditure, Vote 38 Human Settlements, SANT

Source: CAHF – Bringing to Life mortgage bonds in SA

At this time concerted efforts were made to embark on a national level awareness and publicity campaign for the FLISP as it was highlighted that one of the reasons for its low uptake was lack of awareness.

A World Bank report reviewing the impact of subsidy programmes in South Africa concluded that banks are not incentivised to expand lending in the lower income segment because they face real risks and cost constraints. While they profess to be interested in expanding the mortgage market to this potentially large segment of the population, banks consider the risks and costs of moving into the subsidized affordable market too high. The constraints result in the unwillingness to open up the affordable sector and in the “tacit” agreement amongst banks to use the FLISP to reduce credit risk of currently qualifying borrowers rather than deepening the mortgage market:

- transaction costs of underwriting and servicing lower-income applicants are high;
- credit risk is higher for this segment relative to the conventional market - both the probability of default and the loss given default;
- expanding long-term lending increases funding mismatch in banks that are predominantly deposit funded, and funding costs if funding sources other than deposits need to be utilized;
- regulatory requirements and costs are relatively high for mortgage lending. (World Bank, 2018).

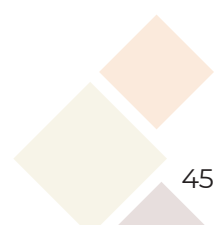
Literature however, also provides alternative reasons why finance-linked subsidies may be unfeasible or inefficient in certain contexts. It is raised that in instances where a market distortion already exists, and or the housing finance system does not extend to moderate or low-income households a finance-linked subsidy may not initially be beneficial (Hoek-Smit, 2004). In this case such subsidy may instead emphasise the short comings - this is because finance-linked subsidies function best for borrowers already able to access credit (with subsidy or savings assistance).

Furthermore, where markets do not produce affordable rental or ownership stock for the target market due to regulatory and land constraints, these subsidies often fail (Hoek-Smit, 2004). The subsidy may instead apply pressure on a market that cannot sustain its presence and resultantly drive prices up (Hoek-Smit, 2004).

There is a strong correlation between the demand for housing finance and the supply of affordable housing stock. The state of the affordable housing market and its intervention is therefore a useful reflection of the results of supply-side and demand-side inefficiencies. The market evidence illustrates the shortcomings of a supply-driven intervention or a demand-driven intervention without careful consideration and or participation of complementing market agents such as the physical, financial and human capabilities (NDHS/DPME).

A criticism of FLISP during this period also related to the way the Programme was focused on the traditional lending channels and products offered by the four major banks without consideration for the growing housing microfinance alternative and pension-backed loan products. Small micro-loans added to the FLISP subsidy would have been able to bridge the affordability gap (NDHS/DPME).

The NDHS 2017/2018 Annual Report highlighted the need to reinforce the potential of existing outreach campaigns for FLISP and consumer education toward homeowners, as well as encouraging Provinces to prioritise FLISP to enhance the performance of the subsidy. The inefficient turnaround time of Provinces (who operated at a much slower pace when compared with Financial Institutions) was another contributing factor to FLISP’s underperformance (CAHF, 2018).



3.3.5 Post 2018

Since its inception, the Programme has had a low uptake in spite of the income bracket revisions that have taken place over the years. The NDHS is in the process of developing a revised official policy document for the Programme in its revised format with input from various stakeholders such as NHFC. The intention of the new policy is to aggressively increase FLISP uptake by expanding the scope of the Programme.

The following significant changes were made to FLISP in 2018:

3.3.5.1 Adjustment in Upper Limit and Subsidy Quantum

The FLISP upper income threshold was increased by R 7 000, to R 22 000 per month. This will widen the scope of the number of people that the programme can reach – it anticipated that another potential 1.36 million households may qualify for FLISP (CAHF, 2019). NDHS has noted in its annual report that the general under-performance in the delivery of government-subsidised housing units has resulted in a lack of affordable stock for people earning less than R 15 000 per month, a factor that hinders the performance of the FLISP (NDHS, 2018).

The maximum size of the available subsidy has also been raised with the upper limit of the subsidy quantum now at R 121 626.

3.3.5.2 The Housing Act, 1997

As in all subsidised housing, subsidy beneficiaries were subject to the provisions of the sections 10A and 10B of the Housing Act, 1997 which forbid them to sell their houses within years of taking ownership. However, research has also shown that the sales restriction reduce the ability of households to benefit from the house as an economic asset, should they wish to move up the housing ladder, or must relocate in order to access job opportunities or due to changes in household or family circumstances. This reducing the supply of houses at the lower end of the market which could be purchased with a FLISP subsidy (CAHF, 2019). The removal of this clause with regards to FLISP subsidised houses will go a long way in revitalising the resale market rejuvenating the secondary housing market. For now however, this clause will only be applied in retrospect as the Housing Act, 1997 must first be amended so these changes to take place.

3.3.5.3 The Role of the NHFC

The approved draft policy update gives the NHFC the mandate of playing the role of Implementing Agent for the Programme nationally with effect from the 1st of April 2019. To enable NHFC to effectively execute this role, the National Department of Human Settlements makes FLISP allocation directly to NHFC, which is disbursed to qualifying beneficiaries who are accessing home loans from various financial institutions, mainly banks. This however, applies for Provinces that have appointed the NHFC as implementing agent. Provinces that have not appointed the NHFC allocate FLISP funds from their HSDG allocation for the financial year.

The NHFC has begun in earnest to prepare groundwork for the expanded scope initiatives. Finalisation and approval of the FLISP Policy Guidelines will also enable the conclusion of Banking Association of South Africa (BASA) MoU and SLAs with individual banks. Once approved, the Policy Guidelines will also enable the NHFC to implement FLISP with non-mortgage products, thereby extending the reach of this subsidy to wider market segments with its mandate. These initiatives however, will not be covered in this evaluation since they are still to be implemented.

The NHFC has developed a growth plan/ strategy for the Programme which includes the following elements:

- The development of a national and provincial marketing action plan as a tool for raising awareness of the FLISP to potential beneficiaries as well as stakeholders.
- In the second quarter of 2020, through various initiatives, the NHFC stepped up efforts to publicise FLISP as a key subsidy instrument to assist first time home buyers meeting the criteria.
- The NHFC concluded discussions and is still to sign a Memorandum of Understanding (MoU) with the DPSA so as to enable access to the FLISP subsidy by government employees in terms of the Government Employees Housing Subsidy (GEHS) arrangements. Meanwhile an interim arrangement is in place for SAHL to assist Government employees with FLISP applications.
- The NHFC has also begun to expand its reach to the local level and initiating partnerships with Local Municipalities as points of contact for potential beneficiaries. NHDS will work with SALGA in facilitating this.
- Initiatives to use Transaction Support Centres (TSC) being established with support of National Treasury will also be used as FLISP partners. These Centres will provide advisory services to sellers and buyers of properties that fall with the FLISP market.
- NHFC internal capacity enhancement for staff dealing with the FLISP.

In terms of the MinMEC approved changes in FLISP implementation, even though NHFC has been appointed a national Implementing Agent with allocation transferred directly from national government, Provinces can appoint NHFC to be their implementing agent. To date it is only Gauteng Province that has done so. NHFC signed a five-year Implementation Protocol with Gauteng Department of Human Settlements in October 2019.

3.3.5.4 Alignment with GEHS

The recent revisions to the FLISP will now allow public servants who receive housing assistance through the Government Employee Housing Scheme (GEHS) programme to also qualify for the FLISP. This means that public servants could receive both GEHS and the FLISP subsidies, thus substantially improving their access to housing finance and thus affordable housing (CAHF, 2020). The Government Employee Housing Scheme (GEHS) has enabled the access to 14 724 mortgage bonds since its inception. Furthermore, the number of government officials/employees in the gap market qualifying for FLISP from Salary Level 1 – 7 is currently is 254 730.

3.3.5.5 Introduction of Non-mortgage Options

Previously, only those who qualified for housing finance/ mortgage bond from one of the four main banks were eligible for FLISP. The revised FLISP scope will extend the Programme to include non-mortgage options such as a housing loan facility, short-term loans, and savings-linked schemes. For example, persons who access personal loans backed by their pension or provident fund will now be eligible for a FLISP. The loans must still be linked to the purchase of a residential property and would need to be issued by registered lenders. The National Department is currently finalising the financial modelling for non-mortgage options and developing the administrative arrangements for these options (CAHF, 2020).

In addition, people who bought a property through a Deed of Sale arrangement can now apply for a FLISP subsidy when they take transfer of the property. Under a Deed of Sale arrangement, a buyer enters into a written agreement whereby they pay monthly instalments on a house.

The seller remains the legal owner of the property until the buyer has made an agreed number of payments covering a prescribed percentage of the purchase price. When this point is reached, the ownership of the house is shifted to the buyer, and the buyer is also able to apply for a FLISP to cover the balance of the purchase price or to access a mortgage to cover the remaining amount.

The amendments to the Programme were based on the weaknesses identified over the years and it is envisaged to have the following effects:

- Expanding the reach of the programme and make housing finance more affordable for lower income households.
- Centralising disbursement with the NHFC will improve efficiency, as the banks will not need to engage with each provincial department separately.
- The exemption of FLISP from the 8-year sales restriction has the potential to release low-end properties onto the resale market, thus improving housing supply at the bottom end.

3.3.6 Current Performance of FLISP

Table 5zz below highlights the progress of the programme delivery in the current financial year, i.e. 2020/2021. However, information was only available up to December 2020 – the end of the third quarter. During this period 5 458 were planned and 1 972 FLISP subsidies were approved, only 36% of the target.

In the first and second quarter of 2020/21 there is a low, below target performance by the Programme. This can be attributed to the fact this period coincides with the Lock-downs instituted by the Covid-19 Pandemic measures.

Targets were not achieved mainly due to the poor industry performance as a result of socio-economic conditions caused by the lockdowns. Performance figures for the third and fourth quarters of the financial year are still to be submitted but it is hoped that the interest rate cut has impacted deliver somewhat.

In terms of achieving the MTSF target of 20 000, we are almost halfway through the current MTSF period and delivery figures stand at 6 150 as at December 2020.

Table 5: Progress towards achieving MTSF FLISP targets

Province	2019/20 FINANCIAL YEAR				TOTAL: 2019/20	2020/21 FINANCIAL YEAR								TOTAL 2020/21		Grant total
	Q1	Q2	Q3	Q4		Q1		Q2		Q3		Q4				
						Target Units	Actual	Target Units	Actual	Target Units	Actual	Target Units	Actual			
ACTUAL																
EC	46	36	0	40	122	0	0	55	24	105	47	40		200	71	193
FS	6	95	96	85	282	0	3	0	5	0	73	100		100	81	363
GP	42	157	433	159	791	0	0	0	0	0	0	100		100	0	791
Through NHFC							6		16		17			0	39	39
KZN	100	126	85	90	401	0	10	84	85	84	134	84		252	229	630
LP	2	14	6	8	30	0	0	0	0	10		15		25	0	30
MP	4	36	14	5	59	36	0	21	14	21	17	22		100	31	90
NC	0	3	6	0	9	5	1	5	2	5	10	5		20	13	22
NW	28	32	40	0	100	6	0	13	0	8	97	13		40	97	197
WC	201	367	373	276	1 217	36	75	718	265	181	225	208		1 143	565	1 782
Tot: PHSD	429	866	1 053	663	3 011	83	95	896	411	414	620	587	0	1 980	1 126	4 137
NHFC	3	200	443	521	1 167	1 355	224	1 355	262	1 355	360	1 353		5 418	846	2 013
TOTAL	861	1 932	2 549	1 847	4 178	1 438	319	2 251	673	1 769	980	1 940	0	7 398	1 972	6 150

Source: NDHS

3.4 Application of the Programme

As per the FLISP draft revised policy document the programme provides access to subsidies to beneficiaries who satisfy the entry requirements as stipulated in the FLISP policy document:

- **Resident:** He or she is lawfully resident in South Africa (i.e. citizen of the Republic of South Africa or in possession of a Permanent Residence Permit). Certified copies of the relevant documents must be submitted with the application.
- **Competent to contract:** He or she is legally competent to contract (i.e. reached the age of 18 years of age or older or legally married or legally divorced or declared competent to contract by a Court of Law and is of sound mind).
- **Not yet benefited from government assistance:** Neither that person nor his or her spouse has previously derived benefits from the Housing Subsidy Scheme, or any other state funded or assisted housing subsidy scheme which conferred benefits of ownership, leasehold or deed of grant or the right to convert the title obtained to either ownership, leasehold or deed of grant.
- **Beneficiaries of serviced stands:** Beneficiaries who received state assistance that resulted in ownership of a vacant serviced stand for example through the Independent Development Trust (IDT) Site and Service Scheme and/or vacant serviced stands or residential properties transferred to beneficiaries in terms of the Enhanced Extended Discount Benefit Scheme, may also qualify for FLISP, in respect of the same site. The principle that the value of the state financed serviced stand that was transferred to the beneficiary in terms of the mentioned schemes, must be deducted from the FLISP subsidy amount for which the particular beneficiary qualifies, will be applied.
- **Not yet owned a fixed residential property:** A person who has not owned fixed residential property may apply for a FLISP subsidy. All current residential property owners will also not qualify for a FLISP subsidy. This requirement does not apply to a qualifying beneficiary who only owns a vacant serviced site acquired through his or her own resources and who wishes to make use of the FLISP subsidy to construct a house on the same site.

3.4.1 Eligibility Criteria

In addition to the qualifying requirements for the Programme the applicant must satisfy the following general criteria to be eligible for consideration:

- **Married or cohabiting:** He or she is married (in terms of the Civil Law or in terms of a Customary Marriage) or habitually cohabits with any other person. The word “spouse” includes any partner with whom a prospective beneficiary habitually cohabits. Where an application is made for a subsidy on the basis of a legal marriage or cohabitation arrangement, it is required that the property must be registered in the names of both spouses in the Deeds Office. Documentary proof of the marriage or affidavits from both spouses in respect of cohabiting arrangements and customary marriages must be provided.
- **Single with Financial Dependents:** if not married, the applicant must have proven financial dependents. A financial dependent refers to any person who is financially dependent on the subsidy applicant and who resides permanently with the housing subsidy applicant. Financial dependents include any or a combination of the following proven financially dependent persons of, and residing permanently with, the subsidy applicant:
 - (i) Biological parents or parents-in-law;
 - (ii) Biological grandparents or grandparents-in-law;
 - (iii) Brothers/sisters under the age of eighteen [18] years or, if older, who are proven financially dependent on the applicant;

(iv) Children under the age of eighteen [18] years, i.e.;

- ✓ Grandchildren;
- ✓ Adopted children;
- ✓ Foster children;
- ✓ Biological children;

Any of the above persons over the age of eighteen [18] years who are still studying and who are financially dependent on the applicant; and Not all financial dependants may afford studies / receive exemption.

(v) Extended family members who are permanently residing with the applicant and who are proven financially dependent on the housing subsidy applicant.

- **Special Provision:** it is a requirement that in cases where housing subsidy applications are submitted by single persons with financial dependents, that the particulars from the identification document of such dependents must be recorded on the application form and the information must be captured in the Housing Subsidy System. The following documents must accompany an application for a housing subsidy:

Certified copies of:

- (i) Birth certificates, bearing the thirteen-digit identity number for children who do not have bar coded identity documents;
- (ii) Bar coded identity documents of all persons who are claimed to be part of the household;
- (iii) Divorce settlement documentation (to prove custody of children) where relevant;
- (iv) Affidavits for unions solemnised in terms of SA Civil Law and accompanied by sworn statements to prove the authenticity of the relationship to the applicants, where applicable; and
- (v) Court orders or, orders issued by the Commissioner of Child Welfare to prove guardianship, where relevant.

- **Monthly household income:** The gross monthly household income of his or her household must be within the range as announced by the Director-General of the National Department of Human Settlements from time to time. For the purposes of assessing whether any particular person is entitled to receive a FLISP Subsidy, the income of his or her spouse (if any) shall be added to that person's income and "income" shall include:

- (i) Basic salary and/or wages;
- (ii) Any allowances paid on a regular, monthly or seasonal basis as part of an employment contract;
- (iii) Any loan interest subsidy or other remuneration payable regularly on a monthly basis to the individual (and/or to his or her spouse) by his or her employer;
- (iv) Any financial obligations met on behalf of the individual (or his or her spouse) by his or her employer on a regular monthly basis;
- (v) Any commission payable to the individual (and/or to his or her spouse) on a monthly basis (an average of the most recent 12 (twelve) months will be determined for eligibility assessment purposes);
- (vi) Income received through self-employment; and
- (vii) Any retirement or disability benefits received on a regular (monthly) basis.

- **Persons classified as aged:** Aged persons who are single without financial dependants may also receive FLISP subsidies. Aged persons are classified as male and female persons who have attained the minimum age set to qualify for Government's old age social grant.
- **Persons classified as disabled:** Persons who are classified as disabled, whether single, married or co-habiting or single with financial dependants, may apply for FLISP housing subsidies.

3.5 Funding Arrangements

FLISP is funded from Human Settlement Development Grant (HSDG), a Schedule 5 Grant with a specific purpose to Provinces and NHFC as per Division of Revenue Act (DoRA). Provinces are therefore accountable for all funds transferred by NDHS in terms of the prescripts. NDHS also transfers some funds directly to the NHFC for the following:

- Operational funding component which covers the overhead costs related to the FLISP.
- Subsidy grant component which is used to pay the subsidy amount for the approved applicants over to the banks.

3.6 Institutional Framework

3.6.1 National Treasury

DoRA funding allotments towards National Department of Human Settlements and subsequently the FLISP.

3.6.2 National Department of Human Settlements

- Oversees implementation strategy of FLISP by providing policy and implementation guidelines.
- Monitoring and evaluation of the implementation of the Programme.
- Appointed the NHFC as national implementing agent responsible for facilitating the roll-out FLISP to the open market in the private and public sectors.
- Transfers, annually, budgeted FLISP allocation and Operational Costs allocation to NHFC to enable NHFC to execute its implementing agency role in the open market.

3.6.3 MEC and Provincial Department of Human Settlements

The role of the MEC and the Provincial Department of Human Settlements is limited to cases where a Province provides FLISP within an approved Integrated Residential Development Programme (IRDP) project. Note that other scenarios exist and that additional parties have been assigned specific responsibilities in such instances. A discussion of individual Provinces' unique interpretation and application of the FLISP will be discussed in the following Chapters.

- The MEC must reserve funds for the implementation of the Programme from the annual Housing Vote allocation received from the Minister of Human Settlements;
- The decision-making authority regarding the approval of FLISP subsidy applications vests in the MECs. All subsidy applications must be approved by the MECs or his/her delegated authority before any funding will be released;
- The PDHS will be responsible for the management/administration of the Programme in respect of properties developed as part of approved IRDP projects except in respect of subsidy applications from GEHS enrolled Government employees and all Implementing Agent (NHFC) applications;
- The PDHS must evaluate reconciliation reports received from the lenders for correctness and address any deviations recorded in collaboration with the lenders; and
- The MEC must satisfy him/herself that the property acquired by the beneficiary complies with the minimum Ministerial National Norms and Standards in respect of Stand Alone Dwellings and higher density designs as contained in the Technical Guidelines of the National Housing Code, as amended from time to time;

- The PDHS must report on a quarterly basis at the progress report and evaluation sessions arranged by the National Department on the progress achieved with implementation of the FLISP.
- The PDHS will be responsible for the submission of the assessed applications to the MEC for approval and for the recording of the subsidy approvals on the National Housing Subsidy Data Base;
- Where the NHFC has been appointed as the Implementing Agent, the Province governs the FLISP 'one-stop shop' in line with the implementation agreement, in order to make FLISP accessible to targeted beneficiaries;
- Undertake FLISP awareness campaigns to make the public aware of the FLISP.

3.6.4 National Housing Finance Corporation (NHFC)

The NHFC administers and facilitates delivery and access to FLISP. As the national FLISP Implementing Agent, the NHFC is expected to:

- Facilitate implementation of FLISP in the open market—public and private sectors in line with the mandate of the National Department of Human Settlements.
- Standardise, streamline, align and centralise all the processes around the planning and the administration of FLISP;
- To conclude implementation agreements with MECs/Provinces for implementing FLISP in IRDP projects where Provinces chose to appoint NHFC as an Implementing Agent;
- Sign agreements with participating lenders;
- Assess FLISP applications against qualifying criteria and processing these applications on the National Housing Subsidy Database;
- Administer payments of approved subsidy funding to lenders;
- Introduce a 'one-stop shop' with Provincial Human Settlement Departments, financial institutions, property developers and other role players in order for FLISP to be accessible to targeted beneficiaries;
- Submit quarterly reconciliation reports to the Provincial Department regarding the subsidy funding received and disbursed, where a Province has appointed NHFC as its Implementing Agent;
- Together with relevant Stakeholders, undertake FLISP awareness campaigns, to make the public aware of the FLISP.

3.6.5 Lenders

The fact that FLISP is a credit linked subsidy, Banks are central in the FLISP partnership model as provide large volumes of mortgage loans to FLISP target market. Banks /Lenders will fulfil the following roles:

- Lenders wishing to participate in FLISP must conclude implementation agreement with the NHFC;
- Receive and assess mortgage loan and subsidy applications;
- Lenders will receive subsidy payments from the NHFC and deposit the payments in the required Operational Account;
- Administer payment of the subsidy funding in accordance with the programme requirements;
- Provide quarterly reconciliation statements to the NHFC.
- Undertake consumer and borrower education programmes to make the public aware of FLISP.

3.6.6 Other Stakeholders

There are other important institutional stakeholders / FLISP partners who directly or indirectly contribute significantly to the Programme's outcomes such as:

- Government Employee Housing Scheme (GEHS),
- Property developers,
- Large Employers (who provide housing benefits to employees e.g. Sasol),
- Estate Agents - play a critical role as initial the point of contact with potential FLISP beneficiaries and
- The beneficiaries.

3.7 Chapter Summary

It is apparent from the discussion above that in South Africa, a number of factors unique to the country have compounded the poor performance of the affordable housing market in general and these have had an impact on the performance of FLISP. Such factors include apartheid era exclusionary housing policies as well as financial sector lending practices, as discussed above. There is recognition on the part of the state that undoing these will also require systematic and sustained supply side and demand side interventions.

CHAPTER 4: EVALUATION DESIGN AND METHODOLOGY

4.1 Introduction

This Chapter will centre on the evaluation design and methodology which was used in the Programme implementation evaluation as well as giving the validation of the methodology choice. The Chapter discusses the components of our which include study design, sampling procedure, data collection, data analysis and issues of reliability and validity as well as the limitations to the study and ethical considerations.

The Covid-19 pandemic posed a risk in terms of the efficiency with which the evaluation proceeded. As such, there was a need to make adjustments to the interview procedures to comply with safety protocols. In this context, all interviews were done remotely via MS Teams for the key stakeholders and telephonically for the programme beneficiaries.

4.2 Evaluation Design

Undertaking any evaluation study requires the development of an evaluation criteria or strategy on how to collect data and the methods to be used in data collection, analysis, and interpretation. The evaluation study used the mixed-methods approach (combining the use of qualitative and quantitative data collection and analysis methods) taking into account the fact that the objective would be to gain a deeper understanding of the FLISP key stakeholders' perceptions as well as that of the beneficiaries. The key stakeholders were known and sampled on the basis of that they worked closely with the programme thus making the qualitative data collection approach the most appropriate in answering the study questions.

