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Housing for the poor? Negotiated housing policy in South Africa

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Abstract

Official discussion and negotiation on housing policy in South Africa was closed in 1994 with the launch of the new Housing White Paper. Contradictions in this policy between housing procedure and delivery target have limited its relevance to the poorest sector in society. The paper shows how these tensions between product and process are an outcome of negotiated policy-making, in which the attempt was to combine the dominant position of the private sector for the commodification of housing, with people-centred housing procedures advocated by the democratic movement. In the second term of ANC government, the housing ministry, aware of some of the limitations of its policy, stated its intention to review the housing policy. This has led to renewed discussion. The paper traces shifts and continuities in recent positions on housing in South Africa. It traces their emergence from within the democratic movement including labour and community or civic organisation, the more recent Homeless People's Federation/People's Dialogue alliance, and the private sector with its influential Urban Foundation and subsequent policy research institutes. The paper argues that shifts in housing finance have largely ignored the needs of the poorest sector in society. Further, the inadequately integrated location of subsidised development for the poorest remains unchallenged. The perception of local government merely as implementer in a centralised programme limits the ability to address local realities, also imposing bureaucratic constraints on community-based construction. In addition, an evasive discourse on squatting does not lend itself to the formulation of mechanism of intervention oriented around the needs of the poor. These limitations in addressing poverty through housing policy should inform future research on shelter in South Africa. © 2001 Elsevier Science Ltd. All rights reserved.

Keywords: South Africa; Housing policy; Debate; Poverty

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1. Introduction

Current housing policy in South Africa is the outcome of a process of intense negotiation within the National Housing Forum[1] from 1992 to 1994. Shortly after the first democratic elections in 1994, the housing policy negotiations culminated in a housing summit and a record of understanding. With the fundamental tenets of the housing policy agreed upon by the dominant stakeholders, the housing debate was closed. The preamble to the Housing White Paper of 1994 makes this clear: "The time for policy debate is now past — the time for delivery has arrived" (Department of Housing, 1994, p. 4). Subsequent housing discussion has then been largely around blockages in the implementation of the policy spelt out in the Housing White Paper. Occasionally, there were calls to re-open the debate on the underpinnings of the policy.[2] A particular concern was that the closure of debate would "shut out those social forces which will have fundamental objections to the [HWP] Housing White Paper approach" (National Institute for Economic Policy, 1996). However, the dominant consensus was that a review of the underlying tenets of the housing policy would impede housing delivery.

Several months into the second term of democratic government in South Africa, the National Housing Ministry has indicated its intention to review its White Paper on Housing (Chalmers, 1999b).[3] As a result, various initiatives and role-players in the private, government and not-for-profit sectors have assessed the situation of housing policy and implementation, with the intention of influencing the pending review. This paper critically examines the "new" housing positions, relating their direction to the political power vested with different sectors of South African society.

A fundamental contradiction is inherent in the national housing policy in South Africa. As a direct result, tension exists between stated intentions of delivery product (in nature and quantity) and delivery procedure. In this paper I trace the roots of this contradiction back to the three main strands of thinking on housing policy in South Africa, which had developed by the early 1990s. These were positioned in separate sectors of society: (1) organised labour and community (through the Mass Democratic Movement); (2) the private sector (through the then Urban Foundation); and (3) the Homeless People's Federation/People's Dialogue alliance. These three sectors have differently engaged with the question of housing and poverty. Their impact on the process of policy formulation has depended on the particular balance of power around 1994. Whereas the private sector dominated policy formulation in the National Housing Forum, organised labour and community were instrumental in formulating the ANC's Reconstruction and Development Programme (RDP).[4]

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[1] Funded by the Independent Development Trust (IDT) which operated on a government grant, the National Housing Forum was set up in 1992 with the intention of negotiating the future housing policy and framework. Represented were business, development agencies, organised labour and community, and political parties (see Lalloo, 1999, p. 38).

[2] See for instance Bond and Tait (1997).

[3] More recently, the Ministry has stated intentions, not of revising the White Paper as such, but of supplementing it with a housing strategy (Chalmers, 1999a).

[4] The RDP was formulated as the ANC's manifesto for the 1994 election campaign. Although officially the mandate for subsequent policy formulation, the ANC's increasing departure from its 1994 manifesto has often been pointed out (see for instance National Institute for Economic Policy, 1996).

The shifts and continuities in the policy and debate since the 1994 election again reflect the power and influence vested with the three sectors mentioned above. The paper examines this period, first addressing changes in housing finance, induced, on the one hand, by the private sector and, on the other hand, by organised labour. I argue that the needs of the poorest sector have not been addressed through these shifts. Secondly, I examine the unresolved situation around land and the location of development, again with concern over the inability to address locational needs of the poorest households. Thirdly, I discuss the input of the Habitat Agenda, specifically with regard to land and urban integration, questioning whether this debate more realistically engages with the needs of the poor. Fourthly, I examine changes in the role and context of local government, and its ability to meet the needs of the urban poor, tying this back to the earlier discussion on land and finance. A further shift that I identify is in the emergence of an explicit policy on the People's Housing Process, allowing for community-based or self-help construction of houses, though within considerable bureaucratic constraints. Lastly, I touch on the lack of any shift in the area of "squatter"[5] settlement intervention, tying this back to an evasive discourse that does not lend itself to the formulation of distinct mechanisms for intervention that would be oriented around the needs of the poor. The paper then closes with some thoughts on the particular area in which research might contribute most to the housing policy debate in South Africa.

2. Tension within the current housing policy in South Africa

Current housing policy in South Africa is based on a fundamental understanding that housing is a basic need. The right to "have access to adequate housing," first articulated in the ANC's Reconstruction and Development Programme (RDP) in 1994,[6] is enshrined in the 1996 Constitution (Republic of South Africa, 1996, p. 12). The Housing White Paper of 1994 gives interpretation to the concept of "adequate housing" through its vision of

"*viable, socially and economically integrated communities, situated in areas allowing convenient access to economic opportunities as well as health, educational and social amenities, within which all South Africa's people will have access to*

- *A permanent residential structure and with secure tenure, ensuring privacy and providing adequate protection against the elements; and*
- *potable water, adequate sanitary facilities including waste disposal and domestic electricity supply*." (Department of Housing, 1994, p. 12).

Reference to "a permanent residential structure" set a norm for "housing" that distinguished itself from the sites and services schemes (popularly referred to as "toilet towns") constructed under the previous government. The focus on a product that included a house or "top structure" was

[5] While often avoided due to derogatory connotations, the terms "squatter" or "squatting" are used in this text to avoid confusion with sites and services areas, which in the South African development terminology are also referred to as "informal settlements". This ambiguity in terminology is addressed in the section on the evasive discourse on "squatting" later in this paper.

[6] See Tripartite Alliance (1994).

reinforced in the White Paper by a commitment to "deliver" one million "houses" in five years (Department of Housing, 1994, p. 22).

The constitution attaches the right to adequate housing to the responsibility of the state "to achieve the progressive realisation of this right" (Republic of South Africa, 1996, p. 12). The concept of "progressive realisation" however, has not sat comfortably with the pledge to deliver a defined product, which was backed by the financial mechanism of a once-off product-linked capital subsidy. Indeed, the capital subsidy is referred to as the "cornerstone" of the South African housing policy (see Lalloo, 1999, p. 40). The capital subsidy then catered to the pledge of delivering a defined product, and not to the "progressive realisation" of housing. However, the housing product delivered through the capital subsidy scheme fell far short of the dignified house with "reasonable living space and privacy" defined as the norm in the RDP (Tripartite Alliance, 1994, p. 8). In response then to this shortfall, the concept of "progressive realisation" was applied to the gradual improvement of the capital subsidy product. The first housing minister, the late Joe Slovo, referred to the housing policy as an "incremental approach." This, he stated, required of government to ensure locally available technical assistance, "as and when people are able to add to their starter houses" (Buchanan, 1994, p. 75). Government's disbursement of the housing budget primarily through the capital subsidy scheme has, however, not provided a framework for government support for the subsequent improvement of starter houses.

