

# **Madulammoho Housing Association (MHA)**

*Housing as part of a social development package for the inner city poor*

## **History**

### **Serving the poor and destitute**

Along with other faith based organisations, the Dutch Reformed Church began to respond to the problems faced by homeless and low-income people in Hillbrow in the 1980s. The church's first concern was to provide a soup kitchen where destitute people could be fed one meal a day. Over time this service grew to respond to other community needs. In 1989 the service was formalised into a separate non-profit organization (section 21) called Metropolitan Evangelical Services (MES).

MES was initially staffed by volunteers. They were particularly concerned about the prevalence of homeless street youth in the inner city, and developed training and support programmes targeted at these vulnerable young people. Additional programmes were also added, aimed at youth development and other community needs, as these were identified by volunteers. This approach—driven by the interest and concern of individual volunteers or groups of volunteers—led to a wide variety of programmes targeting various social needs. It also meant that there was some disjointedness between programmes.

Around 1994, a decision was made to reform MES along more business oriented lines, and to tighten the structure of the organisation. Goals and objectives were defined. Permanent staff members were employed, with volunteers supplementing the work of staff. Programmes were more focused. The street youth programme grew to be particularly successful during this time, and by 1998, MES had grown with various departments addressing specific issues such as HIV/AIDS, the elderly, street youth, basic care (food and clothing) and community care.

### **From service to development**

But a key question emerged: 'How do you impact the development of people?' MES staff believed that giving goods or services was insufficient, and did not in itself empower people to improve their livelihoods. Ultimately, this was not the most sustainable way of impacting people's lives. In response to this question, MES sought to focus on training and skills development. The training would need to be directed at providing people with hard skills that led to specific employment opportunities, rather than certificates. MES approached organisations that would be willing to accept MES trainees as interns. From this, MES's 'Prevention, Intervention and Exit' strategy was developed, which focused on assisting unemployed, destitute people to be trained and placed in entry level jobs (such as, security guards, plumbers' assistants, etc.). Upon completion of training,

people were offered jobs within organisations and businesses that had arrangements with MES. As part of the strategy to exit people from a dependency on MES, a co-coordinator was matched with each trainee to monitor the trainee's progress for a year after the placement. This monitoring exercise revealed that people's living conditions affected their ability to retain employment. Because of their relatively low incomes (R1 500 – R2000 per month), the interns battled to find stable, decent, affordable accommodation in the area. As a result they often ended up back in housing situations where they were exposed to poor, overcrowded living conditions and to high levels of alcoholism and drug use. They would often themselves being pulled back into a life on the streets.

### **Housing as a key to development**

Once it became clear that a lack of affordable accommodation was impacting negatively on the developmental gains that MES was establishing, the organisation began to examine the need for decent accommodation in the inner city. In 1999 MES explored residential care based on a transitional housing model. This model allowed people to rent a bed space and to access shared ablution and cooking facilities. The State objected however, saying that this form of housing resembled apartheid-style hostels, and as such, MES struggled to get government support. Instead, social housing was touted as the solution for affordable rental housing.

Although set up to create affordable rental accommodation, the social housing delivered through Social Housing Institutions (SHIs) was still providing a rental model beyond the reach of MES's clients. Because SHIs were buying and refurbishing buildings using loan finance and institutional subsidies, rents were determined on an economic cost recovery basis. As a result, these rentals did not match the affordability of the very poor.

MES focused on turning the traditional social housing financing model around by attempting to design one based on what people could afford. Affordability was therefore the starting point. Once housing development costs were calculated against the monthly amount that MES clients could pay, it was found that the poor in the inner city could only afford transitional and communal housing models.

In 2004 the Department of Social Services finally agreed to support MES in their residential care model, provided that MES agreed to teach others to replicate the model.

Although MES fully supported the need, getting into housing would be a major shift in business. So in 2004, a separate organisation, Madulammoho Housing Association was set up to focus on the housing component of the social

development model pioneered by MES. Madulammoho would focus only on the housing aspects of the development tasks that MES defined and as such, could dedicate its efforts towards fundraising for and developing affordable housing models. However MES and Madulammoho would continue to work together, hand in hand, like “brother and sister”.

### **A Stepped Approach to Housing: The Madulammoho model**

Based on demand-side affordability, Madulammoho Housing Association developed a stepped approach to providing people with alternative housing options at different rentals. Households could then make housing choices according to their incomes. The ladder approach demonstrates that as people are supported and their skills improved upon, their housing options open up. However sometimes incomes might decline and they may need to seek a ‘reduced’ alternative. In this model whatever the case, households will at the very least have safe and secure accommodation options. Madulammoho’s partnership with MES provides for social services so that households are supported in their choices.

MES runs an assessment centre where each person is assessed by a social worker and then placed accordingly within the MES / Madulammoho system. In addition, each building has a trained life coach who assesses the needs of the tenants. The life coaches serve as an important support for tenants in each building, and deal with the real life stresses (domestic violence, divorce, unfaithfulness of partners, abuse) or spiritual issues of the tenants in the buildings. Monthly reports are compiled by the life coaches so that Madulammoho and MES get a sense of how their tenants are doing.

Each building has a house manager who takes care of the day to day business of the building, including collecting rentals, listening to and dealing with tenant complaints and undertaking minor maintenance. The house manager stays in the building and is paid a salary and trained in the systems by Madulammoho.

In order to minimize costs, Madulammoho outsources as little work as possible. Cleaning and security, as well as ongoing maintenance (besides major maintenance) are all undertaken in-house. Not only does this create jobs for some of the tenants, it also means people have a vested interest in doing a good job. Each building then has its own security and cleaning services which are all managed by Madulammoho. The security, cleaning and maintenance systems are managed centrally, and it is the hope to have a maintenance officer on site in all the buildings at some point in the future. Internalising security and maintenance services has also proved to be a significant cost saver for the company.

Monthly house meetings are held to which every tenant is invited, and to which they are asked to bring their grievances or praise. In this way, tenant committees are avoided as each tenant has direct access to Madulammoho staff at least once a month.

Before any tenant is placed in a unit they have to undertake an extensive screening and workshop process by Madulammoho so that they are aware of their responsibilities and rights as a tenant before they move in. Importantly, this is to avoid confusion for tenants who question why Madulammoho receives grants from government but then still charges rentals to tenants. It is very important to clarify upfront that this is a rental model, and that the tenants will never own a unit. The screening and workshop process also ensures that those benefiting are South African citizens.

Madulammoho operates an anti-eviction policy. This does not mean that tenants are encouraged not to pay. In fact, rental payment is prioritised. But it does mean that all measures of assistance will be offered to tenants to assist them in meeting their monthly payments. This includes linking tenants with the services of MES to assist them in seeking employment and in gaining skills if they become unemployed. It also includes a stepped approach to housing which allows tenants to move to accommodation that is more affordable if they need to do so (though it should be noted that due to high demand and low tenant turnover, reduced housing options are limited to availability). Eviction is only used as a last resort.

### **The Madulammoho Housing Ladder:**



### **Hospice (not currently in the Madulammoho model)**

This shelter and care option is provided by MES for people who are ill and need time to recover (especially those receiving Anti Retro Virals's) before they can resume work and be in a position to earn an income and pay rentals again. Unlike other housing institutions, this means that Madulammoho tenants are supported even when they are facing difficult times. A specific number of units are also reserved in each building for HIV positive people that have been supported by MES, and are well enough to begin working again. MES has one hospice facility in Doornfontein.