The purposeful sampling technique was used to select the respondents for the key stakeholder interviews, based on the role that each stakeholder plays in the Programme. With regard to the Programme beneficiaries, initially the stratified random sampling technique was planned to be used so as to ensure adequate representation in all the Provinces including the NHFC. However, challenges experienced in obtaining beneficiary contact information resulted in the adoption of the Snowball Sampling Technique (SST) in which we depended on other research participants to refer or recruit additional beneficiaries to be interviewed. In the end a sample of 47 beneficiaries interviewed was achieved with approximately 28% of the sample declining to be interviewed.

The interview guides were developed based on the following Evaluation Criteria:

Figure 4: Evaluation Criteria

General	Relevance	Effectiveness	Efficiency	Sustainability	Strategic Positioning/ Partnerships
<ul style="list-style-type: none"> In depth understanding of the background and rationale of the FLISP 	<ul style="list-style-type: none"> Relevance of the FLISP in achieving the intended outcomes 	<ul style="list-style-type: none"> Effectiveness of the Programme in achieving the intended outcomes 	<ul style="list-style-type: none"> Efficiency of the Programme in providing a cost effective solution towards achieving intended outcomes 	<ul style="list-style-type: none"> examines the extent to which the programme has established and built institutional capacities that ensures the continuation of programme outcomes. 	<ul style="list-style-type: none"> examines the nature and form of strategic positioning and coordination with stakeholders in ensuring programme responsiveness, innovation and sustainability?

Source: NDHS Chief Directorate: M&E FLISP Evaluation Terms of Reference

The research participants for the key stakeholder interviews were sent the interview guide beforehand to give them time to prepare for the interview. Tabulated below are the appointments that were scheduled and discussions on the Programme were held with either individuals or group members from the key stakeholder entities.

Table 6: List of Key Informants Interviewed

No	Stakeholder	Sector	Designation	Interview Date
1	EC DHS	Province	FLISP Provincial Champion	2021/03/17
2	FS DHS	Province	FLISP Provincial Champion	2021/03/25
3	GP DHS	Province	FLISP Provincial Champion	2021/06/07
		Province		
4	KZN DHS	Province	FLISP Provincial Champion	2021/03/18
		Province		
5	LP DHS	Province	FLISP Provincial Champion	2021/04/09
6	LP Risima	Financial Institution	Credit Manager	2021/04/07
			Chief Executive Officer	
			Finance Team Leader	
			Home Origination Admin	
7	MP DHS	Province	FLISP Provincial Champion	2021/04/28
8	NC DHS	Province	FLISP Provincial Champion	2021/04/08
		Province	FLISP Provincial Champion	
9	NW DHS	Province	FLISP Provincial Champion	2021/06/03
10	WC DHS	Province	Director: Administration	2021/03/19
		Province	Head of the Subdivision	
12	NDHS	National Department	Director: Research	2021/05/11
13	NDHS	National Department	HS Operational Policy Frameworks	2021/04/22
14	NDHS	National Department	Entities Oversight	2021/04/28
15	NDHS	National Department	Funds Mobilisation	2021/04/21
16	NDHS	National Department	Human Settlements: Finance	2021/04/30
17	Office of Disclosure	National Department	Director: Office of Disclosure	2021/05/12
18	FNB	Bank	Head: Growth Head (Home Finance)	2021/03/26
19	Nedbank	Bank	Head: Affordable Housing	2021/04/14
			Affordable Housing	
			Affordable Housing	
20	Standard Bank	Bank	Head Home Services: External Channels and Industry Advocacy	2021/04/26
			External Channels and Industry Advocacy	
21	Standard Bank - Housing	Bank	Head: Affordable Housing Development Finance Unit	2021/05/06
			Affordable Housing Development Finance Unit	

No	Stakeholder	Sector	Designation	Interview Date
22	ABSA	Bank	Head: Product - Home Loans Division	2021/05/18
			Home Loans Division	
			Home Loans Division	
			Home Loans Division	
			Home Loans Division	
23	MSP Developments	Property Developers	Manager	2021/05/11
24	Valumax	Property Developers	Office Administrator	2021/05/10
25	Housing Investment Partners	Financial Institution	Sales Support	2021/05/17
			Sales Support	
26	Better Bond	Bond Originator	Home Loan Consultant	2021/05/06
27	SiphoSethu Properties	Estate Agent	Estate Agent	2021/05/03
28	SAHL	Financial Institution	Affordable Housing Manager	2021/07/05
29	GEHS	Public Service Department	Deputy Director: Stakeholder Management for Housing Finance	2021/07/07

Source: Author Compilation

4.3 Evaluation Criteria

(i) Relevance

The evaluation team reviewed whether or not FLISP has addressed the key problems as set out at the programme inception and how well it has been done. Within this objective, the programme activities that were implemented since programme inception were examined to ascertain:

- Relevance of the programme in contributing to increased accessibility of affordable housing in alignment with policy priorities.
- Relevance of the programme in ensuring that households earning between R 3 501 and R 22 000, whose monthly income exceeds the maximum allowable income applicable to the Housing Subsidy Scheme, but still need assistance to enter the affordable housing market.
- Relevance of the programme in addressing the housing affordability gaps and challenges.
- Relevance of the programme in improving accessibility to affordable housing by the target group.

(i) Effectiveness

The Evaluation Team assessed the extent to which the programme contributed to the achievement of the intended outcomes defined in the programme inception, including analysis of programme effectiveness in terms of:

- Whether the programme has effectively delivered on set objectives as outlined in the Programme inception, M&E framework and programme plan
- Assessing the effectiveness of the programme in providing housing assistance to households earning between R 3 501 and R 22 000, whose monthly income exceeds the maximum allowable income applicable to the Housing Subsidy Scheme, but still need assistance to enter the affordable housing market;
- The extent to which the target group (those earning between R 3 501 and R 22 000) was reached.
- Major factors influencing achievement or non-achievement of the programme's objectives.
- Unintended consequences of the programme, both positive and negative.

(i) Efficiency

The Evaluation Team reviewed the extent to which the programme has used the least possible resources and partnerships to achieve its outcomes in terms of cost effectiveness and value for money under relevant objective to:

- Determine the optimal utilization of resources vis-à-vis the quality of outputs and programme delivery and results.
- Assess the efficiency of the strategies or implementation model and turnaround time regarding applications and disbursement of funds of the programme.

(i) Sustainability

The Evaluation Team assessed the extent to which the programme has established and built institutional capacities that ensures the continuation of programme outcomes. Assessment of sustainability examined the following issues:

- How the programme has been able to support and build the capacity of programme beneficiaries participating in the programme.
- How the programme has been able to work with existing agencies or partnerships in building their capacity to be able to sustain the programme
- Identification of the various challenges that may affect the sustainability of the programme and suggest solutions.

(ii) Lessons learned, conclusions and recommendations

The Evaluation Team:

- Documented key lessons learned that have accrued in the course of implementation.
- Documented the strengths and weaknesses of the programme.
- Made recommendations regarding Programme improvements/changes needed, following assessment of the value of the program's implementation strategy and theory of change
- Made recommendations regarding nature of further support required to sustain and build on the achievements of Programme.

4.4 Evaluation Data Collection Methods and Fieldwork

The mixture of data collection methods were characterized by the following combinations:

- Qualitative–Quantitative data combination
- Primary and Secondary data mix
- Individual and Group engagements

Tabulated below are the various data collection methods implemented and descriptions.

Table 7: Data collection methods implemented

No	Method	Description	Transcription	Analysis	Challenges	Interventions
1	High Level Interviews	<p>26 out of the 32 in-depth planned interviews were held remotely using MS Teams and telephonically on a one-on-one basis, with discussions guided by semi-structured interview guides with the programme's key informants drawn from the seven (7) programme stakeholder cohorts listed below.</p> <ul style="list-style-type: none"> (i) FLISP assigned operations staff at the NDHS; (ii) Operations staff in provincial offices (FLISP Champions); (iii) National Housing Finance Corporation (NHFC); (iv) Programme Partners – Property Developers, Bond Originators; Estate Agents (v) GEHS; (vi) Financial Institutions – the 4 main banks, ABSA, FNB, Nedbank and Standard Bank; (vii) Beneficiaries – a sample of 47 beneficiaries was interviewed. <p>Each group had their own semi-structured interview guide that contained discussion matters relating to their association with the programme. The distinct advantage of qualitative studies is that the stakeholders are able to give detailed descriptions and explanations of their experiences as participants with the programme.</p>	<p>Recording and notes taken during the interview to capture responses to facilitate data analysis</p> <p>Verbatim transcription and subsequently cleaned up and summarised to capture the main points.</p>	<p>Manually using the content analysis methodology in which themes and sub-themes were identified and used to form the basis of the coding structure for the transcripts so as to develop the findings report.</p>	<p>Some stakeholders' preferred having group rather than individual interview discussions. Other stakeholders like Employers linked to FLISP could also not be interviewed due to lack of response to engagement</p>	<p>Assistance from the NDHS project management team in securing non responsive stakeholders</p>

No	Method	Description	Transcription	Analysis	Challenges	Interventions
2	Surveys	<p>A survey questionnaire (structured) was developed to conduct a survey with a sample of 47 FLISP beneficiaries from across the nine Provinces where the programme is being implemented, including NHFC programme beneficiaries.</p> <p>Our plan was to use stratified random sampling technique so as to ensure representation in all the Provinces based on a quota system so as to select the respondents. Each stratum had been allocated a quota (randomly select one beneficiary from every cohort of between 1 to 100 or less beneficiaries) depending on the number represented on that stratum making up the sample. However, in the end, snowball sampling was used and a sample of 47 beneficiaries interviewed was achieved with approximately 28% of the sample declining to be interviewed.</p> <p>The structured questionnaire assessed the beneficiaries' understanding and interpretation of programme implementation, relevance and efficiency of the programme to inform the evaluation findings.</p>	Verbatim transcription and subsequently cleaned up and summarised to capture the main points.	Unstructured questions were addressed using systematic data analytics, while structured questions were analysed using SPSS.	<p>Challenges in obtaining beneficiary contact information resulted in the adoption of the Snowball Sampling Technique (SST) in which we depended on other research participants to refer or recruit additional beneficiaries to be interviewed.</p>	NDHS Project Team assisted in securing some of the programme beneficiary contact details

No	Method	Description	Transcription	Analysis	Challenges	Interventions
3	Desktop Review of Key Documents	<p>Review of key programme documents (main source of secondary data) in which information was validated against the findings of the primary data. The documents provided both background information and progress towards achieving set programme objectives. These documents were classified into:</p> <p><i>Policy documents:</i></p> <ul style="list-style-type: none"> • Housing Act of 1997, • Housing Code, • Human Settlements Policies and Programme, • DoRA, • National Development Plan, • Human Settlements Vision for 2030, and • Outcome 8. <p><i>National, Provincial and Municipal documents:</i></p> <ul style="list-style-type: none"> • National Planning Commission (NPC) documents; • National Treasury benchmarking reports; • National and Provincial Department of Human Settlements' reports on HSDG, HLAMDA reports; • National and Provincial Department of Human Settlements' approved business plans; • Integrated Development Plans (IDPs), and • Accreditation frameworks and reports and relevant documentation from the NHFC. <p><i>Reporting documents:</i></p> <ul style="list-style-type: none"> • Quarterly performance reports; • Auditor General Reports; • Any other relevant documents about FLISP; • Policies and strategies relevant to the study. 			None	None

No	Method	Description	Transcription	Analysis	Challenges	Interventions
4	Focus Group Discussion	One focus group discussion (FGD) comprising of 6 - 8 participants had been planned to be carried out with NDHS staff who work closely with the Programme at Head Office. It was advised that it will be inappropriate to interview the M&E team as they are the custodians of the programme.				

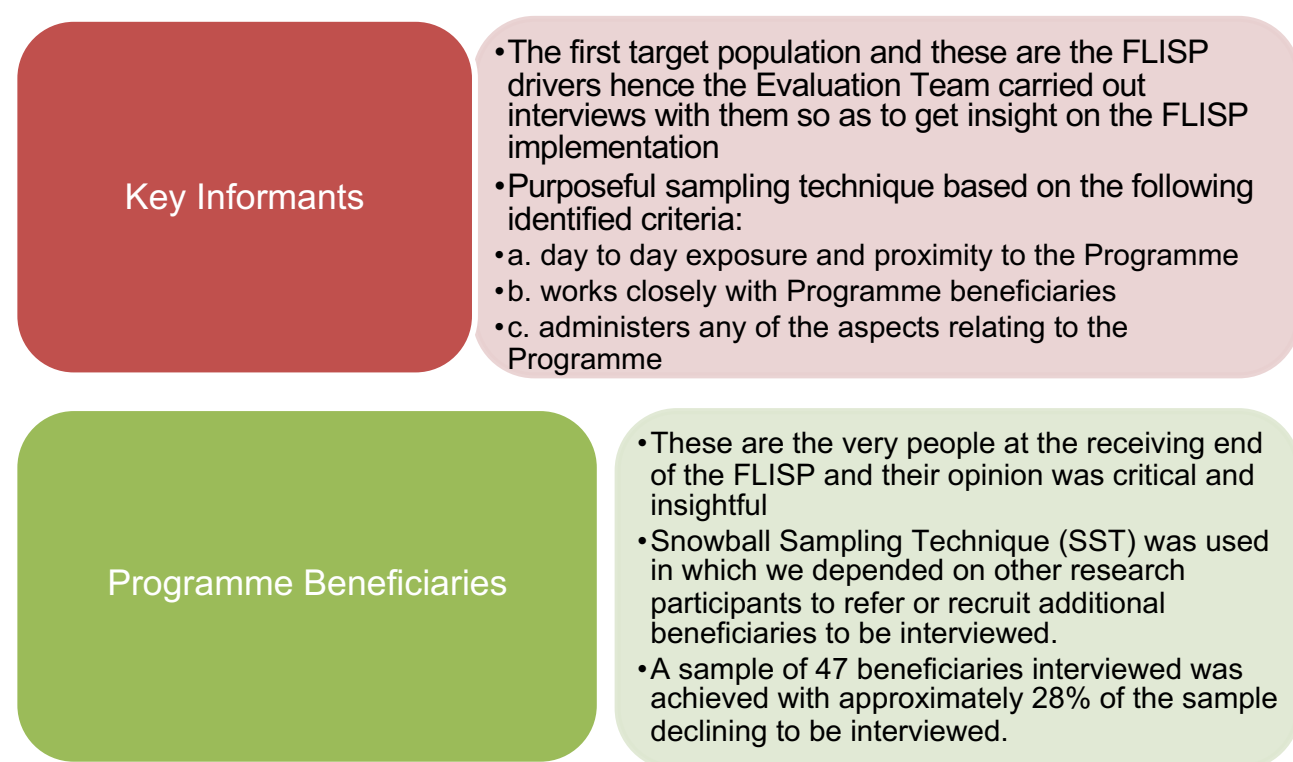
Source: Author Compilation

4.5 Evaluation Sample Design and Sampling Methods

Wegner (2002) distinguishes population as the blend of all the observations of the random variable under study from which there is an intention to draw conclusions in real life. He also emphasizes the need for the population to consist only of those elements that are directly linked to the problem under study. In line with this assertion, the population in this evaluation study was composed of two groups in Figure 5 being:

- (i) Key informants and,
- (ii) Programme beneficiaries

Figure 5: Guide to Sampling Methods



Source: Author Compilations

Gable (2008) asserts that a sample is a subset of the target population upon which information can be obtained for estimations and conclusions on the population. It is upon this precept that a sample of the population was picked by the Evaluation Team to represent the total population in this evaluation study. It was the aim of the Evaluation Team to obtain a representative sample within a reasonable error margin. Conclusions were drawn by directly observing phenomena from the sample. This method was considered beneficial as it was less costly and allowed for a greater control of the data resulting in greater accuracy and time saving.

Tabulated below is a comparison of the programme beneficiaries' data collection matrix for stratified random sampling vis-a-viz snowball sampling technique that was implemented resulting from the challenge in obtaining beneficiary contact details.

Table 8: Programme beneficiary data collection matrix

Provinces	Stratified Random Sampling		Snowball Sampling	
	No of Beneficiaries	Sample Size	Sample Size	Valid
Eastern Cape	28	1	2	0
Free State	448	4	10	3
Gauteng	834	8	3	3
KwaZulu-Natal	663	6	5	5
Limpopo	30	1	35	18
Mpumalanga	93	1	20	15
Northern Cape	30	1	6	3
North West	427	4	12	0
Western Cape	778	7	0	0
NHFC	1167	11	0	0
Total	4,498	44	93	47

Source: Author Compilation

4.6 Data Capturing and Editing

Depicted in Table 9 below are the critical elements that were considered for data capturing and editing data in the evaluation.



Table 9: Critical Elements for Data Capturing and Editing

No	Element	Description
1	Questionnaire Construction	<ul style="list-style-type: none"> A questionnaire is a means of obtaining responses done by the use of a form whereby the respondents fill in information. The Evaluation Team found the questionnaires to be the most convenient tool due to the nature of the sample under study which includes the Champions of the programme in each Province as well as the persons who work closely with the programme The questionnaire that was used in this study was tailored for each target key informant section. The questionnaire made use of a rating approach in some instances to which respondents were showing the extent to which they agree with a given statement and were also given the opportunity to give their opinions on the matter.
2	Training of Data Collectors/Enumerators	<ul style="list-style-type: none"> A team of data collectors/enumerators helped with collection of quantitative data from the FLISP beneficiaries using the structured survey questionnaire. A thorough one day data collection training exercise was arranged, where the aim, objectives, sampling methodology and all other enumeration related activities were communicated to the data collectors/enumerators. Ongoing information sharing sessions were also done where the team shared their experiences in a bid to improve the quality of the data collected from the respondents

No	Element	Description
3	Management of the Evaluation	<ul style="list-style-type: none"> The Evaluation Team undertook to provide monthly status reports on the evaluation to the Client. The Client contacted the various stakeholders to inform them that the evaluation was underway, and requested participation from them. In addition, the Client provided a generic letter of introduction explaining the purpose of the evaluation; which was used in setting up engagements with interviewees.
4	Data Management and Sharing	<ul style="list-style-type: none"> The Evaluation Team constantly updated the Client on progress being made and milestones achieved towards the completion of this assignment. In addition to the draft and final reports shared with the Client, raw data in word (quantitative data) containing respondent's personal identifier, as well as their responses, this will enable easy follow up of the same respondents in the consecutive surveys. Transcripts of qualitative data was also provided to the Client.

Source: Author Compilation

4.7 Data Analysis Procedures and Report Writing

For the purpose of this evaluation, the following approach was used for data analysis:

❖ Quantitative Data

Data was analysed using SPSS. Descriptive statistics were computed to describe the socio-demographic characteristics of the respondents.

❖ Qualitative Data

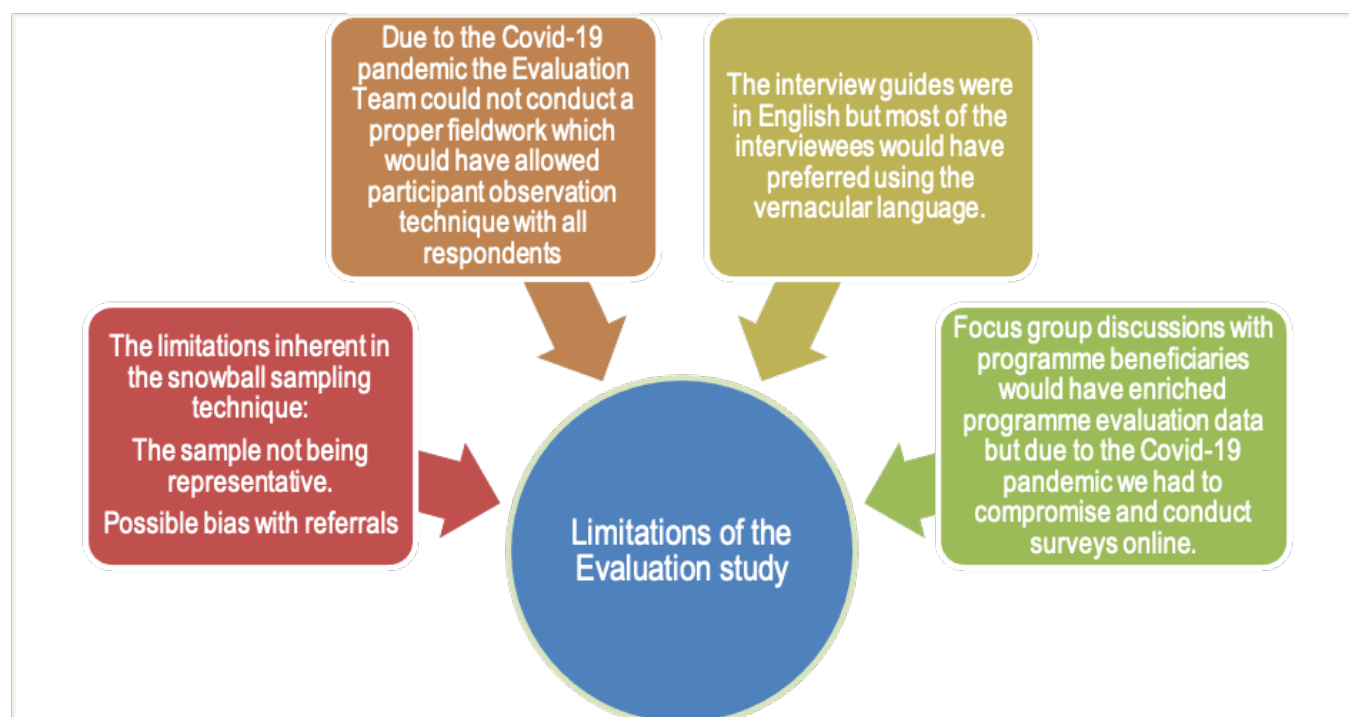
All interviews, with appropriate consent, were recorded and subsequently transcribed and translated verbatim. The data collectors were also taking notes from the online one-on-one interviews. Using the content analysis methodology, the team identified themes and sub-themes that will form the basis of the coding structure for the transcripts. The transcripts were thoroughly read to identify emerging themes and sub-themes, which were then examined, referenced and grouped and then analysed manually. This process is what led to the interpretation of the data and report writing through:

- Systematic condensing of material;
- Grouping data in terms of patterns, themes and interrelationships; and
- Data conversion into diagrams, charts and illustrations.

