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Are NGOs relevant to the delivery of social housing on scale



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Introduction

As we enter the second decade of a post-apartheid democracy, the majority of our people are still plagued by housing problems which manifest through:

1. A large portion of the population living in informal structures
2. Overcrowding
3. Inaccessibility of housing finance
4. Unaffordability of housing prices and housing finance
5. Inadequate RDP housing structures
6. Relatively high cost of well located urban land

Government has recognized the need to revisit its housing strategy, and has responded to the challenges in the sector through a comprehensive plan.¹ A part of this plan is to provide new impetus to the social housing sector, where social housing is defined as managed institutional housing that meets a broad demand for housing products (including multi-level rented flats/apartments, co-operative group housing, transitional housing and communal housing for destitute households) and housing finance (to meet affordability requirements).

The roots of the *post-apartheid* social housing policy go back to the 1980s and the transition period from *neo-apartheid* (1980s to 1990s) to *post-apartheid* (post-1994). Planact and its fraternal organizations that comprised the Urban Sector Network (USN), played an important part in the debates that contributed to the formulation of the post-apartheid government's social housing policy.

Central to these debates was a critique of the neo-liberal view that a free, unfettered housing market was the most effective and efficient route to providing the majority of our citizens with access to adequate, affordable housing. In contradiction to the neo-liberal view we at Planact developed a model of community and state interventions that were aimed at taking housing "out of the market" and through specific delivery mechanisms ensuring that the community would exert power over the direction and form of housing delivery. Thus, housing delivery was conceived by us at Planact as an inherently political and politicised

¹ "Breaking New Ground", A Comprehensive plan for the Development of Sustainable Human Settlements

process, which had to be carried out under the hegemony of popular structures representing the grassroots of working class communities in the urban and rural areas. The objectives of these structures were determined by the participation of ordinary people living in these areas. Planact's contribution to policy development was based on client-driven projects within these communities as well as with the Congress of South African Trade Unions (COSATU) who represented the interest of the same people in the factories and on the shop floors, but whose trade union organizing frequently incorporated and supported demands for adequate and affordable housing.

Twenty years after the formation of Planact and ten years after a period during which strong anti-capitalist ideas from the USN started to have an impact on the social housing policy of the national government, we need to pause and assess what progress has been made. It is time to draw a balance sheet of housing assets and liabilities in the social housing sector.

In the period under review government implemented a number of support institutions to facilitate the emergence of the social housing sector: the Social Housing Foundation (SHF), the National Housing Finance Corporation (NHFC)², various directorates of social housing in some provincial housing departments (notably, the Gauteng Housing Department), municipality-initiated Social Housing Institutions (SHIs) and recently the Support Programme for Social Housing (SPSH) a joint SA Government/European Union (EU) initiative to build capacity in the sector. The municipal SHIs were initiated in terms of the responsibility for housing delivery that was devolved to local governments by the Housing Act of 1995.

These SHIs and their performance in delivering social housing, is the subject of this paper and the prism through which I would like to view Planact's early history and understand its ongoing impact on the provision of social housing. I also call for a debate about the SHI model as a delivery mechanism in order to contribute towards resolving delivery problems in the sector.

About 40, mainly non-profit SHIs were set up since the implementation of the Act, and tasked with delivering social housing on scale. Table 1 indicates the performance of 19 of these institutions.

² Although the NHFC's brief to be a lender of last resort is to a range of housing market segments and not just the social housing sector.

