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CHAPTER

Governance, Housing and Sustainable Neighbourhoods

Paul Hendler



1. Introduction

The primary aim of this chapter is to explore sustainable housing in Cape Town through the lens of the political economy of housing delivery, because this is where the major obstacles exist to broadening access to decent, affordable, and sustainable residential accommodation. Through identifying political and economic obstacles to the delivery of affordable and sustainable housing, the chapter intends to contribute to a debate about the political and economic practices that would arguably begin to address and overcome these obstacles.

Sixteen years after the advent of universal suffrage in South Africa, and the introduction of lofty policies proclaiming the intention to deliver decent housing and enable thriving communities with integrated living and work places, the majority of our people are still plagued by housing problems (informal structures, overcrowding, inaccessibility of housing finance, unaffordable housing prices, relatively high cost of well-located urban land and spatial *apartheid* distortions). One of these documents, the Western Cape Sustainable Human Settlement Strategy, Isidima, takes “as its point of departure the constitutional right to housing and the existence of a market economy that is regulated by a developmental state” (Western Cape Department of Local Government and Housing, 2007: 12). How is it that the state, which proclaims itself as a ‘peoples government’, and which is based on the popular will of the vast majority of the electorate, is unable – or unwilling – to facilitate the emergence of the sustainable human settlements frequently referred to in all its major policy documents?¹

To answer this question we begin by first addressing the nature of the South African (post-apartheid) state. In doing this we take a different approach to the official notion that the state is a developmental state² regulating a market economy, and instead identify the state as a capitalist state, founded on the social relations of production and the social division of labour (Poulantzas 1980). Thereafter we define what sustainability means in the context of the economics of decent, affordable housing. We consider the financial and ecological implications of the current resource use approach in relation to affordable housing over the long term. Attention is given to a theoretical consideration of criteria for sustainability in the context of the political economy of affordable housing.

Using this framework, the chapter identifies the housing delivery mechanisms that have been enabled through the ‘Breaking New Ground’ (BNG) approach to housing, adopted by the Government during 2004.

Within the context of BNG and the variety of housing delivery mechanisms – or ‘housing typologies’, as these mechanisms are often referred to – the chapter goes on to explore and discuss obstacles to implementing sustainable housing on a large scale and the challenges to delivery in the specific context of Cape Town. The theoretical framework of the South African state provides us with a context within which to ask questions about the current provision of affordable housing. Has the increased policy-level flexibility made it possible for cities such as Cape Town to integrate both economic and ecological sustainability more fully into the delivery of housing? Have these reforms resulted in the intended range of housing delivery systems? This leads to a focus on the function of spatial planning as a precondition for sustainable housing.

The chapter argues that the political preconditions for sustainable housing in Cape Town do not yet exist, and that as and when these conditions start emerging, it will be necessary for municipalities to have partnerships with community-based organisations to change existing urban spatial and housing patterns. This is because the motive force for changing the *apartheid* housing landscape lies within

1 Isidima is replete with in-depth analyses and radical proposals for restructuring the Western Cape towns and cities but three years on there is little to show for the achievement of its strategic objectives; this conclusion is drawn by the author from his involvement in the human settlement planning aspect of the Built Environment Support Programme (BESP) a provincial initiative to capacitate Western Cape municipalities to complete credible Human Settlement Plans (HSPs) and Spatial Development Frameworks (SDFs).

2 Democratic South Africa has also been characterized by growing inequality, which reinforces the questioning of the notion of the developmental state (cf. Terreblanche, 2002:33).

independent community-based organisations of the largely black working classes, rather than within the state itself which is a condensation of these and other forces opposed to this objective.

The chapter concludes with thoughts on the make-up of the state administration and the role of the state bureaucracy and its officials in undermining or enabling the achievement of the laudable objectives of Isidima. If officials are not the main initiators of the required policy changes, what role is there for them as well as for professional practitioners who are sympathetic to and support the changes envisaged in Isidima and the development of grassroots organisations that can contest for state power, and thereby ensure or enforce the implementation of policies for sustainable housing? The conclusions consider some practical recommendations about how professionals working with government bodies, like the Cape Town Municipality, can effectively begin to plant foundational ideas for municipal delivery on the imperatives as stipulated in more innovative policies.

2. The role of the state vis-à-vis the people

To answer the questions referred to earlier we need to dig deeper into the material conditions within which the state is rooted, namely the capitalist mode of production, and in particular the social relations of production and social division of labour. This goes back to Marx's analysis of the capitalist mode of production and the location of the state in that mode, a view that many might find surprising given the fall of the Soviet Union, the heartland of Marxist socialism, almost 21 years ago, and therefore the perceived failure of Marxist theory. Instead, we are led to believe in the 'end of history' (cf. Fukuyama, 1989) - modern capitalist economies are said to have solved the problem of crises, and democratic states under capitalism legitimated themselves through the defence of individual freedoms. However, the Asian crisis and the collapse of the dotcom bubble in the late-1990s, the near collapse of the world economy in 2008, the 2010 Greek sovereign debt crisis as well as intensified conflict in countries like Kyrgyzstan, Greece, and Thailand calls this into question. Marxist theory is a critique of an existing system, the usefulness of which lies in its explanatory value of social phenomena, like the apparent contradiction between the stated aims of the South African government's housing policies and the reality on the ground.