4.8 Limitations of the Evaluation Study

This evaluation study is an attempt to provide insight into the extent to which the FLISP policy changes have had an impact on the Programme and its implementation in the Provinces and highlight areas where implementation can be strengthened. In attempting to get to the bottom of the problem, the limitations following limitations impacted the accuracy of the results:

Figure 6: Limitations of the evaluation study

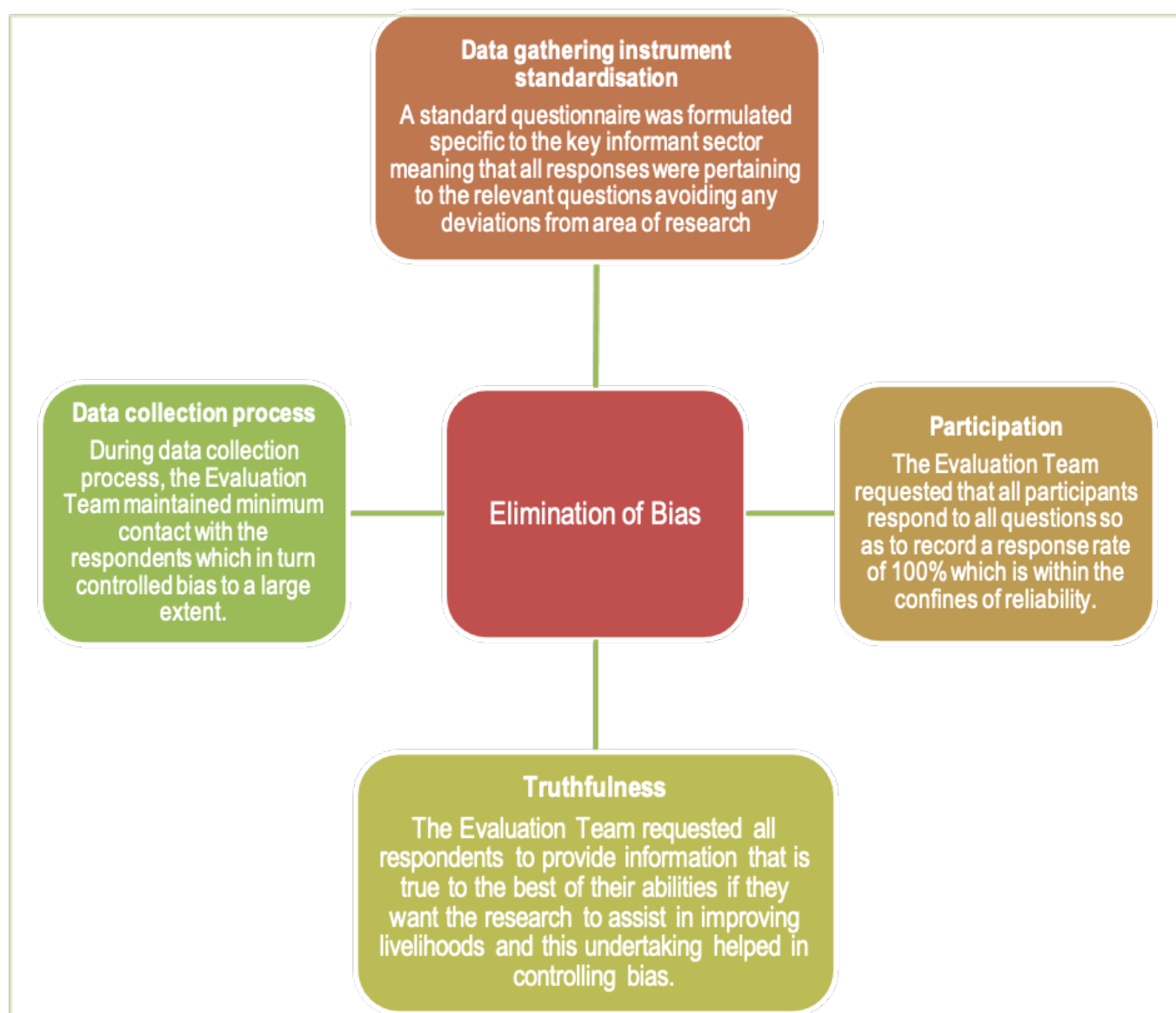


Source: Author Compilation

4.9 Elimination of Bias

Apparatus for the control of personal bias are a necessity in any evaluation study. Personal bias of participants might have an impact on how they answer and data is analysed. In line with this, the Evaluation Team incorporated the following in this evaluation study:

Figure 7: Elimination of Bias



Source: Author Compilation

4.10 Ethical Consideration of the Study

Participation was on a voluntary basis and the participants were given a guarantee for confidentiality with room for withdrawal at any particular time being given; so the study principle of privacy and confidentiality maintenance was upheld. All interviews were done with the consent or permission. As a result some beneficiaries declined to be interviewed and in all interviews the evaluation team explained the purpose of the evaluation and reassured respondents that they were free not respond to any questions that they felt uncomfortable answering or were unsure of the answer.

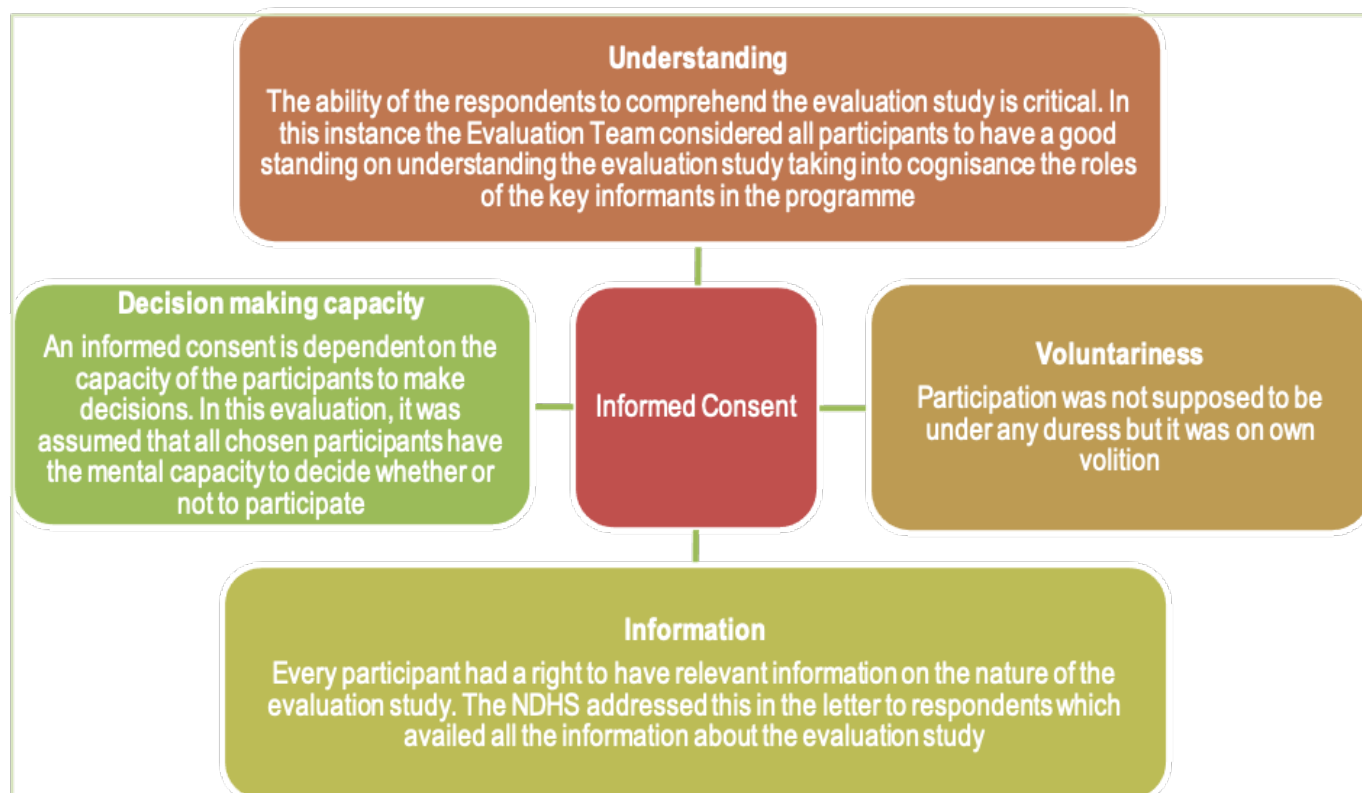
In order to guarantee privacy and confidentiality to the respondents the following aspects were considered:

- ensuring participants have given consent from an informed point
- Guaranteeing that no harm comes to participants
- Warranting confidentiality and anonymity
- Ensuring that permission is obtained

4.11 Informed Consent

The Evaluation Team ensured that those participating in the evaluation study are given the implications of the study in which they are going to participate so that they make informed choices on whether or not to participate. Four essential elements listed below were implemented in the evaluation.

Figure 8: Essential Elements for Informed Consent



Source: Author Compilation

4.12 Chapter Summary

This Chapter has focused on outlining the evaluation design and methodology that was used in the study. The approach that was used in the evaluation study was considered to be the most appropriate since respondents were giving answers out of their own free will in a relaxed mode hence giving credible results which are transferable and can be confirmed from the respondents. The other aspects of research design and methodology including the construction of the research instruments, data analysis process, validity and reliability of research and the study limitations were also covered in this chapter.

Further to the coverage of the research design and methodology, the evaluation study proceeded into the next phase of data analysis. This next chapter focuses on the presentation, interpretation and discussion of the results that were acquired from the evaluation study.

CHAPTER 5: PRESENTATION AND ANALYSIS OF RESULTS

5.1 Introduction

This chapter presents the data collected from interviews done with key stakeholders of the Programme as well as beneficiaries that received the FLISP subsidy and makes a robust analysis of the results thereof. Various techniques were used for the explicit purpose of unmasking the meaning from the data employed.

5.2 Exploring and Presenting Key Stakeholders Data

5.2.1 General

5.2.1.1 FLISP Uptake since Income Amendment

FLISP stakeholders and partners indicated that there was a significant increase in uptake in 2019/20 compared to the previous years following the amendment. Many Provinces and the NHFC reported that they had surpassed their targets in 2019/20. However, 2020/21 uptake figures slowed down significantly due to distortions brought about by the Covid-19 Pandemic lockdowns with numbers only picking up in the last 2 quarters of the year. See table 10 below.

Table 10: FLISP uptake since income amendment

PROV	2018/19		2019/20		2020/21	
	Target	Actual	Target	Actual	Target	Actual
EC	724	181	0	122	200	71
FS	819	88	279	282	100	150
GP	5 570	563	1 500	791	100	0
	<i>GP: reported through NHFC</i>					46
KZN	1 164	286	300	401	252	313
LP	458	0	100	30	25	32
MP	848	25	221	59	100	39
NC	296	12	20	9	20	17
NW	1 804	61	0	100	40	131
WC	2 316	432	853	1 217	1 143	1 176
NHFC				1 167	4 334	1 186
TOTAL	13 999	1 648	3 273	4 178	6 314	3 161

Source: NDHS

Before the income amendment, FLISP was interpreted as largely redundant and not relevant in meeting beneficiary needs by the market and private property developers stated that they did not even handle any FLISP.

According to SAHL, since 2018 income amendment the financial institution has granted approximately 3 500 home loans involving FLISP applicants nationally. This has been a significant increase in comparison with the previous years. For example before 2018 the financial institution used to receive between R 200 000 and R300 000 per month towards payment of FLISP subsidies and right now this figure ranges between R2 million and R3 million every month. The demand for the FLISP product is definitely significantly higher since the income amendment.

5.2.1.2 Understanding of the FLISP

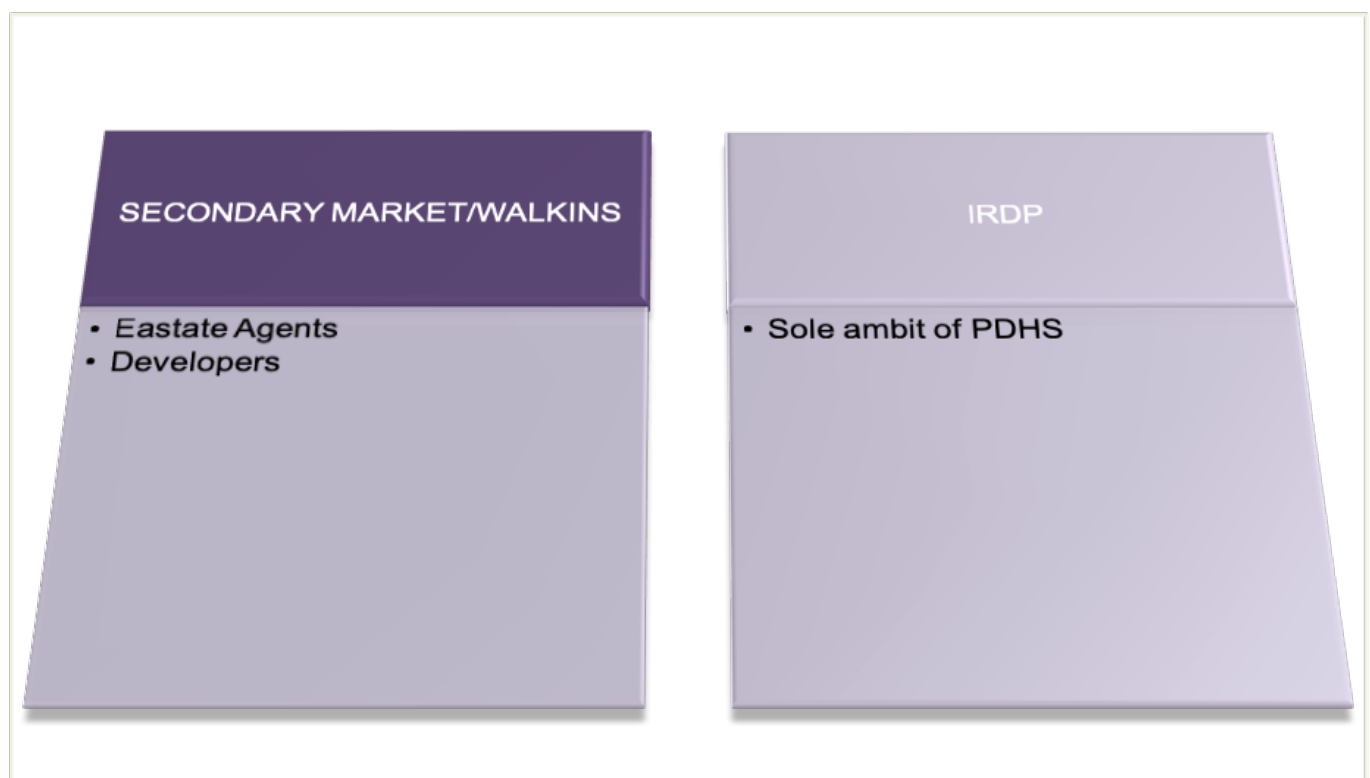
There appears to be a uniform understanding of FLISP and its intended outcomes across all Provinces and the NHFC in that the FLISP provides for a mechanism to address the market dysfunctionality when it comes to the affordable or the gap housing market. This is the market that does not qualify for a fully subsidised house which is limited to those earning below R 3 500 up to an upper limit of R 22 000, above which it is considered that people will be able to buy a property without needing assistance. FLISP is a demand side instruments which assists such people to qualify for home loans by boosting their affordability. FLISP is also intended to stimulate the development of housing stock in the affordable housing market segment.

The FLISP has 2 components:

- Secondary market home purchases or walk-ins as they are commonly referred to by the Provinces. Open or secondary market have 2 components i.e. people that buy houses from the housing market through estate agents and those who buy off-plan new developments from the Developers.
- The Integrated Residential Development Programme (IRDP) component which remains the sole ambit of PDHS.

The components of FLISP as per the respondents from the NHFC and various Provinces are depicted in Figure 9 below.

Figure 9: Components of FLISP



Source: Author Compilation

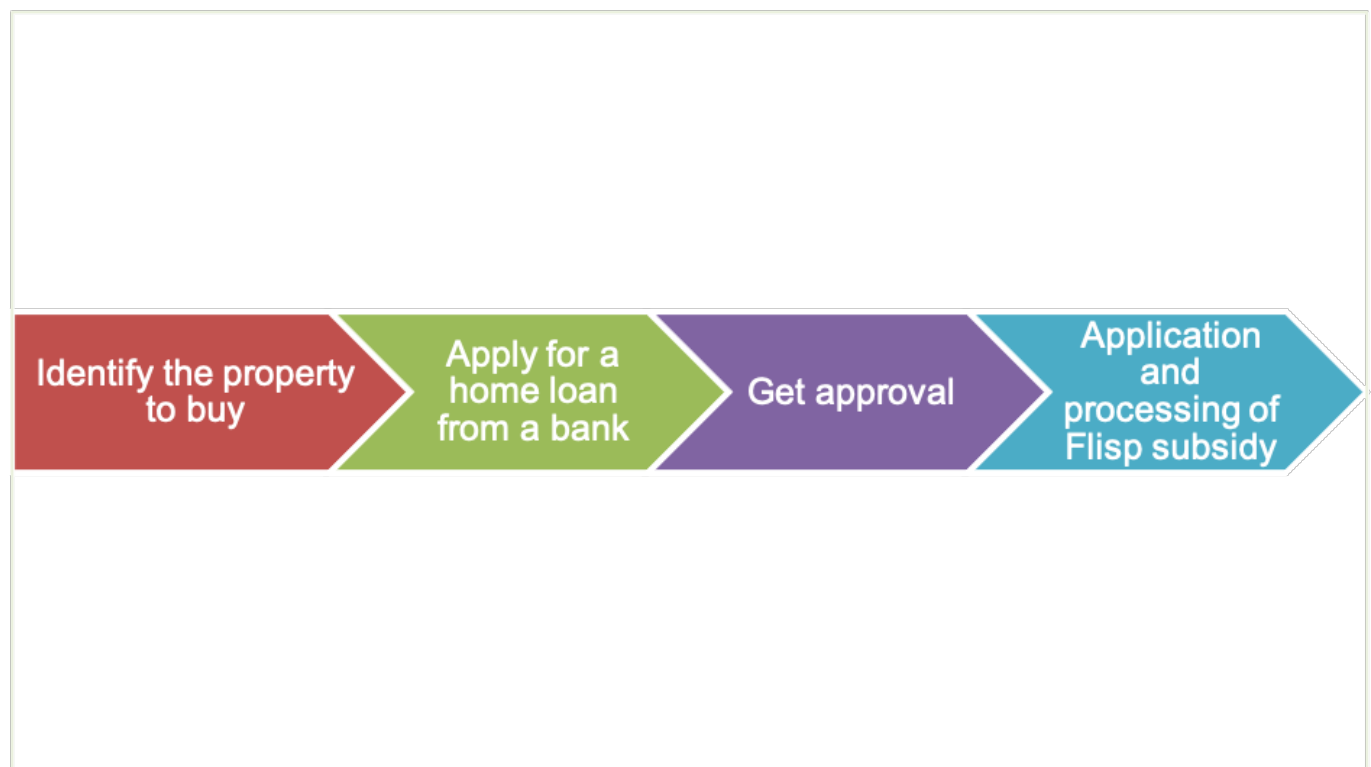
However, in spite of the uniformity in understanding of the Programme's intentions as well as a standardised Programme framework, there appears to be variations across Provinces when it comes to actual implementation:

- Some Provinces accept retrospective applications for FLISP which are made as much as two years after the property has been registered.
- Some Provinces allow for the use of the FLISP subsidy amount to offset transfer costs whilst some treat it strictly as a subsidy towards the purchase of the property. It has been noted for example such inconsistencies in the application of the Programme at times create a situation where an applicant withdraws their application from the NHFC so as to submit at the Province so as to benefit from particular discrepancies.
- Inconsistencies have also been noted in the IRDP projects where Provinces allocated FLISP designated properties to beneficiaries but the value of the properties is equivalent to the subsidy amount.

5.2.1.3 The Process of obtaining a FLISP Subsidy

The process of obtaining a FLISP subsidy when purchasing a house via the open market or secondary housing market is quite similar in all the Provinces, including the NHFC, however, the timelines vary depending on the Province. The process is depicted in figure below and also described as follows:

Figure 10: Process to get a FLISP subsidy



Source: Author Compilation

- (iii) One must first identify the property that they want to purchase in the open market.
- (iv) They then proceed to the bank of their own choice to apply for a home loan, a process that can be done directly or via bond originators such as Ooba or Better Bond.
- (v) Once the home loan is approved by the bank then the applicant proceeds to the NHFC or the PDHS to apply for FLISP if they meet the qualification criteria where they submit the required statutory documentation as well as the Offer to Purchase (OTP) and mortgage offer from the bank.
- (vi) Applicants can also get assistance in applying for FLISP from developers, bond originators and Banks who in turn will submit the forms to the PDHS or the NHFC.
- (vii) The home loan may be granted by the bank for either the full amount of the purchase price of the property are part thereof subject to the need for a deposit being paid by the Applicant.
- (viii) The FLISP subsidy, once approved is then processed based on the approval from the bank, we will then determine as to whether we are paying it into the attorneys, or we are paying it into the bond account, simple as this, if it's approved for 100% it goes into the bond and if it is required as a deposit it is paid into the attorneys trust account on date of lodgement.

The Figure below depicts some identified varying FLISP processes in Provinces.

Figure 11: Identified FLISP processes in Provinces

Limpopo Province

Limpopo Province has taken the approach of appointing its own Service Provider/ Implementing Agent (Risima) to implement FLISP on their behalf. The Service Provider receives FLISP applications from qualifying applicants and vets them for correctness before submitting them to PDHS for verification and approval. Once verified and approved the applications are then sent back Risima for processing and disbursement of the subsidy. Risima is itself a financial institution which extends home loans in the affordable housing market. In terms of the implementation protocol, Risima is responsible for operating a mortgage origination service targeting FLISP qualifying individuals as well as financing housing projects in the affordable housing space.

NHFC

With regards to the NHFC, 80% of their FLISP applications come from property developers. The remaining 20% come in through bond originators and walk-ins. Due to the fact that the NHFC does not have satellite offices, many applicants in the City of Tshwane submit their applications at the National Department of Human Settlements offices there.

North West & Northern Cape Provinces

In the North West and Northern Cape particularly, the Municipalities have been capacitated to assist applicants with applying for FLISP. The Municipalities will then submit the application forms and supporting documents to the PDHS for the final verification and approval. Although this process has the advantage of that the Municipalities are closer to where people are, the effect is that there is an increase in the timeline of obtaining final approval.

Source: Author Compilation

Policy dictates that the approval process should not take more than seven (7) days but it takes much longer in most Provinces due to internal structures and processes unique to individual Provinces. For example Provinces such as the Free State and North West do not have a dedicated FLISP Unit solely responsible to dealing with FLISP applications and approvals thereof.

Currently when an application is made with the NHFC the entire process is supposed to take three (3) months up to disbursement in line with the property registration process. The subsidy approval itself takes up to twenty-one (21) days, a huge mismatch with Banks that determine their mortgage outcomes within forty-eight (48) hours. The process with new developments can take longer than three (3) months and each development is unique. With regards to payments, the NHFC and some Provinces should be able to pay within five (5) working days after a request for payment has been made by the attorneys but in many cases this process can take months according to some banks, resulting in offers for mortgage finance being cancelled. The property registration process is a time sensitive process. Starting with Offer to Purchase (OTP) which has limited validity, approval delays cause a cascade of frustrations for buyers and sellers as well as other stakeholders in the property market transaction.

5.2.1.4 The IRDP Component

Although Provinces receive funding to implement FLISP in their IRDP projects it appears that they have continued to focus their attention on the open/ secondary market as well except for Gauteng Province.

5.2.1.5 Reasons for Declining Potential Programme Beneficiaries

Many respondents cited that the most common reason for declining potential beneficiaries is that they fail to meet the prerequisite programme criteria and providing incorrect information. In fact, the NHFC pointed out that they “*normally do not decline a lot of people.*” FLISP is meant for first time home owners but in some instances people will come and apply yet they are not first time home owners and already own property so they are turned away. The verification of information provided by the applicants through the Department of Home Affairs, the Deeds Office and National Housing Subsidies Database reveal inconsistencies with some applicants which cause them to be turned away.

