IJPS Interdisciplinary Journal of Partnership Studies
Volume 13, Issue 1
pubs.lib.umn.edu/ijps

EFFECTIVENESS OF PUBLIC-PRIVATE PARTNERSHIPS IN DELIVERING AFFORDABLE HOUSING IN SOUTH AFRICA

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Abstract

Affordable housing remains one of South Africa's most persistent developmental challenges, and Public–Private Partnerships (PPPs) have been identified as a potential mechanism for accelerating delivery. This study examined the effectiveness of PPPs in delivering affordable housing, focusing on how PPPs are implemented, the challenges that hinder their success, and the strategies that could improve outcomes. A systematic review of **fourteen academic and authoritative institutional sources** relevant to PPPs and housing delivery was conducted. The evidence base primarily covered publications from **2011 to 2025**, while a limited number of undated authoritative institutional sources were retained where they provided directly relevant policy or programme evidence. The review followed the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines to promote transparency and methodological consistency.

The findings show that PPP implementation in housing remains limited and is primarily concentrated in social housing and student accommodation, where structured financing and predictable rental income can improve project bankability. PPP success depends on appropriate cost-recovery arrangements, risk allocation, public support and access to serviced land. The study identified three major constraints: lengthy and bureaucratic approval processes, weak municipal technical capacity, and misalignment between the social objectives of government and the financial objectives of private developers. These structural barriers can result in implementation delays, increased project costs and reduced private-sector interest.

The review concludes that PPPs can contribute to affordable housing delivery when supported by strong governance systems, predictable partnership conditions and appropriately structured financing arrangements. Approval processes need to be streamlined, subsidy and incentive mechanisms should be transparent and consistent, and stakeholder collaboration should begin during the early stages of project development. PPPs therefore offer a potentially valuable mechanism for affordable housing delivery in South Africa, but their effectiveness depends on the quality of their design, financing, institutional coordination and implementation rather than on the partnership model alone.

Keywords: Public–Private Partnerships, affordable housing, municipal capacity, policy implementation, South Africa

Interdisciplinary Journal of Partnership Studies 13(1): Article 7280. doi.org/ 10.24926/ijps.v13i1.7280

Introduction

Affordable housing is a major issue for South Africa in sectors such as the rights outlined in the Constitution, planning, the provision of services by Local Government and spatial justice. A substantial imbalance remains although the post-apartheid administration has demonstrated efforts to balance supply and demand of appropriate and cheap housing notably toward poor and moderate income individuals living in urban and peripheral locations. The Department of Human Settlements' 2025 document states that the delivery of human settlements continues to suffer from the persistent difficulties of lack of integration, delays and insufficient finance. These issues have made PPPs or Public Private Partnerships as preferred delivery mechanism. The arrangement of responsibilities and risks and the clarification of sources of income can enhance PPPs for affordable housing finance (Akinsulire et al., 2024). According to Mandiriza and Fourie (2022), designing PPPs based on the best practice model will not produce successful outcomes if there is weak capability and contract management. The CAHF (2022) indicates that private developers have to deal with long unpredictable subsidies, approvals, and constraint of land. This research therefore especially investigates the limits on the use of PPPs for the provision of affordable housing.

Background

With greater availability from the government since the end of apartheid, South Africa's affordable housing crisis continues to be typified by an ongoing shortage of sufficient, affordable housing units for low- and middle-income households. Fast urbanisation, high property prices, poor infrastructure and budget constraints are increasing the gap between demand and supply for housing. Some of the primary issues facing the industry are sluggish delivery, poor institutional coordination and funding restrictions (Department of Human Settlements, 2025). For this study, affordable housing is defined as housing that is reasonably cheap for low- and middle-income households to purchase or rent, and that serves needs in addition to basic shelter. Affordable housing is thus a building and governance concern.

Public-Private Partnerships are partnerships between the public and private parties whereby the duties, risks, resources and benefits are shared in the delivery of public infrastructure or services. In affordable housing, for example, a PPP can involve the government offering land and other resources while a private developer offers financing, technical experience, and project-management capability. Akinsulire et al. (2024) suggested that PPPs can resolve housing-finance constraints if risks are explicitly apportioned and public contributions render projects bankable. However, Mandiriza and Fourie (2022) clearly acknowledge that positive outcomes are not guarantyd by formal institutional frameworks if there is inadequate implementation competence. This is vital because PPPs are not only about finance. They also need trust, a common purpose and partnership ways of working.