The most readily accessible, and indeed most commonly applied, version of the capital subsidy has been the project-linked subsidy.[7] This subsidy requires home-ownership of a standardised housing unit, and has been translated into large-scale developments of uniform, free-standing, mostly one-roomed houses with individual freehold title in standardised township layouts located on the urban peripheries. While the private sector firmly promoted this concept as a means for the poor of escaping the poverty cycle (Nuttall, 1997, p. 107), those more sensitive to the reality of poverty have suggested that such segregated dormitory developments are themselves poverty traps (Asian Coalition for Housing Rights, 1998, p. 12). Beneficiaries in turn have expressed dissatisfaction with the delivery product and process (see Tomlinson, 1996). Local politicians primarily articulated demand for bigger houses. Government responded on the one hand through an amendment to the Housing Act, requiring state-subsidised houses to be constructed to a minimum of $30\,m^2$.[8] On the other hand, government has more recently tended to refer to "housing opportunities instead of actual houses" (see Housing in Southern Africa, 1998), thus diverting attention from the housing product. In practical terms, however, the discordance between housing product and professed delivery process has remained unresolved. Equally unresolved has been the perpetuation of dormitory developments that do not adequately address the varying dimensions and processes of poverty.

This continued tension is reflected in the positions that are currently being articulated with the pending review of the Housing White Paper, to which the paper later returns. While the building industry remains strongly in favour of a product orientation, the Ministry's heart appears to be

[7] Of a total of 959 415 housing subsidies approved by December 1998, 782 176, that is 82%, were project-linked (GCIS, 1999).

[8] An exception is applied where geotechnical demands exceed the allowance for variation (Department of Housing, 1998).

won by a more support-based, people-centred and poverty-oriented progressiveness. In April 1998, the Director General of Housing, Mpumi Nxumalo-Nhlapo, stated that "the subsidy scheme will not continue indefinitely," suggesting that "there are more creative ways to finance housing than dishing out R15 000 to each family" (Housing in Southern Africa, 1998, p. 10). Indeed, the gradual adjustments that have already been made in the housing policy have shifted away from the monolithic construct of one uniform housing product for all through the project-linked subsidy, the only subsidy mechanism operational at the launch of the policy in 1994. Since the advent of its second term of government, the Housing Ministry has been applying a significantly different language, when speaking of its policy. The concepts of sustainability, poverty alleviation and housing quality have replaced the pledge of delivering houses at scale (see Mthembi-Mahanyele, 1999). A fundamental question arises: *Can the capital subsidy scheme be fine-tuned in order to better accommodate progressiveness and poverty orientation, or is a more far reaching revision of the housing subsidy mechanism required?*

This paper does not set out to answer this pertinent question. However, it will attempt to place it into perspective, by tracing the origin of the product-linked capital subsidy approach, and the process through which it came to be adopted. The following section then refers to the strands of thinking that had developed in those sectors of the South African society that, in the closing years of National Party rule, engaged with the question of low income housing. In particular, it will examine how concerns for poverty were positioned.

3. Origins of the current housing policy and of key positions in the debate

The evolution of the current housing policy has been the detailed subject of a number of recent articles (see Goodlad, 1996; Wilkinson, 1998; Lalloo, 1999; Hendler, 1999b). The intention here is to focus on the three main strands of thinking on low income housing that were articulated in the early 1990s. Each was located in a separate sector of society, and each was responding differently to the housing injustices caused by the policies of the National Party. After briefly introducing these three positions, this section will examine the balance of influence they had in the period of policy formulation. Later, it will be asked to what extent this balance has shifted, this being of relevance to the unfolding of the current housing debate. The three sectors this section refers to are as follows:

- One was the dominant political opposition, the Mass Democratic Movement, comprising the *ANC, the labour movement COSATU and the civic movement*. Thinking in this sector converged around the need for democratisation and redistribution, with a central role for the state in constructing mass housing. Such housing was understood as a basic human right, and not as a commodity (see for instance Mayekiso, 1996, p. 164). Private tenure was considered exploitative, and therefore inappropriate to the poor. In practical terms, this approach was implemented through the civic movement, in its abolition of rent tenancy in the residential areas into which it expanded (see Cross, 1995, p. 31). In informal "squatter" settlements, exploitative shack-lordism was replaced by a system that has similarities with communal land holding practices in African rural areas (Cross, 1995, p. 34, see also Davies, 1998). Settlements were organised through various tiers of democratically elected civic committees, many of which managed to attract local and foreign funding for development in the late 1980s and early 1990s.

With regards to poverty alleviation, this should be recognised as a significant achievement of the civic, and broader Mass Democratic, movement.

- Another was the *profit-making sector* (business, mining and industry). Its concerns were with the instability of labour caused by popular protest to National Party policies. Central to the thinking in this sector was the creation of black home-owners, as a means of political stabilisation.[9] Commodification of land and housing was understood, also, as vital for economic growth. As will be shown in more detail below, the Urban Foundation's[10] interest in poverty was primarily out of concern for the economy, and not out of concern for human rights and democracy. Its focus on individual freehold titles for the poor was not based on an analysis of the reality or of the experience of poverty.
- The third sector was the emerging *Homeless People's Federation/People's Dialogue*[11] alliance, a social movement strongly inspired and supported by an international movement which encourages the poor to mobilise their own resources and find their own solutions to the lack of housing and other manifestations of inequality. Internationally, this movement has gained recognition (and therefore donor support) through the discourse on urban poverty, its success resting particularly on the building of social capital or mutual trust within communities, and the creation of a workable credit mechanism.

In the early 1990s the most influential of the three was the private sector. As has been pointed out in analyses of this period of South Africa's history (see for instance Marais, 1998; Bond, 2000), this influence is related to the "pacted" nature of the South African transition, in which the private sector had a powerful leverage over both the outgoing National Party government (which was rapidly loosing power) and the incoming ANC, which was increasingly depending on support from the established business sector. The private sector's thinking on the housing question is briefly reviewed here, as this is strongly reflected in the national housing policy that was launched in 1994. As early as 1976, township unrest had induced a business conference on "the quality of life in our urban communities" (Urban Foundation, 1994, p. 25), which in turn led to the creation of the Urban Foundation, a business-funded think-tank on urban and social policy. While often portrayed as philanthropic (see, for instance, van Coller, 1995), Seidman (1990, p. 8) places this seemingly humanitarian initiative into the context of economic downturn which industrialists associated in part with the instability of the skilled work force, and limited consumer markets. Industrialist, she argues, "were far more concerned with improving their own economic prospects and access to state policy-making than with overall democratisation" (Seidman, 1990) — its investment in social advance and upliftment was in "enlightened self-interest" (Seidman, 1990, p. 135).

[9] This has been a consistent position. As early as 1977, Justice Steyn, then director of the Urban Foundation (see footnote Footnote 23), is quoted to have said: "the absence of meaningful provision of home ownership in our Black urban townships plays a significant part in the instability and insecurity so prevalent in these areas" (Argus clipping, 6 April 1977, reproduced in Ellis, Hendrie, Kooy, & Maree, 1977, p. 77).

[10] Founded in 1976 through business initiative, the Urban Foundation was a private sector funded policy think tank until being disbanded in early 1995.

[11] People's Dialogue is an NGO dedicated entirely to supporting the Homeless People's Federation.

Private sector leverage over the ruling National Party (alongside pressure from other sectors) led to significant reform of urban policy in the 1980s. Undeniably, this impacted positively on the quality of life for many black people. Under the policy of "Orderly Urbanisation" (introduced in 1986), the control of influx to the cities was abolished, the provision of housing for black people in urban areas outside of bantustans was resumed, and land ownership for black households was gradually introduced. However, a strong element of patronage was entailed in the Urban Foundation inspired thinking that underpinned this policy. Rather than engaging with the reality of the poor (despite much social research being commissioned by the Urban Foundation), it imposed strictly controlled, technocratically defined development.[12]

Concerning policy-making for post-apartheid South Africa, the Urban Foundation published its "Proposal for a National Housing Policy" in 1990 (Urban Foundation, 1990). Central to this proposal were "quantitative objectives" (Urban Foundation, 1990, p. ix), the quantifiable product being a standardised serviced site financed through a once-off capital subsidy. The National Party government afforded the business sector the opportunity of implementing its concept at scale, by consulting the Urban Foundation Chairman Jan Steyn on poverty alleviation. Literally over a week-end, Steyn designed a programme which was accepted by government within three days (see Nuttall's (1997) insider review of the Independent Development Trust).[13] Jan Steyn was charged with its implementation through the "Independent Development Trust" (IDT), for which the state, on his request, made available a grant of R 2 billion (Nuttall, 1997). Over the next four years, standardised serviced sites were delivered at scale to approximately 100 000 qualifiers of the capital subsidy.