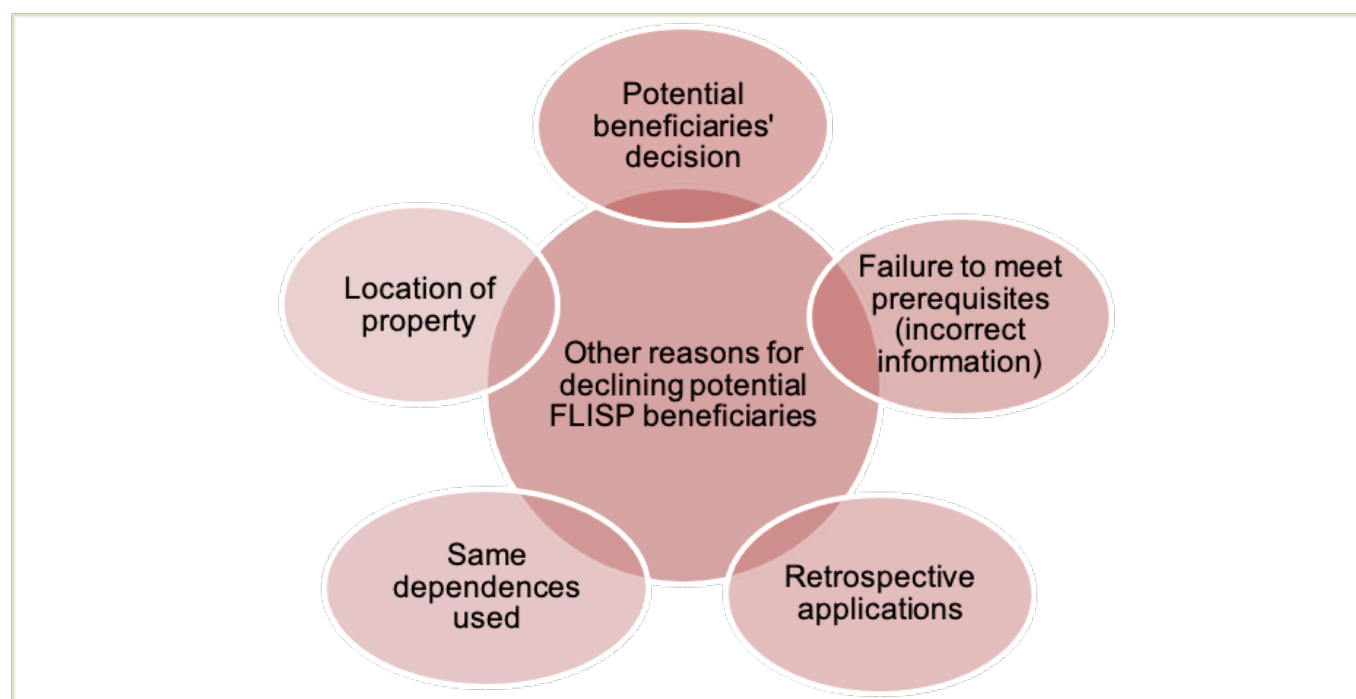
However, the decline for the subsidy is not final because the applicants have room to appeal if they are declined in which case they can provide supporting documentation to support their appeal. In the Eastern Cape for example, where an individual appears on the HSS or the Deeds Search as not being a first time home owner, but has since been divorced, there is a process that allows them to submit their decree of divorce as supporting documentation to the fact that they are no longer benefitting from the previous property.

Other infrequent reasons given for the turning away of applicants include the following:

- Same dependents being used as in other subsidy projects e.g. KZN
- Properties are located in different a Province in which case the applicant is referred to that Province or the NHFC
- Retrospective applications are declined in some Provinces and the NHFC
- Potential beneficiaries also decline continuing with FLISP when they realize that the transaction must involve their spouses especially in cases where they are married out of community of property.

The above reasons for declining potential FLISP beneficiaries are illustrated in Figure 12 below.

Figure 12: Infrequent reasons for the decline of potential FLISP beneficiaries



Source: Author Compilation

5.2.1.6 FLISP Challenges

There are several challenges which are currently being encountered by various stakeholders in the implementation of the FLISP. The key stakeholders identified the following major ones:

Table 11: FLISP challenges identified by key stakeholders and other partners

No	Challenges	Mitigations	Remarks
1.	In 2018, the NHFC was appointed to implement the programme nationally and several fundamental changes were made to the FLISP. A revised policy that addresses these new changes is still outstanding. As a result, in many aspects the Provinces have continued to implement as per the pre-2018 implementation guidelines.	NDHS is in the process of developing the revised policy - the process is nearing completion and the revised policy is awaiting approval.	
2.	Provinces such as Free State and Limpopo have highlighted limited availability of stock for the FLISP market. The majority of FLISP stock is the RDP housing stock but many of these RDP houses do not yet have title deeds and therefore cannot be sold in the open secondary housing market.	None	The TDRG is addressing this but huge backlogs still exist.

No	Challenges	Mitigations	Remarks
3.	The eight (8) year pre-emptive clause In the Housing Act restricts beneficiaries from selling the property within a period of eight years. The 2018 amendment has proposed the removal of this clause but this has not been legislated as yet so the status quo continues. Some applicants who are in the higher income category of FLISP especially prefer not to take up FLISP because of this restrictive clause. Such applicants feel that the subsidy amount they receive towards purchasing their property is nominal and therefore not worth them being subjected to the eight (8) year restriction.	The entire Housing Act is in the process of being amended to remove this clause in relation to FLISP subsidised properties.	
4.	Many people are excluded from FLISP due to fluctuating salary levels, for example people that have additional income from overtime which fluctuates over time.	None	Basic salary should be the consideration when defining income levels. A revision in the guidelines by the NDHS should be considered.
5.	Many FLISP qualifying potential applicants are heavily indebted and fail to even qualify for the home loan with banks due to being listed with the credit Bureau.	Mostly no mitigations in place but Provinces such as KZN indicated that they assist with basic financial advice for clients who have bad credit. Banks also assist their low income clients with financial education.	Extensive consumer financial education and awareness. The TSC concept discussed below could be a way of also assisting applicants with this.
6.	A major challenge highlighted by all the respondents is the lack of awareness from the general public when it comes to FLISP.	Radio, roadshow campaigns being done	The awareness campaigns need to be increased exponentially and sustained. The NDHS with the NHFC should take lead of a sustained FLISP publicity campaign.
7.	In its current form the programme caters only for property buyers who have been approved for a home loan. Although changes to this are still in the pipeline, in the absence of detailed implementation guidelines, the status quo continues.	NDHS is in the process of developing the revised policy and implementation guidelines for non-mortgage options - the process is on-going.	

No	Challenges	Mitigations	Remarks
8.	Slow turnaround times for approval which can be as much as six (6) months in some instances. This at times has resulted in mortgage grants being withdrawn. A respondent stated the following: "So...from my own perspective, my sales consultant will not process a FLISP application for a client that may qualify for FLISP, if the client qualifies for 100% bond because it's too much of an effort to help the client get additional funding from the Department as a first time buyer, because of the backlogs at FLISP, at the FLISP department (NHFC). And that's why you wouldn't see, as many applications are mentioned but you probably only received 15% to 20% of that."	Development of automated online platform to expedite submissions and approvals by NHFC At times none (Provinces) Workshops with Programme partners.	NHFC needs to urgently pilot and roll out their automated system.
9.	Human resource capacity or structuring: There is no dedicated FLISP staff in Provinces such as Free State, North West and Northern Cape. The NHFC which was appointed to service all Provinces nationally currently lacks capacity and systems in place for the processing of FLISP applications. The NHFC is in the process of addressing these gaps. The lack of geographical footprint in the Provinces means that when it comes to walk-ins the NHFC is dependent on its partners who have a footprint on the ground such as bond originators and developers. Nevertheless, this is not an ideal situation.	None The NHFC is leveraging partners such as bond-originators to assist potential applicants with FLISP	Provinces like KZN that have dedicated FLISP staff appear to have a better managed Programme than those who do not. PDHS organogram must provide for a FLISP dedicated person or staff in each Province. NHFC needs to urgently address its capacity issues and establish a Provincial footprint.
10.	Lack of budget for awareness campaigns and marketing of the Programme.	The NHFC for its part is working on a FLISP communication plan in conjunction with the NDHS which will address awareness campaigns for the Programme	
Challenges highlighted by Programme Partners:			
11.	Inconsistencies in the implementation process and application amongst the various Provinces and the NHFC.	Banks have escalated their frustrations to BASA	Joint workshops between NDHS, PDHS and NHFC to iron out inconsistencies

No	Challenges	Mitigations	Remarks
12.	<p>Slow turnaround times - The property buying process is by nature a very time sensitive process - starting from the OTP which is usually valid for 30 days in which the potential buyer must secure funding for the home purchase - to the registration process. The following quote from an executive at one of the Banks illustrates this: "So when you think about it - the bank is distributed across all 9 Provinces and we've got one process in terms of processing an application for a mortgage. But when we interact with the Western Cape, it is distinctly different to the Northern Cape, as it is different to the Eastern Cape as it is different to KZN. So then I need to make sure that I've got 9 processes for FLISP when I'm dealing with Provinces. And now with the NHFC coming on board, I now have 10 processes. So from an inconsistency of application perspective, that's an issue. Maybe, let me give you some examples of the inconsistencies. In Gauteng, for instance, the NHFC does not do any retrospective FLISP applications. So once a customer has been paid out, the NHFC and Gauteng Province do not do retrospective FLISP application. But the Western Cape Province does do that up to two years. KZN does do a retrospective application, but up to 12 months. Also the NHFC does not require us to include the pre-emptive clause on the title deed whereas all the other Provinces do. So then, that becomes such an administrative nightmare that it becomes difficult to scale these things. And that's why most of the stakeholders in the value chain just don't want to touch FLISP."</p>	<p>Some banks (ABSA) are in the process of signing specific MoUs to hold NHFC accountable in terms of timeframes.</p> <p>Banks have escalated these concerns with FLISP to BASA.</p>	<p>The proposed automation by the NHFC needs to be urgently piloted and rolled out.</p>
13.	<p>Lack of consumer feedback on the application process by PDHS offices as well as NHFC</p>	<p>Proposed automation by NHFC to assist with consumer feedback.</p>	<p>The use of an automated or electronic feedback process using cell-phone numbers of applicants should be adopted by the NHFC.</p> <p>Dedicated staff must be in place to attend to applicant queries whether in person, telephonically or by email while the Programme transitions to an online process.</p>
14.	<p>Lack of automation</p>	<p>Proposed automation by NHFC</p>	

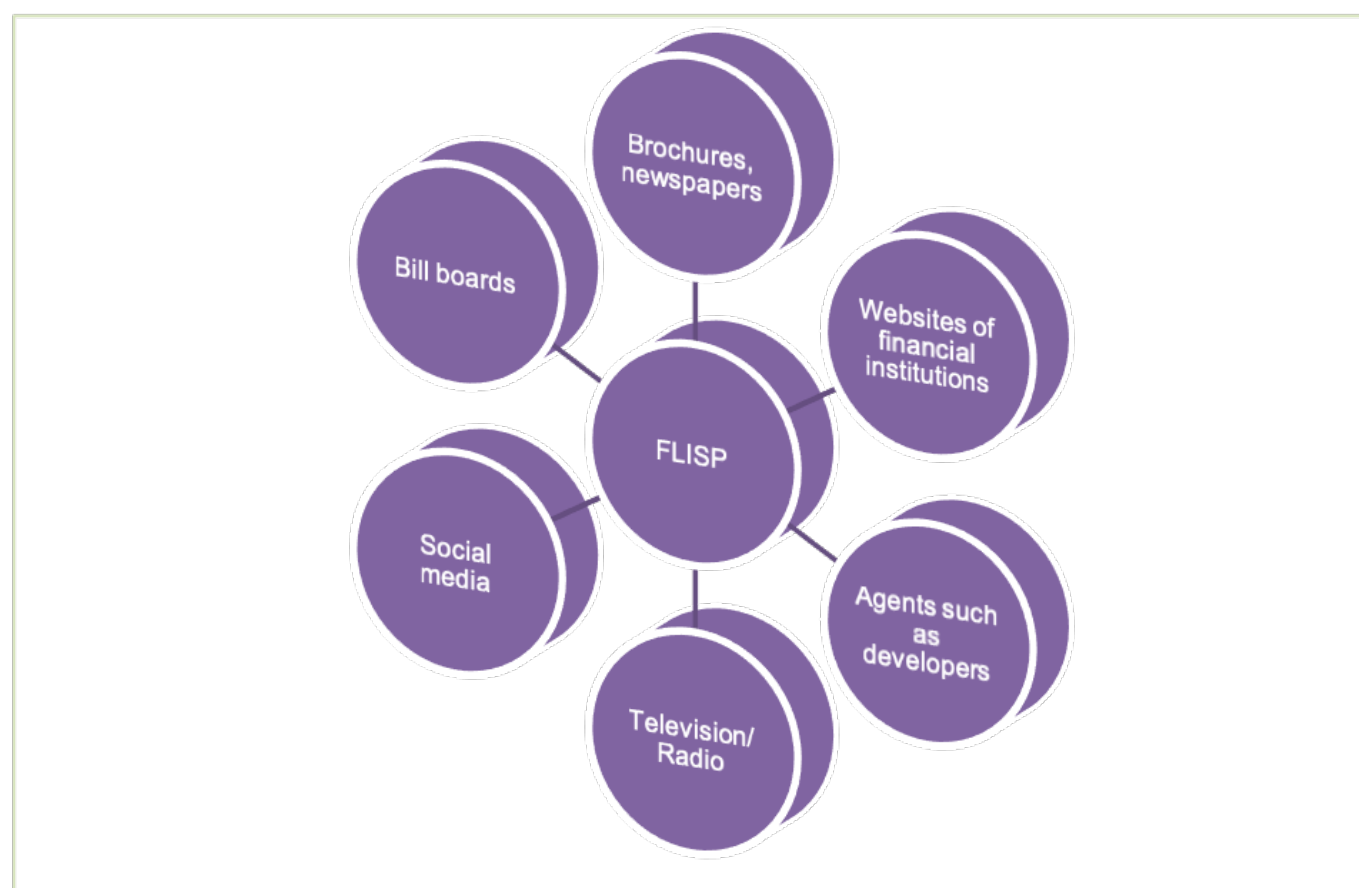
No	Challenges	Mitigations	Remarks
15.	Onerous documentation that has to be provided by the applicants.	Proposed automation by the NHFC is expected to address this.	
16.	Pay-outs not being done on time resulting in cancellation or postponement of the lodgement process.	None. Proposal to sign SOP agreements to hold parties accountable	The KZN example of using suspense accounts to immediately transfer subsidies of approved applicants into.

Source: Author Compilation

5.2.1.7 FLISP Marketing Strategies

The marketing strategies in Fig 13 below were cited by a multiplicity of respondents:

Figure 13: FLISP marketing strategies in Provinces



Source: Author Compilation

Lack of awareness of the FLISP has been highlighted as a challenge and in recent years this has come into focus. The key stakeholders are involved in the awareness campaign for the FLISP both directly and indirectly. With many, FLISP is marketed as a small component of their own products. Some respondents highlighted that they do not actively market FLISP because its administrative encumbrances make it an undesirable product to promote to their Clients. Estate Agents and Bond Originators

that work within the affordable housing space market FLISP by handing out brochures from the NHFC. Generally, respondents highlighted the following strategies and awareness campaigns with regards to FLISP:

- (i) The NHFC has produced a brochure that explains FLISP to consumers. This brochure is circulated to various stakeholders such as estate agents, bond originators, and property developers etc. who work closely with potential beneficiaries.
- (ii) The financial institutions highlighted that they indirectly market FLISP on their websites and in their communication with their clients since they are the first point of call for the consumer. The banks' websites contain a page dedicated to the FLISP and some even contain promotional videos for the benefit of the consumer. Officials in some of the financial institutions take part in campaigns where they do presentations to their target market and highlight FLISP to their affordable housing market segment.
- (iii) However, there was a sentiment highlighted by Banks and other financial institutions that the NDHS and the NHFC should take primary responsibility for promoting this programme and assisting applicants with it as the Banks neither had the staff and budget for this task beyond informing their clients about the product.
- (iv) The NHFC has been working with developers from the inception of housing developments to ensure that some of the housing stock that is generated caters to the FLISP market.
- (v) Television and radio by the NHFC and some Provinces
- (vi) Many Provincial officials have taken it upon themselves to go on roadshows as well as prepare presentations on FLISP to other government Departments such as SAPS, Pick and Pay and Shoprite employees, where Developers are launching and promoting their housing developments.
- (vii) Newspaper advertisements although this is limited by funding since Provinces do not have a dedicated marketing budget for FLISP.
- (viii) In KZN vehicle billboards that drive around the city areas where potential beneficiaries can see them.
- (ix) FLISP campaigns in crowded areas such as malls where brochures are given out to the public.
- (x) Social media awareness campaigns on twitter, Facebook etc. by the NHFC.

The campaigns have yielded some fruit especially in recent years where the Province and the NHFC have noted record enquiries and interest in the programme. In spite of the above awareness campaigns it appears that there is not enough being done to promote FLISP. A key point observed from the beneficiary responses is that many of them came to know about FLISP via word of mouth – friends and family that have previously interacted with the Programme in some way.

5.2.1.8 FLISP Housing Stock

Because of the nature of the Programme the spatial distribution of FLISP stock is currently predominantly in urban areas that can be predominantly classified as low to middle income areas. Much of the housing stock is also found in townships. The Programme as it is being implemented now is mortgage based and is therefore dependent on where the Financial Institutions' are prepared to extend home finance. The aversion to risk by Financial Institutions tends to limit the extent to which they are prepared to finance homes in outlying areas. Added to the fact that since the target market for FLISP is a defined income bracket, the value of the homes the beneficiaries can purchase can only be predominantly found in urban areas. Work opportunities for the FLISP market also lie within urban areas.

FLISP housing stock tends to be limited in some Provinces and in smaller urban areas.

In some Provinces such as Limpopo and North West, FLISP has been used as a tool for providing houses for workers in remote mining areas.

5.2.1.9 Private Sector Contribution to FLISP stock

In many Provinces, the supply of RDP houses still contributes the most to FLISP housing stock especially in the lower end of the FLISP target market. There are also Developers who are active in government projects i.e. IRDP projects, municipal projects as well as so called special Presidential projects. All these projects have a small component of FLISP to them and so contribute towards the housing stock. However, private sector developers have become increasingly involved in this space especially in the upper end of the FLISP target market.

As pointed out by one of the respondents about the generation of affordable housing by FLISP: *“It (FLISP) actually makes stock affordable. Does it give the market more affordable stock? I don’t think that that’s the right test. Because Developers are going to put to the market, what is commercially viable for them. And that’s the test that they need to pass. For me what FLISP does is that regardless of the financials that Developer needs to actually get over, FLISP can assist a customer who would otherwise not afford that particular property, get into that property with the assistance of FLISP. So for me, it’s less about broadening the supply of stock because of FLISP as it is about broadening the access to customers for that stock that is currently available.”*

Increasingly, the Banks have become key players in the affordable housing sector not just by providing mortgage finance but by financing affordable housing developments in the private sector. FNB has a dedicated development team, whose core function is to engage with the Developers that they finance and one of the mandates of the team is to constantly find ways to work with Developers to lower the cost of housing units for example by using alternative building technologies which actually deliver considerable savings.

Stakeholders have highlighted that in their view FLISP fails to contribute to the robust delivery of affordable stock because the subsidy does not keep up with the market in terms of building costs. An annual revision in the subsidy quantum could easily address this issue and reassure developers operating in this sector.

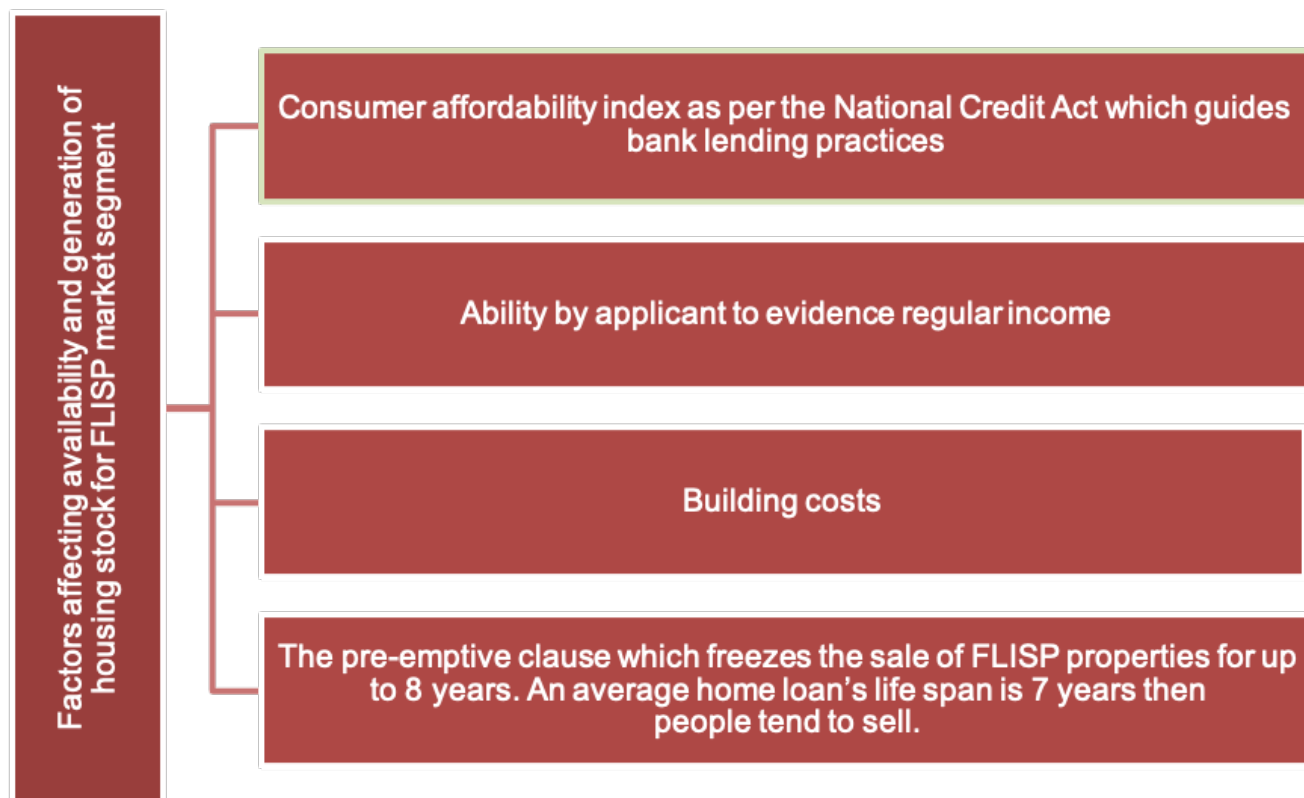
FIs such as Standard Bank also grant building loans to clients that already have land who qualify for FLISP. The bank supports the building process in its entirety.

Important and necessary though the FLISP is, respondents in the private sector space pointed out that the following: *“I think it’s important that we fundamentally understand at the heart that a subsidy (FLISP) on its own is not long enough to generate stock into the market because you have got to look at the market as an ecosystem. And it’s when the ecosystem and its various stakeholders and role players, and the policy together is aligned and conducive to driving a healthy... generation of housing stock in the market. FLISP on its own is not enough to solve the issues of housing stock, I think the issues are far, far deeper and wider, and in this industry.”*

SAHL on their part has a partnership with the GEHS and the Public Investment Corporation (PIC) in which the PIC has issued funds to SAHL for investing in the development of affordable housing. These funds are used to provide funding to property developers to develop affordable housing developments in certain areas.

There are a number of issues that affect the availability and generation of housing stock for the FLISP market segment and these are presented in Figure 14 below.

Figure 14: Factors affecting the affordability of FLISP housing stock



Source: Author Compilation

5.2.1.10 Appointment of the NHFC as National Implementing Agent

In order to streamline the FLISP application process and improve performance, the 2018 amendment gave the NHFC a mandate to implement FLISP in all the 9 Provinces. The Provinces would sign an Implementation Protocol with the NHFC. To date Gauteng Province has been the only Province that has handed over all secondary market FLISP applications to the NHFC. The Province only handles FLISP projects in its IRDP projects.