### **Shelter (daily / irregular income R0 – R800)**

On the first rung of the housing ladder in the formal rental market is shelter. This is for people earning a daily income (car guards, rubbish collectors, painters, gardeners) who have no bank account, and for all intents and purposes are nomadic or migratory. They may have moved into the area for short-term work, and providing shelter for them means that they don't end up on the streets. For this type of accommodation, people pay R5 – R10 per night. They get allocated a bed for the night with a locker (four beds per room) and they have a hot shower and a facility for washing their clothes. If they don't have money, they are able to access a free meal from MES. **This is the least recognized form of accommodation but it is also the most needed.**

### **Transitional Housing (income R500 – R1200)**

This is a housing typology that is often misunderstood by government. It is not a decant facility and is not a permanent arrangement. It is the first formal step up from shelter accommodation in that there is a full lease agreement in place for

up to 24 months. 'Transitional' housing usually provides 'temporary' accommodation in the form of shared rooms, bathrooms and kitchens facilities. The idea is to give people training / improve their skills and equip them for (better) jobs so that they can move on from here. People pay a deposit and rent the actual bed space. It looks the same as a shelter, but the bed / locker / wall belongs to the individual tenant in terms of the lease agreement. There are four beds per room (divided into male and female rooms) with communal kitchens and showers. There is 24-hour security and cleaning services. Again, this level benefits with support from MES, which focuses on skills training and human development so that people, once they have received the training, are able to access better paid and more secure employment opportunities.

Transitional housing costs the tenant R180 – R220 per month (so aimed at those earning R500 – R1200 per month), plus water and electricity (pre-paid electricity meters are on each floor, with the usage divided by the number of people staying there). There are some rooms where single mothers and children are accommodated, but transitional housing is mainly aimed at single-person accommodation. There are some families staying here, but husbands and wives are separated (children stay with their mothers), although they can use the bathrooms together. By comparison, people living in slum accommodation (often with no access to services, many people sharing a room, poor security and health threats) pay about R500 per month for accommodation – meaning they live in much worse conditions and pay more.

All of Madulammoho's buildings include some transitional housing (a floor or two will be dedicated to this type), as it is the company's experience that it is a good idea to keep a mix of different income earners in each building. There is strong synergy between the conditions for development and management of the government rental programmes and social needs and transitional housing provision.

### **Communal Housing (income R1200 – R2500)**

This is where there is a lease agreement per unit (single room unit) with shared ablutions and communal kitchens. A person will sign a lease for the unit and can choose who shares the room with them (or not) – although this has a maximum limit of two adults and two children. For this people pay between R500 and R950 per month plus utilities.

### **Community Residential Units / Public Rental Housing (income R800 – R3500) – not currently in the Madulammoho model**

The Community Residential Units (CRU) programme encourages provincial and local government to use their land and building assets to develop rental units for the target household income group R800 – R3500. The intention is to extend the

tenure and housing choices available to low income households while providing them with access to decent housing in better-located areas. It provides a once-off capital grant for the development, redevelopment or upgrading of existing stock. This capital grant does not have to be repaid and as such, rentals are kept low as they do not include a loan repayment portion (rentals only cover management and administration and maintenance costs).

This stock is owned and remains in the ownership of the municipality or the province, and can be managed by a municipality, Social Housing Institution (SHI) or management agent. Critically, it requires intensive upfront community facilitation and regularisation and project feasibility support so that it is first determined whether projects are viable before big capital expenditure occurs. The key objective is to create viable, sustainable public rental stock for lower income households. The programme seeks to bridge the divide between social housing and lower markets and is seen as forming the basis for stepping from transitional or informal rental into the formal housing market. It seeks to stabilize the housing environment and support the integration of public housing into the broader housing market. The programme is designed to provide for a variety of accommodation options in order to facilitate and address access by the low income target market. While often seen as a replacement of the hostel upgrade programme it is more than that. Municipalities and Provinces are encouraged to develop projects on appropriate Greenfield and infill sites as well as the redevelopment and refurbishment of existing buildings.

Madulammoho has been asked to participate in the programme by the Gauteng Provincial Government as a management agent for their Soweto units (please stay tuned for new developments).

### **Self-contained units (income R2 500 – R7 500)**

These units are either bachelor flats with a bathroom and kitchen or two or three roomed units, also with their own kitchen and bathroom.

### **Social Housing (income R2 500 – R7 500)**

In this typology households are provided with a self contained unit (bedroom, bathroom and kitchen). Social housing focuses on a household income bracket of R2500-R7500 per month and requires private sector (profit and non-profit) involvement in the management and funding of projects. For social housing projects to be implemented, the appropriate land needs to be acquired and the site will need to be zoned for social housing development (restructuring zone) prior to development. The funding provided by social housing from the National Department of Human Settlements is for a percentage of the capital costs and non-profit organisations can also access an institutional grant.

## **Market rentals (income above R7 500) – Not in the Madulammoho model**

Market-related rentals are provided by the private sector for those earning above R7 500.

## **The Context: Johannesburg's inner city**

### **An insatiable demand**

There is a shortage of accommodation in the inner city of Johannesburg. Madulammoho, like other affordable housing developers, finds that it can fill every unit it creates, and that there are always overwhelmingly more applicants than can be accommodated in new developments.

### **Decanting: some observations on eviction processes**

Madulammoho has been required to offer accommodation in cases where the City has evicted tenants from unsuitable accommodation or has facilitated such eviction for development purposes. These cases have not been straightforward and Madulammoho's experience thus far indicates the following lessons where eviction or decanting is necessary:

- The City has re-housed people without entering into leases or rental agreements.
- Tenants (evictees) who are re-housed must be charged a rental.
- A lease agreement must be drawn up between the City or development agent and the tenant.
- Any evictee who is sent to Madulammoho must go through the same screening process as any other potential tenant, and must be included or excluded from developments on the same grounds.
- The City must know what suite of housing is to be offered to evictees at the point of eviction and thereafter. It is no use evicting people and then evicting them again from the next accommodation.
- This means that during the lease period in the first accommodation (transitional) the tenants must be involved in a process that sets up the next option, whether this is a state or non state funded option. People who are unemployed need to be housed in sheltered accommodation or in subsidised ownership units. It is not sustainable to house such households in rental accommodation.
- Dealing with evictees requires being involved in their social circumstances and development because sustainable and affordable housing is linked to whether people have a livelihood.
- The City needs to recognize that it does not have the capacity in-house to undertake the 'adequate engagement' that the courts have alluded to in cases of eviction.

- Low income housing is hard work and requires that the skills of organisations that have a primary focus on social development be involved alongside the City.
- Building maintenance is critical. Tenants will withhold payment if utilities or services such as cleaning and maintenance are not adequate.

### **Threats to buildings**

The threat of building hijacking is a problem in Johannesburg's inner city. One of the ways in which Madulammoho has experienced this has been that a key tenant begins to mobilize a group of other tenants in hostility towards the housing company. This may be achieved by actions such as breaking bathroom fixtures and fittings and then complaining about inadequate maintenance. Other complaints can also be lodged and a case against the company built up. This can lead to withholding of rentals or service payments and spiral into a building takeover.