Although PPPs have been employed in South Africa, in particular in the transit and student housing sector, they have not been widely used to create affordable family homes. Sebitlo et al. (2022) explain that procurement complexity as well as the lack of a credible project pipeline limits the successful utilisation of PPPs in South Africa. The International Finance Corporation (2020) argues that “Private-sector participation can expand student-housing supply where demand is established and appropriate financial structure is in place.” Projects need to keep rents low, and prevent relocation of the community, making affordable family housing harder to offer.

Research Problem

Even though there has been a lot of involvement of the policymakers in PPPs, providing affordable housing in time is not an easy task. The delay in providing housing has been attributed to the approval process, land acquisition, subsidies funding, and shortage of skills in managing PPPs. As explained by the Centre for Affordable Housing Finance in Africa (2024), regulation issues, challenges in acquiring land, and uncertainty in subsidy funding are some of the significant barriers to private companies. In the same way, Gumbu (2024) explains that stringent procurement policies.

Research Questions

The research questions are formulated to guide the systematic review towards a focused assessment of the effectiveness of Public–Private Partnerships in delivering affordable housing in South Africa. Since PPPs involve the interaction of policy, finance, land provision, municipal capacity, private-sector participation and affordability obligations, the questions are structured to examine both implementation and performance. The main research question provides the overall direction of the article by asking whether PPPs are effective as a delivery mechanism within the South African affordable housing context. The sub-research questions then break this broader concern into three related areas: how PPPs are currently implemented, what institutional and financial challenges limit their effectiveness, and what strategies can improve their contribution to housing delivery. This structure ensures that the study moves beyond a general discussion of PPPs and instead evaluates the practical conditions under which they can support affordable housing outcomes.

Significance of the Study

The significance of this research work lies in the practical importance of the findings, especially for the human settlement industry in South Africa when limited government financial resources necessitate partnership initiatives. While the Department of Human Settlements (2025) calls for partnerships, efficient utilization of lands, and coordination among all spheres of government, even the right policies cannot guarantee the success of such initiatives. According to Ramolobe and Khandanisa (2024), partnerships will assist municipalities in reaching their goals if there are proper evaluation systems. The present research work is also important from the viewpoint of literature on partnerships since it emphasizes the changes in institutional-cultural terms required for implementing housing PPPs. Partnership is not only about sharing responsibilities between the private and public sectors but about planning, communicating, making the community aware, and accountability as well. According to Mandiriza and Fourie (2022), the outcomes of PPP depend on the context as well as on the institutional capacity and contract management.

Literature Review

Literature review gives an overview of existing studies and identifies gaps in knowledge. The delivery of large-scale affordable housing is one of the key challenges for the public administration. This has necessitated the cooperation of the government with private developers of housing projects capable of providing the required funds and competencies (Akinsulire et al., 2024). According to UN-Habitat (2011), PPPs have become popular in the global context as a means of relieving the government from the load and improving the efficiency of the implementation process. The use of PPPs has been observed in South Africa in the construction of infrastructure and student accommodation but not in providing affordable family housing (Sebitlo et al., 2022). The significance of having regulatory mechanisms, proper risk allocation, and cooperation between stakeholders has been proven. Nevertheless, no concrete results have been achieved.

Implementation of PPPs in Affordable Housing in South Africa

The South African government can use PPPs to build rental housing in partnership with social housing institutions. The government can offer land for the construction or a subsidy. Private Partners put up construction financing and manage rental housing. In some PPPs in housing, private partners have the right to retain rental income for a particular duration, before the housing becomes the property of the State. This is essentially the cost-recovery model of social housing. PPPs have also been used in the student housing sector of South Africa, where banks and developers work together to build student accommodation. The International Finance Corporation (2020) recognizes the use of structured partnerships as a way of increasing student accommodation. There is a difference between student and affordable family housing. This provides a certain governing system along with clear financial packing which can help increase the probability of PPPs success.

The National Treasury PPP draft guidelines provide guidance on how feasibility studies and procurement processes will be done, and how approvals will be done in line with the Public Finance Management Act (Mandiriza & Fourie, 2022). These frameworks are intended to ensure that there is accountability and that public resources are protected. These frameworks add layer upon layer, which also increases the time it takes to implement the projects. Developers have expressed that delays most frequently give investors cause for concern and exhaust the finances of a project. Many local authorities also have limited capacity to conduct long term contracts and feasibility studies (Gumbu, 2024). This adds challenges to effectively implementing PPPs. Housing through PPPs remains slow and tentative, but the potential is still there.

