



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

DECEMBER 2021

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Department:
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SUMMARY REPORT

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THE FINANCE LINKED INDIVIDUAL SUBSIDY PROGRAMME (FLISP)

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National Department of Human Settlements
Chief Directorate: Monitoring and Evaluation

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EXECUTIVE SUMMARY

Introduction and Background

The FLISP subsidy is a demand side instrument 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. 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 gap housing market defined as those who earn above R 3 500 but below R 22 000 who need assistance to enter the housing market.

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. 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.

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. The data was analysed using the content analysis methodology.

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. For example first time home purchase, marital status, or income levels.
- The NHFC does not have a physical presence in other Provinces besides Gauteng.
- Limpopo has appointed its own provincial implementing agent to implement the programme on their behalf.
- 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 vi 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, the main recommendations made have been highlighted in the table below:

Table 1: Summary recommendations

SUMMARY RECOMMENDATIONS	
1.	Allow for the provision of an indication of approval for FLISP prior to receiving the mortgage grant.
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.
9.	Regular FLISP workshops designed for NDHS and PDHS to ensure that there is consistency of application of FLISP policy and guidelines.
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.

Source: Author compilation

1. INTRODUCTION

1.1 Introduction and Background

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 low uptake 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).

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.

1.2 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.

1.3 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.

2. METHODOLOGY

2.1 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 25% of the sample declining to be interviewed.

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

Figure 1: 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.

2.2 Evaluation Data Collection Methods and Fieldwork

(i) High Level Interviews

27 in-depth interviews were held with the programme's key informants drawn from key stakeholders. Key stakeholder interviews provided both qualitative and in-depth information. Semi-structured open-ended interview guides were designed for this purpose. The interviews were held remotely using MS Teams and via telephone on a one-on-one basis, with discussions guided by

the semi-structured interview guides. Each group of key informant interviewees had their own semi-structured interview guide containing discussion matters relating to their association with the programme.

(ii) Survey Questionnaires

A structured survey questionnaire 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. These interviews were held remotely using the telephone.

(iii) Desktop Review of Key Documents

As part of the evaluation study, the Evaluation Team reviewed key documents whose findings were validated against the findings of the primary data. The programme documents formed the main sources of secondary data providing both background information and progress towards achieving set programme objectives.

2.3 Sampling Techniques

The sampling technique employed in the selection of key informants was purposeful sample selected because of the following identified criteria:

- Day to day exposure and proximity to the Programme
- Works closely with Programme beneficiaries
- Administers any of the aspects relating to 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 could no longer be employed as initially planned. However, due to challenges experienced in obtaining readily available 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 50% declining to be interviewed. This technique works on the basis of referrals by Programme participants.

Table 2: Beneficiaries sample sizes

PROVINCES	SNOWBALL SAMPLING	
	Sample Size	Valid
Eastern Cape	2	0
Free State	10	3
Gauteng	3	3
KwaZulu-Natal	5	5
Limpopo	35	18
Mpumalanga	20	15
Northern Cape	6	3
North West	12	0
Western Cape	0	0
NHFC	0	0
Total	93	47

2.4 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.

2.5 Training of Data Collectors/Enumerators

Data was collected by a team of data enumerators whose focus was on the collection of quantitative data from the FLISP beneficiaries using the structured survey questionnaire. A 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. Piloting was done with a few beneficiaries by the evaluation team to demonstrate the data collection approach and exercise.

2.6 Limitations of the Evaluation Study

The following limitations impacting the results of the study have been identified:

- Due to the Covid-19 pandemic the Evaluation Team could not conduct proper fieldwork which would have allowed participant observation technique with all respondents, more especially during focus group discussions.
- The interview guides will be in English but some of the interviewees would have probably preferred use the vernacular language.
- As much as 50% of the beneficiaries approached declined to be interviewed.
- The limitations inherent in the snowball sampling technique:
 - o The sample not being necessarily representative of the larger population.
 - o Possible bias with referrals

2.7 Elimination of Bias

In an attempt to eliminate bias as far as possible, the team incorporated the following in this evaluation study:

(i) Data gathering instrument standardisation

A standard questionnaire was formulated specific to the key informant sector meaning that all responses pertained to the relevant questions avoiding any deviations from area of research.