Poulantzas (1980) articulated a theory of the state under capitalism based on Marx's theories by developing the notion of the dominant and dominated classes further, noting the emergence of what he called a "new" petite bourgeoisie, namely professionals like engineers, lawyers, doctors, and also state bureaucrats, etc. He argued that power is inextricably bound up with and present in class relations, that the state under capitalism functions broadly to reproduce the social relations of production and social division of labour and that the state is the condensation of a relationship of class forces. This last point effectively broke with a Marxist-Leninist view of the state as an instrument which cannot be influenced by the dominated classes and therefore needs to be encircled, captured and smashed in order to erect a new, truly workers' state. This allowed the possibility of the struggle of the dominated classes to impact on the state and more importantly, to influence state policy, and therefore allowed the prospect of a political process of struggle through which the state could evolve into a more democratic state orientated to workers' needs.

Poulantzas (1980: 127) argued that under capitalism "the state represents and organises the long-term political interests of a power bloc, which is composed of several bourgeois class fractions" (like competitive capital, monopoly capital). One of the fractions of capital is hegemonic in this bloc – Poulantzas referred to the hegemonic status of monopoly capital in Europe in the 1980s. In the current South African case hegemonic status in the power bloc could be ascribed to what Mbeki (2009) refers to as the Mineral Energy Complex – comprised of the mining industry, and its associated chemical and engineering industries and finance. Manufacturing and agricultural capital could be seen to play a subordinate role, with manufacturing being effectively de-industrialised as South Africa opened up its markets to international competition; conflicts within the power bloc also forms the basis for internal divisions in the state. The black bourgeoisie is also a subordinate party in the power bloc – according to Mbeki it emerged through a deal between the Mineral Energy Complex (which

he refers to as an economic oligarchy) and the African National Congress (ANC) leadership at the negotiations at Codesa: the deal struck was that there would be political control and Black Economic Empowerment (BEE) for the ANC and its associated networks, in return for no real transformation in the social relations of production, influence (for the economic oligarchy) over ANC economic policy, and positioning of this oligarchy for state contracts. Terreblanche (2002: 95-139), in examining the interactions between the ANC and corporate South Africa during the early 1990s, in the latter's search for a new political form to reproduce the established regime of capital accumulation, makes the same point.

The state also plays a role *vis-a-vis* the dominated classes: according to Poulantzas (1980: 140) the state brings "the power bloc and certain dominated classes into a (variable) game of provisional compromises. The state apparatuses organise-unify the power bloc by permanently disorganising-dividing the dominated classes, polarizing them towards the power bloc, and short-circuiting their own political organisations." Poulantzas (1980: 141) stressed that popular struggles "are not really external to the state"; these struggles are inscribed in the state "because the State itself bathes in struggles that constantly submerge it." "... the dominated classes exist in the state not by means of apparatuses concentrating a *power of their own*, but essentially in the form of centres of opposition to the power of the dominant classes" (Poulantzas, 1980: 142). The conclusion that Poulantzas draws from this view is that the dominated classes could not hold on to state power without a radical transformation of the state. This arises from the unity of the state power of the dominant classes as well as mechanisms within the state which reproduce the domination-subordination relationship, meaning that the dominated classes are retained within the state precisely as the *dominated* classes, something which is reflected in the division of intellectual and manual labour in the state administration (or civil service). Whether or not the dominated classes and their organisations are able to concentrate the power of opposition in the state depends on the strength and *autonomy* of their organisations from the state.

The point of this theoretical piece is that if the South African state is not delivering on its promises of housing and sustainable human settlements to the South African workers it is because as a class through their various organisations (i.e. trade unions, civic groups) South African workers do not exert sufficient force within the state to defend policies like Isidima and therefore to enable their implementation (or partial implementation). This lack of working class force is nowhere more evident than at the local government tier of the South African state, where maladministration and poor governance have led to a lack of service delivery and increasing dissatisfaction amongst the working class electorate whose grievances build up and then spill over into direct action (often violent), but these do not yet reflect a coherent political (yet alone anti-capitalist) character. Bond (2009) refers to some 5 800 protests held in South Africa's towns and cities during 2004 and 2005. Neocosmos (2006: 125) argues that the 2008 wave of xenophobia is a critical indicator of the extent to which the dominated classes are fractured and disorganised. Nevertheless signposts of independent movements and structures are there in the examples of landless peoples' struggles, like the Federation of the Urban Poor (cf. Community Organisation Resource Centre, 2009; 2009a), the Khutsong community's dramatic independent revolt against the ANC government (Sunday Times, 2009) and struggles of informal settlers in and around Durban.