Table 1; Overview of 19 Social Housing Institutions (SHIs)⁹

	No of SHIs		No of SHIs
Legal Status		Current Assets/Current Liabilities³	
Pty Ltd	5 ⁴	< 2	4
Section 21	13	< 1 and > 2	4
Trust	1	> 1	7
Units under management		Cash + Receivables/Current Liabilities⁵	
Total units	11 232	< 1	6
Average number of units	624	1	0
Maximum units managed by a SHI	2 193	> 1	7
Minimum units managed by a SHI	81		
Spread of units		Debt to Asset Ratio⁶	
1 to 750	14	> 30%	6
750 to 2 250	4	>30%	12
Arrears		Operational deficits/surpluses⁷	
Average arrears %	22,87	< R2 m.	1
> 5%	7 ⁸	R1.1 m. to R2 m.	2
6% to 10%	1	R501 000 to R1 m.	0
11% to 20%	2	R251 000 to R500 000	1
21% to 30%	3	R0 to R250 000	2
31% to 40%	2	-R101 000 to R0	2
41% to 60%	1	-R201 000 to -R100 000	1
61% to 80%	1	-R301 000 to -R200 000	2
81% to 100%	1	-R501 000 to -R300 000	1
Accumulated arrears	R19,7 m.	-R1 m. to -R500 000	4
Bad debt provisions	R19,3 m.	<-R1 m.	1

The data in table 1 demonstrates that the SHIs have generally not fared well and that they have delivered only a fraction of what could be seen as a significant contribution to alleviating the housing shortage: in a country where the need for social housing numbers in the hundreds of thousands the 19 municipal SHIs referred to in Table 1, which represent the best performing institutions out of approximately 40 nationwide, have contributed a paltry

³ Current assets/current liabilities measures the ability to meet current liabilities. A 2:1 ratio is considered normal. A 1:1 ratio is considered appalling.

⁴ Although these SHIs are described as Pty Ltd, it is unclear whether there are any private shareholders who benefit from profit dividends, which is typical of a for-profit private company. Furthermore, they are not typical of private for-profit companies in that they are shielded from market forces through having preferential access to land from municipalities and also benefit from grant funding, through close political associations with central and local government.

⁵ Cash + receivables/Current liabilities measures the ability to meet current liabilities. A 1:1 ratio indicates that the business is in a liquid position. A 0.25:1 ratio is concerning.

⁶ Debt to asset ratio expresses the portion of the total business assets "owed" to others. The 0% to 30% range is considered as safe.

⁷ Most SHIs with an operational surplus are only in positive territory because of capital injections, grant funding, equity funding or additional loan funding.

⁸ Two of these SHIs were, or had just completed, taking on new tenants.

⁹ SOURCE: Synopsis of the findings of the curative organisational diagnosis of social housing institutions, Support Programme for Social Housing (SPSH), April 2005

11 000 units. Of equal concern is the lack of sustainability of most of these institutions, given:

- Their arrears percentage (i.e. the percentage of their tenants who either pay late or not at all)
- Their accumulated arrears of almost R20 million
- Weak balance sheets which provide inadequate asset cover for liabilities
- Significant ongoing operational deficits due to costs exceeding income

Together with the authorities foreign donors, like the EU, who since the mid-1990s have been funding local NGOs, have identified the above problems of the SHIs as reflecting underlying institutional capacity problems. In the face of the disastrous performance of the SHIs the National Department of Housing in conjunction with the EU implemented the SPSH to lead and manage SHI capacity building interventions.

The question which should be asked is whether the SHI poor performance is simply a reflection of lack of capacity, or rather whether it reflects a deeper problem with the non-profit housing delivery model itself. But before addressing this question it is important to remind ourselves of the critique of profit-driven delivery and the roots of the non-profit delivery model.

The Planact Research Projects

During the 1980s and 1990s Planact's research projects were driven by the needs of community and union-based clients, who represented communities affected by discriminatory housing policies. These policies were discriminatory in a double sense, firstly in that racial legislation effectively excluded them from access to well located land and suburbs and secondly through not being able to *afford* housing and related services above a certain level that was available in their "own areas". From the perspective of Planact's clients, who were by and large aligned with the United Democratic Front (UDF) and African National Congress (ANC), housing struggles were targeted in the first instance at the achievement of a political goal, the ending of the apartheid political and social system, and only secondarily at the attainment of "decent, affordable housing for all". The assumption was that the attainment of democracy would end the racial barriers to housing and this in

itself would go a long way to redressing the housing imbalances for the mainly black working classes.