(ii) Data collection process

During data collection process, the Evaluation Team maintained minimum contact with the respondents which in turn controlled bias to an extent.

(iii) Participation

The Evaluation Team requested that where possible, all participants respond to all questions so as to record a response rate of 100% which is within the confines of reliability.

2.8 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.

3. RESULTS AND FINDINGS

The results and findings from the data collection process are presented in this section.

3.1 Exploring and Presenting Key Stakeholders Data

3.1.1 General

3.1.1.1 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.

3.1.1.2 Understanding of the FLISP

There appears to be a uniform understanding of FLISP and its intended outcomes across all Provinces as well as 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. FLISP is also intended to stimulate the development of housing stock in the affordable housing market segment.

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.
- Inconsistencies have also been noted in IRDP where Provinces allocated FLISP designated properties to beneficiaries but the value of the properties is equivalent to the subsidy amount.

3.1.1.3 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 described as follows:

- (i) One must first identify the property that they want to purchase in the open market.
- (ii) 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.
- (iii) 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.
- (iv) 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.
- (v) The home loan may be granted by the bank for either the full amount of the purchase price of the property or part thereof subject to the need for a deposit being paid by the Applicant.

- (vi) 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.

It appears however, that there are some variations in the way the Programme is implemented. The Figure below depicts some identified varying FLISP processes in Provinces.

Figure 2: 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 days but it takes much longer in most Provinces due to internal structures and processes unique to individual Provinces. For example, Provinces such as Free State and North West do not have a dedicated FLISP Units 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 months up to disbursement in line with the property registration process. The subsidy approval itself takes up to 21 days, a huge mismatch with Banks that determine their mortgage outcomes within 48 hours. The process with new developments can take longer than three months and each development is unique. With regards to payments, the NHFC and some Provinces should be able to pay within five working days after a request for payment has been made by the attorneys but for most this process can take months according to some banks. This leads to offers for mortgage finance being cancelled by banks in some instances. 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.

3.1.1.4 The IRDP Component

Although Provinces receive funding to implement FLISP in their IRDP projects it appears that they have continued to focus their attention mostly on the open/ secondary market rather.

3.1.1.5 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.” However, the decline for the subsidy is not final because the applicants have room to appeal 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.

3.1.1.6 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 3: 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.
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.

NO	CHALLENGES	MITIGATIONS	REMARKS
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.	
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: <i>"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."</i>	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: <ul style="list-style-type: none"> 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.

NO	CHALLENGES	MITIGATIONS	REMARKS
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
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: <i>"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."</i></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>	The proposed automation by the NHFC needs to be urgently piloted and rolled out.

NO	CHALLENGES	MITIGATIONS	REMARKS
13.	Lack of consumer feedback on the application process by PDHS offices as well as NHFC	Proposed automation by NHFC to assist with consumer feedback.	The use of an automated or electronic feedback process using cell-phone numbers of applicants should be adopted by the NHFC. 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.
14.	Lack of automation	Proposed automation by NHFC	
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

3.1.1.7 FLISP Marketing Strategies

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.
- (iii) 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.
- (iv) Television and radio by the NHFC and some Provinces
- (v) Roadshows by Provincial officials

- (vi) Newspaper advertisements
- (vii) In KZN vehicle billboards
- (viii) FLISP campaigns in crowded areas such as malls where brochures are given out to the public.
- (ix) 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.

3.1.1.8 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 non-urban 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, especially and in smaller urban areas.

3.1.1.9 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 housing 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.