The class nature of capitalism and the embeddedness of the capitalist state in class division and power struggles often gets lost in most contemporary debates about the limits to economic growth, resulting in a failure to get progressive policies and regulations implemented, which could make an impact.

3. Sustainability in an affordable housing context

Before housing can be provided, it has to be produced through a given economic system, in this case the South Africa capitalist system. The production of housing comprises both the costs of production and the surplus generated from the sale of the housing units, which accrue to developers and real

estate agents, while the financial sector also realises profits from the financing of housing, through the interest charged on mortgage-secured loans. Existing housing sold through secondary housing markets attains a value (price) determined primarily through location. Functioning secondary markets enable housing to be a store of added value (i.e. assets) in addition to use-value as shelter. Sustainable housing therefore presupposes a sustainable market for the production and provision of housing, where effective demand stands in a sustainable relationship to the supply prices in both primary and secondary markets. Housing that is priced *affordably* for the poor is highly dependent on the cost of the land component (the economic costs of a top structure being given), and the cost of land is a function of its location, which is subject to a spatial land allocation policy as well as market speculation. Given the relatively high price of well located land and the relatively limited incomes of most working people in South Africa, the latter have virtually no access to the private housing market. This is the material reality which public housing policies in both the *apartheid* and post-apartheid political regimes have addressed. Since affordable housing is nested in a set of economic production, market and state distribution and political (or policy) relations, an appropriate political economy of housing (based on a transformed state) is a precondition for sustainable affordable housing. Furthermore, the political economy of housing is embedded in a set of natural systems that are key to the provision of eco-services. In order to support broader eco-sustainability, it is crucial that the relationship between the political economy of housing and natural systems is sustainable.³ Therefore a housing policy aligned with the needs of the majority will have to also reflect a sustainable usage of energy (by households) and recycling of so-called waste.

In addition to appropriate spatial planning, new methods of building, renewable energy usage, and waste recycling technologies are also required to contribute towards achieving a sustainable relationship between eco-systems and the political economy of housing. Using the above technologies, as well as enabling appropriately located residential accommodation, the political economy of housing could contribute to – and align with – transformation of the broader economy to one that is less carbon-intense through shifting to non-fossil fuel (renewable) sources of energy, and waste recycling.⁴ Conversely, fitting new (and retrofitting existing) housing with the requisite technologies has an impact on the economy of housing – through the financing of the costs of installation – and ultimately the affordability and therefore effective demand for affordable housing. From our perspective on the South African state we see that the pre-condition for sustainable, affordable housing that addresses the needs of the majority of South Africa's people for proper shelter, is a *transforming state* – this transformation depends on the extent and level of autonomy of organisations of the dominated classes that are able to articulate the needs and required programmes through a set of demands and campaigns aimed at influencing and transforming public human settlements and housing policies and practices.

Developing the debate for these programmes requires that we should also interrogate whether ever-increasing housing prices, generated through the growing velocity of secondary market transactions, is affordable – and therefore sustainable – for a growing number of people in the below-R12,000.00 per month income bracket.⁵ Housing booms, such as experienced until recently in the USA as well as in South Africa, reflect and contribute to an exponentially growing economy, which itself will ultimately run up against the limits of a finite eco-system. Jackson (2009) argues compellingly that a sustainable relationship between the global economy and the planet's eco-system implies a no-growth (or steady state) economy – in his words “prosperity that would be compatible with a no-growth economy”.⁶ It follows from the above that a sustainable relationship between the political economy of housing and natural systems ultimately requires a slowing down in housing price rises, and eventually a halt to price increases. This contradicts the conventional wisdom that what makes

3 'Sustainable' means “that which can be maintained over time.” (cf. Heinberg, 2007).

4 Environmental economist Herman Daly has suggested conditions for sustainability, focusing on the resource base (cf. Meadows, Meadows & Randers, 2004).

5 This is generally viewed as the floor household income above which a household is assumed to be able to purchase adequate residential shelter on the private market.

6 See also Daly (1996) and William Rees (in Heinberg, 2007) who emphasise the same point.

secondary housing markets sustainable is the fact that prices in these markets should be rising over the long term. What is required is a profound re-thinking of the function, as well as the sustainability, of secondary housing markets.

This re-conceptualisation of the role of secondary housing markets should inform an emerging pro-poor view of sustainable housing practice, which calls for a balance between the valorisation (through increasing prices) of housing in the affordable segment of the market and a decrease in the velocity of valorisation at the middle and upper income segments, in order to both address the need to slow down the market (at the top end) and facilitate social equity for households in the affordable segment (through their accessing higher value assets in the short to medium term).