How were the IDT sites and services projects received? This is an important question, in view of the continuity of approach from the IDT via the National Housing Forum into the current housing policy.[14] The treatment of this question is reflected in the debate in the National Housing Forum, initiated in 1992 and funded by the IDT. With regard to this debate, it is worth noting that the IDT (with the Development Bank of South Africa, DBSA) had an explicit "strategy" of influencing the future South African housing policy through this forum (Nuttall, 1997, p. 107).[15] The IDT then responded to criticisms of its sites and services projects accordingly. One criticism, which it seemingly did not contest, was the allegation that the capital subsidy scheme had perpetuated the spatially segregated urban form (Nuttall, 1997, p. 196). This concern, though raised, was not resolved in the National Housing Forum debates. Analyses of the National Housing Forum activities (Adler & Oelosfe, 1996; Lalloo, 1999) have associated the Forum's failure to address the spatial implications of the IDT's capital subsidy model with manipulation of the Forum's activities by the National Party government. It is argued that by allocating development funding to the

[12] It has often been pointed out that influx control was indeed replaced by new forms of control over the poor (see for instance Budlender, 1990, p. 74; Lemon & Cook, 1994, p. 333).

[13] I mention this not as a smear against the IDT, but because it is worth questioning whether the IDT's capital subsidy scheme, which forms a central feature of our current housing policy, could possibly have been well thought through.

[14] This continuity is widely acknowledged, see for instance van Coller (1995), Lalloo (1999), Wilkinson (1998). While the capital subsidy "product" now includes for a core house, aspects of development procedure for the "project-linked" subsidy have remained largely those of the IDT capital subsidy scheme.

[15] Lalloo (1999, p. 38) notes that the "balance of power on the Forum favoured the business interests which generally acted in concert with the state and parastatal institutions."

Forum and requiring it to grapple with decisions about immediate implementation, the government distracted the Forum from the longer-term questions of urban spatial restructuring (Adler & Oelosfe, 1996, p. 121; Lalloo, 1999, p. 40). The perpetuation of spatial segregation through a housing policy that is largely modelled on the IDT capital subsidy scheme remains a serious challenge to this day (Dewar, 1999; Citizen, 1999).

Criticisms which the IDT did contest were those around the ideological underpinnings of the approach, articulated particularly by the South African National Civic Organisation, a unitary national body representing the majority of civic organisations in South Africa. One contention was the civic movements' demand for people-driven development. The IDT in turn saw the role of civic organisations primarily in "assisting the IDT implement its site-and-service schemes across the country" (Nuttall, 1997, p. 177). Vague definitions of "community participation" however, to some extent blurred this debate. A second contention was SANCO's call for the democratisation of development finance, and therefore of bodies such as the IDT and the DBSA (Mayekiso & Hanlon, 1994; Nuttall, 1997). These demands were emphatically contested as "intrusions" into IDT's "affairs" (Nuttall, 1997, p. 170). A third contention was around SANCO's campaign for "housing," which it understood as a human right, as opposed to "toilet towns" as the IDT sites and services projects were popularly referred to by the civic movement. SANCO's campaign for a right to housing was discarded by the IDT as "noble" but "unrealistic" (Nuttall, 1997, p. 168).

In the formulation of the ANC's Reconstruction and Development Programme in turn, which took place in parallel to the National Housing Forum negotiations, SANCO was widely consulted, and indeed the concept of "housing as human right" was taken seriously. SANCO too was consulted in the RDP's formulation of housing finance mechanisms (Mayekiso, 1996, p. 179). Central financial concepts were not a once-off state-funded capital subsidy, but the blending of government funds with private sector funding, in order to make longer term access to finance affordable (Tripartite Alliance, 1994, p. 9). A national housing bank was proposed for this purpose (Tripartite Alliance, 1994). SANCO's concern then was over the need for credit mechanisms in those areas where private banks were refusing to lend. Here SANCO was proposing a Community Reinvestment Act (modelled on that of the United States), forcing banks to lend in areas it had redlined (Mayekiso, 1996, p. 179).

A major concern of SANCO then was around access to credit. SANCO took issue directly with banks over the problem of redlining in areas that the banks considered to have high risks of default. SANCO's leverage over the bank was its threat of renewed bond boycotts.[16] At the centre of SANCO's deliberation over credit were those black households (presumably the working class) that could afford small conventional mortgages, but were refused these by the banks. A separate initiative emerged around the banks' unwillingness to lend to the very lowest income sector, those not formally employed. In this sector the savings and credit schemes of the Homeless People's Federation emerged. This then is the third sector that was introduced above. Though not represented in the National Housing Forum, this initiative has consistently influenced the direction of the housing policy since the 1994 elections. After experiencing disappointment in discussions with banks and other role-players in housing finance, the People's Dialogue/Homeless People's Federation's strategy was to demonstrate that the poor can save and repay credit, can help themselves, and indeed have a workable position on housing policy.

[16] See Mayekiso (1996).

Initiated in 1991, through an international meeting of "people's networks" (Bolnick, 1993), the South African People's Dialogue on Land and Shelter conceptualised a revolving fund providing credit to the poor. This concept was implemented in 1993, and shortly before the 1994 elections an umbrella for the savings groups was formalised as the South African Homeless People's Federation, supported by the NGO People's Dialogue (People's Dialogue, 1995). By 1999, some 2000 savings groups had been formed, with a total of 70 000 active savers (People's Dialogue, 1999). The Federation is apolitical, and places women (though not exclusively) in the centre of the development process. With regard to the IDT sites and services projects, it discarded these as "toilet towns," as did the civic movement. Indeed, its thinking coincided with that of the Mass Democratic Movement (formulated in the RDP) on the aspects of people-centred development, the need for low interest credit, and the need for alternatives to individual freehold tenure. The Federation's analysis, however, was that the RDP did not give clarity on the mechanisms required for people-driven development (People's Dialogue, 1994b, p. 14). Pragmatically then, the Federation put forward its concept of Housing Support Centres as vehicles for people-centred development (People's Dialogue, 1994b). Shortly after the 1994 elections, it hosted a conference with the new set of high ranking government representatives for housing, exposing them to a people-driven paradigm for housing finance and to poverty-oriented approaches from abroad (People's Dialogue, 1994a).

While hearts were won in support of the Federation's approach (People's Dialogue, 1994a), and the first housing minister pledged his support to the Federation at the October 1994 Housing Accord (Bolnick, 1996, p. 155), the Housing White Paper of December 1994 was not explicit on this support.[17] Formulated late in 1994, it reflected agreements in the National Housing Forum rather than the political manifesto of the RDP (see National Institute for Economic Policy, 1996) or the minister's commitments to the Homeless People's Federation. The fundamentals of the capital subsidy scheme piloted by the IDT were adopted: core housing delivery was to be financed solely by the state through a household-based once-off product-linked capital subsidy — an enormous up front injection of state funds into the building and construction industry, which was to deliver the goods. The private financial sector was then expected to provide unsubsidised loan finance to the poor for the improvement of the core house.

The paper now turns to the performance of this policy, and to subsequent responses from the various sectors in society. A concern that this following section raises is that, while policy adjustments have enabled a departure from the once-off product-linked intervention inherited from the IDT, such innovations are seldom directed at the poorest households. For them, the majority of subsidies continue to be ploughed into poorly located, standardised, dormitory developments.

4. A new balance of forces? Shifts and continuities since the 1994 Housing White Paper

The Urban Foundation-inspired thinking on housing policy, perpetuated through the IDT, the National Housing Forum and the Housing White Paper, and more directly through the National

[17] Under its "Key Substantive Approaches and Interventions," the White Paper goes no further than to state that "Government is currently considering the establishment … of housing support mechanisms." (Department of Housing, 1994, p. 53).

Business Initiative (NBI),[18] has resulted in a monolithic policy mechanism, the once-off capital subsidy. Bearing in mind that this mechanism was designed by the Urban Foundation solely for the delivery of serviced sites at scale, it is not surprising that it has taken the Housing Ministry considerable time to devise ways of moulding it into the range of housing options that the 1994 Housing White Paper set out to provide. The individual subsidy enabling individual access for the purchase of properties, and the institutional subsidy allowing access to capital subsidies for rental and co-operative housing, were launched in 1995. A policy for the upgrading of migrant labour hostels was also released in 1995. The People's Housing Process, a form of government supported community-based construction of top structures was launched only in May 1998.