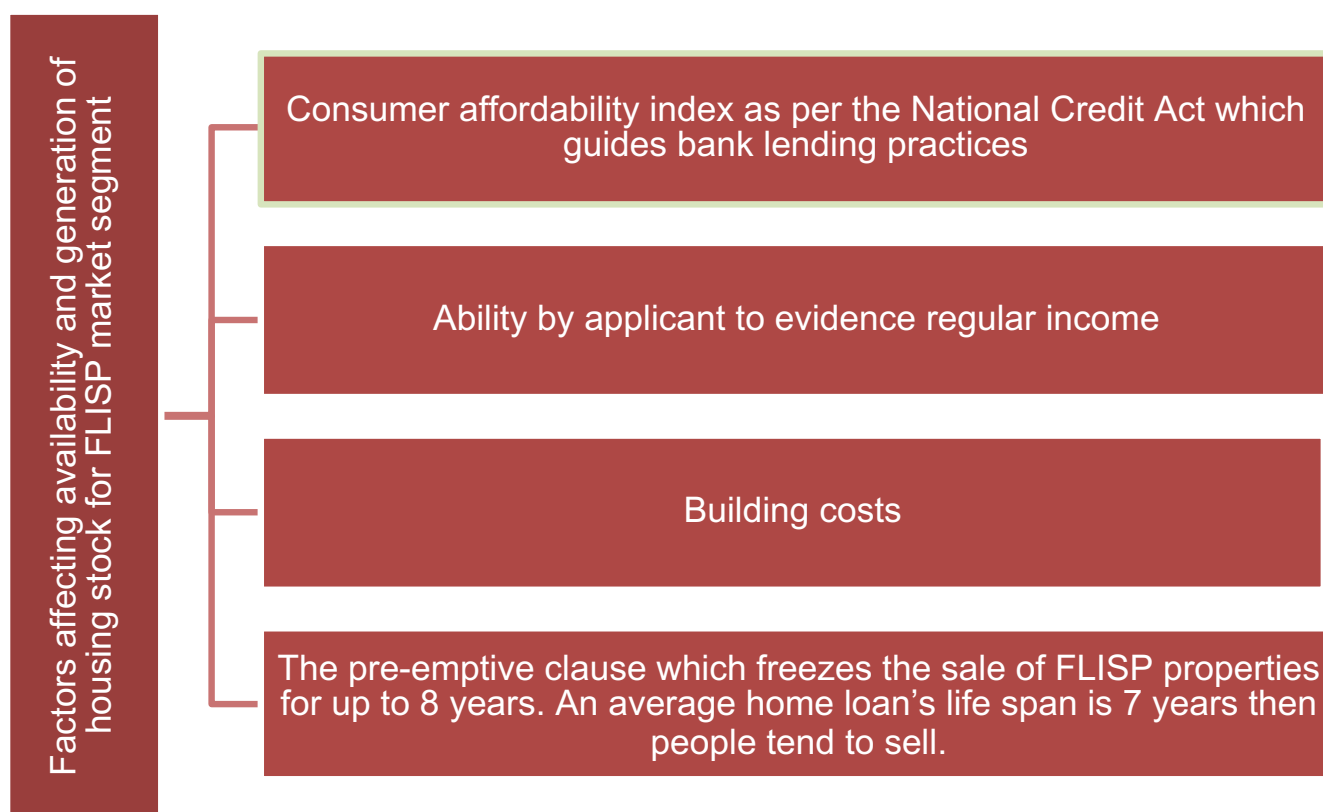
Increasingly, the Banks have become key players in the affordable housing sector not just by providing mortgage finance but by financing affordable housing developments in the private sector. FNB has a dedicated housing development team, whose core function is to engage with the Developers that they 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.

FI's 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.

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 the Figure below.

Figure 3: Factors affecting the affordability of FLISP housing stock



Source: Author Compilation

3.1.1.10 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 nine 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.

3.1.1.11 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 ongoing exercise to increase its capacity; however, this challenge has resulted in the slow take up in some instances.
- (iii) Lack of Provincial representation by the NHFC.
- (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."

3.1.2 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, it 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 (R1) the government puts in, the private sector is putting in seven Rand (R7).

3.1.2.1 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 amongst stakeholders except with the Banking sector.

Figure 4: FLISP stakeholders



Source: Author Compilations

3.1.3 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 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 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 set targets.

Some 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.

3.1.3.1 Good Practice in Programme Implementation

It was noted that there are some positive aspects in the way some 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 workshopped 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.

3.1.3.2 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, a new electronic system is in the pipeline which will 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.