Achieving this balance in practice requires the relocation of affordable housing in areas favourably located in terms of work opportunities, social facilities (like schools, clinics, etc.), retail outlets and transportation, because secondary market prices are primarily driven by location. To understand the full picture of how housing could be integrated with these facilities, opportunities, and outlets presupposes the assumption that the housing is located within a space-economy, or what Giddens (1981: 29-33) refers to as the “created space of contemporary urban living”, which is the integration of three sets of market relations – housing, labour, and product markets – and their interlinking transport arteries. The failure to disburse adequate residential shelter to a broad range of the population has persisted since the 1980s (Hendler, 1993), and represents an enormous failure of one of the three pivotal sets of market relations that constitute the dynamic of metropolitan South Africa.

This failure is in the first instance one of spatial planning policy and practice, the extent of which will be explored in the third section of this chapter, which analyses Cape Town’s housing situation. That section will also apply the definitions of sustainable affordable housing in exploring the trends that have shaped the development of the housing market in Cape Town in recent years. Prior to analysing the sustainability of the various segments of Greater Cape Town’s housing market, we need to understand the Government’s new approach to housing and human settlements (BNG which was launched in 2004) and also identify the different housing typologies intended to facilitate the realisation of this approach.

4. Delivery mechanisms to generate sustainable affordable housing

During the 1960s and 1970s capitalist states all over the world – including South Africa – played a significant role in providing mass housing to employees of both parastatal organisations and private capital. The reason was to reproduce the work forces for the requirements of large-scale industries – in South Africa this led to the construction of hundreds of thousands of housing units in Soweto as well as other townships adjacent to all the major South African towns and cities, and also in the Bantustans near to the border industries which had been established through incentives under the *apartheid* regime (Hendler, 1986). The state provided what was referred to by Poulantzas (1980) and Castells (1977) as ‘the collective means of consumption’, and struggles by the dominated classes (especially in South Africa) were often focused around grievances about the inadequacies of the housing provided. Since the privatisation of public housing stock, beginning in the mid-1980s, a major focal point for resistance to state policies has been removed. After 1994 the ANC government continued the process of moving away from public housing to privatised housing, first with the RDP and currently with the BNG policy, which emphasises the need to create integrated human settlements by facilitating the geographical spatial integration of all residential communities and the accompanying, necessary social facilities and places of work. The method to achieve this is State intervention in property markets, by making land available at affordable prices and through providing subsidies to affect the structure and outputs of the housing markets.

The logic is that the State provides land and housing subsidies to accelerate housing delivery within sustainable, coherent settlements, which will turn quality housing and homes into assets and create a single efficient formal housing market, as well as overcome the effects of *apartheid* spatial planning

on the housing market. Accordingly, the Government has formulated policies regarding the planning of human settlements and the implementation and delivery of housing in these settlements.

BNG's point of departure is that there is no single housing delivery programme that addresses comprehensively the problems of housing shortages, affordability, and sustainable settlement. Instead, a range of housing delivery mechanisms are required to address the full range of housing needs.

As has been mentioned very few sustainable human settlements have come to pass under the *post-apartheid* state, notwithstanding the fact that there are also at least six housing delivery mechanisms that are aligned with National and Provincial housing policies, which could be applied practically (these delivery mechanisms are depicted graphically in the appendix). The lack of sustainable human settlements could arise from intra-state contradictions between branches and apparatuses of the state relating to the determination of priorities and counter-priorities as well as a process which filters decision-making through a bureaucratic hierarchy. According to Poulantzas (1980: 135) the appearance of state policy at the micro-political level as phenomenally incoherent and chaotic, is because one is only viewing the policy at a particular moment of its movement through the state administration but that in the longer term a certain coherence emerges.⁷

We turn now to an explication of each of the housing delivery mechanisms before assessing their application and impact in the Greater Cape Town area. There is currently a flexible and open-ended public housing delivery framework, which through partnerships with the private and community sectors, could be exploited to maximise the provision of the most appropriate and affordable housing for the poor. In certain cases these offer opportunities for organisational development of the dominated classes, such as the idea that the management and building of own structures can be a community building and development process (cf. Turner [1972] in this regard).

4.1 Incremental formal housing

Incremental formal housing refers to a process whereby people build their own structures informally (i.e. from unconventional building materials, usually resulting in what is referred to as 'shacks') and then formalise these over time (i.e. alter the structure by including conventional building materials, like bricks and mortar). These structures are typically referred to negatively as 'shacks', and the response of the authorities (e.g. the National Department of Housing in respect of the N2 Gateway project) has often been to engage in shack clearance. However, there has also been resistance to this approach by shack dweller organisations such as the Federation of the Urban and Rural Poor (FEDUP), who have organised as shack dwellers to initiate and participate in the upgrading of their accommodation and residential space (FEDUP, 2009; Community Organisation Resource Centre, 2009).