A number of things are important:

- Building management and maintenance must be of an extremely high standard.
- Tenants must be treated with respect and must get good value for their money.
- Regular, predictable meetings must be held with tenants. In Madulammoho's case, a monthly meeting of the buildings is held and weekly meeting are held with tenants on each floor. In addition, house managers visit every tenant at least once each month. House managers are present at all times to deal with queries and complaints. This is an extremely 'hands-on' arrangement and Madulammoho has found that it makes for contented tenants.

### **City billing problems impact stability of buildings**

Building 'hijackers' generally target the utility accounts of housing developments in order to demonstrate to other tenants that services are being charged for but not delivered. Madulammoho works on a direct cost recovery basis for utilities wherein tenants pay for the amount of water or electricity they consume. Madulammoho has installed meters in each building and each unit to monitor usage. The City also has meters. However these are typically not read properly or not read at all and accounts to Madulammoho may not reflect actual usage. In a number of instances no bills are received for many months and even years after a development is completed and occupied. There is a constant struggle and negotiation with the City to rectify accounts or to agree on amounts that need to be back-paid once billing has been resolved. Madulammoho continues to charge clients for amounts used as indicated on its own meters and holds this money for payment to the City.

Madulammoho has found that it is necessary to have a senior staff member dedicated to dealing with utilities and billing problems as a major component of his/her work. The tasks include the tracking of billing problems and negotiating with City officials. When things go wrong in the billing system they can be very confusing and intricate. Resolving such problems is arduous work. "It's like trying to find a worm in a bowl of spaghetti," laments Neil Erasmus, Madulammoho's Asset Manager. But it has to be done. Building 'hijacking' often has its roots in inaccurate billing.

### **Inner city social dynamics**

People from adjacent buildings have frequently sought accommodation in Madulammoho's buildings. This is because of the quality of accommodation and management offered by Madulammoho. There have also been cases of people moving out of adjacent buildings because they perceive the building to be increasingly 'foreign'—occupied by non-South Africans of either a single nationality or of mixed nationalities. Where South Africans are being excluded from 'bad buildings' this may relate to slumlords' wishes to guard against court action. If they are housing illegal migrants they are able to evict people without fear of court action. In the light of xenophobic violence that rocked Johannesburg in 2008, this ghettoizing of poorly managed buildings signals a warning that social integration is a major inner city challenge.

Many other tenants come to Madulammoho's developments from Soweto. They choose to live in the inner city to reduce transportation costs and to have access to good schools and amenities. They may be moving from paying a backyard rental of R300 to an inner city rental of R600 but may be saving R600 per month on transport costs.

### **The first project: Europa House**

Madulammoho's first housing opportunity came through the Johannesburg Property Company (JPC) – an entity of the City of Johannesburg. JPC expropriated the overcrowded Europa Hotel in 2003 and the tenants were evicted in 2004. The refurbishment of the empty Europa was then put out to tender for the creation of affordable rental accommodation coupled with training and development programmes.

The redevelopment of the Europa had been in discussion for a number of years. In its hey day the Europa was the hotel of choice for the elite, and the restaurant in the hotel was legendary. Attached to the Europa was the popular 24-hour nightclub 'Razz Matazz', where Brenda Fassie often sang. The Europa was an icon of a glorious past and drew on many sentimental memories of the city.

By the early 2000's the Europa had, however, become a den of iniquity, with open prostitution and abuse of drugs and liquor. It was a crime and corruption

hotspot, with certain local political leaders and a number of corrupt police officers having a vested interest in maintaining the status quo. MES had aligned with those who pressured the City to turn conditions at the Europa around.

In its tender for the redevelopment of Europa, Madulammoho proposed that rather than owning the building it would lease it from the City for 20 years. This meant that the City did not have to alienate the asset. The City would provide the building and the Province the institutional subsidy. Based on the variety of affordable units provided, as well as the accompanying training and support for tenants provided through MES and the fact that Madulammoho would not own the building, Madulammoho was awarded the tender.

The redevelopment of Europa was completed in September, 2005. It was a difficult process given the tough environment. Twelve ten-tonne truck loads of rubbish were removed from the building before the redevelopment could even begin. Even the lift motor had been stolen. That is a three tonne piece of equipment!

Application forms were handed out on Monday morning. The company made 100 forms available. By 9h00 these had been handed out and a further 1000 were required. Within three days, 3000 applications had been received. Madulammoho employed someone and harnessed its internal staff to work through every application.

Tenants were accepted into the new facility in October 2005. Based on Madulammoho's stepped approach, four types of affordable rental accommodation are provided at Europa:

- 100-bed emergency shelter accommodation is provided on the ground floor. This space caters for emergencies and allows for up to 100 people to be provided with a bed space for up to 72 hours until alternative accommodation is found. This accommodation is provided free of charge by Madulammoho.
- 11 transitional housing units provide bed space for rental in a shared room (between two and four beds in a room), with a storage trunk and communal ablution and cooking facilities. This is intended to be transitional accommodation, lasting for a period of up to two years. People staying in transitional accommodation are encouraged to move out of this situation as soon as their circumstances have improved (assisted through the training and development programme provided by MES). During this time they must be involved in the training and development programmes offered by MES.
- 43 Communal units provide housing for a maximum of four people (two adults and two children). Tenants rent a room and choose whom they

- share the room with. Communal units have access to male and female ablution facilities with toilets, showers and hand basins.
- 14 self-contained bachelor units include a bedroom and private ablution facilities.

The original nightclub area was refurbished as a training and development facility.

It was initially intended that commercial units would be developed on the ground floor to cross subsidise residential rentals. However this didn't work as commercial uses soon moved to adjacent buildings which had been hijacked and were offering space at lower rentals.

The Europa was a pilot project through which the Madulammoho philosophy and stepped approach to housing were tested. In particular, the development demonstrated the practice of a link between providing affordable, stable rental accommodation and care, training and development for the tenants.

The Europa provided the springboard for Madulammoho to develop 950 units in seven buildings over a five-year period (2005-2010).

## Summary profile of other developments

### **New Regent**

The New Regent building is situated at 15 Soper Road, Berea. It consists of 58 units on three levels with communal facilities, washing facilities and a kitchen area.

### **New Elkero House**

The new Elkero was opened in October 2007 and is situated next to the new Europa House, on the corner of Claim and Peterson Streets. It consists of 168 units of which 141 are communal housing units and 27 are bachelor units.

### **Cornelius House**

Cornelius House is situated at 28 Cornelius Street in Marshalltown and is a five storey building. It was established in 1998 and was run by the Johannesburg Trust for the Homeless (JTH). When JTH experienced financial difficulties, however, they merged with Madulammoho, and as such, Madulammoho now runs it. Cornelius House consists of 67 transitional rooms and 14 communal housing units. Because it has been in operation for more than 10 years it has served as an important pioneer for transitional and communal housing.

### **Resdoc**

Resdoc is situated at 27 Esselen Street in Hillbrow. It has 60 communal rooms and four self-contained flats.

### **Allenby House**

The Allenby was established in 2009 and is situated on Claim Street in Hillbrow. The building features 119 communal housing units.

### **Boxing Ring:**

This is a building located adjacent to Elkeru. It was the site of a petrol station which has since been removed. Within the building a boxing coach runs a training facility. He has, from this site, with little funding and equipment, launched two national boxing champions! Plans for this facility are not yet finalised but Madulammoho is working on a concept for a Sporting Academy either on one or more sites that would include karate, boxing and soccer.