Challenges Affecting PPP Affordable Housing Delivery

Some problems associated with PPPs are described in the literature. One of the problems that PPPs can't solve themselves is the lengthy and complicated approval process for awarding PPP contracts. For developers, the approval process adds uncertainty and affects costs and potential profits. Limited capacity municipalities are at a disadvantage when they lack the required negotiation and operational skills to effectuate and manage contracts (Gumbu, 2024). Weaknesses of the public sector can hamper PPPs. Private partners are unable to act for their public partners (Mandiriza & Fourie, 2022). This is a threat to the affordability of PPPs because of the operational risks associated with affordable housing. The returns on investments are insufficient if the rents charged are the lowest that the households can afford (Blose, 2015). This threat may cause some partnerships to shift to higher income housing which has other risks as highlighted by Sobuza (2021). Uncertain subsidy frameworks and the assessment of the municipalities' funding capacity will continue to affect the finances of PPPs (CAHF, 2024). Compared to the other sectors, profitable affordable housing projects are limited, so the perceived risk is high. Therefore, most private players will avoid affordability housing projects that are challenging financially.

Improving the Effectiveness of PPPs

There are numerous ways that PPPs for affordable housing can be made better. For instance, one can consider the changes in the systems of the Central Authorities for easier decision making (CAHF, 2024). Developers of housing require harmonized systems in regard to regulation and administration (Gumbu, 2024). Improved municipal support and response is recommended by The White Paper on Human Settlements as one of the ways of improving housing development (Department of Human Settlements, 2025). It is unlikely that funding of housing projects would be provided in case they take too long to implement.

The risk for student housing is reduced through the use of blended finance and PPP model (International Finance Corporation, 2020). Similarly, it is expected that there will be identical results in regard to family housing with DBSA developer backed guarantees (2025). Despite all the measures mentioned above, municipalities face the double burden of being permanently underfunded both financially and technically in order to conduct PPP (Sebitlo et al., 2022). The management of PPPs requires the adjustment of the Municipality's personnel in order to provide adequate supervision and evaluation of the work of private sector developers (Ramolobe & Khandanisa, 2024; CAHF, 2024).

Summary of Key Insights and Research Gap

The difficulties involved in the application of PPPs should not detract from their ability to facilitate the provision of affordable housing. The housing policy in South Africa is based on legislation which allows for the involvement of PPPs in infrastructure development projects. Contrary to other sectors, for instance, student accommodation where some success has been recorded (International Finance Corporation, 2020), in affordable family housing, the performance value of PPPs has received little documentation. The major focus in the majority of the literature has been on explaining the problems surrounding the financing and administrative aspects of PPPs without considering the question of whether PPPs would solve the housing backlog problem (Sobuza, 2021). In particular, there seems to be little documentation concerning the issue of municipal capacity as a potential determining factor in the success of a PPP (CAHF, 2024). It is against this background that this research focuses on investigating the application of PPPs in affordable housing and the improvement of this process.

Methods

This section presents the methodical processes used to identify, screen, appraise, and select relevant literature on the effectiveness of PPPs in providing affordable housing in South Africa. This systematic review was conducted using the PRISMA protocol. In the systematic review, peer-reviewed literature, postgraduate literature, and literature from authoritative institutions have been distinguished since the research questions involve the empirical effectiveness of PPPs as well as the environment in which the effectiveness can be enabled or constrained. Fourteen distinct sources have been included in the final body of literature. The timeframe of inclusion has been widened to accommodate any relevant PPP literature related to housing in South Africa that may not have any date attached.

