

RESEARCH INTO HOUSING SUPPLY AND FUNCTIONING MARKETS

**Banking Association of South Africa:
Housing Workstream Group**

Resource Report 2: Survey of Home Builders

December 2005



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1 Introduction

The Financial Sector Charter (the Charter) commits the Banks to provide some R42 billion of which the vast majority will be applied to mortgageable loans for housing units, with a maximum value of R180 000 per unit (December 2003), to households in the affordable housing sector (households with a maximum income of R7500) by the 31 December 2008 .

The Banking Association of South Africa has established the Housing Workstream Group to ensure that Financial Institutions are able to meet this requirement of the Charter. The Housing Workstream Group needs to fully understand the market in which they will be operating, in particular the current dynamics which shape demand and supply in this market segment.

Accordingly the Banking Association of South Africa appointed Matthew Nell and Associates assisted by The Settlement Dynamics Project Shop to undertake research into Housing Supply and Functioning Markets.

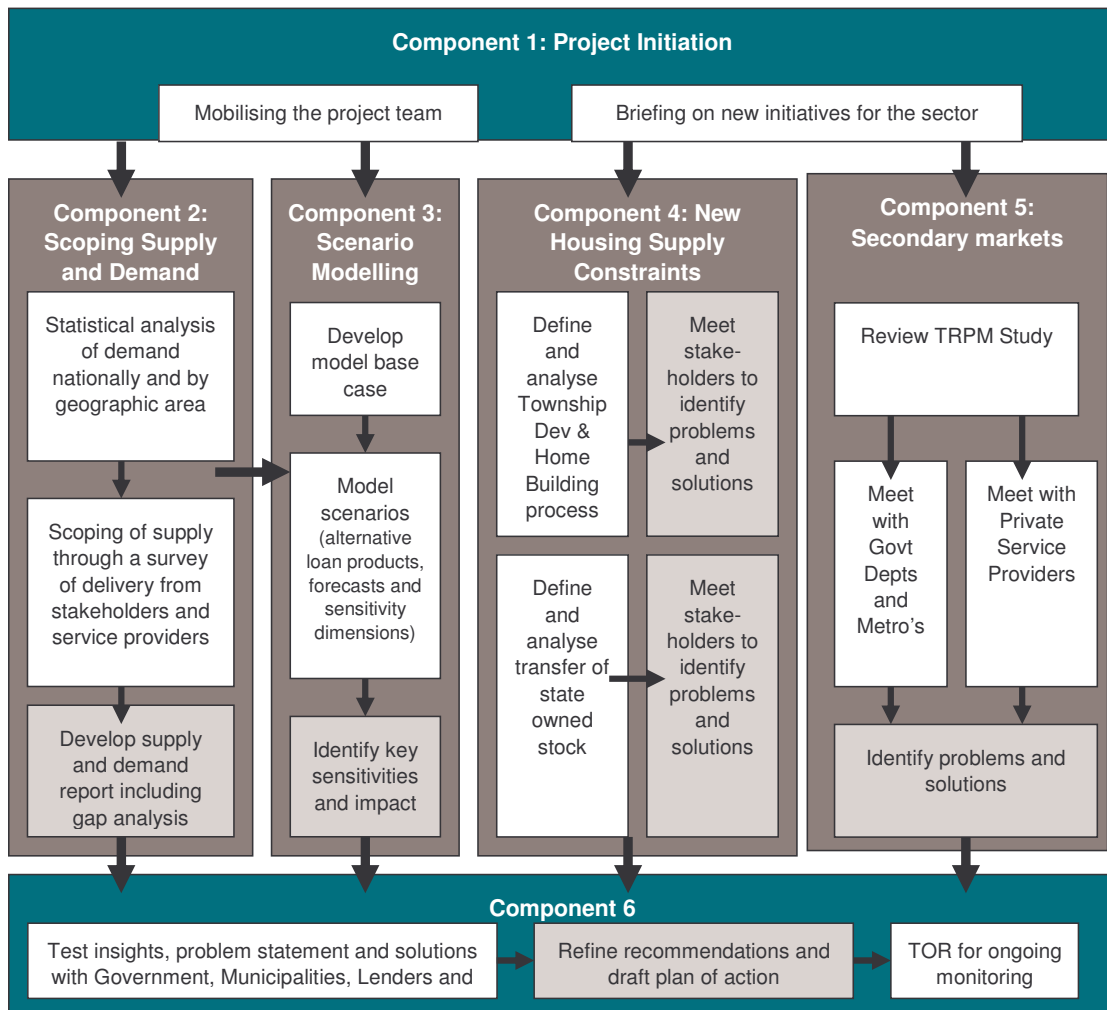
The purpose of the research is to understand the current dynamics and factors influencing the supply and demand for new and existing housing in the 'affordable housing market' (with a mortgageable value of less than R180 000 and targeting people with an income of between R2500 and R7500 per month).

The objectives of the research are to:

- Scope the supply of and demand for affordable housing
- Define market constraints and dysfunctionalities
- Propose a practical plan of action for the Financial Sector in respect of:
 - The gap between the demand and supply of affordable housing
 - Addressing further demand and/or supply constraints relative to the Financial Charter December 2008 targets

The research is being undertaken in terms of six components detailed in Figure 1 below.

Figure 1: Overall Approach



This report comprises part of Component 2: Scoping Supply and Demand and outlines the findings of a telephone survey amongst 212 Home Builders that were registered with the National Home Builders Registration Council [NHBRC] between August 2003 and 2005. This report provides an overview of the results of the Telephone Survey and discusses the following:

- Methodology
- Research Results
- Conclusions

2 Methodology

A telephone survey was conducted with 212 Home Builders registered with the NHBRC between August 2003 and August 2005. This section will explain the methodology followed for the survey.

2.1 Sample

The NHBRC provided a database of all contractors who registered houses in the affordable housing range (below R200,000) from August 2003 to August 2005. A random sample was drawn for each Province from all the registered levels of contractors in the database. All registered contractors were sorted with the Randomization Numbering function in Excel for each Province. This randomization function allowed for more contractors to be added to the sampled list in a random fashion without compromising the integrity of the sample.

It was necessary to over sample in order to achieve the sample targets. For the lower level contractors (Category A and B), one out of every three contacted contractors was found. The medium level contractors (category C to J) one out of every seven sampled contractors were reached. For the higher-level contractors (Level K and above) one out of every 12 contractors were reached. This was due to a large number not having correct contact details or not being involved in affordable housing, despite being listed with the NHBRC as such. Despite over sampling in the higher categories, it was difficult to achieve the targets in this sector.

All sampled contractors with correct contact details who could not be interviewed with the first attempt, were contacted on at least 3 different times to be interviewed. Where necessary an appointment was made with the contractors to be interviewed at a later stage. Refusal rates were low with less than 5% of respondents refusing to be interviewed.

The survey took place during office hours to allow for maximum availability of respondents.

The table below shows the realized sample:

Table 1: What is your Category of registration with the NHBRC? (Realized sample)

NHBRC Category	GP	Lim	Mpum	FS	NW	EC	NC	WC	KZN	Total	
A:1 to 5 Units	Count	16	4	4	5	6	6	3	9	10	63
	Column %	26.70%	25.00%	16.70%	29.40%	42.90%	21.40%	42.90%	34.60%	50.00%	29.70%
B:6 to 10 Units	Count	21	1	7		3	4	1	5	4	46
	Column %	35.00%	6.30%	29.20%		21.40%	14.30%	14.30%	19.20%	20.00%	21.70%
C:11 to 20 Units	Count	6	1	4	3	1	4		2	3	24
	Column %	10.00%	6.30%	16.70%	17.60%	7.10%	14.30%		7.70%	15.00%	11.30%
D:21 to 30 Units	Count	8	1	5	1		1		2		18
	Column %	13.30%	6.30%	20.80%	5.90%		3.60%		7.70%		8.50%
E:31 to 50 Units	Count	2	3	1	1		1	2		1	11
	Column %	3.30%	18.80%	4.20%	5.90%		3.60%	28.60%		5.00%	5.20%
F:51 to 100 Units	Count	3		2	4	2	4		3	2	20
	Column %	5.00%		8.30%	23.50%	14.30%	14.30%		11.50%	10.00%	9.40%
G:101 to 150 Units	Count	2			1		2		2		7
	Column %	3.30%			5.90%		7.10%		7.70%		3.30%
H:151 to 250 Units	Count		1				2				3
	Column %		6.30%				7.10%				1.40%
I:251 to 500	Count		4	1		1	1	1	1		9
	Column %		25.00%	4.20%		7.10%	3.60%	14.30%	3.80%		4.20%
J:751 to 1000	Count		1		2	1	1				5
	Column %		6.30%		11.80%	7.10%	3.60%				2.40%
K:1001 to 4999	Count	1					1				2
	Column %	1.70%					3.60%				0.90%
O:1600 0 +	Count	1					1		2		4
	Column %	1.70%					3.60%		7.70%		1.90%
	Count	60	16	24	17	14	28	7	26	20	212
	Column %	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

2.2 Questionnaire Development

The questionnaire used in the Survey was developed by the consultant team and edited for survey use by Progressus Research and Development. The final questionnaire was piloted and final adjustments made before fieldwork commenced.

2.3 Data Gathering

Proper training and the evaluation of the training outcomes were essential and formed the foundation for generating quality information. Interviewers that participated in the survey were trained and evaluated for quality. The training was conducted by professional and experienced researchers and included constant evaluation and feedback.

Training focused on the conceptual understanding of the questions in the questionnaire, Special attention was given to the probing of open-ended questions, which made up most of the questionnaire. Interviewing skills, and especially blind telephone interviews were also important aspects covered in the training, with emphasis on all aspects related to interviewing. Interviewers were also sensitized to the subject matter.

Monitors were trained to check completed questionnaires and 10% of the completed sample was contacted and key information verified.

Open ended questionnaires were post coded under the supervision of Progressus by a Masters graduate who specialized in the field of low cost housing.

2.4 Data Capturing and Analysis

A database was developed in Epi-Info that specified field limitators to ensure the accuracy of the data entering. The completed data set was checked and discrepancies verified against the actual questionnaires. Data was weighted back to the actual numbers of contractors per level of NHBRC registration. On completion of the verification process the dataset was locked and analysis were done.