The table below depicts the response rate by the regions relating to the NHFC being appointed as implementing agent for FLISP. The eight (8) Provinces that have not appointed the NHFC all expressed their unwillingness to use the NHFC to implement FLISP citing the above listed reasons. Even Gauteng pointed out the appointment of the NHFC was made through a directive but the Province is of the opinion that they are more in touch with the communities and as such would be better placed to implement the Programme.

Table 12: Response rate on NHFC as implementing agent for FLISP

Question	Province									Response rate (%)	
	EC	GP	FS	LP	MP	NC	NW	KZN	WC	Yes	No
Has the Province appointed the NHFC to implement the Project as per the 2018 Circular? If not why?	No	Yes	No	No	No	No	No	No	No	11%	89%
The NHFC has longer turnaround times	Yes	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	89%	11%
There is no feedback from the NHFC	Yes	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	89%	11%
Delayed payments when using NHFC	Yes	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	89%	11%
Our processes work better and we prefer to implement the Programme.	Yes	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	89%	11%
NHFC has no presence in the Province and community	Yes	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	89%	11%

Source: Author's compilation

5.2.1.11 Challenges faced by the NHFC in taking over FLISP

Since its 2018 mandate the NHFC appears to have faced challenges in taking over the Programme relating to the following:

- (i) Lack of access to the HSS with respect to some Provinces to enable them to verify applicant documentation. In Free State, North West and Mpumalanga for example, the Provinces have continued to implement the Programme on their own in spite of an Implementation Protocol being signed with the NHFC.
- (ii) Lack of capacity at the NHFC. The entity has an on-going exercise to increase its capacity; however, this challenge has resulted in the slow take up in some instances. As highlighted by the NDHS officials: *"The other part of the problem is the operational capacity of the NHFC. We've monitored the performance of the entity for the past financial year and we noticed a challenge in terms of back office capacity to be able to process the applications that they are getting. They are trying to implement an automated system so they can automate many of these steps in the process so that they can reduce the turnaround time, because that would be very important. As it stands, they cannot or are not able to process them fast enough and also, then it leads to them not being able to utilize the funding in its totality. What we also find is that people in Pretoria don't see an office for NHFC, but they're interested in applying for this programme and what they do then is they bring the applications to the National Department of Human Settlements offices in Pretoria. The National Department is required to then take those applications to the NHFC, which is located in Johannesburg, to be able to process that. So there is an issue about location, they are only located in Johannesburg, and people are not familiar with the electronic systems that they may have available to accept applications for FLISP. So this means they (NHFC) really have to communicate better about the program, how to apply, how to go about to do it and perhaps to also think about establishment of regional offices, for those people who may not be as familiar with technology for them to go to a physical office and to hand in their applications. Some people still prefer that and to be able to speak to a person face to face to get an understanding of how things work and to get feedback on applications that have been made."*

- (iii) Lack of Provincial representation by the NHFC. Respondents have highlighted that the lack of presence by the NHFC in their Provinces is a serious drawback. Especially in view of the fact that many potential beneficiaries cannot travel to the NHFC in Johannesburg to submit or follow-up on their applications. The NHFC currently relies heavily on its Programme partners in the application process, a situation which needs to be managed. Partners such as bond originators and developers have pointed out that there is no incentive for them to promote FLISP in any case, especially with the acute admin challenges that they have experienced with the Programme.
- (iv) Provinces such as the KZN that continue to implement FLISP have highlighted the following: *“What we found is that the process via the NHFC is a bit lengthy. You know, we’ve actually got good relationships, operational relationships with our banking partners, and we’ve created suspense accounts in each of the Banks and we pay the money straight into those suspense accounts and from there we just advise the Banks where to move the funds to, either the bond account, or the money is being used as a deposit to move into the transferring attorney’s account. So, we actually found this to be quite seamless system with efficient turnaround times. As I mentioned earlier our applications can be received, captured, approved and paid out within a period of two weeks, provided that everything is 100% on the application. So, you know we do find that the NHFC route is a bit long. You know applicants do become agitated. The Banks become agitated when there are delays. We also find that the conveyancers also start to become agitated because they want to proceed with the registration of the property. So instead of going the NHFC route, we would rather do the applications here ourselves. Receive, proof (check) and pay-out, within a short space of time. And, you know, we actually found that to be much more viable for us.”*

Limpopo Province is unique in that it has appointed its own provincial Implementing Agent Risima who handles the subsidy disbursements on behalf of the Province. Provinces such as Eastern Cape report that when they run out of funds for FLISP or unable to pay, then they refer applicants and beneficiaries to the NHFC since the NHFC FLISP budget caters for the entire country.

5.2.2 Programme Relevance and Effectiveness

The FLISP subsidy can either be used to reduce the total bond requirement as a deposit in cases where an applicant does not qualify for 100% of the required purchase price so as to reduce the repayment amounts and render them affordable to the applicant. This is proving to be of great assistance to beneficiaries as the funds are deposited directly into the bond account of the applicant thus reducing monthly repayments. More beneficiaries also have their affordability scores boosted by the FLISP subsidy. The 2018 revised guidelines also proposed the use of the subsidy to offset transfer costs, although most Provinces have not yet begun to implement this provision pending the official policy document finalisation. Furthermore, the recent increase in the subsidy quantum has ensured that the Programme target market is increased and more people can potentially benefit from the Programme. FLISP is also an important component of the long term outcome of increasing affordable housing stock and invigorating the affordable housing market. These factors all underscore how the FLISP is relevant in assisting home ownership in the gap market.

FLISP is especially relevant in bringing the private sector into play in the provision of affordable housing. A full subsidy is very costly for the Government but with a minimal FLISP contribution from Government is able to ensure the housing provision as part of its mandate. Research has found that with regards to FLISP, for each and every Rand (R 1) the government puts in, the private sector is putting in seven Rand (R 7).

5.2.2.1 Programme Stakeholders

The respondents cited the following key stakeholders as necessary to the performance of the Programme. It was however, observed that there are no formal arrangements with the stakeholders.

Figure 15: FLISP stakeholders



Source: Author Compilations

5.2.2.1.1 The NDHS

NDHS provides policy and oversees the implementation of such policies thereof. They also monitor programme performance to enable policy updates where required. The evidence gathered from the discussions with the stakeholders shows that although the NDHS is responsible for policy development for the Programme, many respondents were not happy about the length of time it took for policy reviews to be effected. The respondents also pointed out that policy changes are often done without consulting the Provinces who understand their community needs better.

5.2.2.1.2 Banks

Banks grant mortgage finance to the beneficiaries. In their working with the programme the banks indicated they have sought to integrate the FLISP into their operations by ensuring that every bank customer/ client that comes in and qualifies for FLISP is offered FLISP, assisted with FLISP and explained to what the Programme is all about.

The banks work with the NHFC and the Provinces and in some instances do receive FLISP applications from their Clients, although in many instances their limit their role to that of informing their clients about it.

It was found out that many Provinces have developed a close working relationship with the local banks and in KZN for example the PDHS participates in quarterly workshops with all banking partners in which both sides share concerns or issues that need resolution and find ways to streamline processes. KZN has created suspense accounts with individual banks to hold FLISP subsidies so as to expedite the payment process.

The nature of the Programme dictates that there be a good working relationship with Banks. The first point of call for many potential FLISP beneficiaries is the bank where they apply for a home loan. As a respondent has pointed out: *“It’s critical, this programme will not succeed without having good relationships with Financial Institutions in place with regards to FLISP, meaning partnership because you want to implement this programme for a prolonged period of time, this is not a once off or a one year kind of programme, so we are talking about forming a relationship with Financial Institutions and you really want to have that in place because they are the ones providing the finance. We as government we only provide a little incentive through FLISP, it’s really just a little incentive just making it possible for those people who are struggling, who are able to afford a loan but, those who are just not making it for them to be able to get access to finance to be able to fund their housing needs. So it’s absolutely critical that the Financial Institutions are involved because the government doesn’t have enough money. We can only go so far I mean for this target market, this is what we can afford, FLISP is what we can afford for this portion of the market, and we cannot afford more. We don’t have enough funding as government.”*

Furthermore, there was a suggestion by some respondents in the banking sector that they be given access to the HSS to allow them to verify applications on their own which would significantly speed up turnaround times.

The relationship with the banking sector is governed by a Memorandum of Understanding (MoU) at national level which was signed between the NDHS and BASA.

5.2.2.1.3 Bond Originators

It was found that predominantly Bond Originators assist Estate Agents and Property Developers in applying for housing finance for their clients. When customers qualify for FLISP, Bond Originators assist them with the application process. As such Bond Originators play a central role to the point that NHFC receives most of their applicants from them. However, there is no formal arrangement in place such as an MOU, but rather it is based on a working relationship that has developed over the years.

5.2.2.1.4 Conveyancing attorneys

Conveyancing attorneys were highlighted as critical in the FLISP because they attend to the property registration process. Provinces indicated that when they are ready to pay the FLISP subsidy in most cases the money is transferred to the Conveyancing Attorneys Trust Accounts.

5.2.2.1.5 Private Sector Developers

Private Developers such as Valumax Property Developers work predominantly in the affordable housing space and as such they indicated that FLISP is a very important component of their development projects. Valumax indicated that they actually go ahead and effect the property registration process on behalf of their Clients even when the FLISP payment is still outstanding. As a result they experience the challenge of having to follow up their funds with the NHFC.

MSP Developers on the other hand prefers to wait for the NHFC to pay the subsidy before effecting registration of the property and beneficiaries risk losing the property because when someone comes who can pay without the need for a subsidy they are allowed to purchase the property in question.

5.2.2.1.6 Estate Agents

Estate Agents also receive FLISP application forms and documentation from qualifying applicants since they are the first point of call for purchasing properties. SiphoSethu Estate Agents indicated that they proceed to take these forms to NDHS offices for further submission to NHFC. It appears applicants who are based in City of Tshwane at times submit their FLISP applications at NDHS offices in Pretoria for onward transmission to the NHFC.

5.2.2.1.7 GEHS

GEHS is an entity within the Department of Public Service and Administration (DPSA) whose role primarily is to assist government workers access affordable and sustainable housing opportunities. The public service currently has approximately 1.2 million employees and 359 220 of these have enrolled as GEHS members and 36% of these fall within the FLISP income bracket (Income bands 1-6).

The NHFC is in the process of signing and MoU with the DPSA in relation to the GEHS in an effort to assist Government employees to purchase properties using FLISP. Amongst other things it is proposed by the parties that GEHS become an active FLISP partner by accepting FLISP applications from their members on behalf of the NHFC. It is proposed that the NHFC have a dedicated person who is responsible for receiving and processing applications for GEHS members so as to limit delays. For its part, GEHS creates awareness of FLISP amongst its members through targeted information sessions which are organised with the Human Resources Departments in various Departments. Currently, in the absence of a MoU, GEHS refers its members who are interested in applying for FLISP to the NHFC for assistance. GEHS members also apply for FLISP through SAHL because of the agreement between GEHS and SAHL.

According to GEHS, more recently there has been an uptick of interest in the FLISP amongst their members especially between Grades 1 up to 6 who predominantly fall within the FLISP income bracket.

In the Provinces, KZN mentioned that discussions are underway on a private mixed use project in Hayfields which is gearing to sell to Government Employees and with FLISP. The Province has therefore facilitated introduction to GEHS/DPSA Colleagues at National level to engage further on such initiative and rollout. This project is planned to launch off-plan in August 2021.

5.2.2.1.8 Other Financial Institutions

These are not necessarily Banks but provide housing finance and include SA Home Loans (SAHL) and Housing Investment Partners (HIP). SAHL and HIP are very active in the affordable housing finance space hence their interaction with FLISP. Both entities have formal agreements in place with the NHFC and as such their clients can apply for FLISP directly with them. This relationship is especially important because when their Clients are unable to afford property, they apply for FLISP on their behalf to increase affordability. However, it is important to note that because of the current problems being experienced with the implementation of FLISP, if a client in the FLISP income segment is able to achieve affordability without the need for a FLISP subsidy then the FIs prefer not to involve FLISP.

5.2.2.1.9 SA Home Loans and GEHS

SAHL is the biggest non-bank mortgage financiers in the country and is intricately involved in the affordable housing market segment. In 2016 the PIC and the GEPPF with the GEHS formed a partnership with SAHL in which the PIC made an investment of R 10.5 billion into SAHL. The investment in SAHL was aimed at providing government employees and qualifying members of the public with end-user home finance as well as development finance for approved affordable housing projects. The investment was structured as follows:

- R 5 billion for members of the Government Employees Pension Fund (GEPPF);
- R 2 billion for affordable housing end user financing as defined in terms of the Financial Sector Code (which to a large extent coincides with the FLISP target market);
- R 2 billion to enable SAHL to extend home loans to the rest of qualifying home loan applicants; and
- R 1.5 billion which will be used to fund affordable housing developers

As a result of this agreement, SAHL has designed a tailor made home loan package which carries a concessionary interest rate to GEHS members who qualify for home loans. Government employees that fall within the FLISP income bracket and meet the qualification criteria additionally will apply for and obtain a FLISP subsidy towards the purchase of them.

From 2018 SAHL has processed 41 400 government employee applications. Out of these 35 000 applications were approved. 6 400 failed to qualify due to poor credit and affordability scores. 15 000 individuals went ahead to accept the SAHL home mortgage grants.

In addition, SAHL also supports shorter term (3 – 7 years), non-mortgage housing finance products for members of GEHS up to the value of R 250 000 subject to affordability. An estimated 350 000 government employees reside and work in rural and peri-urban areas and such a product would be more suitable for them to assist them build or improve their homes. To date 1 151 unsecured non mortgage loans have been disbursed to qualifying government employees through SAHL.

5.2.2.1.10 Private Sector Employers

These are employers with employee housing assistance programmes. The evaluation was unable to schedule a discussion with the employers but Provinces such as KZN as well as the NHFC indicated that they have begun engagements with large employers who have housing assistance programmes for their employees so as to use the FLISP. These include Sasol, Eskom, mining companies in Limpopo and North West Provinces like Implats etc.

5.2.2.2 Funding Arrangements

The Provinces indicated that they receive a conditional grant allocation from National which is top sliced and given to the NHFC from entire Human Settlements Grant for them to roll out FLISP nationally. The funding arrangement seems to be working adequately. However, banks have indicated that they sometimes experience challenges with regards to the FLISP disbursements being paid the following financial year because funds were either unavailable or overcommitted. SAHL indicated that in certain Provinces such as the Eastern Cape when funding is required for the payment of subsidies, the funding is not available or is tied up.

Free State Province cited an issue where funds that were ring-fenced for the payment of FLISP beneficiary's subsidies were diverted and utilised for something else without the Champion's knowledge and hence when payment was required, the funds had been depleted. The challenge is compounded by the fact that there is no standalone dedicated FLISP unit in the Province.

5.2.3 Efficiency of the Programme

It was found out that inefficiencies exist in the way the Programme is implemented. The Banks indicated that there are ten processes (the nine Provinces plus the NHFC) that they have to deal with when dealing with FLISP because of the inconsistencies in the implementation approach by the Provinces and the NHFC. This makes the FLISP process cumbersome because customised processes must be developed by each of the banks to cater for these variations.

The other stakeholders including Banks raised the issue of the need to tighten turnaround times in the application and disbursement process. Respondents have indicated that in extreme cases turnaround times can be up to six to nine months.

The responses from the Provincial FLISP Champions and the Department allude to the fact that it is not cost effective that the NHFC is only servicing Gauteng Province only whereas it has been allocated a budget to operate nationally. As such the Programme performance continues to underwhelm in comparison to the allocated budgets and targets.

Respondents mentioned that the HSS also contributes to the inefficiencies of the Programme in instances where it goes offline and applicant verification cannot be done until the system is back online.

5.2.3.1 Good Practice in Programme Implementation

It was noted that there are some positive aspects in the way Provinces are implementing the programme which has resulted in improved efficiency:

- (i) The use of suspense accounts – in KZN as soon as a beneficiary approved for FLISP, the subsidy amount is transferred into a suspense account with the relevant to enable ease of disbursement when the subsidy becomes payable.
- (ii) Standard Operating Procedure - WC has designed and work-shopped an SOP agreement with other Programme partners that allows each party to be accountable for their part in programme implementation.
- (iii) Regular workshops and meetings with Programme partners so as to ease bottlenecks in programme implementation.
- (iv) Provinces that have dedicated FLISP units and staff who are directly responsible for FLISP appear to be achieving better outcomes than those who do not.
- (v) Dedicated staff and procedures to provide feedback and communicate with applicants. In KZN approvals are typically generated on a weekly basis so within a week of applying, an applicant who has missing documents will be informed what additional documents are required.

5.2.3.2 M & E Reporting

The Provinces stated that they report on FLISP to National with statistics on a monthly, quarterly and annual basis. The Programme reports on the following statistics:

- Number of beneficiaries approved
- Number of beneficiaries paid.
- Number of title transfers done
- Amount disbursed corresponding with each beneficiary receiving the disbursements, address of property and participating financial institution.

When reporting on FLISP, Provinces do not necessarily have to provide supporting documentation such as copies of the bond documents, as well as the title deeds.

NHFC is currently using a manual reporting process to report on the above. Additionally, the NHFC also reports on leveraged finance. According to the NHFC, the new electronic system for the administration of FLISP is in the pipeline which will greatly enhance the reporting as the system will be able to report on whatever data is required of it. For example it will be able to pin point and map out the location of every FLISP unit.

5.2.4 Sustainability of the Programme

Sustainability of the programme examines the extent to which the programme has established and built institutional capacities that ensure the continuation of programme outcomes. Factors that may impact the Programme's sustainability were highlighted as follows:

- Increase in property prices resulting in the lack of available housing stock. In new private developments it is common for minimum prices to range from R 800 000 to R 900 000. Intervention will be necessary to ensure that developers cater for the gap market.
- Slow IRDP processes within the PDHS. IRDP projects are potentially a way of increasing affordable housing stock to benefit the FLISP market as the land is provided and serviced by the State which greatly subsidises the cost of the developments to the beneficiaries. Many Provincial Departments tend to focus on BNG (RDP) units which are fully subsidised and do not include a FLISP component. However, plans to address this are underway in KZN for example but the process has been slow in taking off.
- There is lack of awareness of the Programme – FLISP is actually dependent on people who know about the Programme coming forward to apply for a subsidy.
- Non-involvement of the Municipalities

5.2.5 Positioning/Partnership and Coordination

5.2.5.1 Alignment of FLISP

In terms of strategic priorities of the NDHS, FLISP is a very important instrument to address the challenges in the affordable housing market. The Department has got a programme called the Affordable Housing Programme and FLISP is integrated with that.

The targets that have been set in terms of the number of subsidies that have been disbursed, as well as the total amount of subsidies disbursed is integrated into the Department's strategic plan and the performance plan and the Department. FLISP is also part of the medium term strategic primary targets of the Department with a target of 20 000 FLISP subsidies set for the current MTSF period.

5.2.5.2 Programme Innovation

Over the recent years the FLISP has innovated in order to stay relevant in meeting the needs of its target market. The following innovations have been noted:

- The inclusion of FLISP in IRDP projects as way of increasing housing stock
- Working with Municipalities – to get developers on Municipal serviced sites to partner with FLISP.
- In KZN the Department is also renovating inner city buildings which are then sold to the FLISP market.
- Targeting large employers such as Government

The new policy that is being developed also caters for a number of non-mortgage options for the Programme.

5.2.5.3 Transactional Support Centres

Most Provinces run this concept in the form of a help desk for FLISP that is located at the PDHS office. This has had to be shut down however, due to the Covid-19 pandemic so as to limit face to face interaction. It has in some instances evolved into a dedicated telephone line as well as email address to which potential applicants can send emails to.

The KZN has a dedicated FLISP unit that services the entire Province which receives and processes all the applications for FLISP.

The NHFC considers itself to be one stop shop, although it experiences the challenge of being located only in Johannesburg and as such can only assist walk-ins in their vicinity.

5.2.6 Impact of Covid-19 Pandemic on the Programme

The respondents highlighted the following experiences as a result of the Covid-19 pandemic.

- (i) The Building industry was shut down until Level 3 and during that period no work was done.
- (ii) Lack of face to face contact has meant that applications are predominantly received electronically via email. Also the use of drop boxes for applications which can be collected after a minimal period of 2 days. All communication to assist applicants is done by the mailbox or telephone.
- (iii) Any meetings with stakeholders are done via Zoom or MS teams.
- (iv) Loss of jobs due to Covid-19 by applicants that had already been approved
- (v) Delays in approval of FLISP applications resulting in banks withdrawing their mortgage offers even after lockdown was eased.
- (vi) Reduced interest rates which improved affordability

5.3 Exploring and Presenting Beneficiaries Data

The statistics presented in Table 13 below suggest that the variables in the study have 47 observations, a good number of respondents to give validity to the findings thereof. The data in the table also indicates that there were no missing observations since they were eliminated during the sorting stages.

Table 13: Statistics for beneficiary data

		Province of respondent	Sex of respondent	Marital status of respondent	Race of respondent	Monthly salary of respondent
No.	Valid	47	47	47	47	47
	Missing	0	0	0	0	0

Source: Author data

5.3.1 FLISP Beneficiary Data by Province

The data presented in Table 14 below indicate that Limpopo Province had the highest FLISP beneficiaries with a frequency of 18 and a valid percentage of 38.3%. Mpumalanga anchored second with respect to the number of FLISP beneficiaries, with a frequency of 15 and a valid percent 31.9%. The table also points that Kwazulu-Natal anchored third with a frequency of 5 and a valid percent of 10.6%; while Free State, Gauteng and Northern Cape tallied with frequency of 3 and valid percent of 6.4% for both Provinces respectively.