Search Strategy

A structured search approach was employed to discover literature on PPPs and affordable housing Academic research was identified thru Scopus, Web of Science, Google Scholar and ScienceDirect. Relevant institutional material was sourced from the Department of Human Settlements, the Center for Affordable Housing Finance in Africa, the Development Bank of Southern Africa, the International Finance Corporation and other reputable organisations. The primary search was for literature published from January 1, 2011, to December 31, 2025. This timeframe allowed for the incorporation of both foundational research on housing-PPPs used in the analysis, and more recent studies that reflect advancements in South Africa's PPP and human settlements context. Undated official institutional sources have been treated individually when no verifiable year of publication was indicated but the material was current, identifiable and directly relevant. Searches were conducted between 1 October and 10 November 2025, and the reference lists of pertinent articles were screened for further sources. Literature on PPPs and affordable housing was identified using a structured search method. Academic research was identified thru Scopus, Web of Science, Google Scholar and ScienceDirect. Relevant institutional material was sourced from the Department of Human Settlements, the Center for Affordable Housing Finance in Africa, the Development Bank of Southern Africa, the International Finance Corporation and other reputable organisations. The primary search was for literature published from January 1, 2011, to December 31, 2025. This timeframe allowed for the incorporation of both foundational research on housing-PPPs used in the analysis, and more recent studies that reflect advancements in South Africa's PPP and human settlements context. Undated official institutional sources have been treated individually when no verifiable year of publication was indicated but the material was current, identifiable and directly relevant. Between 1 October and 10 November 2025, searches were undertaken and reference lists of suitable articles were further searched for further sources.

Inclusion Criteria

To be eligible, literature had to satisfy the following criteria:

Inclusion Criterion	Description
Timeframe	Publications from 2011–2025; undated authoritative institutional sources were considered where no publication date was provided and their relevance could be established.
Publication type	Peer-reviewed journal articles, master's or doctoral dissertations/theses, government policy documents, development-finance publications and authoritative institutional reports or programme documents.

Geographical focus	Priority was given to South African studies, although international or comparative evidence was retained where it provided relevant lessons for South African PPP implementation.
Topic relevance	Sources had to address PPP implementation, affordable or social housing, housing financing, municipal or institutional capacity, PPP regulation, student housing, or factors affecting PPP performance.
Language	English-language publications only.

These were the sources that addressed one or more of the research questions on implementation of PPPs, hurdles to successful delivery of housing or means to improve partnership effectiveness. The larger time range of 2011–2025 was necessary because there was some immediately relevant South African housing-PPPs evidence prior to 2020 that still provided insights on affordable and social housing partnerships. The synthesis was nevertheless based mainly on recent research as the conclusions have to be reflective of the current policy and implementation environment. Institutional evidence was used because the academic literature was unable to answer questions on subsidies, land releases, finance systems and government programs.

Exclusion Criteria

Literature was excluded where it did not meet the review's relevance, credibility or evidential requirements.

Exclusion Criterion	**Reason for Exclusion**
Published before 2011	Fell outside the revised review period and was generally less reflective of the institutional and policy environment examined in the study.
Blogs, newspaper articles and unsupported opinion pieces	Did not provide sufficient academic, policy or institutional credibility.

http://doi.org/10.24926/ijps.v13i1.7280

No meaningful relationship to housing or transferable PPP implementation issues	Did not contribute directly to the research questions.
Lacked empirical, policy, institutional or conceptual contribution	Provided insufficient evidence for systematic synthesis.
Written in languages other than English	Fell outside the language parameters of the review.
Incomplete or unverifiable bibliographic information	Could not be reliably identified or independently verified.

Sources were also excluded if their usefulness in regard to PPP application, affordable housing, institutional capabilities, finance or governance in partnerships could not be proven. Also, the analysis rejected any sources that were not bibliographically identifiable. This type of exclusion was particularly important to ensure uniformity of the systematic review, reference list and appendix. The second unidentified work by Sobuza, previously classified as a conference paper, was discarded due to the lack of any other publication that fits such description. The Sobuza source considered in this systematic review is the master's dissertation submitted to Nelson Mandela University in 2021.

Study Selection Process (PRISMA)

The study-selection process followed the four stages of the PRISMA framework:

1. **Identification:** All records identified through academic databases and institutional sources were compiled in a single dataset. *n = 87 records identified.*
2. **Screening:** Duplicate records were removed, after which titles and abstracts or executive descriptions were screened against the inclusion criteria. *n = 52 records remained after duplicate removal.*
3. **Eligibility:** Full texts of potentially relevant records were examined against the review criteria, including relevance, source credibility and bibliographic

verifiability.

n = 22 records were assessed at full-text stage.

4. **Final inclusion:** Sources that directly contributed to answering the research questions and satisfied the eligibility requirements were retained. **n = 14 unique sources were included in the final review.**

The final evidentiary base therefore had fourteen discrete and identifiable sources, not fifteen. In the appendix, each source is listed only once, and the second entry for Sobuza (2021), the conference paper, is deleted, as complete and independently verified publishing information could not be found. In April 2021, Nelson Mandela University published a confirmed dissertation by Duduzile Sobuza.