Organisations like Planact played an important role in raising the debate about the practical challenges of delivering housing, instead of simply relying on a political formula encapsulated in the Freedom Charter to ensure the provision of adequate, decent and affordable accommodation. One of these challenges was (and still is) the economic structures that determine relatively high costs of residential land development and the relatively low income for most of the working classes in need of improved accommodation. The housing question in South Africa remains a question of the costs and shortages of accommodation: who will deliver the needed units? who will pay for them and in what proportions? In interaction with its clients' more national liberation and Congress Alliance discourse Planact introduced an analysis that identified the combined effect of profit-making and market exchange in the housing sector as the principle obstacle to access for the working classes to more affordable and better quality housing. In consultation with the client base, and through project implementation practices, there emerged a critique of for-profit and market driven delivery vehicles and an alternative of a non-profit mechanism protected from the vagaries of the market by community control over the distribution of land.

Between 1991 and 1993 Planact produced a flurry of research reports that took up the theme of an alternative non-profit, community controlled route to the delivery of housing. The impetus for the research was the need to develop a principled response to the then state's policy of privatizing township housing by transferring state owned housing to ownership by occupants. The research commenced with a report into the effects of privatization of housing and of private markets for housing.¹⁰ The report identified both the consolidating and the exclusionary effects of private housing markets, and the political implications of home ownership. It concluded with recommendations for: examining categories of tenancy in any areas in which the transfer of state housing was envisaged; proposals to secure tenancy for residents who did not possess the means to participate in the purchase-and-sale market for housing; and, exploring possibilities for providing choice to those in the categories most severely affected by exclusion by various private markets.

¹⁰ Effects of Privatisation of Housing and of Private Markets for Housing, Report to Planact, March 1991, Prepared by Proplan

A Transfer of Housing team was constituted, comprising both project workers and researchers to maintain the balance of theory and practice, and the work of this team was driven by both the need to respond to the state's initiative as well as the lessons that were emerging from grassroots-based projects. The Team produced a report¹¹ which made the case for community control versus state/individual control, land trusts/housing co-operatives structural models, and community land trusts' relationship to the state.

After a brainstorm to define what was meant by a community development trust (CDT), with a view to giving it legal form and substance, an investigation team was set up to examine the status of the concept/institution of CDT at the project level. This formed part of a broader brief to establish an information base from which to conceptualise development institutions, focusing specifically on the institution building aspects of development institutions. The report¹² that emerged categorised Planact's projects by typology, identified the factors that had led to the formation of CDTs in each of the projects, described the status of the delivery institutions within the CDT structures (i.e. project management, construction, entrepreneurship) and concluded with the status of the financing institutions funding the respective projects.

The research and development within Planact on alternative delivery mechanisms for housing culminated with an invitation to the Netherlands by the (then) Nationale Woningraad (NWR), a federation of Dutch housing associations – the latter were private sector non-profit housing institutions that had emerged in the early part of the century, grown considerably after the second world war, and had contributed the lion's share of rented housing in the Netherlands. NWR affiliates were all run as non-profit companies and this exposure served to entrench the idea in Planact of a non-profit housing delivery vehicle.¹³ NWR subsequently provided support in the form of grants and personnel to Planact. Since then, NWR together with donors from other European social democracies have intervened to prompt the emergence of the South African social housing sector, through grants from their own coffers, financial assistance from overseas municipalities that

¹¹ Tenure Options: Towards Collective Ownership – the Limits of Private Ownership and Implications for Alternatives, Paul Hendler, Graeme Reid and the Transfer of Housing Team, Planact, April 1991

¹² Development Institutions in the Context of Planact's Physical Implementation Projects, P Hendler and J Spiropoulos, November 1991, Planact

¹³ From Dutch History to a South African Future? Report on the NWR Dutch Social Housing Course and Implications for Delivery Institutions in the South African Context, P Hendler, Planact, 1992

have twinned with their South African counterparts and also through the secondment of personnel to provide technical assistance to the fledgling South African SHIs.