3.1.4 Sustainability of the Programme

Factors that may impact the Programme's sustainability were highlighted as follows:

- Increase in property prices resulting in the lack of available housing stock.
- 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.
- There is lack of awareness of the Programme – FLISP is actually dependent on people who know about the Programme coming forward to apply for the subsidy.
- Non-involvement of the Municipalities.

3.1.5 Positioning/ Partnership and Coordination

3.1.5.1 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.

3.1.5.2 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 in some Provinces – 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.

3.1.5.3 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.

3.1.6 Impact of Covid-19 Pandemic on the Programme

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

- (vi) The Building industry was shut down until Level 3 and during that period no work was done.
- (vii) 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.
- (viii) Any meetings with stakeholders are done via Zoom or MS teams.
- (ix) Loss of jobs due to Covid-19 by applicants that had already been approved
- (x) Delays in approval of FLISP applications resulting in banks withdrawing their mortgage offers even after lockdown was eased.
- (xi) Reduced interest rates which improved affordability

3.2 Exploring and Presenting Beneficiaries Data

The statistics presented in Table 4 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 4: 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

3.2.1 FLISP Beneficiary Data by Province

The data presented in Table 5 below indicates 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%.

Table 5: 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

3.2.2 FLISP Beneficiaries by Sex

Table 6 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 6: 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

3.2.3 Marital Status of FLISP Beneficiaries

The Table 7 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.

Table 7: 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

3.2.4 Race of FLISP beneficiaries

The race of FLISP beneficiaries was presented in Table 8 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 8: 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

3.2.5 FLISP Beneficiaries by Monthly Salary

The data in both Table 9 and also Figure 5 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%.

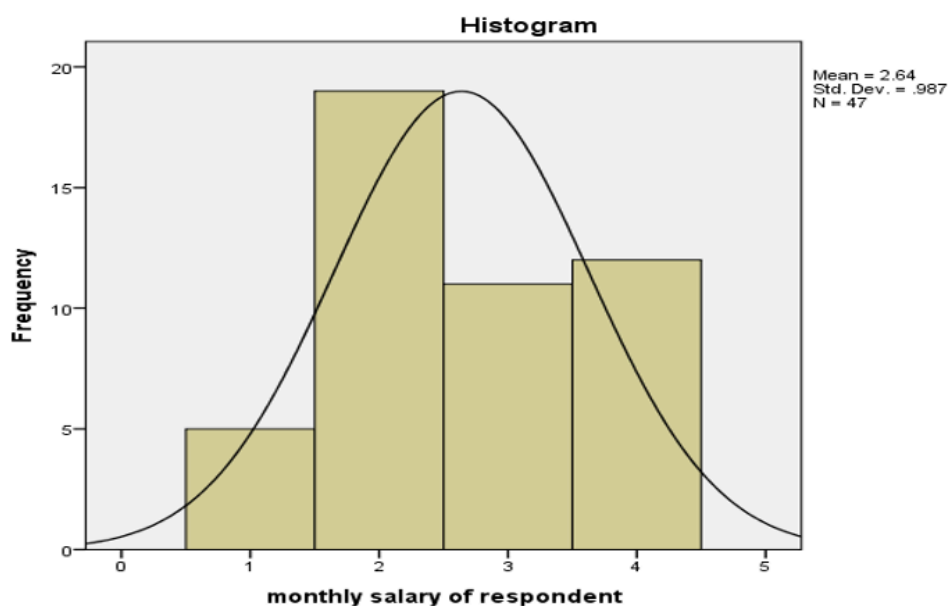
Table 9: Monthly salary of respondents

		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 5 below, data in Table 9 above was presented in a bar graph as follows:

Figure 5: Monthly salary of respondents



Source: Author estimations

3.2.6 Comparing variables

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

3.2.6.1 Cross tabulation of monthly salary versus the property cost

In the Table 10 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.