In order to facilitate these grassroots initiatives, a different, incrementalist perspective could be taken with regard to informal structures. A reframed approach could acknowledge that the poor, currently settled illegally, have actually invested in housing and are therefore sitting on a potential asset. Such housing could be appreciated as a locator that forms a viable basis on which the building (as asset) could be expanded. What starts off as an informal structure can, through incremental building, gradually be turned into an acceptable formal house over time. The location of the shacks is critical in determining the success of this mechanism. If, for example, these structures are erected on flood plains, they would not be sustainable.

A critical starting point is the location of the informal housing within the space economy. Currently, many of these structures in South Africa are relatively far from amenities and access to transport points – although the current bus rapid transport (BRT) intervention in Cape Town might improve this. Where informal structures are not well located with respect to facilities and opportunities, they serve as little more than the dumping grounds of the aged and the unemployed (as they functioned under apartheid, to relocate the reserve army of labour and the structurally unemployed), rather

7 What precisely lies at the source of the extreme contradiction between the state's human settlement policies and social reality is beyond the scope of this paper, but could form part of the content of an agenda for further investigation.

than the locators for opportunity and housing consolidation. This point is especially important given the Western Cape Government's recent concerted move to emphasise site-and-service as its primary response to the housing backlog in and around Cape Town.

4.2 *Subsidised housing – giveaways*

Housing for the urban poor was (and still is, notwithstanding BNG's lofty vision) regarded as a welfare function, and as such directly facilitated by the State. Following the 1994 White Paper on Housing, State policy under Joe Slovo (then National Minister of Housing) and Billy Cobbett (then Director-General in the National Department of Housing) attempted to locate housing for the poor in appropriate parts of the metropolitan space-economy and channel substantial allocations of subsidies via mechanisms that enable access for the poor to established housing and property markets. Their approach was to provide subsidies for developers to deliver houses for the poor. Over one million so-called 'reconstruction and development programme' ('RDP') units were delivered in South Africa between 1994 and 2004, which is probably a world record for quantitative outputs. However RDP housing is perceived to have failed qualitatively: it has been criticised for being an inadequate form of shelter for people due to inadequate quality control over workmanship, lack of privacy (the standard RDP structure had no separate rooms), and location. More importantly it has also been criticised for reproducing the spatial marginalisation of the dominated classes: their strategy was at best only partially successful, because there was no coherent and integrated planning at local authority level.⁸ This marginalisation reinforced a vicious cycle of poverty that disables poorer households from participating in the private accumulation of housing assets. Notwithstanding its growing unpopularity and the BNG move away from RDP as the major housing type, there are probably still many RDP subsidies in the pipeline for housing units yet to be built. Given the time that it takes to create alternative programmes, it might be prudent to use the RDP mechanism in a modified form to address some of its critical weaknesses.

A modified version of RDP design might be incorporated as a delivery mechanism within a sustainable settlement delivery strategy. Through the investment of public funds from the Municipal Infrastructure Grant (MIG) and other programmes of the Treasury,⁹ infrastructure could be installed. Then – through the current capital subsidy programme – a defined number of units could be developed and integrated with existing settlements and Council-owned land. These RDP units could be laid out in denser formats, e.g. as cluster housing.¹⁰ This would not only serve to minimise sprawl, but also enable more effective use of available land.

4.3 *Social housing*

Government policy facilitated the emergence of social housing as a delivery mechanism that enables a choice for alternative forms of tenure in addition to outright ownership – like rental, rent-to-buy, cooperative housing, and instalment sale. Government provides subsidies to accredited social housing institutions (SHIs) that also raise loans either to purchase and refurbish existing buildings, or to start new developments. These institutional subsidies are available for medium to high density social housing units. Recently, the social housing restructuring grant became available for SHIs operating in so-called 'restructuring zones' – this has significantly increased the quantum of public capital available for social housing units to about R170,000 per unit, and is an incentive to contribute to the integration of cities and neighbourhoods.

The SHIs' task is to effectively manage the properties to ensure decent and affordable housing for the sector of the population earning between R2,000 and R7,500 per month. Both public

8 By contrast, the delivery of housing to upper income housing classes has been left almost entirely to the for-profit developers, operating via traditional market mechanisms and mortgage-secured financing. The resources located in the spaces of the traditional housing and property markets made possible the significant annual price increases in housing assets in the richer suburbs of Cape Town.