As the ineffectiveness and inefficiencies of the SHIs persisted, so the interventions to provide assistance have increased. Support has culminated in the EU assistance in the form of technical assistance and grants to selected SHIs. This assistance was, and still is, based on the assumption that there is a relatively long germination period before the necessary experience and institutional memory has built up to ensure a sustainable social housing sector. This assumption is a corollary of the first assumption, namely that an effective social housing sector has to be non-profit driven and protected from the market. This has resulted in the risks of defaulting, arrears and bankruptcy being traded down to the municipal authorities (and ultimately the tax payers) rather than being allocated to those who have some control over the delivery processes that these SHI are engaging in, namely their immediate stakeholders and managerial staff.

During the 1990s, within Planact, in parallel to the research into and development of alternative forms of housing tenure and delivery, there was a critique of national housing policy, which was initiated in response to the De Loor Report,¹⁴ a major housing think tank by the de Klerk administration in the dying days of *apartheid*. The De Loor report laid the basis for housing policy going forward, greatly influenced by the advocacy of the Urban Foundation, big capital's think tank, which advocated a once-off capital subsidy as the panacea for South Africa's housing woes – the De Loor Report recommended a once off capital subsidy which subsequently formed part of the transitional arrangements before being incorporated into the current national housing policy.

In response Planact produced a critique¹⁵ of De Loor, first unpacking each of the proposals in relation to macro-financing, subsidization, land use planning, delivery of housing finance and housing products and local government housing functions. A central criticism of the report's proposal on delivery was that it did "not address the issue of community participation through focusing on finance and housing delivery enterprises, which are linked to social housing principles rather than having private profitability as their *raison d'être*."

¹⁴ Housing in South Africa: Proposals on a policy and strategy, The Task Group on National Housing Policy and Strategy of the South African Housing Advisory Council (SAHAC), under the chairmanship of Dr JH de Loor, April 1992 (RP 79/1992)

¹⁵ Analysis, critique and Strategic Implications of the De Loor Report, Hender, Cranko, Bond, Molepo, Spiropoulos and Wolfson, Planact

Shortly after dealing with de Loor we set about the ambitious task of contributing to the formulation of a national housing policy. This was during the period of the National Housing Forum (NHF), a consultative forum for both the government and the anti-apartheid opposition during the transition. The Planact work fed into the USN and the NHF through playing an advocacy role on behalf of the ANC, COSATU and the SA National Civics Organisation (SANCO). We undertook research to estimate the extent of the housing shortage, and concluded that it was 2,6 million rather than the 1,3 million estimated by De Loor. We also proposed a mix of subsidies, including both once off capital subsidies and recurrent monthly subsidies, depending on the nature of the housing product being financed. There was a strong divergence from the focus of the De Loor report in that the Planact document proposed state intervention to re-direct public and some private finance to the housing of the urban and rural poor. These funds would have been injected into low cost housing through the CDTs and non-profit delivery vehicles referred to earlier.

Needless to say, in the end it was the neo-liberal principles of Charles Simkins and the Urban Foundation which carried the day at the NHF, and consequently the new housing policy of the ANC government became a developer-driven, state-supported model under the stewardship of Joe Slovo and ex-Planacter Billy Cobbett. The developer-driven state-supported model delivered over one million RDP units within five years – a world record that would never have been matched by the output of a community/state-driven model. However, the problem with the quality of RDP housing, its small block-like structure and lack of privacy (with negative impacts on the quality of life) led to the government emphasizing site-and-service and social housing in the next phase of delivery.

The Issue Raised: Risk-Reward Drivers

In the midst of the current crisis of the SHIs there has been a sustainable provision of affordable rental accommodation supplied to the same target market as that of the SHIs – the R1 500 to R3 500 per month income bracket that qualified for government subsidies (the subsidy limit was recently raised to R7 000).¹⁶ In the Johannesburg inner city sustainable delivery has been taking place through the Property Owners and Managers Association

¹⁶ The minimum qualifying incomes for rented accommodation from private for-profit landlords in this market has steadily moved up from the R1 500 to the R3 000 level, due to increasing costs and the fact that the subsidy was for a long time held steady.