Results and Discussion

Below are the findings of the systematic review carried out on the effectiveness of PPPs in affordable housing delivery in South Africa. The findings below have been organized according to the three research questions stated in this study including how PPPs are being implemented, challenges encountered in their implementation process and how their effectiveness can be enhanced. From the existing literature it has been found that PPPs are very common in social and student housing because of structured financing, institutions and rents (International Finance Corporation, 2020). Challenges facing affordable housing PPPs include approvals, lack of capability of municipalities, subsidy uncertainties and the conflict of affordability and profitability of projects (Centre for Affordable Housing Finance in Africa, 2024).

Theme 1: Implementation of PPPs in Affordable Housing Delivery in South Africa

Subtheme 1.1: Financing Models and Cost-Recovery Approaches. The reviewed studies show financing models are needed to develop Affordable Housing PPPs. One model is the cost-recovery rental model. In this model, a private developer builds the project and recovers the cost of building through rent. The rent collected from middle-income tenants can subsidize low-income tenants. Many of the reviewed

PPPs adopted a phased repayment strategy to address the risk of financing over a longer time frame for the investors. The strategy worked better in areas with stable and reliable rental demand. In the context of smaller municipalities, the unpredictable rental demand and income made cost recovery and forecasting almost impossible. Private partners almost always picked projects with long-term income that was completely and continuously guaranteed because of the contracts. The unpredictable nature of the public subsidy created a financing gap.

The results show that PPP models are effective when risks and rewards are predictable and controllable through strategic rents. Based on the literature, an incremental cost-recovery system is warranted for the developers to recover their costs. Akinsulire et al. (2024) say that mixed-income rentals are one of the main funding models that facilitate access to capital while offering better predictable returns. Blose (2015) states that the SOHCO project used cross-subsidy. Cost-recovery systems lessen the burden on the public subsidy and reinforce more independence but run the risk of being most exclusionary to the lowest-income households. The financial returns cannot be the primary focus of innovation in the housing PPPs as demonstrated by the evidence. Strong local municipal governments are essential for financially successful housing PPPs to ensure the protection of affordability.

Subtheme 1.2: Public Sector Contribution Through Land, Subsidies, or Guarantees. Lands, whether leased or given for free, or even long-term leased, count as well as cash when considering contributions. The state can cover a large portion of the services, while the rest of the service ingredients fall on the developer as their main task is to construct. Yes, there are some lenders who would be happier with some kind of guarantee, and some states would take on that risk. Public funds are the most critical part of achieving a financial close on a project. The land transfer by a state and the provision of services can be long and cause delays which can make a developer give up on the project. Commitments of land by a state are even more important than contributions of funds. As Sobuza (2021) points out, municipalities provide land and the services needed for the financing of PPPs. The Centre for Affordable Housing Finance in Africa (2024) indicates that private developers prefer subsidies or land to be given on a priority basis compared to completely financing PPPs. The main focus of PPPs, as evident in the literature, is satisfaction of government obligations. The primary bottleneck in the implementation of PPPs is land delays. The most important contribution of the state is land. This is due to internal government delays.

Theme 2: Challenges Affecting PPP Affordable Housing Delivery

Subtheme 2.1: Complex and Lengthy Approval Processes. Among the difficulties of the housing PPP implementation was connected with the length and complexity of the approval process. The period of time between the feasibility study stage and the contract signing process faced delays for stakeholders, and the delay period would total several years. It is mainly attributed to the multistep approval process at different stages of the spheres of government. Moreover, developers have to face additional expenses during the process, which makes the project infeasible and discourages private sector participation. Developers' withdrawal from municipal case studies was also witnessed due to the long delays in the approval process. Mandiriza & Fourie (2022) indicate that many approvals from Treasury would lead to an increased duration of the project. High risks financially are also attributed to the long approval process according to the Centre for Affordable Housing Finance in Africa (2024). Moreover, Sebitlo et al. (2022) list procurement inefficiency and administrative inefficiencies as the reasons behind the delay in the infrastructure PPP projects.

Subtheme 2.2: Weak Municipal Capacity and Skills Gaps. Secondary evidence reveals that municipalities keep having difficulties controlling PPP housing projects despite the fact that such projects may be viable financially. The problem is that many of them do not have experts who are capable of dealing with PPP financing, managing the contract, transferring risks, assessing viability, and overseeing the project in the long run. Such problems are more obvious in regions that are not metropolitan. This may result in the absence of proper monitoring of PPP and overreliance on private partners during the process of decision-making.