## **The full Madulammoho model in practice**

### **B.G. Alexander**

This building was a huge coup for Madulammoho. The company had attempted to obtain the development rights to refurbish the building for three years. It was once a hijacked building, guarded by men wielding AK 47 rifles. A thousand people had been placed in the building, each paying a R500 deposit and R500 in monthly rentals to the hijacker to stay there in appalling conditions with no services. The hijacker held the building for 10 months and made R1 million in the first month and R5million for the 10 months that followed.

Through the provincial Department of Public Works, Madulammoho finally secured a lease over the building. However, the City of Johannesburg was coincidentally assessing the building for its own social housing programme, and the City's social housing entity, JOSHCO, developed plans for the building. This coincidence led to a partnership being forged between Madulammoho and JOSCHO. This partnership was based on Madulammoho's social aims—to develop people and be involved in the management of housing—and JOSHCO's goals to deliver housing units. A joint venture was forged for the redevelopment of BG Alexander. This joint venture (JMJV) holds the notarial lease on the B.G. building for a period of 35 years. Madulammoho received a subsidy to finance the capital expenditure on the B.G. building.

B.G. Alexander was once a nurses' residence. It is a substantial development, occupying an entire city block, with a series of buildings designed around courtyard space. It comprises ground floor reception and entertainment rooms, a lecture theatre, additional freestanding buildings (later converted into a crèche), and accommodation in a range of configurations.

Madulammoho, with a 45 per cent stake in the joint venture, sourced the institutional subsidies for the development. JOSHCO provided the capital and has a 55 per cent stake in the joint venture. A joint policy committee on the building meets four times each year.

In addition the facilities include:

- A Cruyff Court five-a-side soccer pitch, donated by the Netherlands National Football Team;
- A church facility;
- An after care centre;
- A catering kitchen to be used as a community soup kitchen centre, with an allied dining hall space;
- The dining hall and aftercare facility room can be used as training and entertainment rooms;
- A lecture theater-cum-movie theater facility, which is also used by a church group;
- A crèche

## **Sustainable neighbourhoods**

### **eKhaya neighbourhood**

Property owners in Hillbrow came together in 2004 to improve the living conditions in the neighbourhood through increasing management, improving safety and cleanliness and by providing additional facilities for those living in the neighbourhood. This became known as the eKhaya Neighbourhood Precinct. It covers the city blocks between Smit and Esselen Streets and Klein and Claim Streets. eKhaya directly affects about 6,000 people living or working in the 33 affiliated buildings. eKhaya has generated a steady transformation of the neighbourhood from an environment characterised by decaying buildings and crime to a sense of order and pride and good governance. From a community living in fear and suspicion to one of participation and growing trust and stability. eKhaya has nurtured a sense of individual and collective empowerment, civic responsibility and good neighbourliness among people living and working there.

Madulammoho joined eKhaya when it refurbished the Europa, but El Kero and B.G. Alexander are also members. Its building managers are active participants in eKhaya projects and Madulammoho's CEO is the current chair.

Landlords, like Madulammoho, pay a monthly levy for security, cleaning and other services in the vicinity of their buildings. In 2009 these fees were R14 per communal room or R28 per unit. The City also re-tarred the sanitary lanes in the precinct and these have been locked. A programme to get caretakers in the precinct to know each other and to share information has also been established. Monthly caretaker meetings are held. Campaigns are run including

neighbourhood clean-ups where residents get involved in cleaning the area, children's days, soccer days, boxing tournaments, etc. Once each day the building security coordinates a show of force where all security guards in each development move outside at the same time and monitor the street. Many arrests have been made and many stolen goods recovered through the security operations in the precinct. Ninety per cent of the arrests carried out in the precinct have led to conviction as guards have testified and the precinct has assisted police in following up cases.

In each development efforts are made to include social or other facilities that contribute to individuals' needs beyond shelter. These may be training facilities, crèches, shops, sporting facilities, halls that are used for churches or for entertainment or food kitchens. Open spaces for gathering are included where possible. The inclusion of these non-residential facilities serves Madulammoho's social development agenda as well as its concern for building neighbourhoods and not just individual units or buildings. It is a concern that is founded in social housing principles. This district has also secured a play park which has been upgraded by the City (the Johannesburg Development Agency) and is now a secured, controlled access facility that is maintained by the precinct management. This high quality park is used by tenants of surrounding buildings. It includes a children's play area, a mini soccer ground and landscaped areas for relaxing or picnicking.

The eKhaya Neighbourhood model of urban regeneration has pioneered a significant paradigm shift from the "delivery of housing" and "urban regeneration" to the realization of well-functioning, sustainable neighbourhood development as part of human settlement which promotes community and empowered citizenry. EKhaya has shown that while it is easier and quicker to deal with the physical aspects of regeneration, it is the social aspects (concerning people and communities and dealing with issues of good management and sound relationships) that are critical to making neighbourhood regeneration sustainable.

## **Madulammoho Project Development**

### **Funding**

"The Madulammoho model makes no sense on paper," says Neil Erasmus, Madulammoho's asset manager. "The cost of development and maintenance is so high that financially it pushes you to high rentals. In a typical financial model it doesn't work, so we have to keep refining things."

Madulammoho's model is, however, viable because of low overhead costs (salaries, premises etc.), by keeping services in-house (maintenance, cleaning

and security) and because of the capital grants from government (Restructuring Capital grant). To maintain affordability, Madulammoho has made a conscious decision that in order to serve their market (those typically earning between R1500 and R7500 per month) the company needs to maintain small overheads and small staff components. The most important point for Madulammoho's financial sustainability is that overheads must be covered from rentals. Originally the break even point for financial sustainability for Madulammoho was 1000 units, which would mean that the company is (in 2010) nearly at break even point with 952 units. However this projection did not take into account the growth required to build Madulammoho. In order to sustain its work and grow, the break even point now stands at 2000 units. Madulammoho's next step is therefore to fund the additional capacity required for development. This requires technical professional expertise for packaging projects—both through purchasing and redeveloping existing buildings, and possible new Greenfields projects, or even densifying existing developments.

For the funding model to work, Madulammoho will require pre-feasibility funding to pay for the professional capacity required to get new projects on board within the Madulammoho model. Feasibility also requires intense negotiation with utilities and the City so that all players 'come to the party' to reduce costs as much as possible. This is necessary if the model is going to work for the market Madulammoho serves. As soon as loan finance is required the project becomes unaffordable for the poor. Deals are required where the City is prepared to give a dilapidated building to Madulammoho for redevelopment and for all arrears on such a building to be written off. Ultimately, this type of deal is a win-win situation because the City benefits from the poor being housed in decent accommodation and from getting service payments on use of utilities.

There is no single financial model that is the blueprint for Madulammoho projects. Each project is different and requires a different funding model in accordance with the following variables:

The subsidy provided by government; bulk infrastructure; land; costs of construction; scale of the building and proportion of loan finance.

In order to bring down the costs for each building, each of these items have to be carefully negotiated in order to make the model work, if they are to serve the affordable market. It also means that Madulammoho has to be innovative, continually looking for ways to reduce costs so that its financial model can be made to work. Delays due to prolonged bureaucratic processes can also lead to a project becoming unaffordable.