The Housing Ministry then has consistently chiselled away at the original monolith of the project-linked capital subsidy mechanism, and now prides "a comprehensive instrument providing a wide array of housing subsidies" (Mthembi-Mahanyele, 1999, p. 10). However, the majority of subsidies for the two coming financial years are already committed by the Provincial Housing Development Boards to large scale project-linked subsidy applications (Botes, personal communication).[19] As the project-linked subsidy lends itself to mass-delivery at scale, such biased allocation by the Provincial Housing Boards has not been unrelated to the attempt to reach National Government's delivery target of one million houses in the first five-year term.[20] How will the Ministry deal with increasing pressure for allocation to alternative forms of housing finance?

It is these and other challenges to the Ministry of Housing, that this paper now attempts to examine in more detail. Notable, on the one hand, are adjustments (partly increases) in the demands emanating from the three sectors referred to above (the private sector, organised community and labour, and the Homeless People's Federation). On the other hand, new demands are made from within the various tiers of government and internationally through the Habitat Agenda. While such adjustments in demands have impacted on the housing discourse, it is the underlying changes and continuities in power relations, brought about by democratisation and globalisation,[21] that have largely determined the direction of housing policy.

4.1. Private sector initiated shifts in housing finance?

Adjustments to the policy on housing finance have been largely within the continuum of the Urban Foundation-inspired approach, through agreements between government and banks. The 1994 Record of Understanding between the banking sector and the government had entailed a commitment by government to "normalise" the township markets. Government pledged to ensure law and order and enforce a "culture of payment," and to "cover accredited lenders if they

[18] The NBI was formed at the disbanding of the Urban Foundation to ensure that "the UF's experience will continue to benefit our country" (van Coller, 1995, p. 40).

[19] Speaking with reference to the Western Cape Provincial Housing Development Board.

[20] It may be noted that the quest for one million houses was officially abandoned by March 1998 (Housing in Southern Africa, 1998, p. 9) removing considerable pressure for the Ministry to deliver on scale, and possibly opening space for the consideration of alternatives.

[21] These have been subject of post-apartheid political analysis (see Sitas, 1998; Bond, 2000) with particular concern being raised over fragmentation and disempowerment, and scenarios of increasing authoritarianism.

were unable to repossess properties via normal legal channels once default had occurred" (through the Mortgage Indemnity Fund set up in June 1995) (Tomlinson, 1997, p. 6). This was followed by a joint venture (Servcon Housing Solutions) between banks and government enabling banks to relocate defaulting bond-holders to more affordable properties. Banks in turn committed themselves to extend mortgage loans into the low-income market. Further joint arrangements between banks and government were the creation of the National Housing Finance Corporation in 1996, intended to help low-income earners enter the conventional mortgage market, and the creation of the National Urban Reconstruction and Housing Agency (NURCHA), guaranteeing commercially loaned bridging finance for developers, and guaranteeing direct credit to low income households (GCIS, 1999).

Despite what has been referred to as exceedingly generous incentives to the banks,[22] it was evident by 1997 that the Record of Understanding had failed. This was explained in various ways. On the one hand, banks did not perceive the township markets to have normalised. On the other hand, it became apparent that subsidy beneficiaries did not trust the conventional banking system (Tomlinson, 1997). A further problem was found to be poor workmanship by builders, resulting in the withholding of bond payments by end-users. Here government responded by creating the National Homebuilders Registration Council, protecting consumers from shoddy workmanship, and thereby protecting banks from clients defaulting on those grounds. Such protection is financed through builders' deductions from the household's capital subsidy, irrespective of whether these households hold loans. Despite this further attempt to make conventional home loans viable for households qualifying for government subsidies, both banks and government recognised that the conventional mortgage loan system is too complex and expensive for the low-income market. This recognition has induced some questioning as to whether a policy based largely on conventional home ownership, which assumed access to conventional mortgage finance, is appropriate (Tomlinson, 1997). Somewhat ironic is the fact that the private sector now blames government for erring in "adopting a policy that insists that the majority of the homeless own their homes" (Tomlinson, 1997, p. 15),[23] when in 1994 the private sector (including banks), through the Urban Foundation, announced its success in promoting individual freehold titles as a blanket solution to the urban problem.[24]

The vacuum then of appropriate bank loans for low-income households led to the emergence of a sector of non-bank lenders, offering microloans to the formally employed low-income market (Stout, 1997). However, for the majority of recipients of the capital subsidy product, private sector top-up funding has not been accessible. Of all subsidised houses delivered since 1994, only 14%

[22] See Bond and Tait (1997).

[23] Tomlinson's research has shown that such thinking is prevalent among the banking sector; see also Housing Fax (1998).

[24] In late 1994 the Urban Foundation's chairman Mike Rosholt stated: "The highlight of the past year has been the progress made in entrenching the concept of an affordable capital subsidy as a key component of government's housing policy and strategy. The UF [Urban Foundation] has spent six years trying to persuade stakeholders in the low-income field that this route will provide the best option for providing poor households with access to housing opportunities.… What is even more pleasing is that acceptance of the capital subsidy approach also means acceptance of home-ownership for low income households. This has been a UF goal from the start and represents a key contribution by the UF to how South Africa will be structured in the future" (Urban Foundation, 1994, p. 3).

Table 1
Housing subsidy amounts as from 1 April 1999[a]

Monthly beneficiary income	Project-linked capital subsidy	Consolidation subsidy	Institutional subsidy
Up to R1 500	R16 000.00	R8 000.00	R16 000.00
R1 500–R2 500	R10 000.00	—	R16 000.00
R2 500–R3 500	R 5 500.00	—	R16 000.00

[a]Source: Department of Housing, 1999a (Note: In March 2000, R1 000 was equivalent to US$161.81).

were credit-linked (Housing in Southern Africa, 1999, p. 2). Particularly disadvantaged by this situation were those households qualifying only for a portion of the subsidy, because of slightly higher incomes (see Table 1). Due to inaccessibility of credit, they were ending up with an even smaller house than the lowest-income sector beneficiaries, or no more than a serviced site (Mthethwa, personal communication). This policy failure has led to renewed demands from the trade union movement for a stronger state intervention in blending government subsidies with private sector funding. Continued calls for a National Housing Bank and for legislation modelled on the Community Reinvestment Act in the United States, and suggestions from within government to act upon these demands, have made banks uncomfortable, spurring them to pressure government for alternatives that refine, rather than depart from, the Urban Foundation-inspired approach (Tomlinson, personal communication).

Resolutions between the government and the banks have been in the creation of further subsidiaries under the National Housing Finance Corporation:

- the Rural Housing Loan Fund (RHLF) — loans to existing and new lenders to enable loan products suitable to the needs in rural areas;
- the Niche Small Market Lenders (NSML) — small loans for urban housing, secured through the clients' retirement funds;
- Gateway Home Loans — enabling loans by retailers to individual homeowners, also secured through retirement funds. This mechanism is specifically designed to enable conventional retail banks to lend in previously redlined areas;
- the Housing Institutions Development Fund (HIDF) — group loans made to housing associations;
- the Social Housing Foundation (SHF) — the technical arm tasked with supporting social housing institutions.

(GCIS, 1999; Mthethwa, personal communication).

Government clearly states a commitment to "unlocking housing credit" (Mthembi-Mahanyele, 1999, p. 9). However, the above innovations are designed to serve the formally and informally employed "moderate income earners," leaving a credit gap among the poorest, the precariously employed and unemployed (Mthethwa, personal communication). Regarding this lowest income sector, banking has recently encouraged government to pursue the notion of mobilising savings at community level in the lowest income groups (rather than forcing banks to extend conventional

lending mechanisms into this sector). The suggestion is that an individual's savings history should determine eligibility for subsidies and loans (see Mthwecu & Tomlinson, 1999). Government has taken heed. The housing minister recently stated: "We will be embarking on a national savings campaign mobilising savings to awaken the slumbering financial potential prevalent in our communities" (Mthembi-Mahanyele, 1999, p. 9). This in turn has created discomfort among those with experience in designing and operating systems that work for the poor. Both the Urban Sector Network NGOs and People's Dialogue express concern about government and the banking sector's ideas on mobilising savings among the poor (Walker and Hoffman, personal communication).

The Homeless People's Federation has demonstrated the ability of the poor to save. This has gained widespread recognition. Indeed, the Federation's model then is one of the successful savings mechanisms that the Banking Council has found relevant to draw attention to, alongside various local and international savings models (see Mthwecu & Tomlinson, 1999). However, there are two concerns over the promotion of this concept by the private sector.