Existing literature clearly identifies the importance of municipal capacity in effective PPPs in the affordable housing sector. According to Gumbu (2024), the municipalities rarely have departments or staff who are specialized in negotiating contracts. Incompetence within the public sector will make the process of implementation slow as public officials may lack skills to meet the technicalities involved. Sobuza (2021) adds that a low level of capacity within the municipalities will enable private organizations to gain control over projects, resulting in negative impacts on affordability and governance. An effective partnership can address such issues through clearly defining roles, decision-making, risks, and accountability from the beginning of the process. The main challenge here is not the partnership but inadequate capacity of the municipality.

Theme 3: Strategies and Recommendations to Improve PPP Effectiveness

Subtheme 3.1: Streamlining Regulatory and Approval Processes. The review cites delays in approvals as one of the most detrimental issues impacting affordable housing PPPs. Approval processes are linear and cumbersome, while the parties responsible for various stages work independently from each other. Document checking done repeatedly will only delay without improving the document quality. Templates can be standardized and internal deadlines set to help with coordination; inconsistent procedures will raise costs and reduce the efficiency of financing. If delays exceed the initial subsidy period, re-approval, re-designing, and resubmission of subsidies is necessary.

The difficulties arising in the course of processes have much importance when considering the transformation of a bankable project into a risky one and the unwillingness of experienced developers to invest in it. Mandiriza and Fourie (2022) propose simplifying the process, while the Department of Human Settlements (2025) asserts that predictable processes yield more proposals. From the concepts of developers, it can be concluded that complicated and lengthy process is one of the most important reasons for the unwillingness to bid and withdrawing bid applications (CAHF, 2024). The comparison of two processes demonstrates that the matter does not refer to the process as a whole, but to its wrong application and excessive number of stages (Mandiriza & Fourie, 2022). The same conclusion was obtained when conducting the research on infrastructure projects, as the lengthened procurement and contracting process led to the growth of costs and unwillingness of competent consortiums to make bids (Sebitlo et al., 2022).

Subtheme 3.2: Government Incentives and Subsidy Support. A well-thought-out model illustrates that public backing is capable of bringing about sufficient stability of initial costs and revenues to enable the attraction of private funding. This type of backing could involve serviced land, infrastructure in bulk, grants of capital for one time, and limited demand and completion risks. Land without encumbrance can help initiate development in good time and facilitate better lending terms for such projects. If the transfer of land is delayed, financing terms may become worse, or the scope of project decreased, and projects will be forced to aim at high-rent areas. Mixed finance through concessional and commercial lending can also aid to achieve affordable rents. Reliable subsidy tranches are highly appreciated since unpredictable distribution requires resequencing at greater cost.

The mixed-income rental developments show that lower rents are possible due to cross-subsidy distribution of costs among high-income renters, developers, and governments. The high-income renters pay market prices, which will enable rent subsidy to the low-income renters. Akinsulire et al. (2024) say that for a financially viable rent subsidy there is a need to take risk management actions. The developers can take part in rent subsidy through long-term repayment terms, prudent asset management and financing arrangements that do not depend only on profits from rent. The DBSA (2025) shows that credit enhancement reduces the risks of lenders and makes the private financing viable. There is a need for careful regulation so that attempts to increase rent income do not jeopardize the affordability of the rent..

Subtheme 3.3: Strengthening Stakeholder Collaboration and Early Engagement. From cross-analysis among studies, it is found that structured participation from the very beginning may help to avoid any unnecessary redesigning and delays and minimize any kind of conflicts arising out of it since it helps to involve all the stakeholders that are going to be affected directly through the housing project. The stakeholders may include municipalities, private developers, funding agencies, social housing agencies, existing dwellers, and potential residents as well. Potential residents may give valuable inputs on the issues of affordability, safety, accessibility, rent rates, and basic housing needs before even starting the construction work. As per Ramolobe and Khandanisa (2024), PPPs will create more local benefits when responsibilities and communication channels are clearly defined from the very beginning.

In the study of local government literature, it can be seen that the chances of achieving public value through the application of PPP will be enhanced where the roles, reporting mechanisms, and accountability mechanisms are made clear (Ramolobe & Khandanisa, 2024). In the study of finance literature, apart from many other factors that enhance bidder confidence and increase the significance of the application of common platforms include the risk allocation and project pipeline (Akinsulire et al., 2024). In the study of literature of developers, the concern for private companies lies in communication points of contact (CAHF, 2024). The findings from comparative studies on PPPs show that structured collaboration is among the key factors responsible for the performance difference in similar PPPs structures (Mandiriza & Fourie, 2022).