(POMA), which consists of some 30 member for-profit companies which are involved in the inner city as owners and managers of residential and commercial properties and between whom they manage over 1 000 buildings. POMA was formed four years ago to address a need of these property owners and managers to approach the City Council with a unified voice about critical issues affecting their properties and their businesses. Among these issues were inappropriate tenant behaviour that posed risks for these landlords. The success of POMA members' businesses depends on appropriate behaviour from tenants (e.g. timeous rental payments, taking care of and cleaning their premises, respecting each other's privacy, etc.). and their shareholders face the penalty of financial losses should they not manage their risks appropriately and effectively. On the other hand, they also stand to reap the rewards of effective risk identification, assessment and management in the form of profits and income yields. In a word the success of the POMA operations results not only from their capacity (i.e. competencies, skills, experience, etc) to run their businesses effectively but also from the fact that their shareholders and management are exposed to the risks of failure (through penalties) and can reap the rewards attendant on positive operational and financial performance.

As Planacters, our broad critique during the 1990s of private developer, market-driven housing delivery needs revising particularly insofar as the alternative delivery mechanisms proposed were CDTs and non-profit institutions "taken out of the market". Historically relatively free and competitive housing markets have proven to be more effective than highly regulated processes of exchange (including planned economies) at introducing efficiency, diversity and freedom of choice into the delivery of (in this instance housing-related) goods and services. CDTs *could* have operated as a bureaucratic impediment on delivery; until now SHIs have been guaranteed their funding regardless of performance so that they were effectively taken out of the discipline imposed by the market. However, until the appropriate risk-reward drivers are in place for the SHIs it is likely that their crisis will persist. The protection of the SHIs from the discipline of the market needs to be removed.

There is a direct correlation between efficiency and cost effective delivery on the one hand, and exposure of housing delivery agents to the risk of being penalised for lack of, or poor, performance. Many of the SHIs received financial assistance from local municipalities and foreign donors that includes pre-funding executive salaries for a number of years and ring-fencing the funding source of these salaries from the operational viability of SHI projects: in

other words the salaries were guaranteed even if the SHI was losing money and facing long term financial attrition through liabilities far exceeding assets.

Until the executives and shareholders in the SHIs are exposed to the penalties of reckless trading and financial mismanagement they will have no incentive to change their *modus operandi*. In this context the continued provision of technical assistance and grants represents a wasted investment. If the social housing delivery model were to change in this way (i.e. with appropriate risk-reward drivers in place for SHI managers) there should be greater absorption of the type of capacity-building support that is already being supplied through the SPSH, although this is still on the basis of the current SHI model. This capacity building support would have to be at scale through training, mentoring and seconding SHI managers and officials to some of the successful housing companies, like POMA members.

Planact's critique of neo-liberal free market ideology during the 1990s still stands – the limitation at the time was applying a macro-economic critique to the micro-management of housing delivery. However, the housing delivery model requires an appropriate macro-economic context within which affordability is addressed through both appropriately structured subsidies and job creation through public sector support for the emergence and consolidation of entrepreneurs and new businesses. Targeted interventions by central and local government to achieve access to decent and affordable accommodation for the working poor as well as the unemployed is necessary because these objectives will not be achieved by just leaving housing markets to themselves. This is because housing markets (and markets generally) are not in competitive balance and therefore do not ensure equitable outcomes. Therefore the argument for a shift towards market driven housing delivery mechanisms needs to take place against other state interventions that address the housing needs of the poor (and desperately poor). One area of intervention is planning: current planning practices continue to perpetuate unsustainable urban planning which further marginalise the poor in the urban and rural areas. State interventions need to address the lack of coordinated spatial, physical and economic development of the poor areas, and the lack of congruence between these and government social initiatives such as the social grant system, the Expanded Public Works Program (EPWP) etc, which can also be seen as impediments to access to decent and affordable accommodation.