- Firstly, the Federation's approach is often misinterpreted as a means of accumulating individual savings. At a recent policy workshop the Federation made it very clear that "individual savings in banks does little to develop community capacity" (Homeless People's Federation, 1999). What is often overlooked is the fact that the Federation's philosophy is not capitalist (as the private sector would assume). It is not towards accumulating individual savings or assets, but to build an independent communal pool, through which members have continual access to various forms of credit. Particularly important is the access to small emergency loans, enabling households to counter short-term shocks such as the illness of a breadwinner. This approach then is tuned directly to the need for asset mobilisation in the face of shocks and trends, discussed earlier in this paper. The decision to join the Federation is a long-term commitment, indeed to a shared way of life. The individual savings as such are not intended for house construction. They are paid out only if a member passes away or decides to leave the Federation. Members' savings records are not measured on the amount that has been saved, but on the consistency of savings, be it only one cent a day. (Hunsley, personal communication, 1998; Homeless People's Federation, 1999).
- Secondly, those seeking to draw lessons from the Federation model might also overlook the possibility of unintentional selection in the recruitment of Federation membership.[25] Who are the people that choose not to join the Federation? While the Federation does not exclude those that are not able to save every day, there may still be a level of destitute that are struggling with survival and other uncertainties, and are not in a position to commit themselves to long-term savings and credit schemes. With regards to poverty alleviation through the housing policy, the following question must be sensitively addressed: *to what extent is there a need for housing subsidies that target the destitute unconditionally, as a form of safety net?* Accordingly, the Urban Sector Network NGOs (Walker, personal communication) are particularly concerned about the notion that the allocation of subsidies be prioritised to those that have a proven record of savings. The Federation likewise advises the government against "any process that discriminates between individuals on the basis of how much people save or how quickly they accumulate

[25] People's Dialogue confirms that there has been no research into this question (Hoffman, personal communication).

funds" (Homeless People's Federation, 1999). Instead, the Federation suggests that its collective model of a network of savings schemes would "serve as a template for future forays into this terrain" (Homeless Peoples Federation, 1999).

The Housing Ministry continues its commitment to address, through its range of housing subsidies, "the legacy of poverty and inequality left by apartheid" (Mthembi-Mahanyele, 1999, p. 10). However, there certainly is a need to more sensitively address the complex reality of the destitute. The Ministry, aware of this gap in its policy, has stated:

> *In the pipeline are plans to implement a differential approach to meet the specific needs of the poor. These would take into consideration aspects such as tenure requirements, migratory patterns, household size and affordability level* (Mthembi-Mahanyele, 1999, p. 8).

While these plans are not listed under "aspects already receiving attention" in the Minister's October 1999 address to the Institute of Housing of Southern Africa (from which I have been quoting here), it is indeed encouraging that the Ministry views "housing policy enhancement and refinement" as "an ongoing process" (Mthembi Mahanyele, 1999, p. 12). This does represent an important shift from the closure of debate and focus on delivery, categorically spelt out in the 1994 Housing White Paper. It is the organised groupings of the poor, and their support organisations, that will have to take up the challenge of proposing and promoting the appropriate policy adjustments that work for the poor.

4.2. Labour initiated shifts in housing finance

Returning then to the constituency of the formally employed low income sector, organised demand through the labour movement has consistently been for the blending of government subsidies with private sector finance, to allow longer term financial support for affordable housing alternatives. The ideal vehicle was seen as a national housing bank, or a housing "parastatal." In 1997 the labour movement formulated a proposal for a housing "parastatal", suggesting that this supplement (and not replace) the current housing strategy.[26] At the October 1998 "Jobs Summit" meeting of the National, Economic, Development and Labour Council (NEDLAC), government and banks finally agreed to explore, with the labour movement, a housing finance model along these lines. A "Presidential Jobs Summit Pilot Project on Housing" was launched, with the understanding that if proven successful, "the principle can immediately be adopted into the National Housing Strategy" (NEDLAC, 1998). An Interim Governing Body, made up of representatives of labour, communities, business/banks and government was tasked with developing the model and overseeing its implementation.

The pilot project has the target of delivering 50 000 housing units in ten projects across the country by December 2000. Development sites are to be well located, housing to be integrated with social and recreational facilities, individual projects are to accommodate a mix of income groups, and tenure options to be provided (75% of units in each project are to be rental, with ownership held by a public housing agency) (NEDLAC, 1998). The project principles then address many of the

[26] See NALEDI (1997, p. 4).

critical aspects in which the 1994–1998 housing delivery, in particular that financed through the project-linked capital subsidy, has failed.

In committing itself to this Job Summit project, the Ministry then has demonstrated willingness to explore quite a substantial shift from its Urban Foundation-inspired approach of once-off product-linked capital subsidies supplemented by independent access to private sector loan finance. Banks have reacted nervously, fearing that the Job Summit pilot project would undermine the existing policy (Tomlinson, 1999, p. 14). The attempt by the project managers then has been to address the banks and business' "bad risk" mentality by demonstrating that reasonable financial returns are to be made — hope indeed is that "the tables may be turned" (Morkel, personal communication).

4.3. A continuing struggle for well-located land

It is encouraging that government, business and labour are exploring ways of sustainably developing well-located land for low-income housing through the Job Summit pilot project and through the Social Housing Foundation which supports a growing "social housing movement" (Social Housing Foundation, 1998, p. xiii) in South Africa. A social argument put forward for the development of well located land for the low-income sector is that of reducing household expenditures on transport (Briley, 1999, p. 6). However, as stated by the Social Housing Foundation: "social housing is not aimed at the poorest of the poor, but at those who can pay for housing, but whose purchasing power is limited, making rental a necessary as well as desirable option," (Gohil,[27] quoted in Denny-Dimitriou, 1999, p. 35).

There clearly is a contradiction in the current land and tenure discourse in South Africa. Individual home-ownership, promoted by the Urban Foundation, is modelled on the functioning of middle class property markets, and assumes investments will result in improvements over time. For the middle class in South Africa this model has largely resulted in sprawling suburbs inhabited by car-owners. For the poor, it has resulted in expansive, peripherally located, segregated housing schemes. If this model is deemed unsuitable for the moderate-income earners, as suggested by those promoting social/rental housing, is it then suitable for those earning even less?

The poorer a household, the greater the role of transport expenditure in the poverty cycle. Nowhere is this more evident than in the locational decisions made by "squatters" or those risking illegal invasions of land. A "beneficiary" of a recent forced removal from the Braamfontein Station squatter settlement (central Johannesburg) to the Thula Mntwana[28] transit site 30 km to the south of the city has articulated the locational dilemma:

> *We have to pay R10 to and from town but how can you afford such a fare if you are unemployed? I am thinking of going back to the inner city. There it is better, at least there are containers to offload, cans to recycle, there is plenty of water, easier to survive* (Steven Makheke, quoted by Dhlamini & Bokwana, 1998).

[27] In February 1999, Arvinda Gohil was the Managing Director of the Social Housing Foundation.

[28] Meaning "Baby don't cry." Hardship experienced in this relocation settlement is not only captured in the popular name of the settlement. Starvation has resulted in dependency on food drop-offs (Dhlamini & Bokwama, 1998; Berkovitz, personal communication — Yvette Berkovitz, whom I interviewed in November 1998, is an activist in the Southern Johannesburg region and has assisted with food drop-offs at the Thula Mntwana settlement).

The tendency of housing policy beneficiaries to return to squatting is being noted by the Provincial Housing Development Boards, where the national database of beneficiaries picks up repeated applications for subsidies (Botes, personal communication). Whether beneficiaries leave their subsidised houses due to desperation or due to speculation is unclear. Equally unclear is whether the second application is a conscious attempt to "cheat" the system, whether it happens out of ignorance, or whether it is the inevitable consequence of an entire squatter settlement or "community" being submitted for a project-linked subsidy application with no individual choice (Botes, personal communication). However, with the absence of any moratorium on the sale of houses after occupation (Botes, personal communication), it appears that policy-makers have little concern as to whether the subsidised house is occupied by the beneficiary for whom it was intended. Clearly, preventing beneficiaries from vacating/selling their subsidised houses would not be a solution, unless such houses were indeed conveniently located.

In Cape Town, the only example of a recent well-located housing development for the lowest income, that of Marconi Beam (Walker, personal communication), is itself the outcome of a long-disputed land invasion. The same applies to the few examples of spatial integration in other South African cities (Berrisford, 1999). The Homeless People's Federation experiences that legal access to land, not even to speak of well-located land, is one of the main barriers to the unfolding of the Federation's house-building capacity (Hunsley, personal communication, 1998). This is despite the fact that Federation members are increasingly invited by government to serve on Provincial Housing Development Boards and other governing bodies[29] (Hoffman, personal communication).