Madulammoho projects are funded through a variety of loan and grant finances, including:

- TUHF
- Gauteng Partnership Fund (GPF) provides approximately 30 per cent of the development finance for Madulammoho's projects as well as a small operational fund for two years. GPF offers loan finance at competitive rates, at two to three per cent lower than commercial bank rates.
- Housing subsidies from the National Department of Human Settlements
- Donor funding – European Union, Holland,
- NHFC: loan financing through service agreements but not much benefit as charge normal commercial rates

Madulammoho has, thus far, achieved successful development with very little operational grant funding (besides a R30 000 a month grant received from the Gauteng Partnership Fund). It becomes less and less possible to sustain operations without support, as the organisation and its projects grow while costs are kept as low as possible to cater for poor tenants.

### **Economic Cost Recovery**

Madulammoho works on a system of economic cost recovery rentals. The exact calculations vary from building to building. Rentals are geared to cover the costs of any capital repayments on the redevelopment of the stock as well as administrative and management costs of the stock, including the development of a reserve for the planned maintenance of the stock. This means that rental, levies and service charges are billed against the actual cost of delivering the units and service. Because of the tight cost recovery basis of revenue collections, the company cannot afford to have vacancies. Vacancies are therefore zero per cent, with a rental collection rate of 92 per cent and bad debt ratio of 0.6 per cent. It also means that rentals for similar units may be different in different buildings managed by Madulammoho. These variations must be explained to tenants. Madulammoho also attempts to keep units that are closely located to each other at similar rental levels. Each building does however need to be self sustaining because each operates within its own financial risk factors and Madulammoho cannot afford to lose control over even one building.

Madulammoho has also begun a system of economic cost recovery on maintenance items as, despite the systems in place, things in the buildings are constantly getting stolen or broken. Where individuals are responsible (losing keys or breaking into their rooms) they are charged individually on the following month's rental slip. If it is a communal item, the cost is divided by the people living on the floor. Because many of the buildings that Madulammoho has redeveloped are old, they incur high maintenance and operational costs. In response, Madulammoho is exploring ways to reduce these costs in future, such as installing open water ducts or densifying existing buildings by using new technology to build extra floors.

## **Utilities**

The biggest challenge in the forthcoming years for Madulammoho is likely to centre on managing utility costs. This is because with the increase in electricity tariffs tenants may shortly be facing a situation where they pay as much in utilities as they do in rentals. Very poor management by the utility agents has also resulted in numerous setbacks for Madulammoho, consuming hours of time trying to sort out incorrect utility bills and to request authorities to properly meter buildings.

Madulammoho has tried to overcome the lack of service by installing their own electricity and water meters on each floor for communal areas / rooms and in individual units. In this way, Madulammoho can manage the situation independently and can bill tenants directly. The problem lies when the company is not billed accurately for the services once occupation has begun, and as such, tenants are able to question this practice.

Lack of service by the utility company also places the housing institution at risk with its clients. The installation of Madulammoho meters in each building is therefore important for transparency – tenants can see how much electricity they have consumed.

## **Scale**

The size of a development impacts on its feasibility. Madulammoho has found that developments with too few units are costly to manage. If there are few units it is better to have these in a low rise building of one or two storeys as the cost of lifts are exorbitant.

## **Management**

Madulammoho focuses on the ongoing management of developments. It must however be part of the design phase of developments in order to ensure that appropriate designs and fittings are incorporated into buildings.

## **Partnerships**

Madulammoho works with the philosophy that partnerships are important. Sharing of information and skills is necessary and it is unnecessary to 'reinvent the wheel' by trying to develop systems that others already have in place. However a real partnership is one in which each party brings something to the deal.

- Madulammoho and MES work in a sibling arrangement. Madulammoho undertakes the 'hardware' of building development and management, while MES deals with the 'software' of social development.
- In 2005/2006 the Johannesburg Trust for the Homeless, a social housing institution, got into a bad financial situation, and Madulammoho took over. This was the first of Madulammoho's joint ventures.

- JOSHCO – for the B.G Alexander development, JOSHCO provided capital funding and managed construction and refurbishment, while Madulammoho provides ongoing maintenance and management.
- Dutch partnership – Madulammoho has a twinning and working arrangement with a Dutch Social Housing company in the Netherlands called Vestia. Through this agreement Vestia is assisting Madulammoho with its growth and expansion plans as well as providing technical assistance with alternative building methods and energy saving technology. In addition a twinning agreement exists wherein Madulammoho staff is sent for training in Holland.
- Woodgreen Community Company in Toronto, Canada.
- Rooftops Canada: learning exchanges are arranged between Madulammoho and Rooftops Canada. Interns are funded by Rooftops to work with Madulammoho in areas of need including communications strategies, strategies for growth, etc. Rooftops is committed to sending an intern to Madulammoho for a period of six months per year for three years commencing in 2010.
- Johannesburg City Council – Madulammoho engages with the property, housing and social development initiatives of the City through representation on forums and by attending meetings. It has also often made its own information and systems available to the City. Madulammoho also provides an emergency shelter facility to the City for crisis management.

### **Reporting**

Tight reporting is undertaken, which is straightforward rather than complicated. CEO, Renier Erasmus says his motto is, "Keep things simple. That way you don't have to manage complexity."

### **Construction**

Madulammoho has found that it is important to apply for services agreements at the commencement of construction. It takes a long time to secure these.

If another body is taking responsibility for construction, Madulammoho ensures that it has the details of all contractors working on the project. It also insists that the developer is on site.

The operational plan, including rent structure and management arrangements is put in place at the beginning of construction.

A house manager is employed a month before occupation. This manager is included in decision-making taken at the end of construction. He/she is involved in snagging and in handover as well as in the unit allocation process.

## Madulammoho systems

### **Keeping close to clients: Madulammoho Client Services Management**

The Client Services department of Madulammoho deals with tenants before, during and after their tenancy. Pre-tenancy communication is concerned with selecting tenants, screening applicants, providing information and workshops on Madulammoho and taking prospective tenants through an intake process. During tenancy, communication is focused on ensuring that tenants get value for their money and on the management of tenants' needs and the ongoing maintenance of good building conditions. Post tenancy communication is directed at an exit interview to determine Madulammoho's success or failure as a landlord.

The Client services department includes house managers, a leasing officer, the front desk (reception), cleaners, security guards and the client services manager. These staff members all provide a direct service to, and are in contact with tenants and are therefore continually trained and managed within the overall communications philosophy of the company. They also input into the overall approach. Together they provide a mix of best practice and theoretical approaches to communication with daily 'on the ground' experiences which serve to test the workability of the communications approach.

Madulammoho has internal clients - the tenants of their buildings, as well as external clients – the organisations they interact with including the Rental Tribunal, state housing departments, social housing organisations, city improvement district organisations and security companies. These interactions all involve service provision and communication on part of Madulammoho.

### **A clear and consistent application process**

The communication policy covers applications, tenant intake, letting policies and ongoing interaction with tenants.