3 Survey Results

The data of the survey was analyzed using two distinguishing groupings of comparisons. The first analysis was conducted comparing 3 levels of NHBRC registered contractors with one another. The NHBRC grade their contractors according to their capacity from level A to O. The lowest level (Level A) are registered to build between 0 to 5 units per project, and the highest level (Level O) are registered to build more than 16,000 units per contract. The capacity of each level is as follows:

Table 2: Capacity Level

<i>NHBRC Category</i>	<i>Capacity for Number of Units per Contract</i>
A	1 to 5 Units
B	6 to 10 Units
C	11 to 20 Units
D	21 to 30 Units
E	31 to 50 Units
F	51 to 100 Units
G	101 to 150 Units
H	151 to 250 Units
I	251 to 500 Units
J	751 to 1000 Units
K	1001 to 4999 Units
O	16000+ Units

The data report a comparison of 3 grouped NHBRC categories:

- Category A to C
- Category D to H
- Category I to O

In Appendix A, an overview is provided of a comparison between the type of work the contractors mainly do and provide the results a comparison of the data according to these categories:

- Mostly service land
- Mostly build houses
- Mostly service land and build houses
- Mostly buy serviced land and build houses
- Operate in subsidized housing market only

The report provides data on the following:

- Which of the following projects do you usually undertake?

- Would you say you will do more or less work in the affordable housing sector from now until December 2008?
- Approximate number of houses you plan to build in the affordable housing range from now to December 2008.
- Reasons why you plan to do more work in the affordable housing range
- Problems you experience in respect of building affordable housing
- If problem is of Financial nature, elaborate on these problems
- What actions can government take to address constrains or problems which you experience?
- What actions can the banks take to address constrains or problems which you experience?
- What other factors would have to change in order for you to increase your level of work in the sector?

The data is reported on 2 levels: First each question provides a summary response of the data in a GRAPH. This graph provides a summary of all coded responses to questions, where responses were grouped together in themes. Following each graph is a TABLE that provides the different responses with the percentage of respondents that provided this response. The responses in the table is also to a certain extent a summary of responses, because it will be impossible to make sense of the data if 212 responses is reported for every question. Care is however taken to provide as much as possible information on the main responses in the table and the variety of responses that contributed to this answer.

Table 3: Which of the following projects do you usually undertake?

	NHBRC Category A to C (1 - 20 Unit Capacity)	NHBRC Category D to H (21 - 250 Unit Capacity)	NHBRC Category I to O (250+ Unit Capacity)	Total
Service land only	5.50%	1.10%		4.90%
Build houses only	61.10%	44.10%	78.00%	59.60%
Service land & Build houses	14.10%	42.50%	16.50%	17.30%
Buy serviced land	15.20%	12.30%	5.50%	14.70%
Operate in Subsidized Housing market only	4.10%			3.50%
Total	100.00%	100.00%	100.00%	100.00%

Contractors in Category A to C (61.1%) and Category I to O (78%) are mainly involved in building houses, while the category D to H (44.1%) are involved in both the building of houses as well as both the servicing of land and building of houses (42.5%).

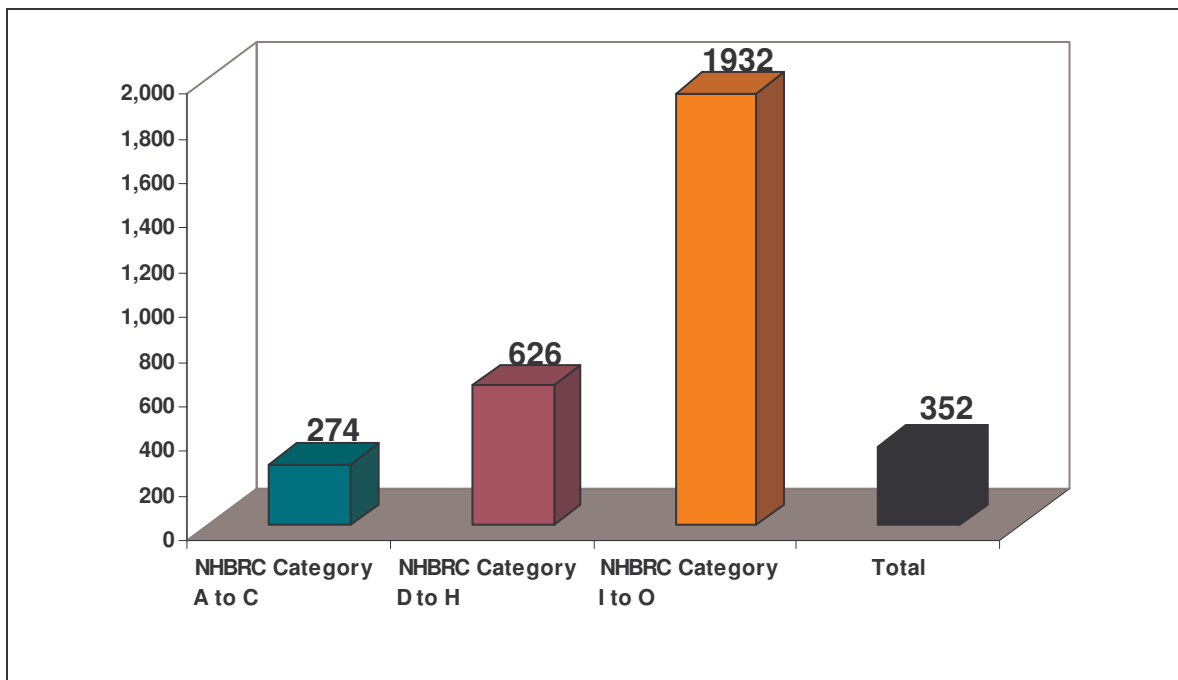
Very few contractors are involved in the subsidized housing market and only contractors in category A to C (4.1%). It seems that not all contractors involved in the subsidized housing market are registered in the NHBRC database provided for August 2003 to August 2005. Furthermore the sample also did not uncover a large number of contractors who only service land (4.9%) only.

Table 4: Would you say you will do more or less work in the affordable housing sector from now until December 2008?

	NHBRC Category A to C (1 - 20 Unit Capacity)	NHBRC Category D to H (21 - 250 Unit Capacity)	NHBRC Category I to O (250+ Unit Capacity)	Total
More	95.90%	98.80%	100.00%	96.30%
Less	4.10%	1.20%		3.70%
Total	100.00%	100.00%	100.00%	100.00%

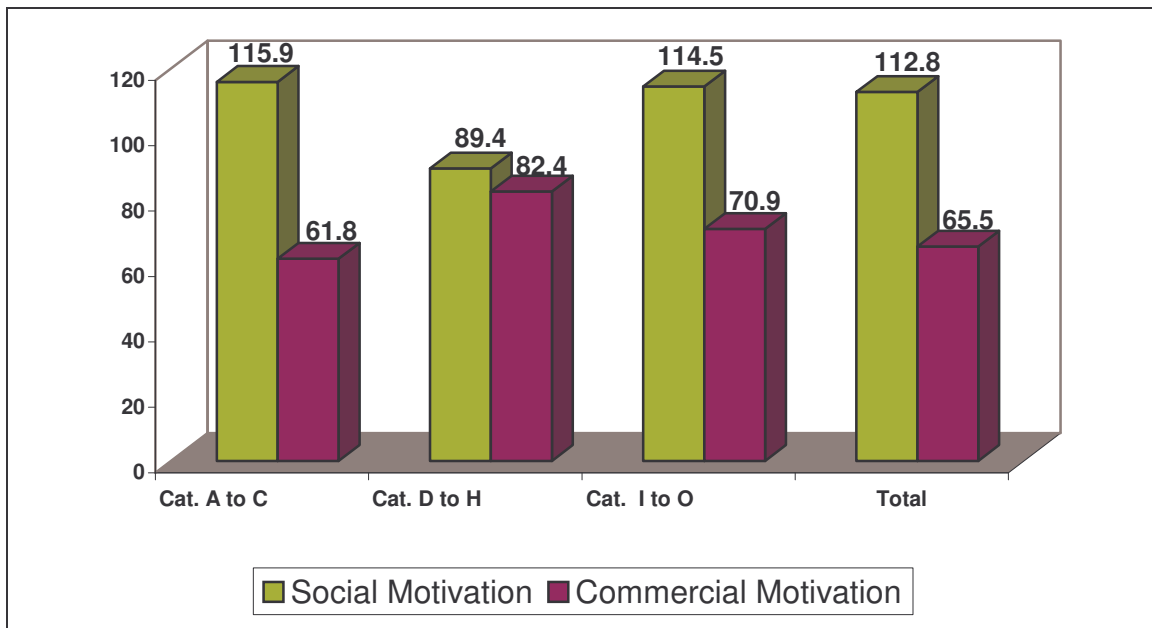
Almost all contractors surveyed in all NHBRC categories intend to do more work in the affordable housing market from now to December 2008. This information could be influenced by the Introduction to the survey where respondents were informed that the survey is being conducted in response to the Financial Services Charter, which provide for more loans for Mortgageable housing in the affordable housing range.

Figure 2: Approximate number of houses you plan to build in the affordable housing range from now to December 2008.



Those surveyed contractors who said that they plan to do more work, were asked how many houses they estimate they will build in the affordable housing range from now to December 2008. As could be expected the higher capacity categories (I to O) plan to build the most houses (an average of 1932 houses per contractor) while the lowest capacity contractors (A to C) plan to do the least number of houses (an average of 274 houses per contractor).

Figure 3: Summary: Reasons why you plan to do more work in the affordable housing range¹



NHBRC registered contractors in all categories reported that they are mainly motivated by Social Reasons to do more work, and secondly by Commercial Reasons.

The table below explains the dimensions that contributed to each type of motivation:

Table 5: Reasons why you plan to build more houses?