9 From 2009 the Treasury will provide municipalities with funding from the central fuel fund (cf. Hender, 2008a).

10 In a cluster arrangement, houses would not be laid out within planned grids, but rather clustered closer to each other.

and private institutions (including non-profit companies) can manage and maintain such stock. Since 1994, a social housing sector has emerged in the South African housing market. To date, 15 non-profit SHIs affiliated with the National Association of Social Housing Organisations (NASHO) manage approximately 20,000 accommodation units (<http://www.nasho.org.za>). In the inner cities of Johannesburg and Durban, where hundreds of thousands of working class residents located themselves since the 1980s, rented accommodation, most of it privately provided, has had a positive impact on the quality of accommodation for many tenants. Private sector participation in the subsidised rental market in Gauteng has been severely limited by provincial inefficiencies and red tape related to the disbursement of the institutional subsidy (specially crafted to address the refurbishment of inner city buildings for residential rental purposes).¹¹ Across the country the non-profit SHIs have suffered from a range of problems that have blunted their effectiveness (cf. Support programme for Social Housing, 2005; Hendler, 2009). At the same time that inner city accommodation stock has improved, there have been removals of the unemployed squatting in buildings to the urban peripheral townships - this raises questions about the interpolation of social housing into the total spectrum of housing markets and the inclusionary/exclusionary process based on access and affordability to various housing typologies.

4.4 Communal/transitional housing

Communal and transitional housing is a form of social housing targeted at households earning less than R2,000 per month, including the unemployed. As referred to earlier, a very high number of those households that make up the housing backlog also lack meaningful income-generating work. This mechanism is potentially very relevant to contributing to a sustainable housing process in Cape Town, given the relatively high levels of unemployment in the informal settlements of the South-East.

'Communal' refers to the fact that the cooking and cleaning (ablution) facilities are all shared within a single building or project, and 'transitional' refers to the fact that accommodation is only provided for a limited period (say one year), after which an individual or household is expected to assume responsibility for seeking their own accommodation on the housing market, either through private market or social housing delivery mechanisms. Communal/transitional housing has been implemented in larger cities, where transformed inner city buildings have provided accommodation for the poor or destitute, although the extent of this is probably limited. A particular housing institution in the Johannesburg inner city¹² has developed a unique service that includes occupational training and/or counselling, to assist residents to find employment. The service also monitors their employment history and encourages sustainable income generation. The outcomes are however quite limited numerically compared with the need for employment and job creation. Nevertheless communal/transitional housing remains a powerful instrument – as demonstrated in the Johannesburg case – for directly addressing the income generating as well as the shelter needs of the destitute, and therefore offers a form of empowerment to resist the marginalisation of this fraction of the working poor.

4.5 Formalised home ownership: mortgaged property and gap housing

This is the established delivery mechanism for private, outright ownership. Commercial banks can fund this effectively, and private developers manage the process of acquiring and servicing the land, constructing the houses, and transferring of title to new owners. The problem is that there are usually no houses in the price range that is affordable for people in the above subsidy income category (i.e. between R7,500 and R12,000 per month), for whom there is a supply-side gap – in recent years there has also been a rapid increase in the value of all housing properties, including those in previously segregated black townships (which also experienced the housing 'boom'). One way of addressing this gap is to bring down entry level prices for home ownership through the Cape

11 I had direct experience of this in applying for and sourcing institutional subsidies for a major private sector rental company in Johannesburg between 1998 and 2004.

12 Madulomoho Housing, which together with MES Aksie, a faith-based social service group, provides a package of services, including occupational training, job placing, and monitoring.

Town and other municipalities rapidly releasing municipal land at significantly discounted prices - in some instances at no charge. In this way, municipalities can facilitate affordable home ownership through in-fill sites and/or greenfields. Municipalities usually resist doing this because they see their land as an asset that they are expected to realise the greatest economic value from, an approach that ultimately leads to them facilitating the emergence of gated, upper income communities.

Nevertheless, if implemented the provision of cheaper municipal land would be relevant to address the needs of many households in overcrowded formal housing units – and probably also some who reside in informal structures due to a lack of formal units available in the housing market rather than simply their own affordability constraints.

However, until this happens on a significant scale the pressure of ongoing housing shortages will continue to fuel overcrowding and informal settlement.

4.6 *Private rental market*

Private high-, medium- and low-density units can be brought onto the market for rental under normal market conditions.

The providers of private rented accommodation are private landowners who rent their units to tenants. In many cases in existing townships, these landlords live on the same properties and rent out structures in their backyards. What is required here is a flexible application of municipal by-laws so that health and safety can be ensured without negatively impacting on the affordable private rental market by increasing the costs of compliance. At the same time backyard dwellers are reportedly being exploited by some through the charging of exorbitant rentals – increasing the overall supply of affordable housing in advantageous locations would go a long way to addressing this problem (Community Organisation Resource Centre, 2009a).