The procedures for tenant intake include:

- The unit/building that is available is advertised. Often this is done through word of mouth as there is such high demand that it is unnecessary to advertise availability in the press.
- Madulammoho operates a short term waiting list which holds about 150 names. This list is kept active for a period of six months. Waiting lists are, however, expensive to maintain and this is why Madulammoho has restricted the numbers and the time period.
- A minimal registration fee is required from applicants and they are required to complete an application form, which includes personal details, details of their current place of residence and contact details, details of dependents, monthly income details, details of citizenship, unit preference

- (communal, children etc), employment details, credit profile, reference (contact details of friend or relative) and a monthly budget.
- The application forms are then sorted to exclude non-qualifiers: those that fall outside of the target income (of less than R7500 per month), those who are not South African citizens (as they would not then qualify for a subsidy), or those who are not permanently employed.
  - Each applicant is informed of the outcome of the application process and provided with the reason/s why his/her application has not been successful. (Sometimes the reason is simply that there are no vacant units).
  - Once people have passed the initial assessment, a more detailed assessment of each application is undertaken. An affordability check is done. Through this process Madulammoho checks whether applicants are blacklisted. A credit bureau check is also done. Most people in this target market have been blacklisted at some point, and a history of being blacklisted once or twice is not necessarily a ground for disqualification. Rather, applicant histories are checked for repeat offenses and for whether they have made commitments to pay back the money.
  - Madulammoho then goes through the application form with the prospective tenant, focusing on their budget, and describes the rental process to them. Tenants are then selected.
  - Madulammoho holds a workshop with the prospective tenants. Tenants bring their application form to the workshop and again the rental model is described so they know and understand exactly what they are signing up for. This includes what the institutional subsidy from government is for. To do this, Madulammoho invites the Gauteng Department of Housing to explain how the subsidy works so that tenants can see they are not being conned. They are also informed of Madulammoho's vision – for its own developments and for greater neighbourhood improvement. The workshop attempts to encourage people to think of their inner city accommodation and its environs as 'home' and to take care of these. People are also informed of why they are paying rents and what their rental payment includes.
  - The services of MES are introduced to prospective tenants as well. These services include:
    - Skills development programmes (computer literacy, call centre, upholstery etc);
    - Training centre (clients are separated by age);
    - Primary healthcare;
    - Hospice services;
    - Social work.
  - If a tenant is facing particularly difficult times MES will also provide assistance through food parcels for a period. Importantly,

Madulammoho does not talk on behalf of MES, but brings the organisation in to present their services at the workshop.

- A second workshop is then held where the lease agreement is explained. A video of the workings of Madulammoho and details of the lease agreement are presented. Tenants are shown how to read bills.

### **Lease agreements**

Madulammoho has simplified the lease agreement so that every clause is stated clearly and directly and all jargon is removed. This lease also lists responsibilities. Importantly, a declaration of communication is attached which highlights the key issues in the lease, including: that tenants understand that this is rental and that no ownership has been promised; that rentals will increase annually; that tenants will be responsible for utility payments; that tenants must pay a deposit of two months rent; and that their deposit will only be refunded if they have no outstanding payments due; that they understand the house rules and understand the lease. This information has also all been set out into a tenant handbook so the message is accessible and is consistently reinforced.

The lease agreement includes a number of annexures:

- A copy of the house rules
- A copy of a billing statement with instructions on how to read it.

### **Ongoing communication**

Madulammoho's ongoing communication with tenants includes at least the following:

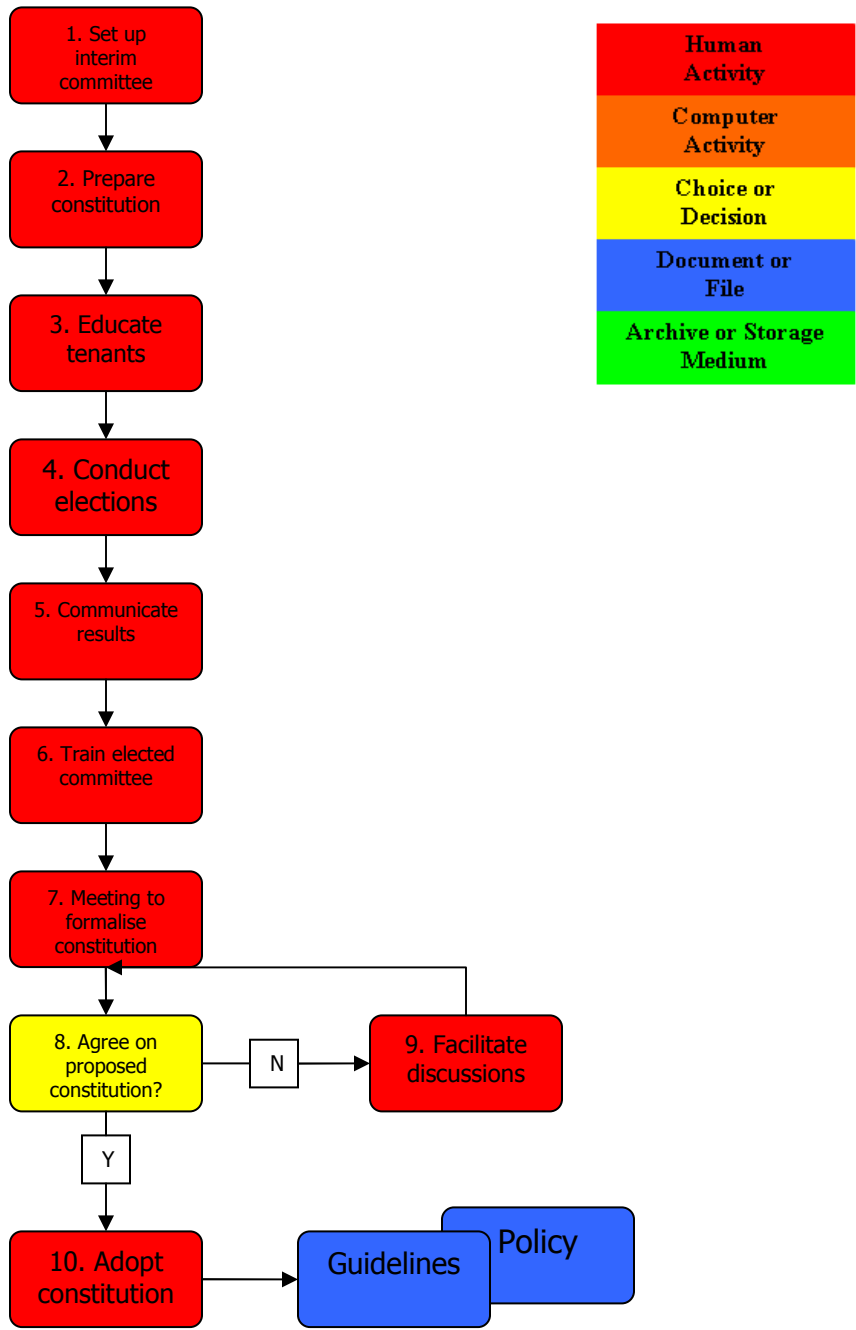
- Weekly floor meetings with the house manager;
- Monthly building ('house') meetings with the house manager and any external people (including City officials) to address general and specific problems;
- Monthly interaction between house manager and every tenant;
- Annual notice about annual increase in rent (given two months before the increase every July);
- Monthly statements of rents and rental collections are undertaken through debit orders on bank accounts.
- Tenant newsletter.
- Tenant handbook.