		NHBRC Category A to C (1 - 20 Unit Capacity)	NHBRC Category D to H (21 - 250 Unit Capacity)	NHBRC Category I to O (250+ Unit Capacity)	Total
To create jobs	Social Motivation	44.3	44.3	79.6	44.0
Huge demand for housing	Social Motivation	41.1	29.9	36.9	39.7
Make more money	Commercial Motivation	22.3	20.3	40.3	22.4
Have passion for building houses	Social Motivation	19.1	8.8	15.5	17.9
Best builders in the market	Commercial Motivation	14.1	12.5	13.1	13.9
Trained my laborers	Commercial Motivation	9.3	20.6	6.3	10.5

^{*} Percentages reported do not add up to 100%, but exceeds 100% because the question provided for a Multiple Response. Reasons provided were then grouped according to Social Motivation or Commercial Motivation. Responses therefore could exceed more than 100%.¹

Removing of shacks for quality hoses	Social Motivation	5.4	1.0	22.3	5.2
If allocation process improves	Commercial Motivation	5.5	3.7	0.0	5.2
Plough back to the community	Social Motivation	4.3	3.6	10.2	4.3
I was just awarded housing contract	Commercial Motivation	4.2	3.4	6.3	4.1
Can manage the pressure of housing delivery	Commercial Motivation	2.4	4.4	0.0	2.6
Appropriate Infrastructure equipments finance	Commercial Motivation	1.9	4.2	4.9	2.3
Need to grow my business	Commercial Motivation	0.0	9.0	0.0	2.3
Woman empowerment in the construction industry	Social Motivation	1.7	0.9	0.0	1.6
Most contractors don't prefer to build these hoses	Commercial Motivation	1.5	0.2	0.0	1.3
If availability of land improves	Commercial Motivation	0.6	1.2	0.0	0.6
To develop and involve youth	Social Motivation	0.0	0.9	0.0	0.1
If funds become available from the banks	Commercial Motivation	0.0	0.9	0.0	0.1
Low cost housing is an easy job	Commercial Motivation	0.0	0.9	0.0	0.1
Easy finance	Commercial Motivation	0.0	0.9	0.0	0.1
Because it is cheap to build these houses	Commercial Motivation	0.0	0.2	0.0	0.0
Total		86.7	11.2	2.1	100.0

Contractors in all NHBRC categories are aware of their unique position to provide job opportunities to the unemployed through creating temporary and permanent jobs for skilled and semi-skilled laborers. This formed an important reason why they want to do more work in the affordable housing range.

Contractors in Category A to C (44.3%) as well as contractors in Category D to H (44.3%) identified the most important reason why they will build more houses in the affordable housing range as the pressure they experience to create more jobs/employment for people. Contractors in Category I to O identified this as the third most important reason (29.9%). This dimension contributes to the overall Social Motivation theme reported in the preceding summary.

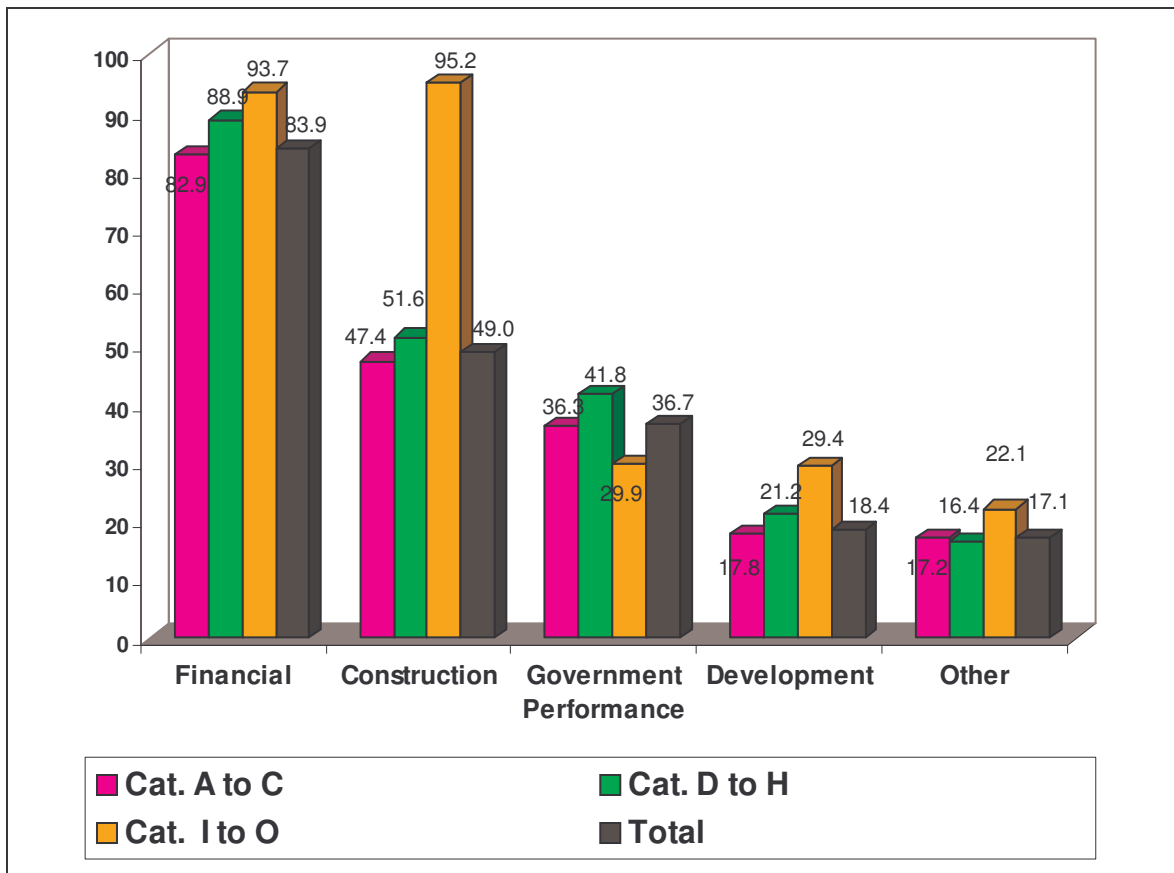
Housing remains a burning point in South Africa and the provision of housing to all is still an important goal for the South African Government and private sector alike. This demand for housing was identified as an important contributing factor why contractors plan to do

more work in the affordable housing sector: Category A to C (41.1%), Category D to H (29.9%) and Category I to O (36.9%). This dimension contributes to the overall Social Motivation theme reported in the preceding summary.

Contractors are also financially motivated and expressed the desire to grow their business and their income. By building more houses they can make more money. This was an important motivating factors why contractor in all categories plan to do more work. Category A to C (22.3%), Category D to H (20.6%) and Category I to O (40.3%). This dimension contributes to the Commercial Motivation theme reported in the preceding summary.

20.6% of contractors in Category D to H said that they geared their enterprises for more work by preparing and training more skilled laborers, which will allow them to do more work.

Figure 4: Summary: Problems you experience in respect of building affordable housing



Respondents were asked about the types of problems they experience when building houses in the affordable housing range. Most problems relate to Financial problems (83.9% overall) for contractors in all NHBRC categories. Construction problems (49% overall) make up the second most important group of problems for all NHBRC contractors (except Category I to O) for whom this was the most pressing problem. Government Performance is the third most important problem (36.7% overall) and Development problems the fourth biggest problem (18.4%) overall.

The table below reports the different dimensions that contributes to each problem area discussed above:

Table 6: Problems you experience in respect of building affordable houses

		NHBRC Category A to C (1 - 20 Unit Capacity)	NHBRC Category D to H (21 - 250 Unit Capacity)	NHBRC Category I to O (250+ Unit Capacity)	Total
Financial problems	FINANCIAL	74.7	45.8	84.1	71.9
Labour problems	CONSTRUCTION	25.4	12.2	0.0	23.1
Expensive land and land not accessible	DEVELOPMENT	19.3	28.5	6.7	20.0
Delayed building material and equipment	CONSTRUCTION	15.8	27.3	34.2	17.7
Unfair tender procedure	GOVERNMENT PERFORMANCE	14.8	6.0	6.3	13.7
Tenders: Quality of work not monitored	GOVERNMENT PERFORMANCE	10.0	19.2	8.7	10.9
No marketing skills	DEVELOPMENT	10.5	5.1	0.0	9.7
Too low standards of housing	OTHER	8.6	13.9	0.0	8.9
Slow municipal payment	GOVERNMENT PERFORMANCE	7.0	4.4	14.4	6.9
More loans from bank	FINANCIAL	3.5	15.2	0.5	4.7
Late registrations of bonds affect payment	FINANCIAL	1.9	23.9	9.1	4.4
No information available	OTHER	4.2	0.0	17.3	4.0
Labour suffer from HIV	OTHER	4.4	0.0	0.0	3.9
NHBRC feedback on structure too long after assessed	GOVERNMENT PERFORMANCE	4.1	3.2	0.0	3.9
Poor and unreliable transport (Building Materials) in Rural Areas	CONSTRUCTION	2.9	3.4	17.8	3.3
Unskilled labour	CONSTRUCTION	3.2	3.7	0.5	3.2
Installation of electricity difficult	DEVELOPMENT	2.8	0.0	0.0	2.4
Lack of financial security	FINANCIAL	2.5	0.0	0.0	2.2
Problems with sewage and water	DEVELOPMENT	0.5	12.3	13.5	2.0
Low demand - unemployment	DEVELOPMENT	2.0	1.1	0.0	1.9
Pricing	DEVELOPMENT	1.7	1.5	0.0	1.6
Plan approvals take long time	GOVERNMENT PERFORMANCE	0.4	5.2	0.0	0.9
Problems with credit bureau listing	FINANCIAL	0.3	4.0	0.0	0.7
Stealing of building materials	CONSTRUCTION	0.3	0.0	15.9	0.6
Equipment	DEVELOPMENT	0.0	1.1	16.3	0.5
No tenders	GOVERNMENT PERFORMANCE	0.0	3.8	0.0	0.4
Housing market competitive industry	DEVELOPMENT	0.3	1.2	0.0	0.4

		NHBRC Category A to C (1 - 20 Unit Capacity)	NHBRC Category D to H (21 - 250 Unit Capacity)	NHBRC Category I to O (250+ Unit Capacity)	Total
Negative attitude of clients	DEVELOPMENT	0.0	0.0	15.9	0.4
Bad weather conditions	CONSTRUCTION	0.2	1.1	0.0	0.3
Shortage of skilled labour	CONSTRUCTION	0.0	2.8	0.5	0.3
Pressure from beneficiaries to finish	OTHER	0.0	1.2	4.8	0.2
Corruptions	OTHER	0.0	1.0	0.0	0.1
Political disadvantages	OTHER	0.0	0.3	0.0	0.0
Gvt payment slow	GOVERNMENT PERFORMANCE	0.0	0.0	0.5	0.0
Total		87.2	10.6	2.2	100.0

Financing projects in the affordable housing sector remains one of the biggest constraints contractors face. Category A to C (74.7%) Category D to H (45.8%) and Category I to O (84.1%). Financial problems are made up of the following responses received from Contractors:

- Banks don't trust emerging contractors to give them loans.
- Cannot get loans from banks due to lack of financial security.
- Lack of enough cash to pay labour.
- Lack of finance to start projects.
- Financial management skills (managing cash flow).
- Lack of enough working capital for emerging contractors
- Suppliers don't offer credit.
- Delayed payments by government.
- Could not get a loan from a bank because the contractor's customers were paying (Credit linked housing).
- Money paid to subcontractor are very little and make up a minimum of the total contract price
- Contractors get paid per square meter for outside walls, inside walls not included in the price.
- Prices allocated for building is not negotiable – Take-it-or-leave-it approach by Developers and Government.
- Late payments delay work progress and workers strike or go slow.
- Salaries/Sub contractor payments are not decided in accordance to inflation e.g. increase is slower than inflation.