Conclusion

PPPs can indeed help to deliver affordable housing in South Africa, but only under certain conditions. As seen from the analysis, PPPs are successful when there is a guaranteed source of revenue and predictability of institutional backing, along with the division of responsibilities. PPPs have been quite successful in social and student housing as the presence of rental income and financing makes the project viable. The International Finance Corporation (2020) notes that there is growing interest in PPPs of student housing due to the presence of financing. Akinsulire et al. (2024) add that the risk sharing and repayment can increase the bankability of affordable housing projects. At the same time, the impact of PPPs in family affordable housing has not been similarly strong. The Centre for Affordable Housing Finance in Africa (2024) mentions the approval delay, lack of land access, and subsidies uncertainties as challenges faced by private developers. In addition, Mandiriza and Fourie (2022) state that PPPs will not be helpful in situations where there is a lack of institutional capacity and poor contract administration. Thus, the low performance of PPPs in affordable housing in South Africa should not be taken as an argument against PPPs themselves.

Policy and Practice Recommendations

It is clear that further improvements in the policy coordination, the incentives, and the capacity of municipal structures implementing the partnerships are required to ensure the success of the affordable housing partnerships. It is necessary to speed up the project approvals because long processes of procurement and authorization make project costs increase and implementation take place later. As stated by Gumbu (2024), procurement process may impede private investments if it is not proportionate to the size and risk of the project. Such a conclusion was reached by the Department of Human Settlements (2025). Therefore, municipalities should establish PPP technical units able to conduct feasibility study, negotiate, assess the risks, and monitor the project. Ramolobe and Khandanisa (2024) emphasize the need for efficient performance system of the municipalities for the success of PPPs. The public contributions, such as serviced land, bulk infrastructure, grant capital, guarantees, subsidy disbursement schedule, and other should be reliable. The Development Bank of Southern Africa (2025) presents an example of how structured finance and pipeline management assist in providing the housing infrastructure. The affordability requirements should be included in PPP contracts to prevent the transformation of publicly financed projects into high-end market segment.

Suggestions for Future Studies

Further research is necessary for obtaining reliable evidence concerning the long-term efficiency of PPPs in South Africa's affordable housing market. Current academic papers mainly concentrate on policy, finance and institutional aspects of PPPs but give little information about the outcomes of implemented PPP projects. According to Sobuza (2021), municipal cases could help understand how PPPs function. Future researches should consider concrete cases of implementation of PPP projects in metro- and secondary municipalities and examine their timelines, efficiency, rentability, management and sustainability. Comparison of cases of social housing, student housing and affordable housing projects for families would be beneficial since these sectors have different sources of income and risks. Concerning student housing, Ndlovu and Pophiwa (2023) mention the problems of inclusion, security and social issues. It is also necessary to consider the influence of municipal capability on the implementation of feasibility studies, land acquisition, contract negotiations and community mobilization. Transport PPP cases could be compared to others since the experience in this area is valuable for other sectors (Sebitlo et al., 2022). Moreover, researchers should study the influence of blended financing, guarantees and subsidies on the participation of the private sector.

Recommendations

Evidence indicates that the success of affordable housing PPPs in South Africa depends on translating broad partnership commitments into workable governance, financing, and implementation mechanisms. Procurement procedures and timelines for approvals and evaluations must be predictable because uncertainty and repeated reviews increase investor costs. Gumbu (2024) shows that rigid procurement procedures can impede private-sector involvement when they are disproportionate to project scale and risk. Subsidy and incentive processes must also be transparent: developers cannot commit without assurance about serviced land, capital grants, occupancy guarantees, and milestone payments. The Centre for Affordable Housing Finance in Africa (2024) identifies land release, approval delays, and subsidy uncertainty as major constraints. Municipal capacity remains essential, and dedicated PPP technical units are needed to implement and oversee projects. Ramolobe and Khandanisa (2024) argue that PPPs are more likely to support local economic development when municipal performance-accountability systems are established. Contracts should align public- and private-sector interests by making affordability enforceable and preventing publicly supported projects from shifting toward higher-income groups. Risk-sharing and bankable financing are also key success factors (Akinsulire et al., 2024). Finally, pre-feasibility studies, data sharing, and resident consultation should begin early in project development.