### **Tenant / Residents committees**

Madulammoho is moving towards a model of having a tenant committee in each building. These committees will be elected by residents. Tenant committees will form part of a greater pyramid structure of client services that together builds the good health of Madulammoho communities. The function of the committees will be clear regarding what they are set up to achieve. They will not replace

Madulammoho's direct contact with tenants through the house manger or through monthly meetings. They will also be channeled so that they do not become a political platform.

Tenant Committee Procedure:



## **Visitors**

Madulammoho tenants may have visitors to sleep over in their units. A visitor may not stay for longer than three nights and each unit may only host visitors for three nights during a month. The cost is R20 per visitor per night.

## **Ongoing maintenance**

In order to lower costs, Madulammoho pays much attention to design and operational details around building maintenance. These refinements are ongoing as Madulammoho attempts to find cost savings that can be passed on to tenants through keeping rentals affordable. The specific measures to promote cost saving on the one hand and to ensure the robustness of fittings and fixtures in buildings include:

### Careful snagging:

Madulammoho spends a lot of time snagging developments before the building is occupied. In addition a close monitoring of fixtures, fittings and the durability of all material is kept.

### Reporting:

A maintenance book is kept in each building (at the security desk) and tenants are encouraged to report maintenance problems. They also report faults directly to the house manager.

### Internal research into innovative technology:

The company also conducts its own research on technological solutions to service provision:

- It monitors various types of hot water systems, bathroom fittings, etc to determine which works best for its own housing model.
- A waterproofing that can be walked on has been tested. This is important as roof tops are generally used as clothes drying areas.
- Floor coverings including various types of floor tile and epoxy are also tested for durability.
- A ceiling board that can be used in shower areas is being examined. A fiber that appears to absorb and release moisture without generating mould is being installed in certain areas.
- Madulammoho investigated solar water heating. However, its buildings have relatively small footprints and the roof areas are often used as drying space for clothing. There is therefore limited space to locate sufficient numbers of solar panels. Instead, a geyser that supplies water on demand is being tested.
- Metered taps are also being installed to control water usage and prevent wastage. These taps offer 10-20 seconds of flow with each depression of the tap head.

- Madulammoho has found that it is better to tile floors than to have concrete screed surfaces. Tiled floors are easier to clean and the replacement of a single tile is inexpensive and easy.
- Washable paints are used for public areas.
- Safety glass is installed in all windows.
- Semi solid doors are required to fit strong bolts as doors are regularly kicked in.
- Shower curtains are made by an NGO that recycles billboard plastics into various objects. Madulammoho uses these curtains as they are heavy-duty and long-lasting.
- In order to prevent shower traps being stolen, these have been built into the tiled floor. To allow for alternative access to the drain pipes, an eye has been installed alongside the line of showers.
- Madulammoho is working on offering wireless internet connection in all buildings. All buildings have VOIP. This means tenants can contact Madulammoho at no charge.
- The company is also investigating the use of internal television programmes, so that educational programmes can be screened.
- The company is investigating an infrastructure in which it would not be necessary to put water pipes in the wall, but rather to run them through the ceiling so that they can be accessed cheaply and quickly.

Eskom and Joburg City Power are rolling out a light bulb replacement process to introduce energy saving light bulbs for free in key parts of the city. Madulammoho is participating in this scheme and is replacing bulbs throughout its developments.

#### In-house maintenance, security and cleaning

The decision to in-source the services of cleaning, maintenance and security came from both a need to minimise the costs of these services and a need to create employment for tenants of Madulammoho properties. There are additional benefits to having these employees living within the Madulammoho communities, including a strong commitment to the task which directly benefits the employee's own living environment, a relationship between the employee and other tenants and the permanent presence of the variously skilled people who maintain the building.

This philosophy does not fit with a business model that might opt to outsource all 'non-core' functions. For Madulammoho the business model is different because the company's role as a social provider is as important as its role as a provider of accommodation.

#### Maintenance procedures

Madulammoho employs a central maintenance coordinator who oversees the procedures for undertaking maintenance in all buildings, as well as a maintenance supervisor who oversees the technical repair work across all buildings. Ultimately it would be ideal to have a maintenance supervisor for each building.

Keeping a constant vigilance over building maintenance requires meeting with people on the ground. A lot is achieved by simply having meetings, providing maintenance teams with information and keeping everyone aware of the procedures for resolving faults.

Two types of maintenance are undertaken: planned and reactive maintenance.

#### Planned, cyclical maintenance:

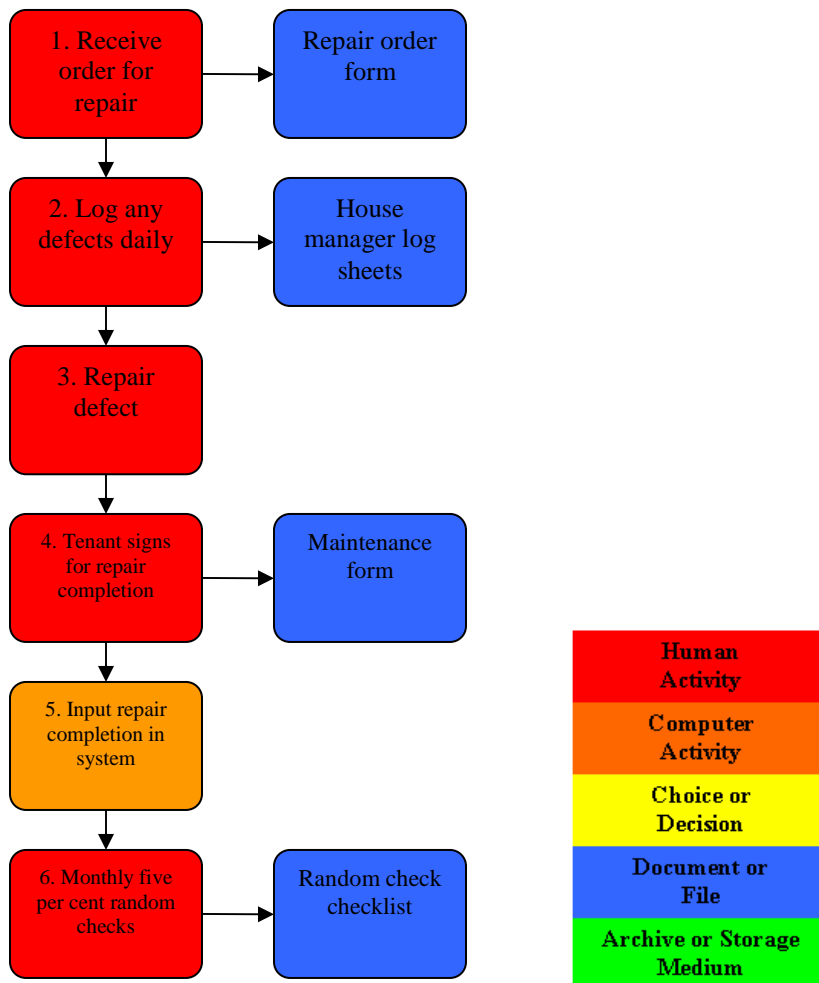
This maintenance is budgeted for on a cyclical basis. It is predictable and may include electrical upgrading, painting, plumbing upgrading or retrofitting of particular taps, globes or other fittings or fixtures. Complicated maintenance is outsourced while more basic work is undertaken in-house by tenants who have received training through MES.