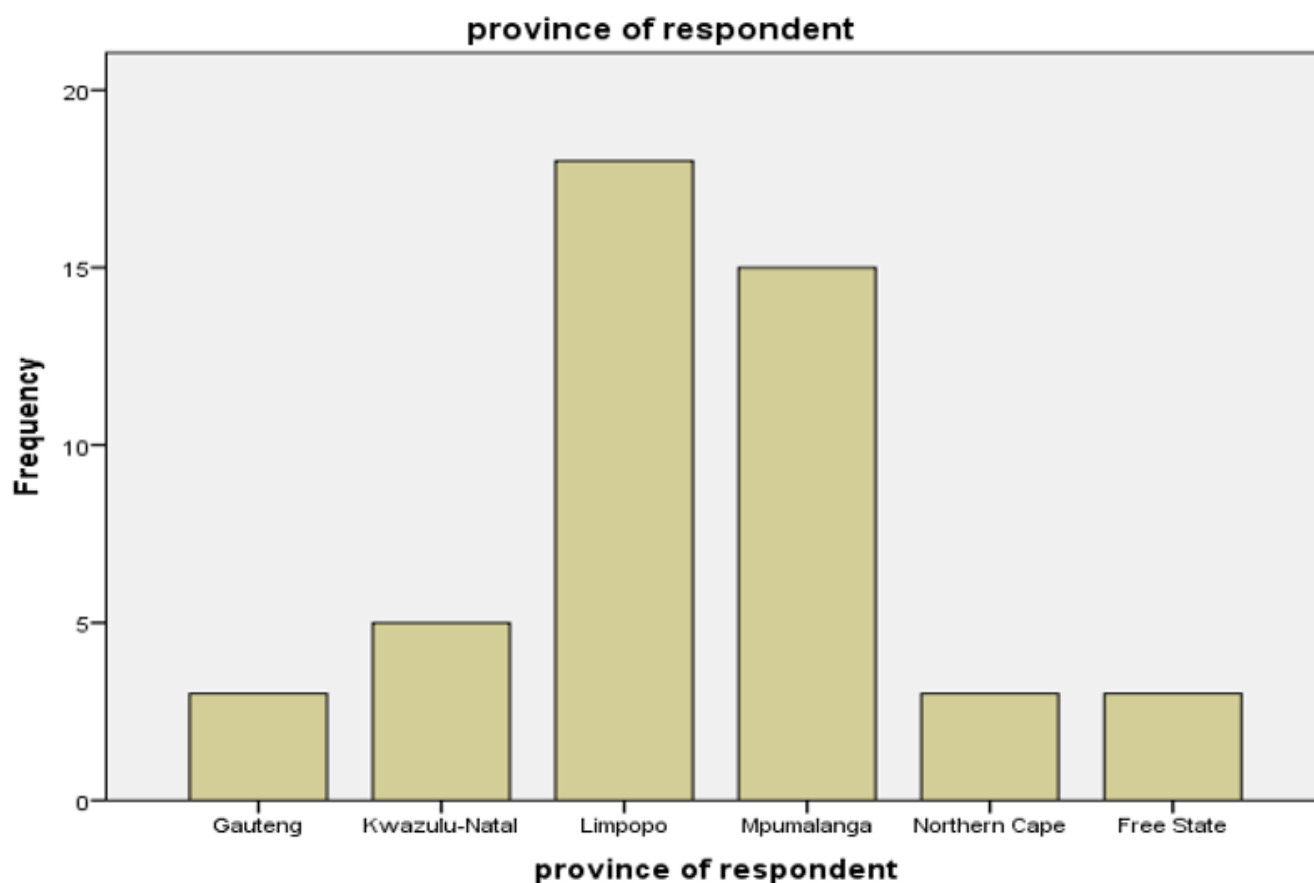
Table 14: Province of Respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Free State	3	6.4	6.4	100.0
	Gauteng	3	6.4	6.4	6.4
	Kwazulu-Natal	5	10.6	10.6	17.0
	Limpopo	18	38.3	38.3	55.3
	Mpumalanga	15	31.9	31.9	87.2
	Northern Cape	3	6.4	6.4	93.6
	Total	47	100.0	100.0	

Source: Author estimations

The data in table 14 above was further presented in the form of a bar graph as shown in figure 16 below. These results could not include Western Cape, North West, Eastern Cape and the NHFC due to lack of beneficiary data.

Figure 16: Respondents by Province



Source: Author estimations

5.3.2 FLISP Beneficiaries by Sex

Table 15 below indicates FLISP beneficiaries by sex. This table is indicating that the majority of FLISP beneficiaries were females, with a frequency of 25 and a valid percent of 53.2%; while male beneficiaries accounted for the frequency of 22 and valid percent 46.8%.

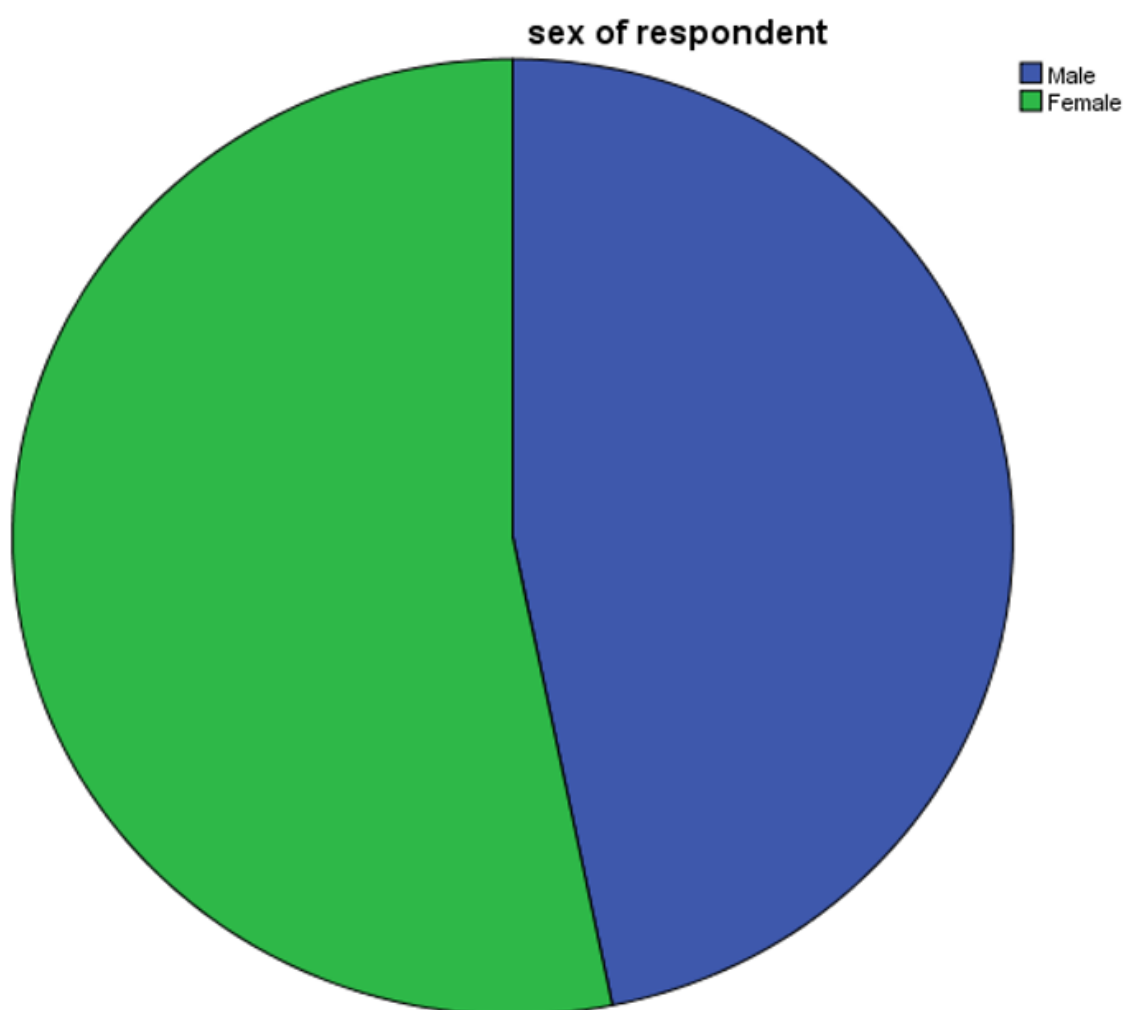
Table 15: Sex of Respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	22	46.8	46.8	46.8
	Female	25	53.2	53.2	100.0
	Total	47	100.0	100.0	

Source: Author estimations

Data in table 15 above was further presented in the form of a pie chart as depicted in Figure 16 below.

Figure 17: FLISP beneficiaries by sex



Source: Author estimations

5.3.3 Marital Status of FLISP Beneficiaries

The Table 16 below indicates marital status of FLISP beneficiaries. In the table it was revealed that 59.1% of beneficiaries have never married, 21.3% were married and the other 19.1% divorced/separated. The data in Table 4 was presented in the form of a graph as in Figure 6 below.

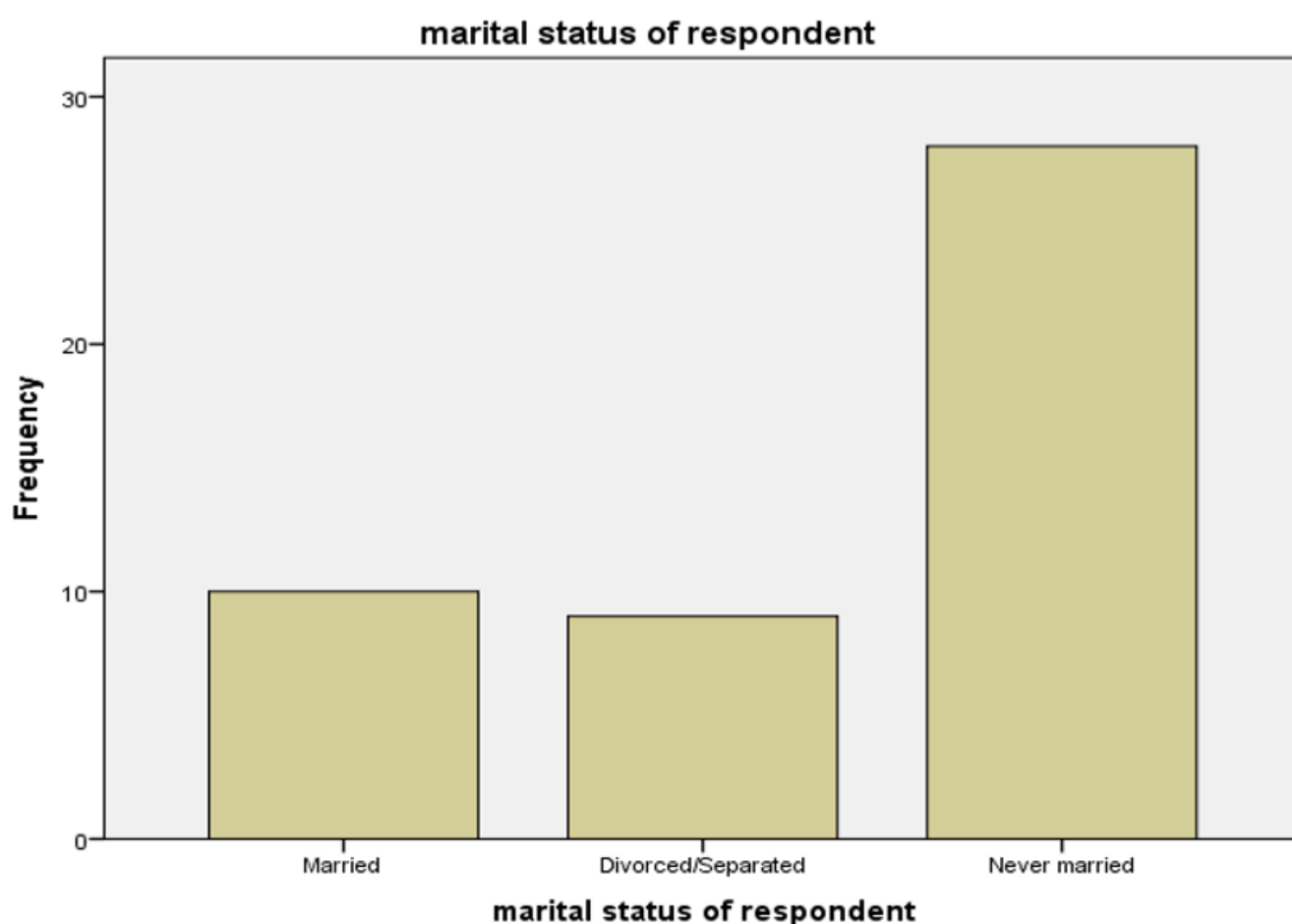
Table 16: Marital status of respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	10	21.3	21.3	21.3
	Divorced/Separated	9	19.1	19.1	40.4
	Never married	28	59.6	59.6	100.0
	Total	47	100.0	100.0	

Source: Author estimations

Data in Table 16 is presented in Figure 18 as a graph.

Figure 18: FLISP beneficiary marital status



Source: Author Compilation

5.3.4 Race of FLISP beneficiaries

The race of FLISP beneficiaries was presented in Table 17 below. The data is indicating that 87.2% of the FLISP beneficiaries were black, 2.1% were white, 6.4% were coloured and another 4.3% were Indian.

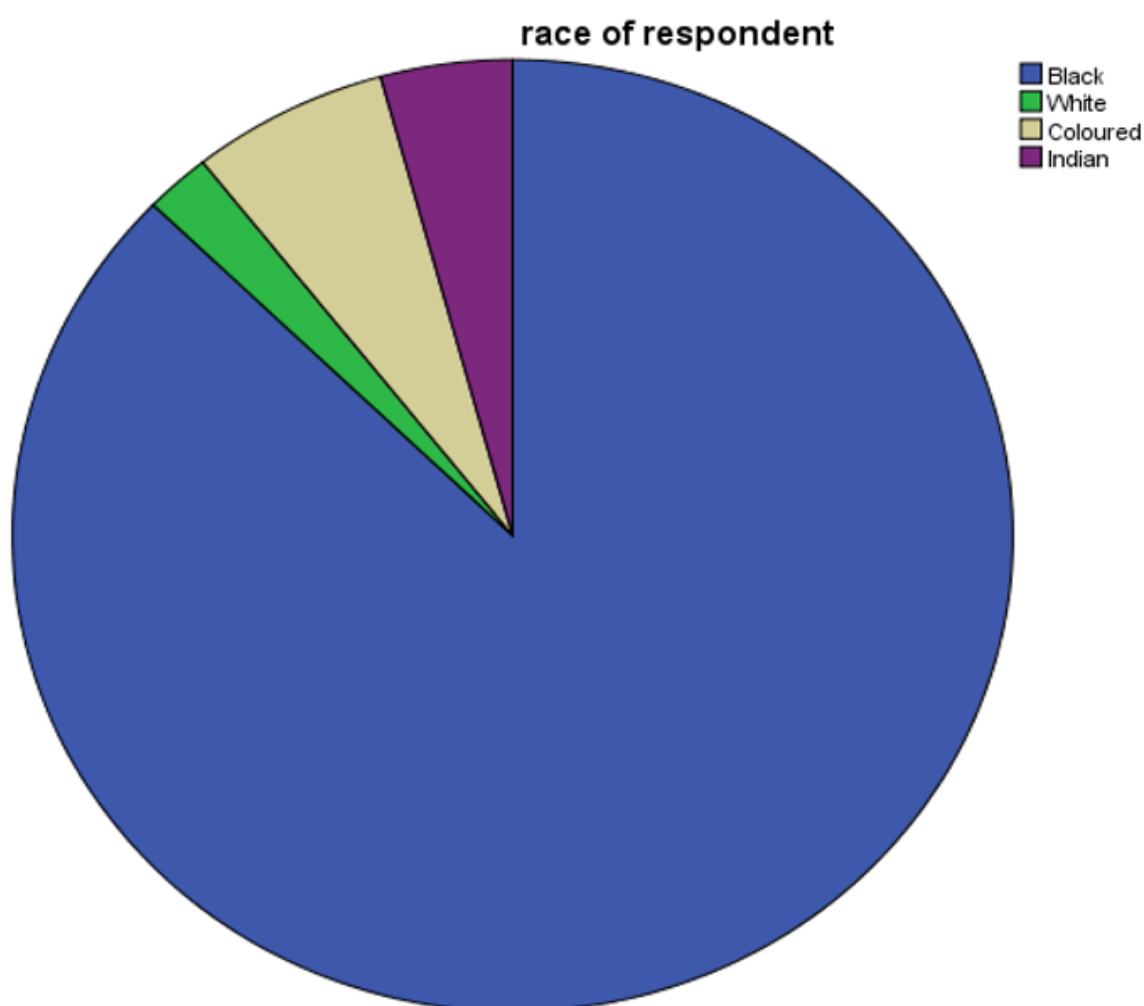
Table 17: Race of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Black	41	87.2	87.2	87.2
	White	1	2.1	2.1	89.4
	Coloured	3	6.4	6.4	95.7
	Indian	2	4.3	4.3	100.0
	Total	47	100.0	100.0	

Source: Author estimates

The data in Table 17 above was also presented in the form of a bar graph as shown below.

Figure 19: Race of FLISP beneficiaries



Source: Author Compilation

5.3.5 FLISP Beneficiaries by Monthly Salary

The data in both Table 18 and also Figure 20 below presents FLISP respondents according to the monthly salary received. The table indicates that the majority of FLISP beneficiaries were between the income group of R 7 501 to R 12 500, constituting 40.4%, followed by the group R 15 501 to R 22 000 with 25.5%, followed by the salary group between R 12 501 to R 15 000 with a valid percent of 25.5%. However, the R 3 501 to R 7 500 were the minority beneficiaries with a valid percent of 10.6%.

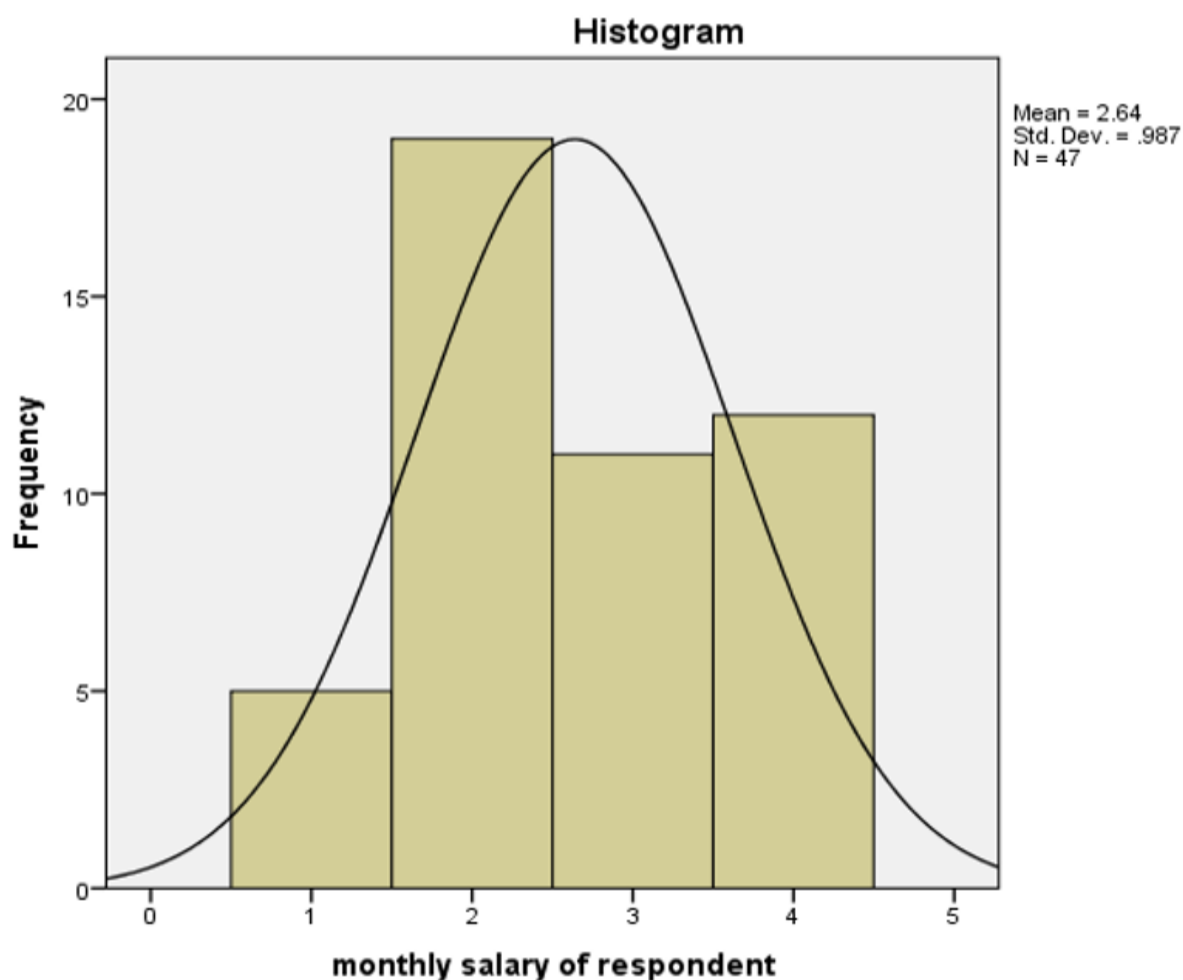
Table 18: Monthly salary of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	R3 501 to R7 500	5	10.6	10.6	10.6
	R7 501 to R12 500	19	40.4	40.4	51.1
	R12 501 to R15 000	11	23.4	23.4	74.5
	R15 501 to R22 000	12	25.5	25.5	100.0
	Total	47	100.0	100.0	

Source: Author Estimations

In Figure 20 below, data in Table 18 was presented in a bar graph as follows:

Figure 20: Monthly salary of respondents



Source: Author estimations

5.3.6 Comparing variables

Various ways of making comparisons between the variables employed in the research study including cross tabulation to show interdependence among the variables.

5.3.6.1 Cross tabulation of sex of beneficiaries against monthly salary

Table 19 below indicate cross tabulation of sex of respondents against monthly salary of FLISP beneficiaries. The results with respect to cross tabulations for sex of FLISP beneficiaries and monthly income have suggested that both males and female beneficiaries are concentrated at the middle and higher income quantum. However, female beneficiaries outnumbered their male counterparts.

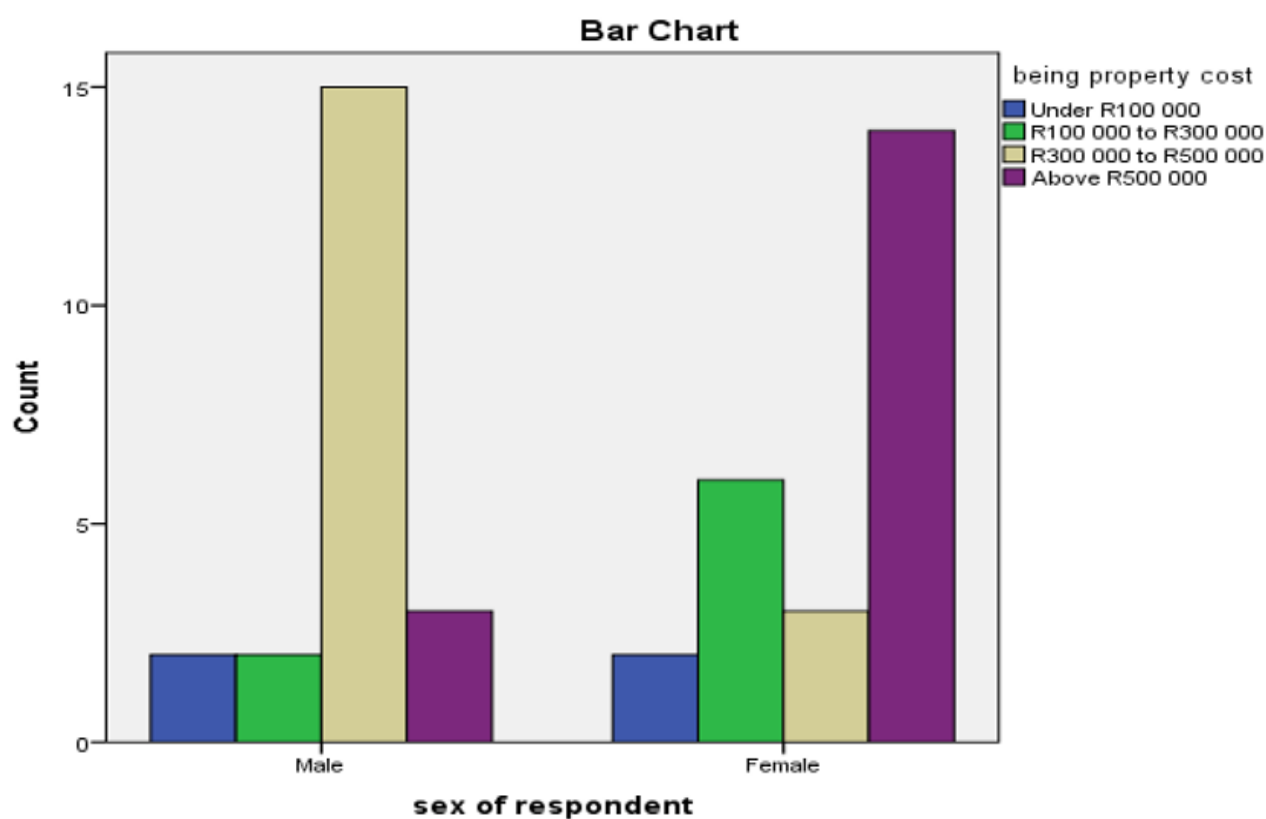
Table 19: Sex of respondent * being property cost Cross tabulation

Under R 100 000		being property cost				Total
		R 100 000 to R 300 000	R 300 000 to R 500 000	Above R 500 000		
sex of respondent	Male	2	2	15	3	22
	Female	2	6	3	14	25
Total		4	8	18	17	47

Source: Author estimates

The cross tabulation above with respect to sex and property cost suggests that females seem to be concentrated in the higher value properties.