4.7 *Employer housing*

In line with international trends by businesses to focus on core functions and out-source peripheral functions, businesses in South Africa have tended to avoid involvement in securing housing for their employees. At best, businesses tend to provide financial support in the form of guarantees, and sometimes even loans, but the trend is to provide a ‘clean wage’, i.e. a wage that assumes the employee can look after the financing of housing themselves.

In the absence of sufficient trade union power and a local state to support greater involvement of business in employee housing (through a developmental agenda in sustainable housing) it is an open question why businesses should continue to play a significant role in employee housing.

5. Analysing Cape Town’s housing situation from a sustainability perspective

Since 1994, the geographical area of the City of Cape Town (CCT) has expanded by over 40 per cent (Boshoff, 2008). During the period 1994 to 2004, the traditional for-profit housing and property markets in Cape Town thrived, with annual capital growth exceeding returns of 25 per cent (Haskins, 2008). By 2004, over 95 per cent of Cape Town’s poor households had access to basic services, even though a much higher proportion – 350,000 out of 800,000 – did not live in formal housing. This is illustrated graphically in Figure 1.

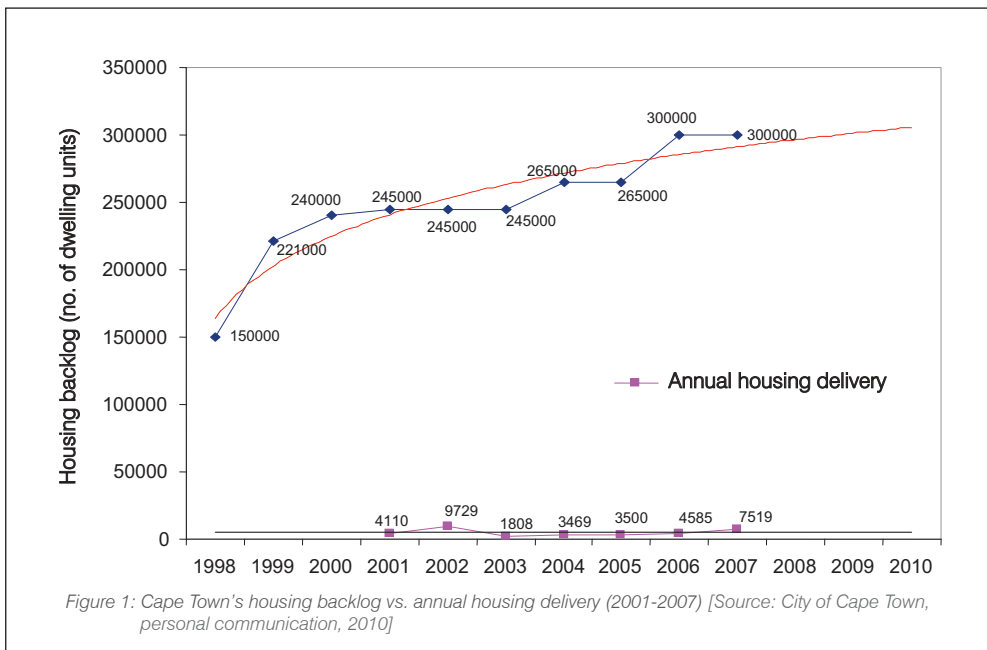
There are clear indications that the Cape Town Municipality has consistently pursued a pro-poor ‘services for all’ policy, which has been cross-subsidised by richer rate payers and business (see Chapter 2 in this volume).¹³ However, this was done at the expense of investment in maintenance,

¹³ Cape Town’s Municipality appears to have been noticeably successful in extending infrastructure services to the urban poor, despite limited impact on economic growth – this is directly opposite to the Johannesburg Municipality, which enabled higher economic growth rates, but limited infrastructure upgrading for its urban poor (Schmidt, 2008).

operations, and upgrading. The chickens are now coming home to roost: infrastructures start to collapse under the strain, resulting in what could have been avoidable infrastructure expenditures.

During this period, the housing market in the City developed along – and therefore consolidated – historical spatial patterns, with poorer communities living in both informal and subsidised formal structures, south-east of the City, in what were once the dormitory suburbs of *apartheid*. As Turok and Sinclair-Smith (2009) point out, people in the poorest areas have to travel considerable distances to work (40 per cent of the opportunities of which are located in the city centre) and city centre facilities. Spatial planning has done little, if anything, to stop this trend.

Housing market values have been realised within this spatial context. While the expansion of middle class suburbs has been driven by developers and land speculators, the primary aim of local government has been to focus on extending basic services to the urban poor. Both these strategies – while successful on their own terms – served to reproduce a dualism in the housing market, where the upper income and rich continued to live close to the city centre and its amenities and opportunities, while the working classes and poor lived in poorly served peripheral areas.