#### Reactive maintenance:

The typical procedure for dealing with a maintenance problem is as follows:

- 1) A tenant lodges a complaint with the house manager, or through the Madulammoho office or with a maintenance supervisor.
- 2) Client services department creates a report of the fault. This is a simple form that documents the problem, the time of the call and the complainant.
- 3) A work order is then created.
- 4) This is given to the maintenance supervisor. The maintenance supervisor undertakes a verification of the problem, with the house manager. He/she then prepares a materials list.
- 5) In parallel with this process the maintenance coordinator communicates with the house manager or tenants whose unit may be affected to arrange suitable times to enter the premises in order to do repair work.
- 6) The maintenance supervisor then instructs the relevant tradesperson to undertake the repair work. Most of these trades' people are also in-house contractors who have received some basic training. More complex problems are outsourced.
- 7) Once the problem has been resolved the work order is signed off by the house manager, who verifies that the problem has been fixed. The coordinator then closes the case.

## Maintenance Procedure:



### **The things that go wrong:**

Many of the maintenance problems in Madulammoho buildings are related to misuse or vandalism. The problems include broken windows, stolen taps, blocked drains and pipes, broken doors, broken locks, broken shower rails, etc.

The cost of these items is recovered through a direct cost recovery system. The costs of repair and replacement are shared amongst the tenants who use the particular space. At the end of the month this amount is divided amongst those tenants and appears as a 'maintenance cost recovery' line item on their bills.

Example: Madulammoho installed new 'theft and vandalism-proof' shower heads in the Allenby at a cost of R600 each. Twenty of these were stolen. The cost was spread amongst 119 rooms in the building.

**Screwdriver and spanner policy:**

Madulammoho has provided each house manager with basic toolkit and the training to undertake very light repairs and maintenance. This may include tightening of fittings, changing of bulbs, minor plumbing, etc.

**Monitoring maintenance:**

In early 2010 the maintenance work orders received by Madulammoho averaged between 250 and 280 per month (across 956 units). Within the same month about 200 were being attended to. The aim is to have less than 10 per cent rollover in work orders from month to month.

**Security**

Madulammoho relies on a biometric access control system at all buildings. The system reads to a remote computer. This means that at head office, details can be added or removed from the system. There is a side gate and Madulammoho closely monitors the use of this gate in order to keep a close watch on security procedures.

## Madulammoho Achievements

1. The development of the social development-housing model is a unique achievement of Madulammoho. Its association with MES is a unique model that can be built upon and can be replicated country-wide.
2. Madulammoho has experimented with different types of building materials to see what works, and has developed a model for ensuring quality built but affordable housing units.
3. Madulammoho continually works on finding ways to reduce costs and has managed to keep its overheads low. The company has proved that by doing so you can reach a lower rental target market.
4. Madulammoho has established itself as a credible provider of affordable social housing. It employs rigid financial policies and has, as such, built trust which means people are willing to give Madulammoho a chance to develop and try new things.
5. Madulammoho has demonstrated that it is possible to provide subsidised institutional housing for a low income target market in the inner city.
6. It is a small company, yet it is recognized as one of only seven SMART partners to the Gauteng Provincial Government.

**Box: Awards and publicity for Madulammoho**

Impumelelo Award

Govan Mbeki Award, SHI of the year Gauteng -2008  
Presidential visit  
UN Habitat.sustainable neighbourhoods  
Halala award – 2008 for the best management of affordable housing in Johannesburg  
Shortlist for M&G award – sustainable model for affordable housing

## Some lessons

### **Sound financial and administrative systems:**

- Relationships of trust between decision makers and implementers are crucial when a new model is being piloted or new innovations are being attempted.
- Sound financial systems and transparent accounting build confidence in an organisation.
- Bureaucratic procedures can take a long time and delay projects to the point of making them unfeasible. To mitigate for this, government should take the risk whilst waiting for subsidies to be paid out.
- Customer service is critical. Tenants are paying your salary and as such, deserve excellent service even though they are poor.
- Communication is essential. Monthly meetings are held in each building where issues are addressed and things that are working are highlighted.
- Social aspects, including tenant consultation and workshopping need to be costed into the model upfront.
- Staff turnover is fairly high and as such good systems and records need to be in place to keep information consistent. This includes information about tenant payments and responsibilities.
- The many tasks required within the company mean that while clear systems are important, some flexibility is also required and there are times when the staff need to 'pitch in' and do tasks that are not part of their job description. CEO, Renier Erasmus says there is an understanding that the job description for each employee includes the unwritten clause "...and anything else that is required".
- Start with a pilot project – start small, so that you can make it work before rolling it out.
- Don't take on every project offered – some are not going to work for the low income market – a company needs to do proper feasibility assessments upfront.
- The management agent needs to be part of the development process upfront as it is the management agent that is left with the consequences of poor decisions made in the development phase.

- Have your own utility metering system, and from day one start with service accounts.
- Stick to processes developed – don't deviate without consulting and changing systems all round.

### **Tenant Issues:**

- Building relationships with tenants is important. For this, a housing company needs a dedicated house manager for each and every building. The house manager must speak to each tenant at least once a month.
- For many tenants this is their first experience living in a structured housing situation. Constant communication and repeated information distribution is required to ensure tenants are well informed and have the opportunity to raise concerns. Importantly, clarifying issues such as why Madulammoho receives subsidies and why tenants have to pay rent need to be sorted out upfront. Feedback to clients will be more efficient if bulk sms-ing is used and the company is exploring this.
- MES provides a trained life coach in each building who talks to the tenants about problems they are experiencing and offers solutions.
- A Client Service Department is critical. This is what Government and other management agents miss out on. It is not just a question of sending bills and expecting them to be paid. It requires treating tenants as people who deserve respect and need continued support.
- Provide job opportunities for tenants in-house so that rental payments are secured and tenants are developed.
- Acknowledge tenants' cultural and social needs.
- Tenants need to feel that they are getting good service and that they are taken seriously in order for rentals to be paid.
- Tenants need to be included in decisions like what communal spaces should be used for, what colour the communal spaces should be painted, how services should be paid for, etc. House managers should identify issues that need to be engaged with the tenants and set up meetings accordingly.

### **Partnerships**

- Relationships with welfare organizations such as MES are critical for taking care of the soft developmental tasks.
- Don't take over tenants from other organisations that may have different expectations and feel like they are owed something. It leads to expensive and exhausting legal battles.
- For a partnership to work, both parties need to bring something tangible to the table.
- Support from Government at all levels is critical if Madulammoho's target market (those earning between R1500 and R7500) are to be served in the rental market. This requires proactive involvement from Government so

that all the variables such as land, bulk infrastructure, utility costs, planning requirements, etc are negotiated. It also requires that projects are prioritized as delays often mean that a project becomes unaffordable.

- A project team consisting of decision makers across all the relevant government departments should be set up for these kinds of projects so all are in agreement and projects move forward without unnecessary delays.

### **Maintenance Issues**

- Use quality finishes which ultimately provide better value for money.
- The size of the project is very important in determining if it is going to be sustainable or not. If it is a small project of only a few stories it often can't carry the high overhead costs.
- Finishes are important – they need to be thoroughly tested before handing over.
- Rather use expensive plumbers and not backyard plumbers in the development phase, as when plumbing goes wrong it can cost you a lot in the long run.
- Employ the house manager a month before occupation so that he or she sat in meetings and understands issues before occupation.