Figure 21: Sex of respondents* being property cost Cross tabulation



Source: Author Compilation

5.3.6.2 Cross tabulation of monthly salary versus the property cost

In the Table 20 below, the results indicate that FLISP beneficiaries in the middle quantum of monthly income incurred higher costs for buying their properties, while those at the lower quantum were crowded out.

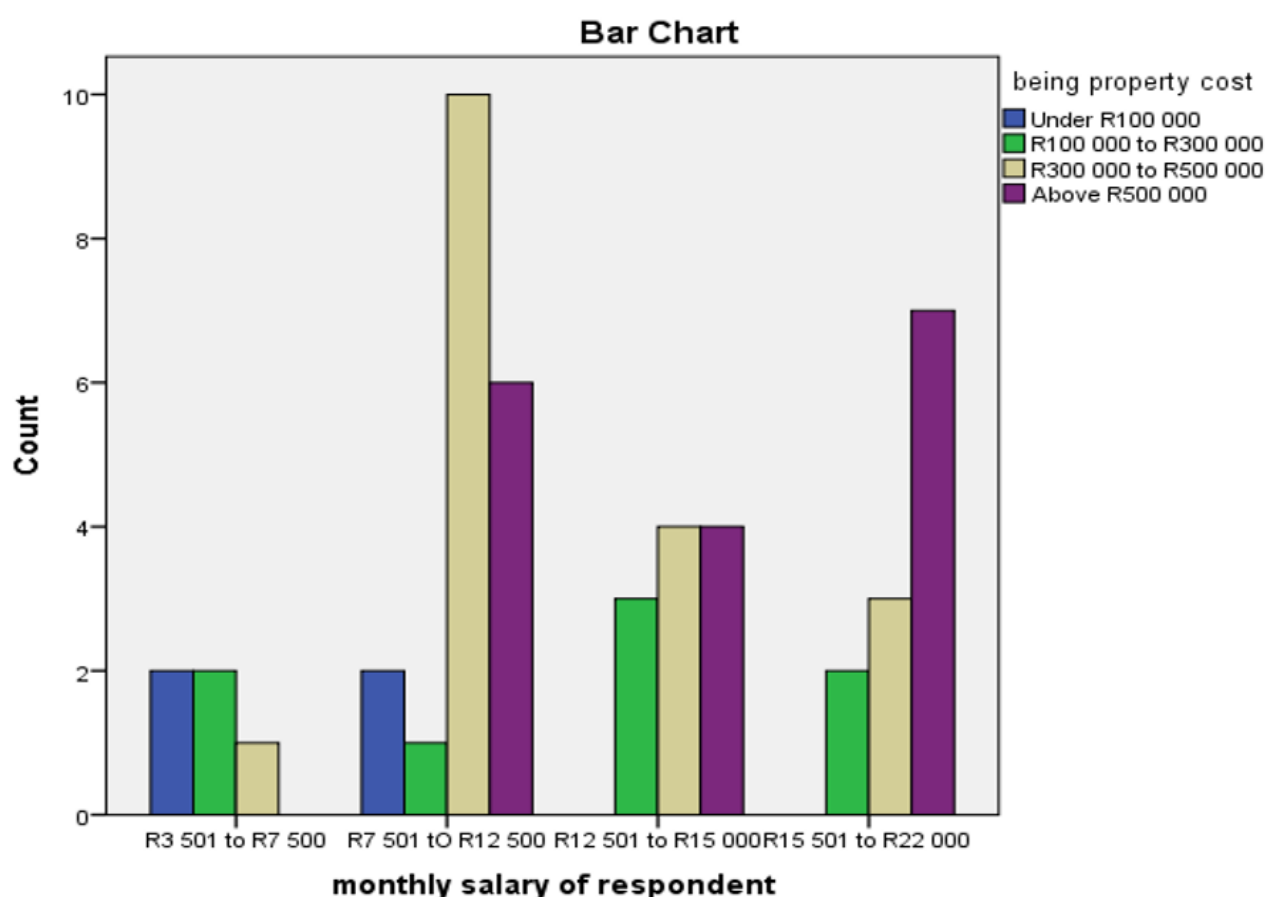
Table 20: Monthly salary of respondent * being property cost Cross tabulation

Under R 100 000		being property cost				Total
		R 100 000 to R 300 000	R 300 000 to R 500 000	Above R 500 000		
monthly salary of respondent	R3 501 to R7 500	2	2	1	0	5
	R7 501 to R12 500	2	1	10	6	19
	R12 501 to R15 000	0	3	4	4	11
	R15 501 to R22 000	0	2	3	7	12
Total		4	8	18	17	47

Source: Author estimations.

The data for cross tabulation with respect to salary and property costs was also presented on the cluster bar graph below.

Figure 22: Monthly salary of respondents* being property cost Cross tabulation



Source: Author Compilations

5.3.7 Beneficiary Knowledge and Application for FLISP

A multiplicity of beneficiaries who responded to the question probing how they got to know about FLISP have indicated that they found out about the Programme through word of mouth referral from their friends and families. It is worth noting that a key challenge highlighted by the Programme's stakeholders that were interviewed was that there was a lack of awareness of FLISP by the general public. This underscores the need to ramp up FLISP awareness campaigns by Programme custodians.

There were also other notable responses in which the beneficiaries pointed to sales agents who referred them to FLISP whilst some indicated that they made their own research from the Government offices. FLISP beneficiaries also pointed to social media platforms such as Facebook and Twitter as well as also radio and television platforms as sources of their knowledge about the Programme. A few of the respondents were referred to the Programme by their Bank.

The majority of the beneficiaries interviewed made their application for FLISP during 2020 and several received the application outcome within a period of one month. However, in some instances beneficiaries had to wait longer than a month get responses from their applications.

5.3.8 Nature of support to beneficiaries during application for FLISP

During their application for FLISP, various beneficiaries mentioned support from Bond Originators especially Better Bond, however, poor support systems were experienced in some instances. There are also beneficiaries who explicitly pointed to the support which they received from their banks which even made follow ups on their behalf. Interestingly, there was growing consensus among the beneficiaries that support for their FLISP application from these stakeholders was outstandingly good and helpful to them. However, there are beneficiaries who struggled to get their call through to the NHFC for help and have even decried the lack of sufficient support.

It appears that overall beneficiaries struggle with the application process and the subsequent follow-up on their own. Stakeholders such as Bond originators provide them with support in this process which makes things easier for them. Again this underscores the importance of the Programme partners.

5.3.9 Beneficiary Understanding of FLISP

The interesting thing is that the majority of beneficiaries have confidently pointed that they really understand the FLISP and how it benefits them. The gap in understanding the Programme has been closed again by Programme Partners, with many citing Banks, Estate Agents and Bond Originators as being responsible for explaining the Programme to them and what the benefit entails. Beneficiaries also credited Government with helping them understand FLISP.

5.3.10 Beneficiary likes and dislikes with respect to FLISP

The likes and dislikes about FLISP as stated by the beneficiaries are presented in Table 21 below.

Table 21: Likes and dislikes with respect to FLISP

Likes	Dislikes
Enhances affordability	Subsidy should be approved before home loan
Support for lower income	Delays
Programme support from stakeholders	Too much follow up
Application is easy (fast)	Engage less with clients
Support to single mothers	Documentation should be electronic
Stress reliever (provide affordability)	Process took too long-declined first and reapplied
Helpful	Payment is very high
	Poor communication
	Currently no support due to Covid-19

Source: Author compilation

5.3.11 Beneficiaries Experience with FLISP

There were a plethora of notable experiences which the beneficiaries of FLISP highlighted in their interview responses. FLISP beneficiaries noted that they are overwhelmed by very bad service delivery, to the extent that they almost gave up. In some instances the bank threatened to cancel the home loan offer. The NHFC officials were reportedly rude when called upon for feedback and lacked the capacity to provide good service to the public. The beneficiaries of FLISP further bemoaned that the process took too long to complete, to the extent that they almost gave up and would have done so if they were wealthy enough to not need a subsidy. As if that is not enough, FLISP beneficiaries characterized their experiences as confusing and tiring, with some beneficiaries describing theirs as not really good.

However, there were some FLISP beneficiaries who described their experiences as ‘everything was smooth’; ‘good and will recommend it to young people’; ‘FLISP forms are easy to complete’; ‘no struggles to apply’. Others could just say “good” or else “easy” without giving much more details.

5.3.12 Beneficiary Suggestions to Improve FLISP

FLISP beneficiaries did not just narrate their experiences with FLISP, but they went on to make suggestions towards making changes to the programme and its implementation. Their suggestions though perhaps one-dimensional in nature must be of vital consideration in view of the fact that they are the target market for FLISP and are the ones on the receiving end. FLISP beneficiaries suggested that:

- Stop delays and engage clients
- Restructure the implementation process
- Increase awareness
- Respond to emails and calls
- Introduce the SMS system for updates
- Improve timeframes
- FLISP should be continued
- Documentation should be submitted electronically
- Continue supporting the lower income earners
- Adjust subsidy amounts upwards
- Improve processing speed
- Introduce more follow ups
- Marketing of Programme

5.3.13 Effect of Covid-19 on FLISP Beneficiaries

Beneficiaries of the FLISP have lamented that the Covid-19 pandemic impacted them in some way. FLISP beneficiaries were affected by the Covid-19 requirements e.g. NHFC staff were also forced to work from home and in some instances, FLISP beneficiaries noted that delays became worse. However, the majority of FLISP beneficiaries felt that the pandemic did not affect FLISP, instead they pointed to capacity weaknesses within the implementation of the program.

5.3.14 General Comments by FLISP Beneficiaries

FLISP beneficiaries were fully engaged in the evaluation process, to the extent that they provided multidimensional comments about its implementation. It was noted that the application system should be improved, possibly through the introduction of an online application portal and have the Programme fully digitized.

Further, FLISP beneficiaries emphasized that in spite of the few drawbacks, the programme benefit far outweighed the drawbacks and was indeed helpful and they would recommend it to others without hesitation. Other beneficiaries lauded FLISP with echoes like, *“I wish they could advertise on social media”*.

5.4 Lessons Learned

- (i) FLISP is a sophisticated and unique Programme which requires that the implementation approach be well thought out on and efficient.
- (ii) The Programme must keep up with changing economic conditions.
- (iii) Regular revision of the Programme to eliminate whatever is not working.
- (iv) Close working relationship with the Financial Institutions ensures programme efficiency.

5.5 Programme Monitoring and Evaluation

The FLISP is a component of the broader National Housing Programme and as such, it does not have its own programme specific Monitoring and Evaluation Framework and theory of change or logic model. A robust M & E Framework is important in determining Programme specific performance indicators so as to be able to adequately evaluate how well the Programme is performing. Based on the programme implementation guideline/ framework the following indicators have been defined:

5.5.1 Input Indicators

The resources that have been allocated towards FLISP, particularly funding towards the subsidy payments. This is measured in terms of how much funding is approved towards the payment of subsidies and how much has been paid out during the reporting period. This could be further subdivided into how much funding is paid out the upper and lower FLISP income segments, gender, youth, disabled, etc. Funding leveraged from financial institutions can also form a measure of their monetary involvement in this market segment. Verification can be done through planning, budgeting and expenditure documents.

5.5.2 Output Indicators

The number of units/ houses involving FLISP will form the main output indicator in this instance. This indicator should be broken down into secondary market home purchases and IRDP units involving FLISP. Size and location of the individual houses would also be an additional measure forming part of the output indicators. Verification can be done in the following ways:

- Deeds search using ID numbers to confirm property sale – confirming stand number and beneficiary name
- Feedback process in which copies of title Deeds are submitted after property registration
- Bond documents together with OTP and Agreement of Sale documentation

5.5.3 Outcome Indicators

Outcome indicators measure the impact of FLISP. These include measures that indicate increased access to housing finance and home ownership in the FLISP income segment.

5.5.4 Impact Indicators

The long term impact of FLISP is to also have a correctly functioning housing market. Measuring this would require a study to be done, taking into account FLISP as well as other broader interventions in both the public and private sectors.

5.5.5 Process Indicators

These indicators relate to incidental programme outputs such as job creation etc. As the Programme expands to give more people access to housing opportunities such indicator measures will become more important.

5.5.6 Baseline

The MTSF baseline measure is 9 762 subsidies granted to beneficiary households in the 2014/ 2019 period. This translates to a 13.9% target achievement rate based on a target of 70 000 for the period. The revised target for the 2019/2024 MTSF period has been set at 20 000 subsidies. To date 7 339 (or 36.6%) has been achieved.

5.6 Summary of Findings

Based on the foregoing, the following findings can be summarised from the study:

- The intended lower income first time home owners are not benefitting as much from FLISP, instead they are being crowded out by higher income earners.
- Incorrect information is the main reason potential FLISP beneficiaries are being turned back. This includes information on applicant marital status, home ownership etc.
- FLISP implementing partner does not have a physical presence in other Provinces besides Gauteng which limits their effectiveness in a market segment that is still heavily reliant on and likely prefers face to face / physical interaction rather than technology based service.
- Existing marketing strategies are not effective in promoting FLISP and efforts are underway by the NHFC to boost this.
- The approved policy for the 2018 amendments is still outstanding resulting in many of the innovative provisions till not being implemented.
- The subsidy quantum in place is not realistic vis a vis building costs.
- The Covid-19 pandemic had significant impact and changed the way in which the Programme is being implemented.

5.7 Chapter Summary

The Chapter gave attention to presentation of results from interviews and questionnaire responses from key stakeholders and beneficiaries of FLISP. The results were presented separately for both key stakeholders and FLISP beneficiaries by way of charts and tables, and descriptively in words. The next chapter presents conclusions, findings and policy recommendations.

CHAPTER 6: CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

This chapter concludes the evaluation process, provides a summary of the major findings and some robust policy recommendations. The major findings will be interrogated in a bid to respond to the problem statement and conclusions will be drawn on factors contributing to the limited performance of the FLISP. In addressing the various challenges and inefficiencies inherent in the FLISP, a number of recommendations have been highlighted in this Chapter as well as possible solutions that will improve Programme performance.

6.2 Study Questions

The table below presents an outline of the evaluation study questions and answers to which have been discussed at length under the conclusions.

Table 22: Outline of the evaluation study questions and answers

No	Evaluation Question	Performance Indicator
1	How significant has the take up of the FLISP been since the amendment of the income bracket?	2018/19 – 1 648 2019/20 – 4 178 2020/21 - 3 161
2	What is the spatial distribution of the FLISP stock?	Spatial distribution of FLISP stock predominantly in urban areas especially existing RDP houses that are now on the secondary market.
3	Is the private sector generating adequate affordable housing stock?	Limited stock is generated which caters to the higher end of the FLISP income bracket.
4	How is the Programme interpreted at national, provincial and municipal level?	There is an understanding and correct implementation of the Programme at national, provincial and municipal level although provincial variations occur.
5	What are the factors leading to poor performance of the Programme? Are the challenges being addressed and how?	<ul style="list-style-type: none"> • Lack of awareness – Provinces and NHFC embarking on awareness Campaigns • Outstanding policy review – NDHS is working on the policy • Lack of FLISP stock in Provinces (e.g. Limpopo and Free State) – no short term strategies to address this • Slow turnaround times – NHFC implementing an online application system • Lack of automation and onerous documentation – Online application should eliminate this
6	Does the Province have a one-stop-shop/TSC? If yes, how is the Province running the concept? If not, is there a possibility to establish a one-stop-shop/TSC in the Province?	Provinces run the TSCs concept in the form of a help desk for FLISP that is located at the PDHS office.
7	Look at the possibility at introducing a one-stop-shop or a Transactional Support Centre (TSC) in each Province, taking into account the running of the one-stop-shop/TSC, as an unfunded mandate, location and the availability of the relevant systems?	<p>It is recommended that the Department sets up TSCs in each of the Provinces along the lines of the Western Cape TSC model which is funded in partnership with non-governmental organisations.</p> <p>In order to cut the running cost, the TSCs can be established within the PDHS offices. The concept can be run by an administrator with the support of the NHFC through the proposed online application system.</p>

No	Evaluation Question	Performance Indicator
8	How effective are the funding arrangements of the FLISP?	The funding arrangement seems to be working adequately. However, banks have indicated that they sometimes experience challenges with regards to the FLISP disbursements being paid the following financial year because funds were either unavailable or overcommitted.
9	What are the reasons for not appointing NHFC as the Implementing Agent for FLISP in Provinces that have not done so?	Inability by the NHFC to access the HSS for some Provinces (e.g. MP, FS) Provinces have developed more efficient ways of running the Programme themselves Lack of geographical footprint by the NHFC in the Provinces
10	Are roles and responsibilities of the NHFC and the Provinces well understood?	Provinces understand their roles but they do not seem to understand the role of the NHFC especially in terms of that they feel they are able to do a better job in implementing the Programme themselves
11	What role have the financial institutions and employers played in the implementation of the FLISP, what are the current arrangements?	FIs assist their clients who qualify to apply for FLISP and indirectly market FLISP along with their own products
12	Do the Provinces have a marketing strategy in place? If not, why not?	Most Provinces have a marketing strategy for FLISP but decry the lack of a specific budget dedicated for marketing (FS). This is done through: <ul style="list-style-type: none"> • Radio and TV • Roadshows • Brochures, etc.
13	How effective are the mechanisms or strategies to create awareness of the FLISP? (Do beneficiaries understand the programme, for them to benefit from the programme?)	Results point to ineffectiveness of marketing strategies. Programme partners such as banks, estate agents and bond originators play a crucial role in explaining FLISP to their Clients
14	How realistic is the subsidy quantum in comparison with the current building costs and poor delivery of housing stock in the FLISP market?	The subsidy quantum is unrealistic when it comes to the purchase of new development where entry level house of between 40sqm and 70sqm costs upward of R600 000. Such a house requires a minimum salary range of up to R28 000 which is above the FLISP threshold. Reduced interest rates have now increased affordability to include for upper limit FLISP bracket individuals. Serviced land is also becoming more and more expensive, e.g. in Gauteng 120sqm of serviced land in affordable housing areas will cost anywhere from R250 000 to R400 000.
15	Any recommendations to improve the implementation of the FLISP?	Aggressive awareness and publicity campaigns. See Paragraph 6.5 below with detailed recommendations.

Source: Author Compilations

6.3 Conclusions

6.3.1 Increase in the Subsidy Amount

The 2018 increase in the subsidy quantum to an upper limit of R 22 000 stirred up interest in the market and increased the threshold of people who could qualify. The NHFC and Provinces saw an increase in numbers of people applying for and taking up the subsidy after this increase. Many respondents have also highlighted that the subsidy quantum needs to be raised annually to keep up with rising building costs as well as the ever changing property market. Indeed, an annual increase would result in more people qualifying and being assisted by the Programme to buy homes and the Programme would remain relevant in meeting its intended outcomes. Developers and other Programme partners have stated that a Programme that remains relevant in this way would incentivize them to even spend their own resources in promoting and marketing it to their clients.

6.3.2 FLISP and the Property Market

An envisaged indirect outcome of the FLISP in the longer term was to also indirectly give incentive to the housing market to generate increased affordable housing stock in the secondary market. The increase in housing stock which can be directly attributed to FLISP since the inception of the Programme appears to be negligible. However, the increase in the subsidy amount to the R 22 000 upper limit has stirred interest in the affordable housing development sector from primarily developers and financiers in spite of the challenges the Programme presents.

6.3.3 FLISP and Affordable Housing

It should be noted that affordable housing from the perspective of private sector developers often may not coincide with the affordable housing market as defined by the FLISP qualifying income segments. For example a private developer may price a studio apartment at R 500 000 as an affordable unit, however, this does not meet the needs of your typical starter family that FLISP targets as its potential beneficiary. Private sector developers are primarily profit driven. As such; people who are basically entering the affordable housing market for the first time can be better served by purchasing the BNG (RDP) houses that are in the market rather than buying new so called affordable houses in a new private sector development.

6.3.4 FLISP and PDI

The race of the majority of FLISP beneficiaries interviewed is black because of the nature of the programme in that it was deliberately designed to address historical economic imbalances and a dysfunctional property market which is incapable without intervention to eliminate the imbalances. However, it appears that FLISP is benefitting beneficiaries within the upper limit of the subsidy quantum. For example, people in the salary range of R 3 500 to R 7 500 appear to be the least likely to take up FLISP in spite of the fact that the subsidy quantum is designed in such a way that their benefit is much higher in monetary terms. This may be due to factors relating to indebtedness and credit worthiness in this bracket which results in them being unable to access mortgages in the first instance. One may even speculate based feedback from interviews done with key stakeholders that this income bracket is the one that is most likely to be affected by the lack of visibility of the programme in local communities and how it can benefit them. The 2018 FLISP amendment indeed recognized that there was need to intervene to address the unique needs of this lower end income bracket by introduce various non-mortgage options to FLISP as described in the Literature Review section. Detailed guidelines on how the non-mortgage options will be implemented are still being designed however.

6.3.5 Employer Assisted Housing

Engaging with large employers is an area of innovation that the Programme intends to embrace so as to increase uptake particularly in the lower income brackets of FLISP. Many large employers including Government, Municipalities, mining houses etc. offer housing allowances to their employees which can be leveraged on together with the FLISP subsidy so as to boost affordability.

6.3.6 Marketing the Programme

An effective marketing strategy to promote the programme and create widespread awareness across all Provinces remains a challenge raised by Programme partners and participants. There are cases where people find out about the Programme after their property transactions have concluded hence the introduction of retrospective applications in Provinces (Western Cape, KZN) to allow them to benefit retrospectively - although if one can be able to buy a home without the FLISP subsidy in the first instance, it is debatable that they need the subsidy at all.

6.3.7 Slow Turnaround Times

The slow turnaround times cause further delay in that if the application is not processed within three (3) months, the applicant must be contacted and requested to resend their documents whose certification and FICA validity only lasts three (3) months. Some beneficiaries that were interviewed stated how after months of waiting were irked to be told that they had to resubmit their supporting documents, in some cases with completed forms also having disappeared.

6.3.8 The FLISP Implementing Agency

The NHFC has experienced several challenges with its manual application process which has been the source of untold frustrations to customers and programme partners. These challenges include:

- Application forms and supporting documents getting lost
- Incorrectly completed application forms
- The process of assessing an applicant across multiple databases (HSS, Home Affairs and the Deeds Office.) is not automated and must be done manually which is time consuming and increases processing times.
- The lack of a systematic way to communicate with applicants with regards to the status of their applications resulting in an unsatisfactory customer experience. Also, applicants can only follow up on their applications manually via emails and telephone calls.

MP, FS, and NW Provinces initially appointed the NHFC to implement the programme on their behalf but they found that the process was lengthy and cumbersome. This may be due to the fact that the NHFC experienced problems in accessing the HSS for applicant verification purposes. These Provinces were then instructed to continue implementing FLISP.

- It appears that currently the NHFC is only able to verify applications on the HSS for Gauteng Province. The NHFC has stated that their new online application system will be able to seamlessly interface with the HSS.
- Provinces such as KZN stated that NHFC processes were too slow and over the years the Province has developed their own systems which are working efficiently.