While much land lies idle in South African urban areas, market-driven decision-making regarding urban land is the main obstacle to the socially responsive functioning of South African cities. This is illustrated in the way the Provincial Government of the Western Cape explains the inaccessibility of urban land:

> *The problem with most of the vacant land in Cape Town is that it is prime land, and therefore not suitable for low cost housing. The Minister [provincial MEC for housing] is encouraging the municipalities to sell well-located land in order to subsidise other projects* (Botes, personal communication).

Inevitably, the subsidised low cost housing projects are located on the urban peripheries. However, the same provincial official quoted here, pointed out that "local governments are going bankrupt, because of the non-payment of services" (Botes, personal communication; see also Smit, 1999). Returning to the (extreme) example of relocation from inner city Johannesburg to Thula Mntwana, it is evident that there is a correlation between people's ability to pay, be it for food or for services, and the location of low-income development. Might municipalities be less bankrupt if their poor constituencies had access to better located land, thus were more likely to have a sustainable source of income, and lower expenditures on transport? One may add to this calculation the "staggering fact that the average annual bus subsidy per commuter in Cape Town is

[29] Nevertheless, People's Dialogue does not support land invasions organised by the Homeless People's Federation. Instead, a formal 24 point plan has been drawn up for organised groups to follow in the quest to secure land (Hoffman, personal communication). In their frustration of years of fruitless negotiation over land, as recounted during the 1998 poverty hearings (see Budlender, 1998), individual Federation groups do however resort to invasions (Hoffman, personal communication).

currently R3 300," as Dewar (1999, p. 2) has recently reminded the housing sector. In the case of Thula Mntwana, Johannesburg, one may also add the welfare expenditure on food drop-offs.

Berrisford (1999, p. 4) notes that "the spatial patterns of apartheid are effectively being recreated." In his reflection of the urban land problem, he has pointed to "the zeal with which the South African government has gone about equipping itself legislatively for the task of *rural* land reform, notably redistribution, … correcting historically distorted spatial patterns" (Berrisford, 1999, p. 8, with reference to the Extension of Security of Tenure Act — emphasis added). He has also suggested that equally stringent redistributive legislation for intervention in the *urban* land market might be politically unsustainable, as the formerly excluded (black) middle class now has substantial stakes in the urban/suburban property market (Berrisford, 1999). Urban land reform clearly is a political question, and not merely a technical one. The urban housing question in turn is inextricably tied to questions of land reform, and cannot be resolved without tough political decisions and strong inter-departmental co-operation.

If indeed private property speculation has become the overriding factor in political decision-making regarding urban land, to the detriment of local government liquidity, then it is relevant to seek advice from those middle-income countries where this has been the trend for decades. Brazil is a case in point. Brazilian responses to problems of land speculation were debated in a recent workshop in Johannesburg (July 1999), as part of an ongoing research programme, funded in part by the Department of Land Affairs, with the aim of developing appropriate responses to the urban land and tenure question in South Africa.[30] Of particular relevance is the Brazilian challenge to absolute rights to private property, through the introduction into the constitution of a "social function of property" (as was presented at the workshop, see Pinho, 1999; also see Fernandes & Rolnik, 1998).

While there has been a recent trend for officials to draw lessons directly from housing and upgrading projects in Brazil (see Engelbrecht et al., 1999; Browne, 1999), a more in-depth comparison of the two countries questions the direct transferability of technical solutions (Huchzermeyer, 1999b). It has been argued that without an in-depth engagement with the contours of exclusion in Brazil, and the political strategies through which instruments of social justice were developed and promoted, progressive South Africans will be no wiser on how to strategically confront urban poverty in South Africa (Huchzermeyer, 1999b).

There is a danger of complacency among the housing sector in South Africa over the progressive discourse around a limited number of high profile social housing projects modelled on concepts from the north, not addressing the lowest-income sector, and not impacting on the scale of poverty in South Africa. An appropriate engagement with concepts developed in the south (for instance Brazil), as is already underway through the research project (funded in part by the Department of Land Affairs) mentioned above, indeed has greater potential of impacting on the scale of poverty in South Africa.

4.4. The Habitat Agenda: international pressure for urban restructuring?

A separate discourse around urban integration and restructuring was induced through the Habitat II conference, and the resulting agenda to which the South African government is

[30] See Pinho (1999) for the full reference to this workshop.

a signatory. It has been noted that "there is little doubt that the Habitat Agenda has influenced the South African policy debate" (CSIR, 1999, p. 194). In response then to its commitment to the Habitat Agenda, the national Department of Housing created a Directorate of Human Settlement Policy and Integration, which was responsible for the formulation of an "Urban Development Framework."

The formulation of the Urban Development Framework has come under academic scrutiny. Its draft, the 1996 Urban Development Strategy, was critiqued for its departure from the RDP, and its continuity of Urban Foundation-inspired thinking (Bond, Mayekiso, Miller, & Swilling, 1996). The failure "to consult with mass-based community organisations or urban social movement networks" in the formulation (Bond et al., 1996, p. 104) then led to a portrayal of broad consensus on a market-driven approach to urban development. With regards to the apartheid urban form and the need for urban integration, Bond et al. (1996, p. 118) observe that the document made no mention of the need to curb land speculation, or for other measures of urban land reform. The subsequent Urban Development Framework of 1997 did not respond significantly to this critique. While one of its four programmes is that of "integrating the city," with the aim of negating "apartheid-induced segregation, fragmentation and inequality" (Department of Housing, 1997), the likely impact of the proposed measures[31] has been questioned. From a less ideologically challenging perspective than the above-mentioned critique, Simone (1998, p. 2) interprets the Framework's "disciplinary priorities of controlling the city" as unrealistic in a era of liberalisation and globalisation, where "control by any single institutional or sectoral actor" is relinquished. Along similar lines, Mabin (1999, p. 14) notes that while providing a general vision for South African urban areas, it "does not easily resonate with street-level reality of urban South Africa and its constraints."

Nevertheless, the finding of an investigation into the state of human settlements in South Africa (CSIR, 1999), commissioned by the Directorate of Human Settlement Policy and Integration in the national Department of Housing, is that while there are some weaknesses in the housing policy, South African human settlement policy in general is in line with the Habitat Agenda (Lewis, personal communication; also see CSIR, 1999, p. 40). The tension between global pressures for neo-liberal policy on the one hand, and local demands for more interventionist and redistributive policies on the other does bring into question the role of the Habitat Agenda in urban policy formulation. It appears that international commentators on the Habitat Agenda anticipated conservative opposition to its country-level implementation, rather than challenges from the left (see Wakely, 1996, p. v). A closer reading, however, suggests that precisely the one aspect of the Habitat Agenda on which conservative political opposition was anticipated, namely "decentralisation and devolution of authority" (Wakely, 1996), has remained largely absent from the Habitat debate in South Africa. This leads the paper to the particular interpretation of the role of local government in South Africa, specifically with regards to housing.

4.5. Towards local government as implementer

The recent history of South African local government is one of extraordinary inequality between different municipalities. As a result, the call for decentralisation and greater autonomy for local

[31] Integrated planning, upgrading, high-density use of land, urban land reform and planning reform, transport planning and environmental planning (Department of Housing, 1997).

authorities has largely been interpreted as a conservative attempt to protect minority privilege (Cameron, 1996, p. 20). The ANC's position therefore has been, that the devolution of extensive powers to local government would "prevent the essential redistribution needed to ameliorate inequalities caused by apartheid" (Cameron, p. 21). In the SANCO-initiated Local Government Negotiation Forum prior to the 1994 elections, SANCO's primary demand was for "single non-racial cities with single tax-bases" (Mayekiso, 1996, p. 218). Based on consensus within the Mass Democratic Movement, the RDP then ascribed a delivery role to local government, whereas urban policy was to be determined at national level (Chipkin, 1997, p. 8). Local government "autonomy" in the post-apartheid policy in South Africa has thus referred only to "operational independence" (Chipkin, 1997). With the 1996 adoption of neo-liberal macro-economic policy (the Growth Employment and Redistribution policy — GEAR), the powers of all tiers of government were further reduced (Chipkin, 1997, p. 7). In 1998 this was explicitly translated into the White Paper on Local Government. Critiquing this policy, Bond and Mayekiso (1998, p. 8) have warned in particular of the associated demobilisation of labour and communities, required in order for citizens to "trust in a largely technocratic process."