- Banks hassle the contractors – they only pay once 40% work has been done.
- Banks take 3 months to register bonds or transfers which delay payment for contractors.
- Banks charge more interest rates for this large market (Affordable Housing) because it is perceived a high risk.
- Government cannot give a guarantee on what the bank has offered.
- No profit in the affordable housing sector.
- No money put aside for damage control.
- Late payment from clients.
- Banks give loans according to Race (Discrimination against African Contractors).
- Cost for professional services are too high.
- Subsidies are too low – it is difficult for low-income earners to get loans - no customers.

Labour problems are the second biggest problem that contractors face in Category A to C (25%). Labour problems are a dimension of the Construction Theme in the preceding Summary. These problems refer to the following responses from contractors

- Lack of trained skilled labour.
- Lack of staff supervision – poor workmanship.
- Labour is unskilled – results in delays in work.
- Training emerging woman contractors important step to overcome problems.
- Unreliable labour results in work that is not up to standard.
- Labour coming late to work or not at all
- Poor workmanship on part of laborers employed by the contractor.
- Contractors are not protected against Industrial Action from laborers – can result in losses

Land availability and costs are also important problems faced by contractors: Category A to C (11.3%) and Category d to H (28.5%). Land availability contributes to the overall theme of Development, in the preceding summary. Land problems are representative of the following responses from contractors:

- Limited availability of land to build/develop Affordable houses.
- Expensive land in private properties.
- The stands provided for Affordable housing are scattered – increases building costs
- Rezoning of land problematic and time consuming.
- Approval of land is time consuming.

- Poor types of soil pushing the expenditure too high.
- Municipality is selling the land but the process is taking time due to nepotism.
- Monopoly of buying land by people who have money.
- Land availability limited – only African people considered.
- Land prices not comparable between different municipalities.

Delays in material provision are also an important constraint that contractors face Category D to H (27.3%) and Category I to O (44.2%). This forms a dimension of the Construction theme explained above. These delays refer to the following responses from contractors:

- Expensive building materials and equipment.
- Collect building materials from far (I.e. 50 km from site) is expensive.
- Shortage of building material.
- Building material costs have escalated.
- Units in the rural areas are scattered and Supplier's complain and end up not delivering.
- Building materials not delivered on time.
- Theft of building material – slowing down the delivery.
- Shortage of equipment.
- Use of cheap material result in poor quality, rework.
- No enough equipment like Mixers.

Table 7: If problem is of Financial nature, elaborate on these problems

	NHBRC Category A to C (1 - 20 Unit Capacity)	NHBRC Category D to H (21 - 250 Unit Capacity)	NHBRC Category I to O (250+ Unit Capacity)	Total
Tenders: Quality of work not considered, just price and contacts with the Tendering party & Unfair Tender procedures	91.3	0.0	0.0	56.6
Slow municipal payment and service	42.0	0.0	0.0	26.0
Difficult to obtain Financing	34.7	7.3	0.0	24.1
NHBRC feedback on structure too long after assessed	34.7	0.0	0.0	21.5
Limited loans from bank	8.6	21.7	0.0	13.0
Expensive land and land not accessible	0.0	34.6	0.0	12.2
Corruption	0.0	25.9	0.0	9.1
Late registrations of bonds affect payment	7.3	7.3	0.0	7.1
Low demand - unemployment	7.3	4.2	0.0	6.0
Selling houses from plan - difficult to secure sale	0.0	10.5	0.0	3.7
Unskilled labour results in costly building mistakes/ slow building	0.0	0.0	83.3	2.5
No marketing skills	0.0	4.2	0.0	1.5
Lack of financial security	0.0	0.0	8.3	0.2
No tenders available	0.0	0.0	8.3	0.2
Total	62.0	35.1	2.9	100.0

The most important Financial problems contractors experience in category A to C relate to the allocation of Tenders which contractors felt are not based on a fair consideration of the quality of the work that will be provided (91.3%). Specific problems that relate to the Tendering process are listed below:

- Tenders – lack of proper management and quality work.
- Unsuccessful tender applications due to corruption.

- Tender process adjudication not open and fair – do not know why Tender is lost

This provides no learning experience.

- Tenders are awarded to same contractor every time e.g. 23 successive contracts.
- It is very difficult to get tenders.
- Jobs are given to companies who are not skilled.
- Tender process is difficult.
- No tenders available.
- Contracts are given to contractors who are not registered, because their costs are low.
- Tender documents are too technical.
- Tendering process too long – from the time Tender is submitted until Tender is awarded.

The slow services and payments received from Municipalities are a further concern for contractors in category A to C (42%). These responses refer to the following:

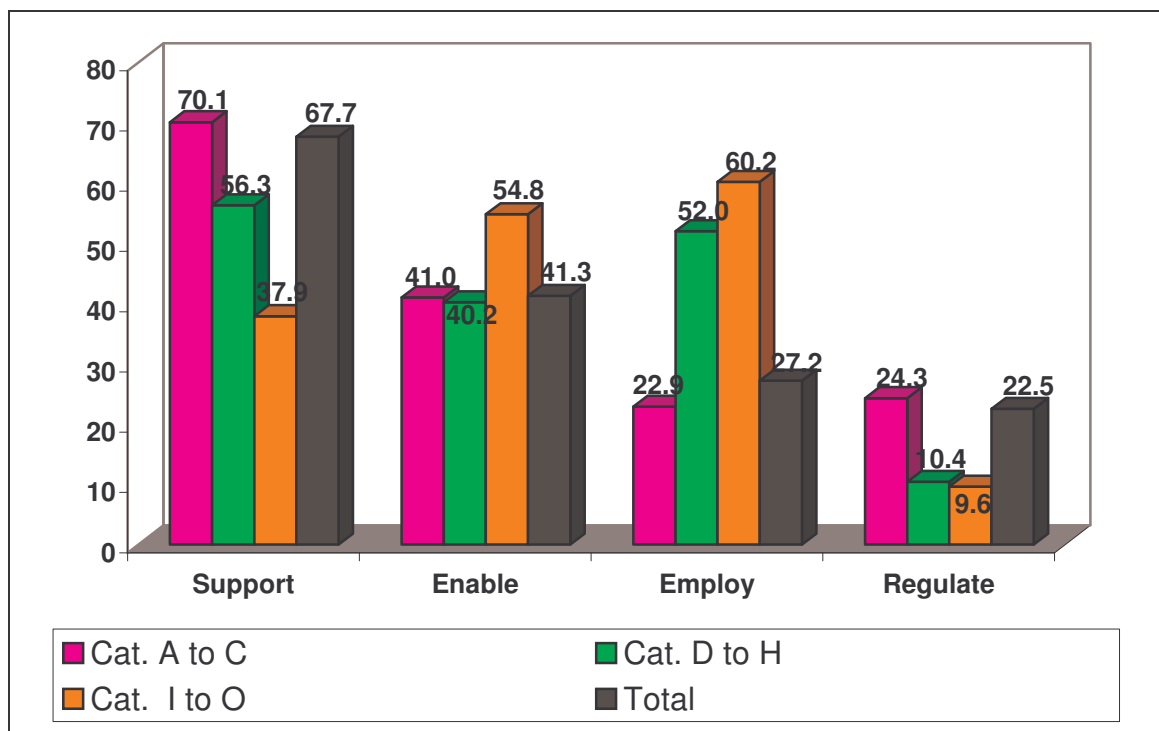
- Government employees do not do their work, unable to assist contractors with enquiries.
- Inexperienced municipality officials take time to pay contractors.
- Local authorities are too slow to provide water and electricity and the approval of plans.
- Difficult to get approval from municipality.
- Plans take 3 months to be approved due to shortage of staff at Municipal offices.
- Shortage of water from Municipalities.
- Lack of information from councilors.
- Municipal funds are too difficult to access due to corruption.
- No support from government to initiate own projects.
- Municipalities do not want to service the land.
- Confusion between local and provincial government about beneficiaries – leadership needed.
- Town council – demand rates and taxes for land not fully developed yet - delay delivery of housing.
- Racism and bribery.
- Allocation process - registration is too slow.
- Councilors are unfair – select only fly-by-night contractors who are their friends – nepotism.

Difficulty in obtaining finance is another problem for contractors in category A to C, as well as the late feedback from the NHBRC on the assessed structure (34.7% respectively).

The availability of affordable land is the most pressing Financial concern for contractors in category D to H (34.6%). Corruption is the second most important Financial problem contractors in category D to H experience (25.9%). This refers to corruption on all levels and especially the practice of bribery in obtaining tenders, quick payments and other favours. Limited availability of loans for contractors in the affordable housing market was also of concern for contractors in category D to H (21.7%).

The most important financial constraint for contractors in category I to O is the cost of unskilled labour when expensive mistakes are made and building progress is slow due to the low level of skills amongst laborers (83.3%)

Figure 5: What actions can government take to address constrains or problems which you experience?



Contractors were asked what actions Government can take to address the problems they experience in respect of building houses in the affordable housing range. Responses from contractors can be categorized in 4 themes: Support, Enablement, Employment, and Regulation.

For contractors in category A to C (70.1%) and category D to H (56.3%) Support from Government was the most important. For contractors in category I to O (60.2%), Employment was the most important request to government.