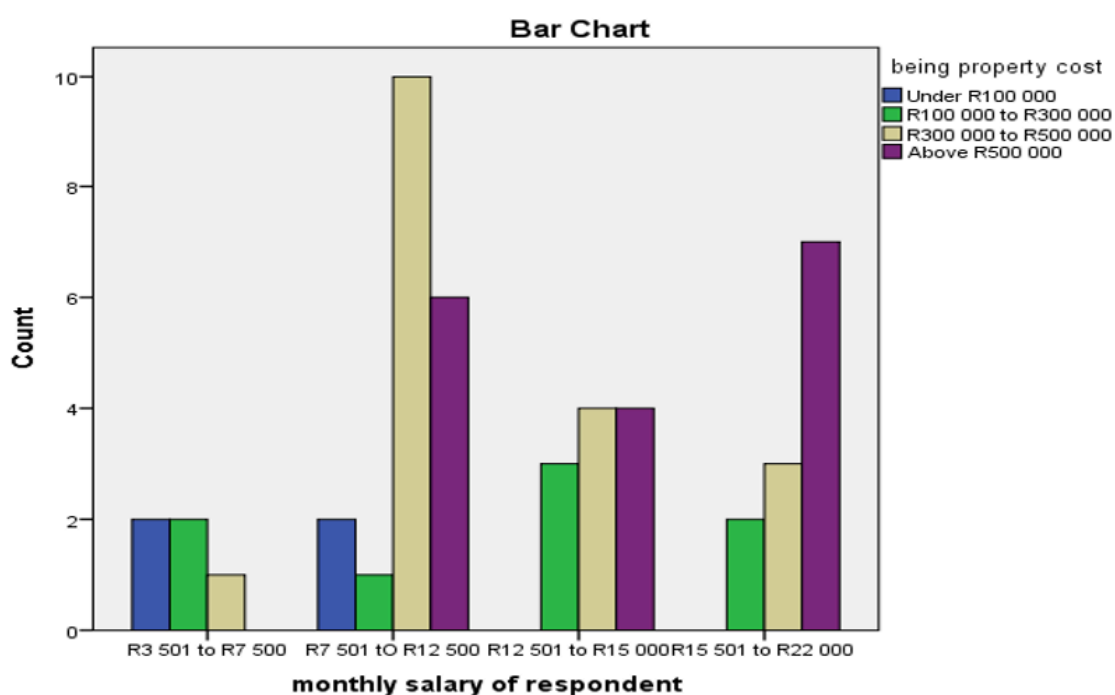
Table 10: Monthly salary of respondent * being property cost Cross tabulation

		BEING PROPERTY COST				TOTAL
		UNDER R100 000	R100 000 TO R300 000	R300 000 TO R500 000	ABOVE R500 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 6: Monthly salary of respondents* being property cost Cross tabulation



Source: Author Compilations

3.2.7 Beneficiary Knowledge and Application for FLISP

Most 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.

3.2.8 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. 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.

3.2.9 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.

3.2.10 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. 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 vi building costs.
- The Covid-19 pandemic had significant impact and changed the way in which the Programme is being implemented.

3.3 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 11: 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 some Provinces – 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?	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. 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.
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 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 some 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

NO	EVALUATION QUESTION	PERFORMANCE INDICATOR
11	What role have the financial institutions and employers played in the implementation of the FLISP, what are the current arrangements?	Fls 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 some decry the lack of a specific budget dedicated for marketing. 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

3.4 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.

3.5 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.

4. CONCLUSIONS

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.

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 some interest in the affordable housing development sector from primarily developers and financiers in spite of the challenges the Programme presents.

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.

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.

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. In some cases people find out about the Programme after their property transactions have concluded hence the introduction of retrospective applications in some Provinces 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.

The Effect of 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.

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.

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

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 suitable policies and guidelines. Some Provinces have developed processes that are quite efficient, even more than the NHFC. Having the NHFC represented at Provincial level could also assist the entity to 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.

5. 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 12: Recommendations

RECOMMENDATIONS	
Priority 1	
1.	Allow for the provision of an indication of approval for FLISP prior to receiving the mortgage grant.
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.
9.	Regular FLISP workshops designed for NDHS and PDHS to ensure that there is consistency of application of FLISP policy and guidelines.
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.

RECOMMENDATIONS	
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.
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.
2.	The Programme needs to get Municipalities on board especially the metros which are involved in the housing development space.
3.	Development of Programme M & E Framework for FLISP

Source: Author compilations

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