With regards to housing, local government has primarily the responsibility of ensuring "access to adequate housing on a progressive basis" (Republic of South Africa, 1997, p. 24). Apart from the responsibilities of planning, co-ordination, facilitation and enablement for housing, local government is afforded the possibility of participating "in a national housing programme in accordance with the rules applicable to such programme" (Republic of South Africa, 1997, p. 26). The options that local government is given for participation in national housing programmes are as follows:

(a) *promoting a housing development project by a developer;*
(b) *… acting as developer in respect of the planning and execution of a housing development project …;*
(c) *entering into a joint venture contract with a developer in respect of a housing development project;*
(d) *establishing a separate business entity to execute a housing development project;*
(e) *administering any national housing programme in respect of its area of jurisdiction …;*
(f) *facilitating and supporting the participation of other roleplayers in the housing development process;*

(Republic of South Africa, 1997, p. 26).

Key problems that have been identified in the South African definition of local government, are the assumptions that "delivery is in fact uncontroversial, that it was simply an administrative/managerial exercise and that there was no contestation in the mode, level, coverage and/or financing of such services" (Chipkin, 1997, p. 10). In the local government reality of limited financial resources, and indeed an insufficient tax base to finance the ongoing servicing and maintenance of existing areas, delivery inevitably becomes a political question. Chipkin (1997, p. 10) has argued that "local governments potentially loose their legitimacy" and are bypassed by communities that either deem provincial and national governments as "more capable of addressing local needs" or "bypass local state by acting unilaterally through land invasions, informal connections to the electricity supply network and so on" (Chipkin, 1997, p. 10, 11). In the current housing debate, this crisis at local government level is referred to as the "unfunded mandate" (see Tomlinson, 1999). This is seen to be aggravated by recent policy amendments requiring (a) higher minimum standards

of housing, which places pressure on local government to top-up the individual capital subsidy, and (b) lower standards of infrastructure, requiring higher expenditures on maintenance (Smit, personal communication). At the envisaged rate of low cost housing delivery, such costs impact substantially on municipal budgets (Tomlinson, 1999). Compounding the crisis at local government level is the lack of capacity for the particular housing tasks at hand. A widespread call from local governments has been for an effective transfer of skills, in order for local government to participate in national housing programmes (Gwayi, personal communication).

The deterioration and associated "ghettoisation" of new housing developments is a particular concern of SANCO (Matila, personal communication). Such "ghettoisation" is caused not only by inadequate servicing and maintenance, but also through the lack of consolidation or improvement of minimal starter houses,[32] and by delays in the provision of social, educational, commercial and recreational facilities, i.e. the lack of interdepartmental co-ordination. It is in the few projects that have been able to access special presidential grant funding, that an integration in terms of social facilities could be achieved. It appears then that the concept of a once-off subsidisation of house construction on its own is not a sustainable solution to housing.

4.6. From rhetoric to programme: the People's Housing Process

The approach of the Homeless People's Federation has been associated with "sustainable" housing. It not only entails the building of community trust and the transfer of administrative, technical and lobbying skills. The concept of ongoing access to credit is considered a sustainable means of progressive improvement of the housing environment. Though initially focusing primarily on house construction, the Federation more recently is exploring the integration of social, commercial and recreational facilities early in the process of greenfield development (Hoffman, personal communication). The sustainability of the Federation's approach, in contrast to that of the government subsidised project-linked capital subsidy developments, was recognised at the time of the Habitat II conference in 1996 by influential humanist-oriented international organisations such as the UNCHS (Habitat) and UNDP.[33] The limited impact that the Federation's lobbying of government was having on government policy-making then led to UNCHS (Habitat), UNDP and USAID[34] support in South Africa for the promotion of a housing process based on mutual- and self-help construction through housing support centres.[35] The internationally funded approach was one of giving direct support to national government through the formation of a People's Housing Partnership Trust based within the Department of Housing. The purpose of this trust was the "institutional capacitation and empowerment at the provincial and local spheres of government and among NGOs to support people's processes" (Ministry of Housing, 1997, p. 3).

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[32] Napier (1998) has highlighted the need for "post-occupancy" support for housing consolidation — see also CSIR (1999).

[33] United Nations Centre for Human Settlements (Habitat) and United Nations Development Programme.

[34] United States Agency for International Development.

[35] It may be noted that this concept had also been promoted as from the early 1990s by other organisations in South Africa, such as Community and Urban Services Support Project (CUSSP) (see Jenkins, 1999), the Division of Building Technology (Boutek) at the Council for Scientific and Industrial Research (CSIR), and the Cato Manor Development Association in Durban.

Modelling a people-centred housing process on the once-off capital subsidy mechanism of the Housing Ministry was a complex task. Only in May 1998 was the People's Housing Process officially introduced by the Housing Ministry as a means of accessing that portion of the capital subsidy assigned for the "top structure." The Minister has increasingly expressed her reliance on this process of house construction: "More emphasis would be placed on people building their own homes using subsidised materials," whereas "government would focus on providing people with the necessary infrastructure" (quoted in Paton, 1999). In a more emotive statement, the Housing Minister has declared

> *We aim to go back to our communities and advance the people's housing process. Where people have developed innovative approaches and solutions, there is an opportunity for us to work with them.* (quoted in Macleod, 1999, p. 37).

It has been questioned, however, just how much innovation the regulatory framework and bureaucracy surrounding the implementation of the People's Housing Process can accommodate (see Thurman, 1999b). Again, this has been associated with the restrictive framework of the capital subsidy (Thurman, 1999). A current evaluation of the People's Housing Process by the UNDP appears also to be finding that the procedure is exceedingly bureaucratic, thus not easily controlled by communities themselves (Hoffman, personal communication). As the UNCHS/UNDP funding support to the People's Housing Partnership Trust is coming to a close, questions are being raised as to whether the Ministry will honour its commitment to this form of housing by actively funding its promotion, streamlining its procedures, and enabling meaningful community control (Thurman, 1999).

4.7. Unchallenged legacies of the Urban Foundation? The evasive discourse on "squatting"

As quoted above, the Housing Ministry is stating recognition of people's innovation. However, such innovation is required most by those very households that have not benefited from the housing policy. This innovation is manifested in illegal land invasions or "squatter" settlements, at a scale of approximately 10% of the households of large urban populations.[36] Is government considering "working with" households that resort to such innovative solutions? In the same article quoted in the section above, the Minister states that "government will maintain a hard line on land invasions by people on housing waiting lists" (Macleod, 1999, p. 37). This may suggest that innovation in the form of "squatter" settlements, by those not on waiting lists, might be tolerated and assisted, particularly in view of the Ministry's more recent commitment to address "the role of housing in poverty alleviation" (Mthembi-Mahanyele, 1999, p. 12). As yet, however, the direct manifestation of urban poverty in "squatter" settlements is not officially acknowledged. An "Overview on Housing," released by the Ministry in December 1999, makes no reference to the phenomenon of squatting, even in its section on "The Housing Challenge" (Department of Housing, 1999b, p. 23).

It has been pointed out that a fundamental shortcoming of the current housing policy is its evasiveness on the question of (for want of a clearer term) "squatter settlements" (Huchzermeyer,

[36] Most urban administrations have commissioned "shack counts" from aerial photography, see for instance Abbott and Douglas (1999).

1999b). There is no policy clause that either explicitly acknowledges the reality of "squatting," or considers forms of intervention. In this analysis (Huchzermeyer, 1999b), the roots of this omission have been found to lie, at least in part, in the ambiguous terminology that the Urban Foundation coined, and which has been unquestioningly adopted into the housing discourse in South Africa. The argument that this terminology does not lend itself to an engagement with the reality of "squatting" (Huchzermeyer, 1999b, pp. 143–145) is briefly reviewed in the following paragraph.