The table below shows the dimensions that contribute to the 4 themes.

Table 8: What actions can government take to address constrains or problems which you experience

		NHBRC Category A to C (1 - 20 Unit Capacity)	NHBRC Category D to H (21 - 250 Unit Capacity)	NHBRC Category I to O (250+ Unit Capacity)	Total
Provide Back-up for Emerging Contractors	SUPPORT	21.9	3.4	16.3	19.7
Gvt to provide more land	ENABLE	19.1	15.1	1.4	18.3
Gvt to provide Bridging finance and assistance for contractors	SUPPORT	17.8	20.3	5.3	17.8
Equip labour with Building skills	SUPPORT	13.7	16.9	9.1	13.9
NHBRC Quality control Inspectors at Sites	REGULATE	12.9	3.4	9.6	11.8
Hotline to report Corruption	REGULATE	11.4	7.0	0.0	10.7
Guarantees for contractors at Bank	SUPPORT	11.0	3.9	7.2	10.1
Create partnerships with all Developers	EMPLOY	9.8	5.8	0.5	9.2
Employ more people	EMPLOY	9.1	7.7	0.0	8.8
Gvt more proactive/Facilitative not regulators	ENABLE	7.8	8.4	4.8	7.8
Provide workshops on Financial Management	EMPLY	5.1	17.6	4.8	6.5
Facilitate between Contractors and Subcontractors	ENABLE	5.6	2.1	17.3	5.5
Shorten Payment Periods between phases completed	EMPLOY	2.5	11.4	33.2	4.3
Gvt doing well	OTHER	3.8	1.5	15.9	3.8
Open and Fair plan for contract awards	EMPLOY	2.0	13.9	8.7	3.5
Remove from Credit Bureau Listing	ENABLE	3.0	5.5	0.0	3.2
Computer Literacy Courses	SUPPORT	3.6	0.0	0.0	3.1
Review tender docs to meet SMMs	ENABLE	3.0	0.0	17.3	3.0

		NHBRC Category A to C (1 - 20 Unit Capacity)	NHBRC Category D to H (21 - 250 Unit Capacity)	NHBRC Category I to O (250+ Unit Capacity)	Total
Training and learnerships	SUPPORT	2.1	9.6	0.0	2.9
Municipality should deliver on time	EMPLOY	2.1	1.4	13.5	2.3
Ruling to replace shacks with houses	ENABLE	2.3	0.0	0.0	2.0
Officials stop threatening contractors	EMPLOY	2.1	0.0	0.0	1.8
Updated Info on Housing Projects	ENABLE	0.0	7.1	13.5	1.1
Form woman forums in construction	ENABLE	0.2	2.0	0.0	0.4
Subsidize transportation of material	SUPPORT	0.0	2.2	0.0	0.2
Gvt help blacklisted candidates	ENABLE	0.0	0.0	0.5	0.0
Total		86.3	11.3	2.3	100.0

Providing back-up for emerging contractors is an important priority for Government according to Category A to C (21.9%) and category I to O (16.3%). This contributes to the Support theme discussed above. Back-up refers to the following:

- Provide back-up for emerging contractors to assist with guidance and help when they seem to struggle. Help them and guide them before they fail completely, so that they can learn through the process and neither projects nor contractors fail.
- Empower previously disadvantaged contractors with skills, work, support, and guidance.

Provision of land is also an important priority that Government should address according to category A to C (19.1%) and category D to H (15%). This forms part of the Enablement theme discussed in the preceding table. Land issues encompass the following responses from contractors:

- Government should provide more land.
- Government needs to implement a new system in terms of granting land for building low cost housing.
- Buy land in bulk from private owners.
- Make more land available to fast track the housing delivery.
- Provide land to be used as site offices.
- Help developers to market land.
- Have a thorough understanding of providing land in time, its crucial for the developers to build houses for South Africa.

- Cancel rates and taxes on undeveloped land.
- Municipalities should contribute towards servicing of land because they benefit long term from rates and taxes.
- Subsidize land for low-income groups.
- Rezone more land for housing.

Bridging finance and assistance was identified by Category A to C (17.8%) and category D to H (20.3%) as an important priority for government (This forms part of the Support theme). This refers to the following:

- Provide bridging funds to contractors to speed up the delivery process.
- Give money upfront to the contractors to be able to pay labour on time and pay other debts like building materials.
- Government should subsidize small contractors.
- Government should form partnerships with the banks to make it easier to access funds.
- Government should help clients with finance, make banks to be lenient to low income earners.
- Stop continuous increase of price lists e.g. freeze price lists.
- Put pressure on the banks to assist contractors with finance.
- Be transparent in terms of payments of contractors.
- Help contractors access institutions like Khula and NURCHA .
- Provide proper tax rebate to get more profit.

Contractors in category D to H (16.9%) identified the equipping of labour as an important priority for government. (This forms part of the Support theme mentioned in the summary graph). This refers to the following responses from contractors:

- Train skilled labour for building.
- Government to oversee that skilled and qualified contractors assist in training specialists in the construction industry
- Teach contractors responsibility.
- Constant evaluation and training.
- Training and capacity building.
- Need more capacity building and education e.g. teach contractors about spatial development framework.
- Provide workshop on financial management.
- Introduce social facilitators to educate people that development is for their benefit.

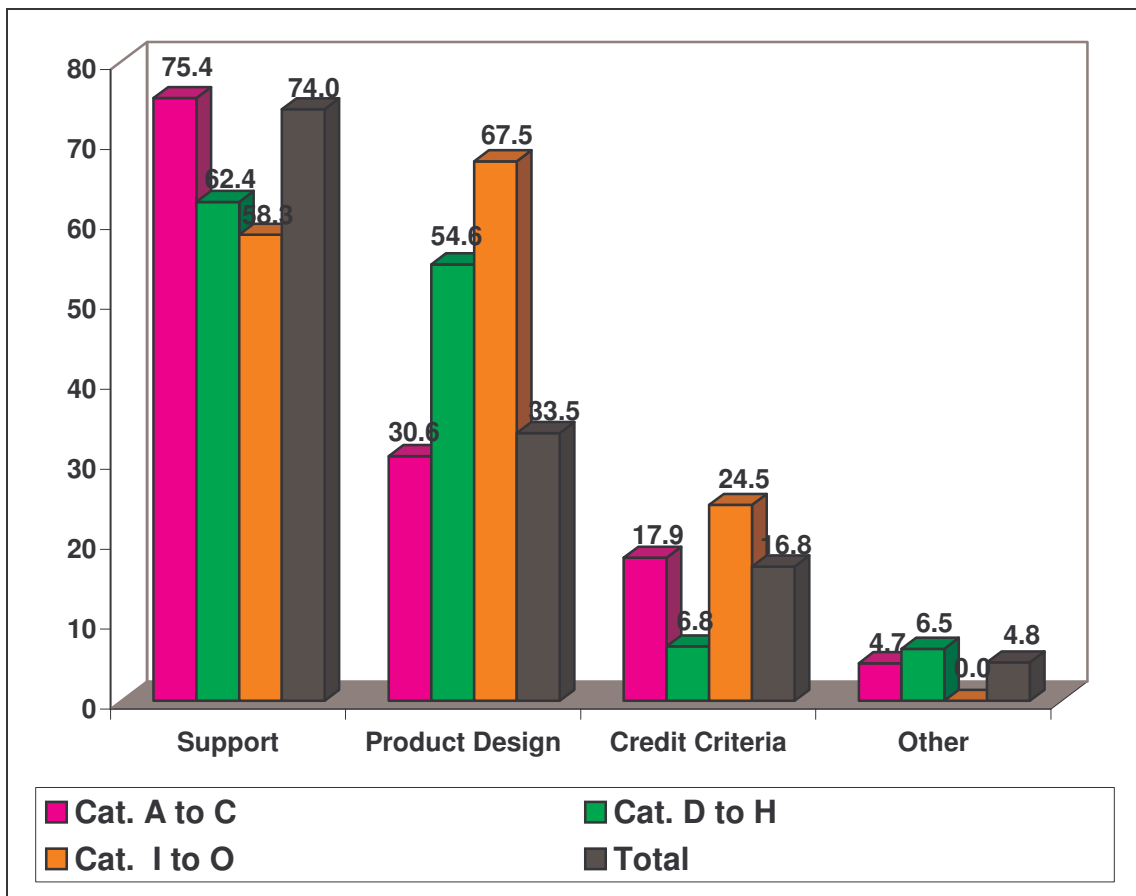
- Workshops and training for women contractors.

Contractors in category I to O (17.3%) identified Facilitation between contractors/developers and sub-contractors as a priority for government to address. This refers to the following:

- Government should form an Association that can act between the main contractor/Developer and the sub-contractor to avoid corruption and nepotism.
- Confidentiality in terms of whistle blowing: There should be a place in government where one could report any wrong doing for those who are biased when allocating projects.

Contractors in category I to O (33.2%) also identified shorter payment periods from governments' side as a priority. These contractors want Government to pay sub-contractors based on progress or part of a job completed, because waiting for the whole structure to be completed cause major financial constraints for contractors. This is exacerbated when payments to follow is then late as well.

Figure 6: What actions can the banks take to address constraints or problems which you experience?



Contractors were also asked to identify what actions Banks can take to address the problems they experience in terms of building houses in the affordable housing range. Responses from contractors were grouped into 4 themes: Support, Product Design, Credit Criteria and Other Support.

The most important action that Banks can take relates to support [category A to C (75.4%), category D to H (62.4%) and category I to O (58.3%)]. Appropriate Product design is another important platform for assistance to these [category A to C (30.6%), category D to H (54.6%) and category I to O (67.5%)].

The table below provides the details of the dimensions that contribute to each of these 4 themes.

Table 9: What actions can the banks take to address constraints or problems which you experience?