The Way Forward

The current social housing model has resulted in unsustainable SHIs. Continuing down this path will undermine the objective of delivering social housing at scale. The model was imported from Western Europe, where it has worked successfully, within the social context of developed capitalism. It has been perpetuated on the back of foreign funding of capacity building initiatives which are generally failing to leave a footprint in the sector and thereby ensure its longer term sustainability. The reason for this failure is that the SA context differs from European social democracy, with extensive poverty, unemployment, low levels of technical education and managerial skill and a social climate still heavily influenced by entitlement. The direct beneficiaries of the capacity building interventions are the executives of the SHIs, foreign-based consultants funded from donor countries as well as local consultants who tender for technical assistance projects. The challenge for those of us who have benefited from providing technical services to address the ongoing problems of the SHIs is to look to the long term interest of the sector rather than only our own short-term interests – hence this plea for a new model for social housing. My intention is to raise the debate about how to transform the social housing delivery model, by introducing the appropriate risk rewards drivers, exposing the operators of the SHIs to the risk of failure and rewarding them for their successes. By engaging in the debate about a new social housing delivery model all the above stakeholders will not only be contributing to a sustainable social housing sector but also securing their own long term interests through demonstrating that as housing professionals we are able to make a real difference, by leaving a footprint of sustainable SHIs and thereby obviating the need for our services going forward.

The new social housing model should also incorporate a strategic business consciousness that should strive to clarify its strategy going forward. On a more specific note a simple question “What business are we in?” is important. This statement is about the strategic scope of the SHI and forms boundaries within which managers perceive their SHI operating in terms of geography, product or service diversity and the way in which business is conducted. Most SHIs began their existence focussed on a particular housing product or service (e.g. the subsidy housing product); some remain focussed whilst other have diversified (e.g. rental and instalment sale). As the SHIs grow further they will be faced with the decision to build on similar technologies or a similar housing product or service: care

should be taken to ensure that not only is the technology appropriate to the type of business, but that the skills associated with the running of the business are relevant.¹⁷

Two interesting examples of how technology, competencies and products/services have changed in the social housing field while the target market has remained unchanged are the Oude Molen Eco Village and the Phillipi Sustainable Development Project, both located within the Greater Cape Town Metropolitan Area. Both these projects are located within the affordable/low cost housing market segment and both are in essence mixed development rather than purely housing projects: they address the need to generate income through entrepreneurial activity in an eco-sensitive way. Oude Molen is currently grounded on an existing class of survivor entrepreneurs for whom the challenge is to grow and consolidate their businesses while Phillipi is a unique mixed development project that will incorporate urban agriculture, retail and community facilities with a social housing component.¹⁸

In other cases SHIs may be serving similar or different markets, despite the technology or product differing. The common thread may be the customer. It is thus useful to think of relatedness in terms of the competencies on which the competitive advantage of the SHI is built. A final factor that needs to be considered is the global dimension. Does the SHI retain a strong domestic focus or does it consider pursuing a global strategy. Many organisations consider that a global strategy gives them distinct advantages in terms of cost reduction, improved quality, a better ability to meet customers needs and increased competitive leverage.

Under the new model SHIs will need to achieve real and sustainable advantage over competitors, and the following should be applied, which until now has not been a priority for these organisations, protected as they are from market competition:

- Be clear on which customers the focus for strategy will be;
- Identify customer needs and bases for added value by market segment;
- Build sufficient knowledge of competitor's competencies and cost structures to make informed decisions about competitive advantage;