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Appendix

Characteristics and Key Findings of Selected PPP Affordable Housing Studies

Authors	Article title / Journal (or source)	Study design	Target group	Major findings
Akinsulire, et al. (2024)	"Public-Private partnership frameworks for financing affordable housing: Lessons and models." *International Journal of Management & Entrepreneurship Research*	Conceptual synthesis / framework review	PPP policymakers and housing developers	Clear PPP financing models can de-risk projects; blended finance and risk-sharing improve affordability and bankability.
Mandiriza & Fourie (2022)	"Comparative analysis of the public-private partnerships framework: Case for South Africa and Brazil." Journal of Local government Research and Innovation	Comparative policy analysis	National Treasury units; municipal PPP units	Transparent rules help, but institutional capacity and contract management determine outcomes more than formal frameworks alone.

Sebitlo et al. (2022)	"The state of South Africa's PPP practices in transport projects: Problems and potential." *Journal of Transport and Supply Chain Management*	Sector review / lessons for PPP	Transport PPP stakeholders; public agencies	Approval bottlenecks and skills gaps hinder PPP delivery; lessons on governance and pipeline preparation are transferable to housing.
Ramolobe & Khandanisa (2024); Akinsulire et al. (2024)	"The role of PPP in achieving local government sustainable development aspirations." *Africa's Public Service Delivery and Performance Review*	Conceptual / policy analysis	Local government, municipalities	PPPs can advance SDGs if municipalities have capacity, performance targets, and community accountability embedded in contracts.
Gumbu (2024)	"Procurement rules governing PPP-based infrastructure in Zimbabwe and South Africa." *Comparative and*	Doctrinal legal analysis	Procurement authorities; PPP units	Overly rigid procurement discourages private bidders; proportionality and flexibility

	International Law Journal of Southern Africa			can reduce delays without losing probity.
Ndlovu & Pophiwa (2023)	"A gendered approach to PPPs in university student housing – South Africa." *Feminist Africa*	Qualitative policy critique	Women students; higher education PPP actors	Student-housing PPPs improved access but need stronger inclusion and safety provisions; useful design cues for broader affordable housing.
International Finance Corporation (2020)	*Market Assessment: The Student Housing Landscape in South Africa*	Market study / mixed evidence synthesis	Universities; private student-housing developers	PPP and private models can scale beds with viable revenue structures; governance clarity and demand guarantees are pivotal.
Development Bank of	*Student Housing Infrastructure*	Programme documentation /	DBSA, universities, developers	Blended finance, standardised

Southern Africa (2025)	*Programme (SHIP)*	implementation note		docs, and pipeline support speed delivery; instruments are adaptable to municipal affordable housing.
Centre for Affordable Housing Finance in Africa (2024)	*Listening to private developers of affordable housing in South Africa* (Housing Finance Africa)	Developer survey / qualitative insights	Private affordable-housing developers	Developers cite approvals, land release, and subsidy certainty as key constraints; early engagement and predictable rules unlock projects.
Department of Human Settlements (2025)	*White Paper for Human Settlements*	National policy / white paper	National & municipal housing authorities	Streamlined approvals, land packaging, and partnership models are prioritised to attract private capital into

				affordable housing.
Blose (2015)	*PPP models in the delivery of affordable housing: SOHCO case, Durban* (Master's dissertation)	Case study	Social Housing Institution (SOHCO); tenants	Mixed-income rental and disciplined asset management sustain affordability; municipal land support is a critical success factor.
Sobuza (2021)	*Enhancing social housing via PPPs in Buffalo City Metropolitan Municipality* (MA thesis)	Municipal case study	Municipality; SHIs; low-income renters	Clear roles, serviced land, and credible SHIs improve PPP outcomes; procurement delays undermine timelines and budgets.
UN-Habitat (2011)	*Public-Private Partnerships in Housing and Urban Development*	Global policy review / guidance	National and city housing agencies	PPPs work where risk allocation is balanced, contracts are transparent, and pro-poor

				safeguards are explicit in design.
South African Human Rights Commission (2015)	*The Right to Adequate Housing* (Fact Sheet)	Rights-based policy brief	Policymakers; oversight bodies	Housing initiatives, including PPPs, must uphold adequacy standards and equality; affordability is a core rights obligation.
Sobuza (2021)	"Social housing and PPP." In *ICAPPS Proceedings*	Conference paper / conceptual	Urban planners; housing practitioners	PPPs can densify inner cities when coupled with inclusionary rental models and coordinated planning approvals.