		NHBRC Category A to C (1 - 20 Unit Capacity)	NHBRC Category D to H (21 - 250 Unit Capacity)	NHBRC Category I to O (250+ Unit Capacity)
Easier accessible loans	PRODUCT DESIGN	26.5	11.9	23.2
Borrow to municipalities to buy land	SUPPORT	26.8	9.2	14.6
Assist Blacklisted - ITC	SUPPORT	20.1	35.9	0.0
Financial Management Training	SUPPORT	12.4	3.7	19.9
Decrease security percentages	CREDIT CRITERIA	9.4	4.8	23.8
Banks - Give loan for the first projects to sustain	PRODUCT DESIGN	3.8	37.1	37.7
Use performance for Loan security	CREDIT CRITERIA	7.4	0.6	0.7
Encourage contractors to NAFCOC	SUPPORT	5.6	0.0	0.0
Not much could be done	OTHER	4.5	6.5	0.0
Educate Disadvantaged builders	SUPPORT	4.1	2.0	0.0
Application and awarding of Loan processes is not fair - Easier process Needed	SUPPORT	3.8	0.0	23.8
Empower Small Contractors who want to Borrow	SUPPORT	2.6	11.6	0.0
Loans to be paid according to the housing stages	PRODUCT DESIGN	0.3	5.6	6.6
Use Track Record to judge Contractors	CREDIT CRITERIA	1.1	0.0	0.0
Never dealt with the banks	OTHER	0.2	0.0	0.0
Banks Consider Contractor Letter of appointment	CREDIT CRITERIA	0.0	1.4	0.0
Total		88.9	9.3	1.9

Contractors in Category A to C (26.5%) and in Category I to O (23.2%) identified easier accessible loans as a priority for Banks. They expressed the opinion that Banks need to become partners in the provision of affordable housing and make more loans available – both in terms of Construction Finance for the Contractors in the Affordable Housing field, as well as the end-user finance in the form of affordable mortgages.

Contractors in Category A to C (26.8%) also felt that Banks should get involved in making

loans available to well managed Municipalities to buy land for development of affordable housing.

Assistance to Blacklisted contractors is crucial for contractors in Category A to C (20.1%) and Category D to H (35.9%). Surveyed contractors explained that they are discriminated against on two accounts. Firstly because they are blacklisted for small petty debt (less than R100). They further explained that they are often been blacklisted for reason outside their control. An example of this is slow payments from government that makes payment of Suppliers difficult which results in being blacklisted.

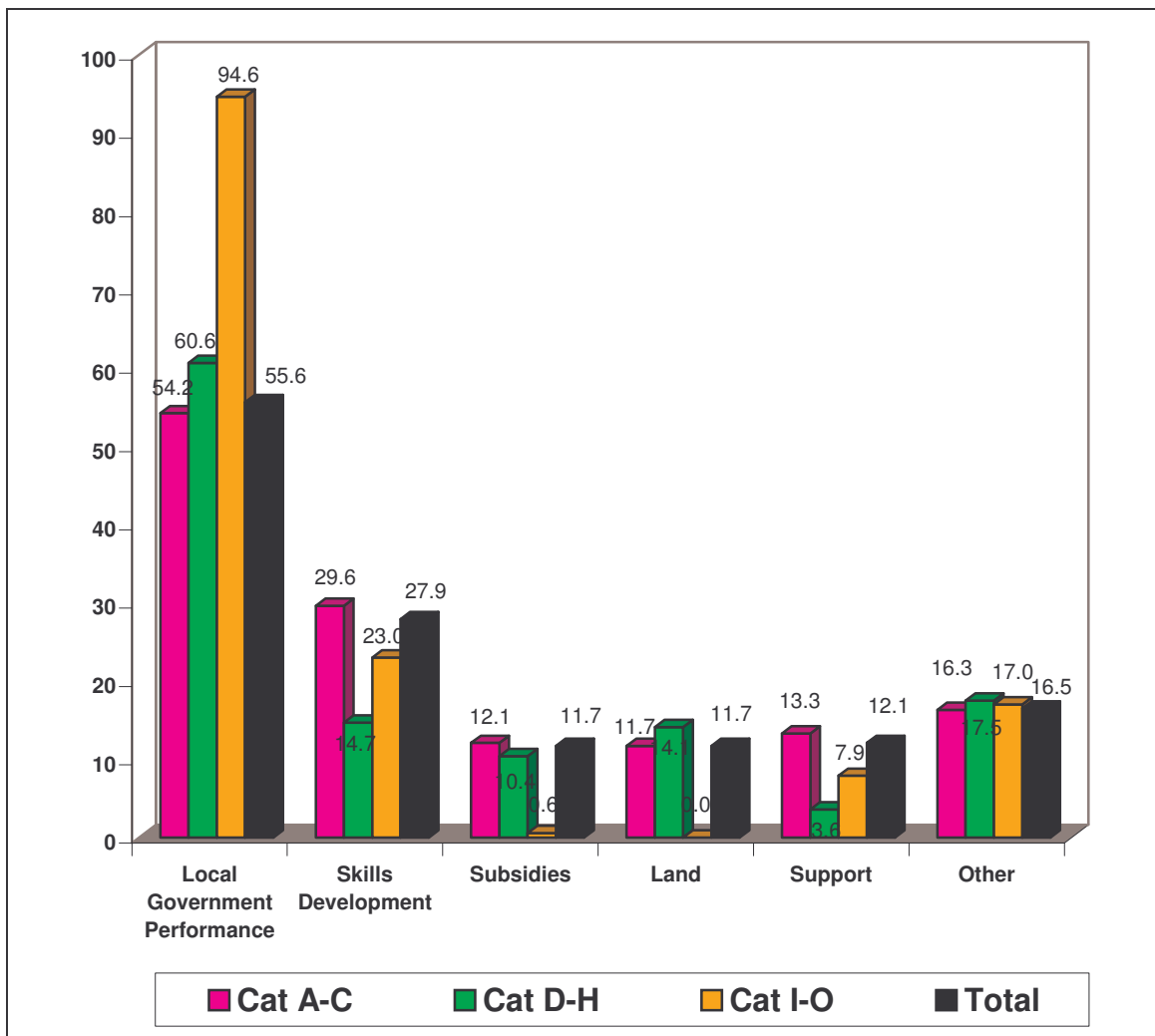
Contractors in Category I to O (23.8%) identified a decrease in security percentages required by banks as an important contribution from the banks' side This encompasses the following aspects:

- Banks to consider available security according to loan required.
- Banks to relax their procedures and requirements in terms of contractors in Affordable Housing market.
- Banks should be easy on the SME contractors in terms of security needed.
- Understand the affordable / low cost housing market e.g. government subsidies.

Contractors in Category D to H (37.1%) and in Category I to O (37.7%) felt that Banks can play an important role in the Affordable Housing market if they provide loans to contractors for their first projects to cover their operating costs until payment becomes available. This assistance will help sustain these projects as well as the contractors as many contractors and projects fail due to an extended period where contractors need to carry the project alone and delays in payment can ruin both projects and contractors.

Contractors in Category I to O (23.8%) felt that the banks should make their Loan Application processes easier and more accessible to small contractors and also to the low income home loan applicant

Figure 7: Summary: What other factors would have to change in order for you to increase your level of work in the sector?



Contractors were asked what else has to change in order for them to increase their level of work in the Affordable Housing sector. Most contractors surveyed identified Local Government Performance as a critical factor that needs to be addressed, as well as Skills Development. Local Government performance is explained in further detail in the table below:

Table 10: What other factors would have to change in order for you to increase your level of work in the sector?

		NHBRC Category A to C (1 - 20 Unit Capacity)	NHBRC Category D to H (21 - 250 Unit Capacity)	NHBRC Category I to O (250+ Unit Capacity)	Total
Good service delivery	Local Government Performance	21.5	15.8	6.7	20.6
Train more people	Skills Development	18.3	11.6	12.4	17.7
Gvt to provide contractor subsidy	Subsidies	12.1	10.4	0.6	11.7
Land availability	Land	11.7	14.1	0.0	11.7
Emerging Contractors - Lack of security for loans	Support	11.3	3.6	7.9	10.4
Improve our marketing strategy	Skills Development	10.6	0.0	0.0	9.3
Bank Credit Criteria too strict	Other	7.3	9.6	0.0	7.4
Municipalities to empower emerging contractor	Local Government Performance	6.7	13.0	0.0	7.2
Opportunities only for Blacks	Local Government Performance	7.3	0.0	0.0	6.4
Banks more lenient	Other	5.4	4.0	10.9	5.4
Gender equality and avoid racism	Local Government Performance	5.4	0.0	0.0	4.7
Gvt control price of building materials	Local Government Performance	4.6	2.9	20.0	4.7
More work better NHBRC level	Local Government Performance	3.0	6.1	0.0	3.2
Demolish all shacks for houses	Other	2.5	0.0	0.0	2.2
Communication with all stakeholders	Support	2.0	0.0	0.0	1.7
Municipalities to pay on time	Local Government Performance	1.1	4.3	10.9	1.7
RDP houses physical structure changed	Local Government Performance	1.4	2.8	7.9	1.7
Gvt - Easier registration	Local Government Performance	1.1	6.3	0.0	1.6
Improve Employer and Employee relations through fair improved Labour Laws	Local Government	0.5	3.8	17.9	1.5

		NHBRC Category A to C (1 - 20 Unit Capacity)	NHBRC Category D to H (21 - 250 Unit Capacity)	NHBRC Category I to O (250+ Unit Capacity)	Total
	Performance				
Better Quality Materials	Other	1.1	2.6	6.1	1.4
Eskom be more affordable with Installations	Local Government Performance	1.3	0.0	0.0	1.1
Fair Tender awards	Local Government Performance	0.3	5.6	10.9	1.0
Lack of knowledge and advice	Skills Development	0.5	3.1	0.0	0.7
Training of women in the construction industry	Skills Development	0.2	0.0	0.0	0.2
RDP housing delivery too little payments for contractor	Local Government Performance	0.0	0.0	7.9	0.2
Petrol and material cost increase	Other	0.0	1.3	0.0	0.1
Monitoring and evaluation of women training	Skills Development	0.0	0.0	0.6	0.0
Stop Rates and Taxes for unused land	Local Government Performance	0.0	0.0	1.2	0.0
DOH cooperate with SETAS	Local Government Performance	0.0	0.0	0.6	0.0
Banks to accept performance guarantee from the GVT as surety	Local Government Performance	0.0	0.0	0.6	0.0

Contractors in Category A to C (21.5%) and D to H (15.8%) said that overall Service Delivery need to improve in order to enhance the Affordable Housing market. Service Delivery expected from Government relates to the development of infrastructure (servicing of land) that should be fast tracked to speed up housing delivery; quality-service and response from well-informed councilors about land availability and good service delivery from the councilors in terms of approval of applications of land in time.