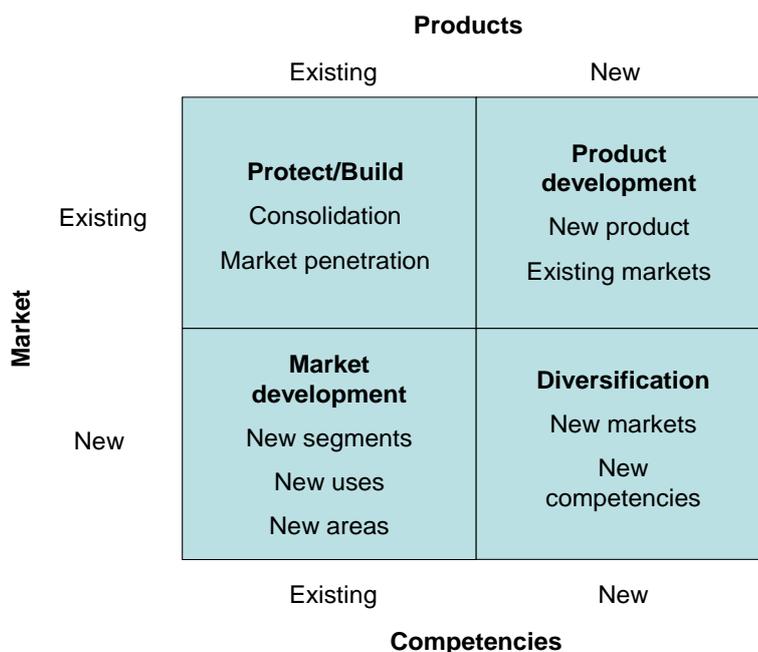
¹⁷ This section is drawn from the following document: Organisational Strategy – Learner Manual, SPSH and the Learning Strategies Consortium, 2005

¹⁸ The above examples are referred to on the basis of visits to the two project sites and development proposals submitted by Bagale Strategic (Paul Hendler, Neo Tladinyane and Tim Hutton),

- Given the above understanding, establish which strategic routes are most appropriate for the SHI in terms of its mission and goals;
- Operationalise this strategy in order to meet customer needs by a mix of activities that are different from that of competitors and that are embedded in organisational competencies;
- Ensure that the strategic directions and methods are in line with generic strategy.

With the above in mind the organisation has four directions in which it may develop in terms of its strategy. The figure below sets out a model for the directions for strategy development.

Figure: Directions for strategy development



Source: Adapted from Johnson and Scholes (quoted by Tim Hutton of Bagale Strategic)

From the Figure the four developmental strategies are clear.

Protect/Build:

The SHI may protect or build on its current position. In this category there are a number of specific options that may be followed to achieve this position.

Withdrawal:

This is where the SHI withdraws from one or some of its activities due to market or stakeholder pressures in order to focus its scarce resources in more effective pursuits.

Consolidation:

This is concerned with protecting and strengthening the SHI's position in its current markets through its current products.

Market penetration:

This is a method of maintaining the SHI's position through ensuring that strategic advantage is not lost through ensuring sustained growth in a growing market or increased market share to maintain volumes in a decreasing market.

Product development is where new product lines are introduced to follow changing needs. One way that a SHI may develop new products is by stretching its competencies to accommodate new products. Conversely the SHI may develop new competencies in order to develop new products. This strategy will suit an industry that has rapid change.

Market development is where the SHI moves into markets that are not currently served by existing products through modification to those products. Examples of this are the development of new uses for existing housing products in new markets or moving into new geographic markets with the existing housing product.

Finally, diversification is an option where the SHI diversifies its product range beyond the present housing product and market (e.g. the drift of some SHIs away from the subsidised housing market towards providing accommodation for a higher income group), but still within the confines of the industry. It may also integrate backwards into the activities of the inputs to the organisation, and/or it may integrate forward where it becomes involved with the activities relating to its outputs. Both forward and backward integration are known as vertical integration as the SHI moves either backward or forward into its supply chain. Lastly, the SHI may integrate horizontally, where it enters activities that are competitive with or directly complementary to the present activities.

I am posing these strategic issues in the way forward. We need to establish a sound basis for social housing delivery through exposing the managers of the delivery vehicles to the risks and rewards consequent on their performance. At the same time we need to use the matrix for strategy development of the four quadrants to equip these managers for the strategic challenges they will face in identifying, assessing and managing the risks attendant on their business.