The ambiguity in the Urban Foundation terminology lies in the terms "informal housing" and "informal settlement." According to the Urban Foundation's benchmark report on the "Current Situation" (see Urban Foundation, 1991) the Foundation perceived the housing problem primarily as one of top structures. Thus it referred to shacks as "informal housing," irrespective of whether they were located in squatter settlements, in back yard shacks or on serviced sites. The term "informal settlement" in turn was applied to both illegal "squatter" settlements and to sites and services schemes (see Urban Foundation, 1991, p. 24). This unclear terminology permeates the South African literature on housing. One serious implication has been ambiguous statistics on the phenomenon of "squatting" (Huchzermeyer, 1999b, p. 144). The 1996 census, on which the allocation of housing budgets to the Provincial Housing Development Boards is based,[37] falls into this very trap. While creating an unambiguous category for "informal dwelling/shack in backyard," it collapses shacks on serviced sites and shacks in squatter settlements into one single category[38] (Huchzermeyer, 1999b). The need for an unambiguous scientific method of quantifying housing needs has been raised, particularly with regards to the housing typology in peri-urban and rural areas (Gwayi, personal communication).

Rooted in the technocratically oriented paradigm of the Urban Foundation, which focused primarily on the top structure, is the absence of any distinct policy instrument for informal settlement intervention (Huchzermeyer, 1999b). Implicitly critiquing the Urban Foundation paradigm, the Housing Minister after two years in office acknowledged having realised that "housing" is "about everything other than houses! It is about the availability of land, about access to credit, about affordability, about economic growth, about social development, about environment" (Mthembi-Mahanyele, 1997, p. 4). However, informal settlement intervention continues to occur through mechanisms designed for greenfield development (Huchzermeyer, 1999a, b). In the South African discourse then, "*in situ* upgrading" has come to mean the once-off replacement of squatter settlements with individual capital subsidy products (Huchzermeyer, 1999b). In most cases this requires internal relocation through a "roll over" approach. Where settlement densities are below the ideal, the settlement is reshaped to ensure the prescribed maximum plot size. Where densities are too high, the settlement is re-shaped to ensure the same standardisation. Where densities coincide with those prescribed for greenfield developments, shacks are "shifted" to ensure a fully standardised layout (Huchzermeyer, 1999b). Thus, McCarthy, Hindson, and Oelosfe (1995, p. 2, 3), in their Urban Foundation-oriented evaluation of low-income housing projects, state that "once an informal settlement has been upgraded in-situ, it does not differ fundamentally from a settlement

[37] Botes, personal communication.

[38] In the census questionnaire this category was worded: "informal dwelling/shack, NOT in backyard, e.g. in an informal/squatter settlement." In the absence of any other category for shacks on serviced sites, such dwellings were bundled together with shacks in squatter settlements (CSS, 1996).

where housing has been delivered on an incremental basis" (referring to the current "incremental" housing policy).

Within this "greenfield" approach to informal settlement intervention, the Housing Minister has stated that "we have in the past five years been steadily but surely upgrading the current informal settlements"[39] (Mthembi-Mahanyele, 1999, p. 8). However, a commitment to a "differentiated approach to meet the specific needs of the poor" (Mthembi-Mahanyele, 1999, p. 8) will require a departure from the Urban Foundation approach to "squatter" settlement intervention. It has been argued that this should entail the development of an appropriate funding mechanism, indeed a departure from a standardised product-linked once-off capital subsidy, towards a form of flexible area-based grant (Huchzermeyer, 1999a). The labour movement in turn has suggested that the model of a housing "parastatal" may be the suitable vehicle for the funding of "squatter upgrading" (NALEDI, 1997, p. 15). The complexity of the informal settlement reality, and the implications of insensitive technocratic intervention are beginning to be recognised at provincial level (Botes, Bedderson & Gwayi, personal communication). It has also been pointed out that it is in this area then that an awareness of the processes of urban poverty should give direction to intervention thinking (Huchzermeyer, 1999b).

5. Conclusion: Some areas for further research

South African Housing policy and debate over the past five years has gradually shifted away from faith in the blanket solution of free-standing houses on individual plots with freehold tenure. Significantly, even the private sector, which previously spoke uniformly in support of the position put forward by its former Urban Foundation, is beginning to distance itself from the individual home-ownership model for the lowest-income sectors. It is recognised that the bulk of such housing delivery over the past five years has failed to contribute to a spatial integration of the urban form, and has instead perpetuated spatial inequalities. There is growing acceptance then that the overly simplistic market-oriented urban/housing policy, promoted by the Urban Foundation and perpetuated into current policy, will not overcome race and class-based spatial inequalities such as those cemented in the apartheid urban form. There has also been a realisation that five years of housing delivery within the individual capital subsidy (home ownership) model has caused new problems. On the one hand, locational disadvantages are placing considerable strain on household economies. On the other hand, the greater the quantity of housing delivered, the smaller the effective municipal tax base in relation to the actual size of areas requiring maintenance and services. Housing delivery is therefore said to have caused financial crises in many local governments. At the centre of this fiscal dilemma is the overly simplistic subsidy mechanism of the once-off product-linked capital subsidy.

While the housing discourse may be said to be progressing in a direction that would more adequately address the reality of poverty, a constraint lies in the distance between the housing discourse, and the actual policy adjustments and implementation. Without far-reaching revision, the underpinnings of the housing policy remain contradicting. It is acknowledged that the

[39] Again, it is unclear whether the Minister is referring to "squatter" settlements or sites and services areas.

perpetuation of this contradiction is a result of power relations, and may not be easily redressed. Those arguing in favour of the poor are in a weaker position than those driven by motives of profit. Recently, this has been evident in the deliberations over the design of a savings mechanism for the poor. Will the experience of the Homeless People's Federation carry the weight it deserves, or will the individualised capitalistic models of the private sector find their way into a savings policy for the poor? This then is one area where socially oriented research around the processes of poverty may support a position that would work for the poor. In particular, the linkages between land/location, credit and livelihoods in the South African context must be explored in greater depth.

At the same time, there is a need for concerted efforts to indeed include the organisations of the poor in the policy-making process. Socially- and poverty-oriented research should support the endeavours of under-resourced community organisations, and should support the flow of information within the broader structures of community-based movements to better position them within the policy-making process. Associated with this is a need to confront the prevailing (and dismissive) position by those positioned in the private sector that civic or community organisations are disruptive gatekeepers.[40] There is a particular need to recognise the growing contribution of women in community organisation.

A constraint related to the policy contradiction (or power relations) is the absence of a clear policy for "squatter" settlements. In relation to the point on power relations raised above, it must be asked, who should determine such policy. In relation to the role of local government in South Africa, it must be asked, whether squatter policy should be determined at national level, or whether it should be for local government, with local organs of civil society, to explore innovations. In terms of resources for sensitive "squatter" settlement intervention, transfers will be required from national government. An aspect requiring research would be in the mechanisms that allow cross-sectoral support for such intervention, i.e. enabling multi-dimensional intervention as requested by the poor. This would span questions of land, environment, economy, health, housing, as well as social and gender issues.

While research is required to develop new models of housing that would overcome the constraints this paper has outlined, there is also a need for research to address the problems caused by the project-linked subsidy mechanism, the dominant means of disbursing housing subsidy finance in South Africa. On the one hand there is a need to understand the socio-economic, socio-political and socio-environmental problematic surrounding the vast dormitory developments that have been created over the past five years and others that are in the pipeline. It is from such understanding then that approaches should be developed for amelioration. On the other hand, research is required to establish whether the project-linked capital subsidy as such can be adjusted, so as to overcome the adverse conditions it creates.

A central constraint that has been identified in relation to the project-linked capital subsidy is in the bundling together of the three components of land, infrastructure and top structure into

[40] For instance the influential housing practitioner Paul Hendler (1999a, p. 136) makes the undifferentiated statement that "community organisations" or "civic organisations" are "structures in which the most organised individuals in a community band together in order to create work and capital accumulation opportunities for themselves, in addition to other personal prestige and political goals. They achieve this by acting as gatekeepers of a project … "

a standardised household-based capital subsidy. There appears to be consensus on the relevance of a standardised subsidisation of top structures (though many argue for an increase of this subsidy component, and a variation according to housing type). However, by including land cost into the capital subsidy, the assumption is that land has a standardised price, thus land is seen merely as a technical question. It is the political dimension of urban land, that has to be acknowledged in order to overcome the perpetuation of peripherally located, segregated dormitory development. Local municipal services in turn are public assets. Here too it has been asked whether these should continue to be funded through a standardised capital subsidy, or rather through separate budgets.

In conclusion then, a key constraint in the dominant South African housing discourse and in the policy adjustments has been its restriction to purely technical terms. The tendency has been to avoid issues that have political significance. It is only once the housing discourse engages with socio-political concepts, that it can start to address questions of social justice (particularly in the area of access to urban land and amenities), and seek to develop legal, financial, managerial and indeed technical instruments that would overcome poverty in any meaningful way.

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