Training is another priority for contractors in all categories [Category a to C (18.3%) Category D to H (11.6%) and category I to O (22.4%)]. This refers to the following:

- Better trained Labour - improve professional face of construction industry.
- Training of artisans should be more intensive – better quality.
- Construction SETA's to train a more varied skills base required in the market –

cannot focus on training bricklayers only.

- Provide workshop for contractors on different skills.
- Introduce Evaluation Board for Contractor Skills.

Government should consider a subsidy for Contractors working in the Affordable Housing market in the form of Construction Finance that eases cash flow and cash management throughout the life span of a project. This is the view of contractors in category A to C (12.1%) and category D to H (10.4%).

Land availability is a problem that needs to be addressed according to 14.1% of contractors in Category D to H. More land should be made available for Affordable housing development in order for this market to grow and flourish.

27.9% of contractors in Category I to O felt that restrictive Labour Laws favours the employee and make it difficult for the employer to ensure quality workmanship is delivered on time. According to these contractors a more fair and balanced labour law will improve employer – employee relationships and improve the quality of work delivered in the Affordable Housing market

4 Conclusion

The database provided by the NHBRC did contain some inaccuracies, which influenced the sample negatively. Inaccuracies related to wrong contact telephone numbers as well as contractors being registered as having built affordable houses, but when contacted they said they only ever built houses that falls outside the affordable housing range. This was particularly true of contractors registered in the higher NHBRC categories. A large percentage of replacements were necessary in order to achieve the sample targets. The number of replacements was higher in the higher NHBRC categories than the lower categories. The reason for the inaccuracies in the database is unknown to the researcher. It is possible those contractors do not update their information regularly with the NHBRC or that the NHBRC do not update their database with new information provided by the contractors. Despite these limitations the survey provided interesting information.

The entrepreneurial spirit of the contractors reflected strongly in the data. The data shows that given the opportunity to build houses, the majority of contractors will be interested in building affordable houses.

Surveyed contractors said they are motivated by Social reasons as well as Commercial reasons to built more houses, although social motivations ranked more prominent than commercial motivations. Problems they experience when building affordable houses mostly relates to financial problems. Other problems are with construction, Government performance and development problems.

Contractors needed help form the Government to address these problems in the form of Support, Enablement, Employment, and Regulation.

Contractors identified help needed form Financial institutes as Support to contractors, improved Product Design and easing Credit Criteria.

Other factors that need to change in order for contractors who build in the affordable housing range to increase their level of work are: Improving Local Government

Performance though improved services to contractors. Skills Development of the contractors and their labourers that ranges from building skills to business skills like marketing of the business. Making more land available for affordable housing, support to contractors and making subsidies available to contractors that assist them in the form of bridging finance.

Despite the problems identified by the surveyed contractors they are overwhelmingly positive about becoming more involved in the affordable housing market if the opportunity presents itself.

5 Appendix A

In Appendix A, an overview is provided of a comparison between the type of work the contractors mainly do and the overall data set. Type of work is classified as follows:

- Mostly service land
- Mostly build houses
- Mostly service land and build houses
- Mostly buy serviced land and build houses
- Operate in subsidized housing market only

Table 11: Which of the following projects do you usually undertake?

		Mostly Service land	Mostly Build houses	Mostly Service land & build houses	Mostly Buy serviced land & build houses	Operate in Sub-subsidized Housing Market mostly	Total
NHBRC Category A to C (1 - 20 Unit Capacity)	Count	4	80	26	18	5	133
	Column %	80.0	64.5	51.0	66.7	100.0	62.7
	% of Total	1.9	37.7	12.3	8.5	2.4	62.7
NHBRC Category D to H (21 - 250 Unit Capacity)	Count	1	32	20	6		59
	Column %	20.0	25.8	39.2	22.2		27.8
	% of Total	0.5	15.1	9.4	2.8		27.8
NHBRC Category I to O (250+ Unit Capacity)	Count		12	5	3		20
	Column %		9.7	9.8	11.1		9.4
	% of Total		5.7	2.4	1.4		9.4
Total	Count	5	124	51	27	5	212
	Column %	100.0	100.0	100.0	100.0	100.0	100.0
	% of Total	2.4	58.5	24.1	12.7	2.4	100.0

Table 12: Would you say you will do more or less work in the affordable housing sector from now until December 2008?

	Mostly Service land	Mostly Service houses	Build houses	Mostly Service land & build houses	Mostly serviced land & build houses	Buy land & build houses	Operate in Subsidized Housing Market mostly	Total
More	100.00%	94.00%	99.30%	100.00%	100.00%			96.30%
Less		6.00%	0.70%					3.70%
Total	100.0	100.0	100.0	100.0	100.0	100.0		100.0

Table 13: How many affordable houses will you build from now to December 2008 (rough estimate)?

	Mostly Service land	Mostly Service houses	Build houses	Mostly Service land & build houses	Mostly serviced land & build houses	Buy land & build houses	Operate in Subsidized Housing Market mostly	Total
Mean	112	283	300	639	870			352
Median	50	72	108	40	1000			72

Table 14: What are the main reasons for planning to do more work in the Affordable Housing sector? (Only reported for those who said they will do MORE work)

	Mostly Service land	Mostly Service houses	Build houses	Mostly Service land & build houses	Mostly serviced land & build houses	Buy land & build houses	Operate in Subsidized Housing Market mostly	Total
To create jobs	71.0	45.3	47.7	28.3	32.8			44.0
Huge demand for housing	29.0	42.7	38.8	37.9	20.9			39.7
Make more money	0.0	28.0	11.7	20.4	26.9			22.4
Have passion for building houses	0.0	18.1	11.8	21.7	52.2			17.9
Best builders in the market	0.0	12.3	8.0	18.8	67.2			13.9
Trained my laborers	0.0	10.4	17.9	3.3	20.9			10.5
Removing of shacks for quality hoses	58.0	1.3	8.6	0.0	0.0			5.2
If allocation process improves	0.0	7.9	1.5	2.6	0.0			5.2
Plough back to the community	0.0	2.9	9.1	6.5	0.0			4.3
I was just awarded housing contract	0.0	4.3	4.2	5.8	0.0			4.1

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Can manage the pressure of housing delivery	0.0	1.5	1.4	9.8	0.0	2.6
Appropriate Infrastructure equipments finance	0.0	0.6	10.1	0.6	0.0	2.3
Need to grow my business	2.4	0.6	2.9	8.3	0.0	2.3
Woman empowerment in the construction industry	0.0	2.4	1.1	0.0	0.0	1.6
Most contractors don't prefer to build these houses	0.0	0.0	0.0	8.3	0.0	1.3
If availability of land improves	0.0	0.9	0.7	0.0	0.0	0.6
To develop and involve youth	0.0	0.2	0.0	0.0	0.0	0.1
If funds become available from the banks	0.0	0.2	0.0	0.0	0.0	0.1
Easy finance	0.0	0.2	0.0	0.0	0.0	0.1
Low cost housing is an easy job	0.0	0.2	0.0	0.0	0.0	0.1
Because it is cheap to build these houses	0.0	0.0	0.0	0.0	0.0	0.0
Total	5.1	57.8	17.8	15.5	3.7	100.0
Total						

Table 15: Summary - What are the main reasons for planning to do more work in the Affordable Housing sector? (Only reported for those who said they will do MORE work)

	Mostly Service land	Mostly Build houses	Mostly Service land & build houses	Mostly Buy serviced land & build houses	Operate in Subsidized Housing Market mostly	Total
Social Motivation*	158.0	112.9	117.1	94.4	105.9	112.8
Commercial Motivation	2.4	67.1	58.4	77.9	115.0	65.5

* Percentages add up to more than 100% because the question provided for Multiple Responses for each respondent, in other words each respondent could provide more than one answer

Table 16: What problems do you experience in respect of the buildings of housing units in the affordable housing range?

	Mostly Service land	Mostly Build houses	Mostly Service land & build houses	Mostly Buy serviced land & build houses	Operate in Subsidized Housing Market mostly	Total
Financial problems	21.2	82.7	58.3	70.3	47.8	71.9
Labour problems	0.0	26.9	6.9	33.0	41.8	23.1
Expensive land and land not accessible	0.0	12.3	20.4	53.9	52.2	20.0
Delayed building material and equipments	0.0	18.5	14.4	21.6	32.8	17.7
Unfair tender procedure	58.0	10.3	8.3	0.0	73.1	13.7
Tenders quality of work not monitored	13.0	13.0	13.5	0.0	0.0	10.9
No marketing skills	29.0	8.9	0.0	22.7	0.0	9.7
Too low standards of housing	58.0	7.4	6.8	1.0	0.0	8.9
Slow municipal payment	0.0	6.7	15.6	0.4	0.0	6.9
More loans from bank	0.0	4.3	7.2	4.3	6.0	4.7
Late registrations of bonds affect payment	0.0	4.7	8.8	0.1	0.0	4.4
No information available	0.0	6.8	0.0	0.0	0.0	4.0
Labour suffer from HIV	29.0	2.2	5.1	0.0	0.0	3.9
NHBRC feedback on structure too long after assessed	0.0	2.9	7.9	5.9	0.0	3.9
Poor and unreliable transport	0.0	5.1	1.4	0.0	0.0	3.3
Unskilled labour	0.0	4.0	3.5	0.9	0.0	3.2
Installation of electricity difficult	0.0	0.9	10.2	0.0	0.0	2.4
Lack of financial security	0.0	0.3	9.6	0.0	6.0	2.2

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Problems with sewage and water	0.0	1.6	5.5	0.0	0.0	2.0
Low demand - unemployment	0.0	2.7	1.4	0.0	0.0	1.9
Pricing	0.0	2.5	0.9	0.0	0.0	1.6
Plan approvals take long time	0.0	0.6	3.0	0.0	0.0	0.9
Problems with credit bureau listing	0.0	0.5	1.1	1.9	0.0	0.7
Stealing of building materials	0.0	1.1	0.0	0.0	0.0	0.6
Equipment	0.0	0.8	0.1	0.0	0.0	0.5
No tenders	0.0	0.0	2.2	0.0	0.0	0.4
Housing market competitive industry	2.4	0.5	0.0	0.0	0.0	0.4
Negative attitudes of clients	0.0	0.6	0.0	0.0	0.0	0.4
Bad weather conditions	0.0	0.5	0.0	0.0	0.0	0.3
Shortage of skilled labour	0.0	0.2	0.9	0.1	0.0	0.3
Pressure from beneficiaries to finish	0.0	0.0	1.3	0.0	0.0	0.2
Corruptions	0.0	0.2	0.0	0.0	0.0	0.1
Political disadvantages	0.0	0.0	0.0	0.0	0.0	0.0
Government payment slow	0.0	0.0	0.1	0.0	0.0	0.0
Total	5.5	59.4	18.6	12.6	3.9	100.0

Table 17: Summary: What problems do you experience in respect of the buildings of housing units in the affordable housing range?