At the time of writing this the NHFC is working on upgrading its manual application process so as to shorten the turnaround time in the application process to within seven (7) days. The new online application portal will have the following capabilities:

- Provide a digital platform on which applicants and other programme partners can submit and monitor their FLISP applications
- The system will be able to directly link to external databases for application verification.
- Track and monitor individual applications
- Generate customized reporting data for any selected variables which will enhance the M & E component of the Programme

It is evident that FLISP itself is an excellent product which is much needed in the market however, our research points to that the Programme has inherent weaknesses that render it inefficient and ineffective in delivering against its MTSF targets over the years. The ineffectiveness of FLISP to deliver on its mandate has been attributed in part to its implementation procedures which are described as inconsistent and slow. Again the 2018 amendment which mandated the NHFC to play the role of Implementing Agent sought to address these anomalies by streamlining the implementation process. However, the NHFC has had challenges on their part in that they did not have the institutional capacity to run a Programme of this nature. Furthermore, the NHFC is centralized with offices in Johannesburg, Gauteng and does not have a geographic footprint in other Provinces. The NHFC has sought to address these challenges by primarily developing an online application process which is fully digitalized to allow for a seamless application process that can accelerate the approval process. Concerns remain however, that there are many in the target market who will be excluded by this digitization process who still would prefer face to face interaction with humans rather so they can ask questions and be reassured of whatever concerns they have. This group will still need support with FLISP from officials that are available on the ground.

In light of the capacity problems being experienced by the NHFC the question arises as to whether the NHFC is the right entity to continue with the implementation of FLISP.

The online platform that the NHFC is developing to streamline the implementation process will need to be piloted extensively with programme partners and other stakeholders. It remains to be seen if the actual product will work as efficiently as envisaged. As such, it is vital that Provinces continue over a medium term interim period to implement secondary market FLISP and be supported by National with appropriate policies and guidelines. As seen from the findings, Provinces have developed processes that are quite efficient, even more than the NHFC (e.g. Western Cape and KZN). Having the NHFC represented at Provincial level could also assist the entity eventually and seamlessly take over the secondary market FLISP component from the Provinces without negatively affecting the Programme.

The NHFC has highlighted how their online application platform will also be used by financial institutions and other programme partners to submit applications on behalf of their qualifying clients / customers. An important component of this is the development of SOP agreements with each of these partners. As already stated above programme partners such as banks and developers pointed out that they were not willing to expend additional resources to promote and process FLISP applications and that the final responsibility for this should rest with the National Department and the NHFC.

6.3.9 Transactional Support Centres

The study showed that most Provinces run the TSCs concept in the form of a help desk for FLISP that is located at the PDHS office. This has had to be shut down however, due to the Covid-19 pandemic so as to limit face to face interaction. It has in some instances evolved into a dedicated telephone line as well as email address to which potential applicants can send emails to. The KZN has a dedicated FLISP unit that services the entire Province which receives and processes all the applications for FLISP. The NHFC considers itself to be one stop shop, although it experiences the challenge of being located only in Johannesburg and as such can only assist walk-ins in their vicinity. Certain applicants still prefer to be assisted face to face and this is the target market of the TSC. The NHFC has plans to engage with SALGA as well so as to get the Municipalities on board in assisting people with FLISP with the long term view of establishing TSCs and local level.

6.4 Recommendations

In addressing the various challenges and inefficiencies inherent in the FLISP, a number of recommendations have been highlighted in the table below as well as possible solutions that will improve Programme performance. The recommendations have been categorised based on priority and urgency. Priority 1 recommendations have been categorised as urgent in lieu of the fact that they would have an immediate positive impact on the Programme and its sustainability in the future. These must be implemented as soon as possible in the short term. Some of these recommendations are easy to implement so prioritising them makes sense as they will be very useful in improving efficiency. Priority 2 recommendations can be implemented in the short to medium term whilst Priority 3 recommendations are not urgent and may be implemented in the medium term, but are considered to be necessary to the Programme's long term sustainability.

Table 21: Recommendations

RECOMMENDATIONS	
Priority 1	
1.	Allow for the provision of an indication of approval for FLISP prior to receiving the mortgage grant. This can go a long way in easing the frustration of approval delays experienced by Programme partners such as banks.
2.	Both below the line (BTL) and above the line (ATL) marketing strategies should be urgently deployed so as to raise awareness on the FLISP program.
3.	As much as possible, the Programme must align its processes with those of the banks who are the primary stakeholders in this instance, particularly in reducing timelines and streamlining the application procedures. The FLISP online application system must be rolled out nationally as soon as possible.
4.	Extensive use of social media to create and maintain awareness, e.g. Facebook page, Twitter handle and a WhatsApp dedicated line.
5.	The NHFC should consider having a physical presence in all the Provinces. This can be implemented in conjunction with PDHS in which the entity can set up shop in Provincial offices.
6.	Regular updates to the subsidy quantum should be done to keep up with rising building costs.
7.	The NHFC must sign MoUs with its Programme partners to hold each party accountable. Stakeholders that are involved in the affordable housing financing and development space decry the lack of accountability by the NHFC in meeting their obligations when it comes to their clients.
8.	Establishment of dedicated FLISP sub-unit in Provinces which do not already have this. It appears that Provinces that have a dedicated FLISP unit are running the Programme more efficiently than those who do not. They have developed processes that work efficiently.
9.	Regular FLISP workshops designed for NDHS and PDHS to ensure that there is consistency of application of FLISP policy and guidelines. There is a complaint by Provinces that NDHS develops policies and guidelines for programmes but have no clue as to what is happening on the ground and whether their policies are suited to the needs of the Provinces.
10.	It is expected in the medium term that the NHFC will eventually take over all walk-ins or secondary market applications. As such it is recommended that the Department carry out a review of the organogram with regards to FLISP so as to increase and ensure efficiency.
11.	The official guidelines for the amendments to FLISP that were made in 2018 which relate to non-mortgage products is still outstanding. Although the NDHS is working on it, its delay has meant that the new provisions which allow for non-mortgage options cannot be implemented. This will expand the Programme's reach to the lower income brackets of FLISP.
12.	Engage more extensively on the employer assisted housing programmes where large employers provide their employees with housing finance. Engagements with GEHS by the NHFC for example are ongoing but the process has not begun in earnest. Large organisations such as Eskom should also be brought on board such initiatives.

Priority 2	
1.	A FLISP standalone website must be created containing the FLISP domain name if possible which contains information on the Programme and explains the application process.
2.	The establishment of Help Centre or Transactional Support Centre for FLISP in all the Provinces which will be a one-stop-shop for all things relating to FLISP. Provinces such as the Western Cape and KZN already have a basic outline of this concept in place but more needs to be done. The NHFC itself as the Implementing Agent will then be part of and also to share that space so that potential applicants can interact with the NHFC and submit their applications directly to them as well as resolve queries.
3.	The programme must create a process to enable divorced individuals who fail the HSS search to benefit buy specifically defining a process under which they can potentially be approved if they can submit proof of that they are no longer benefitting from the previous property.
4.	Community engagements that take place on the ground where people are. This can be done with other community awareness drives.
Priority 3	
1.	Investment in the creation of affordable housing stock. Many of the ongoing IRDP projects in Provinces do not have a FLISP component, something that needs to be addressed. KZN has a proposal to assist new developers in the affordable housing space with development finance so that they develop houses that cater for the FLISP market. This concept can be duplicated in other Provinces. Municipalities must also come on board in the development of FLISP stock.
2.	The Programme needs to get Municipalities on board especially the metros which are involved in the housing development space. Municipalities run a variety of housing projects and have access to Municipal land which they are able to install bulk infrastructure using the Municipal Infrastructure Grants allocated for this purpose. FLISP must be integrated into Municipal housing projects.
3.	Development of Programme M & E Framework for FLISP

Source: Author compilations

APPENDIX 1: BENEFICIARY QUESTIONNAIRE

A. Beneficiary Questionnaire

PROVINCE IDENTIFICATION	
Questionnaire Number [][][][]	
Date..... 2021	
TO BE COMPLETED BY INTERVIEWER	
PROVINCE	
DISTRICT	
INTERVIEWER	

SECTION A: DETAILS OF THE RESPONDENT			
No.	Question	Responses	
A1.	First Name and Surname of Respondent		
A2.	Sex of Respondent	Male	1
		Female	2
A3.	Marital Status of Respondent	Married	1
		Single (Divorced/Separated)	2
		Single (Never Married)	3
		Other Specify:	4
		
A4.	Race of Respondent	Black	1
		White	2
		Coloured	3
		Indian	4
		Other Specify:	5
		

SECTION B: DETAILS Finance Linked Individual Subsidy Programme (FLISP)		
B1	How did you come to know about FLISP?	
B2	When did you apply for a FLISP subsidy?	
B3	When did you actually receive the subsidy?	
B4	What has been the nature of support and/or follow up that you received when applying for the Subsidy?	
B5	To what extent do you or do you not, understand the programme and how you should benefit from it?	

SECTION B: DETAILS Finance Linked Individual Subsidy Programme (FLISP)			
B6	What do you like most about the FLISP?		
B7	What do you like least about the FLISP?		
B8	What was your experience during the application process?		
B9	What are some of the changes that you would recommend for the programme and its implementation?		
B10	Amount of FLISP subsidy received		
B11	What is your monthly salary?	R3 501 to R7 500	1
		R7 501 to R12 500	2
		R12 501 to R15 000	3
		R15 501 to R22 000	4
B12	What is the cost of the property which you bought?	Under R100 000	1
		R100 000 to R300 000	2
		R300 000 and R500 000	3
		Above R500 000	4
B13	How would you rate the usefulness and relevance of the programme?	Not useful/relevant	1
		Slightly useful/relevant	2
		Useful/relevant	3
		Very useful/relevant	4
B14	How do you therefore rate your understanding of the programme?	Very poor	1
		Poor	2
		Good	3
		Excellent	4
B15	Do you have a one-stop-shop/TSC in your Province?	Yes	1
		No	2
		Do not know	3
B16	If yes to the above, do you know its purpose?	Yes	1
		No	2
		Do not know	3
B17	Has COVID-19 affected programme support and other activities?	Yes	1
		No	2
		If yes, probe how and areas affected?	
B18	Any comments or recommendations you have in relation to your engagement with the FLISP?		

APPENDIX 2: KEY STAKEHOLDER INTERVIEW GUIDE

DATA COLLECTION INSTRUMENTS FOR IMPLEMENTATION EVALUATION OF THE FINANCE LINKED INDIVIDUAL SUBSIDY PROGRAMME (FLISP) FEBRUARY 2021

A Key Informant Guides for Stakeholders and Partners (Estate Agents and Bond Originators– only relevant questions)

1. What is your role as a key stakeholder with FLISP?
2. How many mortgage bonds applications involving FLISP qualifying individuals do you process on a monthly basis?
3. To what extent are the Clients you assist aware of FLISP?
4. Does your organization have a formal mechanism of informing potential Clients of FLISP?
5. What are the most pressing FLISP challenges in your Institution/ Organization?
 - (a) Probe on factors leading to low uptake/ interest and how this is being mitigated if at all.
6. How relevant and significant has the take up of the FLISP been since the amendment of the income bracket to R22 000?
7. What marketing strategies, if any are in place in your Institution/ organization?
 - (a) If not, is it something you will consider in the future?
8. To what extent have the mechanisms or strategies to create awareness of the FLISP been effective?
9. In your view to what extent is FLISP generating adequate and affordable housing stock?
10. What has been the turnaround time between submission of FLISP application and approval for your Clients?
11. What is the spatial distribution of the FLISP stock?
12. How realistic is the subsidy quantum in comparison with the current building costs?
13. To what extent has the COVID-19 pandemic affected your work relating to the FLISP Programme?
14. Any recommendations to improve the implementation of the FLISP?

B. Key Informant Guides for Stakeholders and Partners (Banking/Finance and Developers – only relevant questions)

1. What is your role as a key stakeholder with FLISP?
2. How many mortgage bonds involving FLISP beneficiaries have you processed since July 2018?
3. What are the most pressing FLISP challenges in your Institution?
 - (a) Probe on factors leading to poor performance and how this is being mitigated
4. How is the programme being interpreted at provincial and municipal levels? – (By beneficiaries and other stakeholders)
5. How relevant and significant has the take up of the FLISP been since the amendment of the income bracket (in July 2018)?
6. What marketing strategies, if any are in place in your Institution?
 - (a) If not, why not?
7. How effective are the funding arrangements of the FLISP? (value for money)
8. To what extent is FLISP generating adequate and affordable housing stock?
9. To what extent have the mechanisms or strategies to create awareness of the FLISP been effective?
10. What has been the programme turnaround time between;
 - (a) Application and disbursement of funds?
 - (b) Disbursement of funds?
11. What is the spatial distribution of the FLISP stock?
12. How are you contributing to the generation of adequate affordable housing stock?
13. How realistic is the subsidy quantum in comparison with the current building cost and poor delivery of housing stock in the FLISP market?
14. How effective are the funding arrangements of the FLISP?

COVID-19 Impact on programming

1. To what extent has the COVID-19 pandemic affected:
 - (i) Programme implementation
 - (ii) Routine programme monitoring
 - (iii) Application process
 - (iv) Other programme activities (specify)

Recommendations

1. Any recommendations to improve the implementation of the FLISP?

C. Key Informant Guides for Stakeholders and Partners (Banking/Finance and Developers – only relevant questions)

1. What is your role as a key stakeholder with FLISP?
2. To what extent are the Clients you assist aware of FLISP?
3. Does your organization have a formal mechanism of informing potential Clients of FLISP?
4. How many individual properties/ mortgage bonds involving FLISP beneficiaries do you process per month?
5. What are the most pressing FLISP challenges in your Institution?
 - (a) Probe on factors leading to poor performance and how this is being mitigated
6. How relevant and significant has the take up of the FLISP been since the amendment of the income bracket to R22 000?
7. What marketing strategies for FLISP, if any are in place in your Institution?
 - (a) If not, why not?
8. To what extent have the mechanisms or strategies to create awareness of the FLISP been effective?
9. How effective are the funding arrangements of the FLISP? (value for money)
10. To what extent is FLISP generating adequate and affordable housing stock?
11. What has been the programme turnaround time between;
 - a. Application and disbursement of funds?
 - b. Disbursement of funds?
12. What is the spatial distribution of the FLISP stock?
13. How are you contributing to the generation of adequate affordable housing stock?
14. How realistic is the subsidy quantum in comparison with the current building cost and poor delivery of housing stock in the FLISP market?
15. To what extent has the COVID-19 pandemic affected your work relating to the FLISP Programme?
16. Any recommendations to improve the implementation of the FLISP?
17. Anything else you would like to say about FLISP that we have not touched on?

D. Key Informant Guides for Stakeholders and Partners (Employers; Banking/Finance and Developers – only relevant questions)

1. What is your role as a key stakeholder with FLISP?
2. To what extent are the Clients you assist aware of FLISP?
3. Does your organization have a formal mechanism of informing potential Clients of FLISP?
4. How many individual employees (properties/ mortgage bonds) involving FLISP beneficiaries do you process per month?
5. What are the most pressing FLISP challenges in your Institution?
 - a. Probe on factors leading to poor performance and how this is being mitigated
6. How relevant and significant has the take up of the FLISP been since the amendment of the income bracket to R22 000?
7. What marketing strategies for FLISP, if any are in place in your Institution?
 - a. If not, why not?
8. To what extent have the mechanisms or strategies to create awareness of the FLISP been effective?
9. How effective are the funding arrangements of the FLISP? (value for money)
10. What has been the programme turnaround time between;
 - a. Application and disbursement of funds?
 - b. Disbursement of funds?
11. What is the spatial distribution of the FLISP stock?
12. How realistic is the subsidy quantum in comparison with the current building cost and poor delivery of housing stock in the FLISP market?
13. To what extent has the COVID-19 pandemic affected your work relating to the FLISP Programme?
14. Any recommendations to improve the implementation of the FLISP?
15. In your opinion how can FLISP benefit your members more?
16. Anything else you would like to say about FLISP that we have not touched on?

E. Key Informant Interview Guide Department of Human Settlements FLISP Finance Staff**General**

1. Please describe what your role or involvement is on the FLISP Programme specifically.
2. Can you comment on turnaround time between, and how are you involved in these processes;
 - a. Application and disbursement of funds?
 - b. Disbursement of funds?
3. What are the current sources of funding for the programme? Probe to find out the main source of funding.
4. What comments do you have on provincial expenditure specifically on surplus and shortfalls on set budgets. Probe on how they close the shortfall gaps.
5. How was the monitoring, evaluation and reporting of the programme done?
 - a. What was the frequency
 - b. Do you have any recommendations in the regard?

Efficiency

1. How efficient were the strategies or implementation models that were used?
2. Describe any capacity development that was undertaken for efficient running of the programme

Positioning/Partnership and Coordination

1. What has been interaction with financial institutions in the implementation of the programme in helping ensure that the programme is well resourced financially?

COVID-19 Impact on programming

1. To what extent has the COVID-19 pandemic affected:
 - (i) Programme implementation
 - (ii) Application process
 - (iii) Other programme activities (specify)

Lessons Learnt, Good Practices and Recommendations

1. What are the key lessons/good practices thus far that can be drawn from implementing the programme?
2. If you were to re-design this Programme, what would you do differently? Why?
3. What evidence can be generated and recommendations made?

Recommendations

1. Any recommendations to improve the implementation of the FLISP?

F. Interview Guide (For NDHS M&E and Programme Staff)

General

1. What is your role in the FLISP Programme
2. What is your understanding of FLISP? What is the rationale behind the initiation of the FLISP?
3. 3. From your point of view, do you think FLISP is addressing the target, beneficiary needs and/or relevant to them?
 - a. If yes or no, why do you think so?
4. What is the role and/or main activities of the NDHS in the implementation of FLISP?
5. Are you aware of any difference in the design and implementation of FLISP across the provinces?
 - a) If yes, elaborate on the differences? In other words, what are the key and/or major differences?
 - b) Why do you think these differences exist?
6. What are some of the challenges faced by the NDHS and other stakeholders in implementing the FLISP?
 - a) What is the NDHS doing in addressing the challenges that you mentioned above?
 - b) To what extent do you think the NDHS activities are helpful in addressing the FLISP challenges which target beneficiaries and other stakeholders were/are facing? If the NDHS is struggling to mitigate some of the challenges faced in the implementation of the FLISP, what are some of your recommendations for the NDHS?
7. What are some of the key lessons learned that the NDHS can draw from the FLISP from its inception to date?
8. Will a one-size-fits all approach both in programme design and its implementation work across provinces? Support your response.
9. What would you change or not change in the programme design and its implementation in the future?
10. Are the FLISP results sustainable?
 - a) How do you think the NDHS can make the results of the Programme more sustainable?
11. Overall, what other gaps do you think the NDHS and other stakeholder's activities still need to address?
12. Anything you feel any of the key stakeholders should do to help sustain the programme?
13. Any other insights and/or recommendations to both the NDHS and any of the stakeholders?

Strategic Positioning and Alignment

1. To what extent is the FLISP aligned with;
 - a. Government policies and strategies?
 - b. Department of Human Settlements strategies and priorities
2. To what extent has FLISP helped in mitigating challenges to housing and accessibility to housing finance?
3. What are the reasons for recommending the appointment of the NHFC as implementing agent for the Provinces?
4. What in your view could be the reasons why some Provinces have not appointed the NHFC as implementing agent?
5. How important is the partnership with financial institutions in ensuring the programme smooth operation and sustainability?

COVID-19 Impact on programming

1. To what extent has the COVID-19 pandemic affected programme performance?

G. Key Informant Interview Guide, NDHS FLISP Staff (Senior Management, and Programme, Monitoring and Evaluation Staff, (including FLISP Champions) and NHFC Staff

General: FLISP Champions

*Table to be completed also by M&E staff

PROVINCE		
INTERVIEWER		
CONTACT DETAILS	Cell Number:	E-mail Address:
BENEFICIARIES	Males Successful Applicants:	Females Successful Applicants:
2019/2020FY	Males Unsuccessful Applicants:	Females Unsuccessful Applicants:
2020/2021FY	Males Successful Applicants:	Females Successful Applicants:
	Males Unsuccessful Applicants:	Females Unsuccessful Applicants:

1. What is the process of obtaining the FLISP subsidy (in your province)?
2. What are the most common reasons for declining potential programme beneficiaries? – (Probe on ways of trying to mitigate some of the most common reason for declining potential programme beneficiaries)
3. What are the most pressing FLISP challenges in your Province? – (Probe on factors leading to low performance and how this is being mitigated or remedial actions in place)
4. How is the programme being interpreted at provincial and municipal levels? – (By beneficiaries and other stakeholders)
5. What marketing strategies are in place in your Province? If not, why not?
6. To what extent has the mechanisms or strategies to create awareness of the FLISP Programme been effective?
7. What is the spatial distribution of the FLISP stock in the Province?
8. To what extent is the private sector generating adequate affordable housing stock in your Province?
9. Has the Province appointed the NHFC as its Implementing Agent for FLISP? (If not, why not?)

Relevance

1. How relevant is the FLISP in relation to the beneficiary needs; contribution to municipal, provincial and national Department of Human Settlements levels?
2. How relevant and significant has the take up of the FLISP been since the amendment of the income bracket?
3. How relevant was the FLISP in working with the private sector in generating adequate affordable housing stock?

Effectiveness

1. What were the FLISP's short or intermediate-medium term (intended and unintended) outcomes?
2. To what extent did the programme effectively deliver on set targets as outlined in the programme proposal, log frame and programme plan so far?
3. To what extent were the programme objectives, planned activities and planned outputs consistent with the intended outcomes?
4. What are the intended and unintended changes both positive and negative that have been brought about by the implementation of the programme?
5. What has been achieved thus far in meeting the programme's intended outcomes in 2019/20 and 2020/21?
6. Who are the stakeholders you deal with and how are they involved in the programme?
7. Do you have any arrangements in place with any of the stakeholders?
8. How effective are the funding arrangements of the FLISP?
9. How effective are the mechanisms or strategies to create awareness of the FLISP?
10. In your view, how realistic is the subsidy quantum in comparison with the current building costs.

Efficiency

1. How efficient were the strategies or implementation models that were used?
2. How is the monitoring, evaluation and reporting of the programme done?
 - a. Does the programme have a Monitoring and Evaluation Framework in place? Probe if there is a Logic Model and Theory of Change
 - b. What are the performance monitoring indicators?
 - c. Do you have any recommendations to help improve the performance of FLISP?

Sustainability

1. What programme components appear likely to be sustained; replicated or scaled up and how?
2. What challenges may affect the programme's sustainability?
 - a. Suggest solutions

Positioning/Partnership and Coordination

1. Corporate & National: To what extent is the FLISP aligned to government strategies?
2. Systemic: To what extent does the programme align to the Department of Human Settlements strategies?
3. Innovations: To what extent has the programme been innovating in trying to meet the demands of its target audience?
4. Does your Province have a one-stop-shop/TSC?
 - a. If yes, how is the Province running the concept?
 - b. If not, what is the possibility of establishing a one-stop-shop/TSC in the Province?
5. Responsiveness: How well was the programme's support geared towards meeting national, provincial and local/municipal priorities?

COVID-19 Impact on programming

1. To what extent has the COVID-19 pandemic affected:
 - (i) Programme implementation
 - (ii) Routine programme monitoring
 - (iii) Application process
 - (iv) Other programme activities (specify)

Lessons Learnt, Good Practices and Recommendations

1. What are the key lessons/good practices thus far that can be drawn from implementing the programme in the Province?
2. If you were to re-design this Programme, what would you do differently? Why?
3. What evidence can be generated and recommendations made?

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