	Mostly Service land	Mostly Build houses	Mostly Service land & build houses	Mostly Buy serviced land & build houses	Operate in Subsidized Housing Market mostly	Total
Financial	21.2	92.5	85.0	76.6	59.8	83.9
Construction	0.0	57.1	27.2	55.6	74.6	49.0
Development	31.4	30.0	38.4	76.6	52.2	38.4
Government Performance	71.0	33.5	50.6	6.3	73.1	36.7
Other	87.0	16.6	13.2	1.0	0.0	17.1

Table 18: : What actions can government take to address constrains or problems which you experience

	Mostly Service land	Mostly Build houses	Mostly Service land & build houses	Mostly Buy serviced land & build houses	Operate in Subsidized Housing Market mostly	Total
Back up Emerging Contractors	29.0	22.0	5.3	17.8	46.3	19.7
Gvt Bridging finance for contractors	29.0	17.0	11.3	16.3	47.8	17.8
Equip labour with Building skills	0.0	15.8	24.5	2.2	0.0	13.9
Guarantees for contractors at Bank	29.0	9.4	8.9	9.8	0.0	10.1
Computer Literacy Courses	0.0	3.7	5.2	0.0	0.0	3.1
Training and learner ships	0.0	3.6	0.0	6.0	0.0	2.9
Subsidize transportation of material	0.0	0.2	0.7	0.0	0.0	0.2
NHBRC - Quality control Inspectors at Sites	29.0	11.9	10.8	9.3	0.0	11.8
Hotline to report Corruption	0.0	16.1	7.8	0.0	0.0	10.7
Gvt doing well	0.0	6.6	0.3	0.0	0.0	3.8
Gvt provide more land	0.0	14.5	7.8	46.1	46.3	18.3
Gvt more proactive/Facilitative not regulators	0.0	1.8	14.3	28.4	0.0	7.8
Facilitate between Contractors and Subcontractors	0.0	4.9	11.1	4.3	0.0	5.5
Remove from Credit Bureau Listing	0.0	1.5	0.0	3.0	46.3	3.2

Review tender docs to meet SMMEs	0.0	1.4	5.2	6.8	6.0	3.0
Ruling to replace shacks with houses	0.0	2.0	0.0	0.0	20.9	2.0
Updates with Houses Info	0.0	0.8	3.4	0.0	0.0	1.1
Form woman forums in construction	0.0	0.7	0.0	0.0	0.0	0.4
Gvt help blacklisted candidates	0.0	0.0	0.0	0.1	0.0	0.0
Create partnerships with all Developers	0.0	8.5	15.4	9.8	0.0	9.2
Employ more people	39.6	9.6	4.7	1.1	0.0	8.8
Provide workshops on Financial Management	0.0	7.5	7.6	4.0	6.0	6.5
Shorten Payment Period	0.0	5.6	5.7	0.0	0.0	4.3
Open and Fair plan for contract awards	2.4	3.3	7.8	0.0	0.0	3.5
Municipality should deliver on time	0.0	3.2	0.9	0.0	6.0	2.3
Officials stop threatening contractors	0.0	0.2	0.0	0.0	41.8	1.8
Total	5.6	57.3	18.7	14.3	4.1	100.0

Table 19: Summary: What actions can government take to address constrains or problems which you experience?

	Mostly Service land	Mostly Build houses	Mostly Service land & build houses	Mostly Buy serviced land & build houses	Operate in Subsidized Housing & Market mostly	Total
Support	87.0	71.7	55.9	52.1	94.1	67.7
Enable	0.0	27.6	41.8	88.7	119.5	41.3
Employ	42.0	37.9	42.1	14.9	53.8	36.4
Regulate	29.0	28.0	18.6	9.3	0.0	22.5

Table 20: What actions can the banks take to address constrains or problems which you experience?

	Mostly Service land	Mostly Build houses	Mostly Service land & build houses	Mostly Buy serviced land & build houses	Operate in Subsidized Housing & Market mostly	Total

Borrow to municipalities to buy land	0.0	31.9	13.3	26.8	0.0	25.0
Assist Blacklisted - ITC	58.0	18.6	11.9	34.0	0.0	21.2
Financial Management Training	29.0	12.7	11.1	3.7	0.0	11.8
Encourage contractors to join NAFCO	10.6	1.3	9.3	0.0	49.2	5.0
Educate Disadvantaged builders	0.0	3.5	9.9	1.3	0.0	3.8
Tender processes is not fair Upgrading process Needed	0.0	3.7	0.0	11.8	0.0	3.8
Empower Small Lenders	0.0	4.3	2.6	3.2	0.0	3.4
Easier accessible loans	29.0	23.5	37.0	22.2	6.3	25.1
Banks - Provide loans for the first projects to sustain	2.4	7.1	13.1	7.4	0.0	7.5
Use Track Record to judge Contractors	0.0	1.5	0.0	0.0	0.0	0.9
Not much could be done	0.0	3.9	8.4	0.0	22.2	4.6
Never dealt with the banks	0.0	0.3	0.0	0.0	0.0	0.2
Decrease security percentages	0.0	10.2	2.6	12.9	22.2	9.2
Use performance for Loan security	0.0	6.1	17.5	1.0	0.0	6.6
Loans to be paid according to the housing stages	0.0	0.9	1.9	0.0	0.0	0.9
Banks Consider Contractor Letter of appointment	0.0	0.2	0.0	0.0	0.0	0.1
Total	6.2	60.8	15.7	13.0	4.2	100.0

Table 21: Summary What actions can the banks take to address constrains or problems which you experience?

	Mostly Service land	Mostly Build houses	Mostly Service land & build houses	Mostly Buy & serviced land build houses	Operate in Subsidized Housing & Market mostly	Total
Support	97.6	76.0	58.1	80.8	49.2	74.0
Product Design	31.4	32.1	50.1	29.6	6.3	33.5
Credit Criteria	0.0	17.4	22.0	13.9	22.2	16.8
Other	0.0	4.2	8.4	0.0	22.2	4.8

Table 22: What other factors would have to change in order for you to increase your level of work in the sector?

	Mostly Service land	Mostly Build houses	Mostly Service land & build houses	Mostly Buy serviced land & build houses	Operate in Subsidized Housing Market mostly	Total
Improve service delivery	32.4	22.9	11.3	23.3	0.0	20.6
Train more people	0.0	20.0	17.5	18.5	7.5	17.7
Gvt to provide contractor subsidy	0.0	18.6	6.0	0.0	0.0	11.7
Land availability	0.0	8.2	5.0	39.1	0.0	11.7
Emerging Contractors - Lack of security for loans	0.0	8.2	12.6	8.5	58.5	10.4
Improve our marketing strategy	32.4	8.2	15.4	0.0	0.0	9.3
Bank Credit Criteria too strict	0.0	9.5	11.2	0.0	0.0	7.4
Municipalities to empower emerging contractor	0.0	7.9	8.5	7.6	0.0	7.2
Opportunities only for Blacks	0.0	10.0	0.0	4.1	0.0	6.4
Banks - be more lenient	32.4	4.5	0.0	4.3	7.5	5.4
Gender equality and avoid racism	0.0	3.8	2.1	0.0	58.5	4.7
Gvt control price of building materials	0.0	4.4	5.4	4.3	15.1	4.7
More work better NHBRC level	0.0	5.4	1.1	0.0	0.0	3.2
Demolish all shacks for houses	32.4	0.6	0.0	0.0	0.0	2.2
Communication with all stakeholders	0.0	0.0	1.8	8.8	0.0	1.7
Municipalities to pay on time	0.0	2.6	0.9	0.0	0.0	1.7
RDP houses - physical structure should be changed	0.0	0.8	0.0	0.0	34.0	1.7
Gvt - Easier registration	0.0	0.5	3.7	4.3	0.0	1.6
Improve Employer and Employee relations through fair improved labour laws	0.0	1.4	1.8	2.2	0.0	1.5
Better Quality Materials	0.0	0.5	0.7	0.0	26.4	1.4
Eskom be more affordable with Installations	0.0	0.0	6.3	0.0	0.0	1.1
Fair Tender awards	2.7	1.3	0.9	0.0	0.0	1.0
Lack of knowledge and advice	0.0	1.3	0.0	0.0	0.0	0.7
Training of women in the construction industry	0.0	0.3	0.0	0.0	0.0	0.2
RDP housing delivery too little payments for contractor	0.0	0.3	0.0	0.0	0.0	0.2
Petrol and material cost increase	0.0	0.2	0.0	0.0	0.0	0.1
Stop Rates and Taxes for unused land	0.0	0.0	0.1	0.0	0.0	0.0

Monitoring and evaluation of women training	0.0	0.0	0.0	0.0	0.0	0.0
DOH cooperate with SETAS	0.0	0.0	0.0	0.0	0.0	0.0
Banks accepts performance guarantee from the GVT as surety	0.0	0.0	0.1	0.0	0.0	0.0
Total	5.8	57.0	17.6	15.9	3.7	100.0

Table 23: Summary: What other factors would have to change in order for you to increase your level of work in the sector?

	Mostly Service land	Mostly Build houses	Mostly Service land & build houses	Mostly Buy & serviced land & build houses	Operate in Subsidized Housing & Market mostly	Total
Skills Development	32.4	29.8	32.9	18.5	7.5	27.9
Subsidies	0.0	18.6	6.0	0.0	0.0	11.7
Land	0.0	8.2	5.0	39.1	0.0	11.7
Support	0.0	8.2	14.4	17.3	58.5	12.1
Other	64.8	15.3	11.9	4.3	33.9	16.5