Generally, the subsidised and informal housing of the south-east does not trade in a functioning secondary market, meaning that many of these structures are ‘dead’ assets that offer no wealth creation opportunities to the poorer communities, but only owner-occupiers or tenants. Ecologically appropriate technologies have been installed only on a limited scale, mainly due to costs, but also due to ignorance and resistance to change. Since accessible subsidies for solar water heaters (SWHs) have become available (from 2008), there has been a great deal of work installing SWHs and energy efficient lighting in low cost housing developments.

In line with BNG, the Cape Town Integrated Development Plan (IDP) has identified seven strategic areas of focus, one of which is integrated human settlements. The core objectives for integrated human settlements include:

- Improvement and development of integrated human settlements by:
 - Transforming dormitory suburbs into areas which support a greater mix of land uses, offer a range of amenities, and have socially mixed facilities;
 - Putting in place policy and spatial planning frameworks that will facilitate the development of integrated human settlements; and
 - Developing and implementing an incremental housing programme.
- Delivery of housing opportunities by:
 - Developing new housing opportunities;
 - Increasing rental stock via social housing partnerships;
 - Redressing land ownership inequities by providing housing based on restitution claim settlements;
 - Facilitating gap housing programmes through partnerships with banks and private sector developers; and
 - Developing and maintaining zoned public open spaces, cemeteries, resorts, etc.

The Development Action Group (2006) has assessed the following lead and pilot projects of the Western Cape Department of Local Government and Housing (covering a wide range of issues, such as integrated approaches to development, mixed-use, informal settlement upgrading and sustainable housing, and categorised according to housing typology) in terms of whether or not they contribute towards sustainable human settlements:

- *Large-scale integrated projects:*
 - N2 Gateway Project – the largest of the pilot projects, involving the provision of 22,000 houses, a National pilot for the informal settlement upgrading programme.
 - Integrated Serviced Land Project (ISLP) – a major project involving the provision of 32,000 houses, which was initiated in 1994 and completed in 2005.
- *Mixed-use projects:*
 - Marconi Beam/Joe Slovo Park, Milnerton.
 - Westlake Village.
 - Ekupumleni, Philippi.
- *Informal settlement upgrading projects:*
 - Freedom Park, Tafelsig.
 - New Rest, which is part of the N2 Gateway Project (but the project has a long history that predates the N2 project).
 - Kosovo, Philippi.
 - Imizamo Yethu, Hout Bay.
- *Consolidation projects:*
 - Sinakho Ukuzenzela, Khayelitsha.
- *Hostel upgrading projects:*
 - Lukhanyo Co-op (formerly the Consol Hostel, Guguletu).
 - Ilinge Labahlali, Nyanga.
- *Gap market:*
 - Stock Road, Philippi (although technically not aimed at the gap market due to the institutional subsidy regulations of the time, the project has lessons for gap market housing), Royal Road, Maitland.

Most of the above projects are within the extensive informal settlements around Cape Town. This means that they should be assessed in terms of the extent to which they encouraged and progressed formalisation of housing units and the emergence of primary and secondary housing markets, as discussed in the second section of this paper. In addition, and linked to the criteria of formalisation and housing markets, they should also be assessed in terms of other BNG and Isidima objectives, namely upgrading of level of services and integration with the urban fabric.

5.1 *Assessment of incremental formalism in Cape Town*

There are many poor people in the Cape Town Municipal area who have constructed their own informal dwellings. Unemployment in the City rose from 13 per cent in 1997 to 18 per cent in 2007; the number of people in informal settlements rose from 23,000 families in 1993 to 115,000 families in 2005, and then increased to 117,000 families in 2007;¹⁴ and households living below or marginally above household poverty line, rose from 25 per cent in 1996 to 38 per cent in 2005 (City of Cape Town, 2007; Haskins, 2008). The responses to this need in informal settlements have taken the form of attempts to upgrade their level of services and integrate them with facilities – here their location is critical with respect to existing urban facilities.

The ISLP and the N2 Gateway Project included the provision of facilities such as schools, clinics, and others. The availability of linked funding and cooperation between a range of stakeholders enabled integration of a range of programmes that covered a wide range of sectors, including health, child care, community safety, skills development, and support for small business. On a smaller scale, projects such as Freedom Park used a bottom-up approach to integration, based on an understanding of livelihoods within that specific community. The highest form of participation is a community-managed project, where decisions are taken by representatives of the community who are accountable to the community, such as characterised by Sinakho Ukuzenzela, Marconi Beam and Ekupumleni.¹⁵

Where the informal settlements were located is also an important factor influencing their formalisation and development into sustainable settlements for their inhabitants. The Development Action Group (2006) opined that in a small mono-centric town, the issue of location was fairly simple, but in a large polycentric metropolitan area such as Cape Town, location was a complex issue that depended on a wide range of factors (geophysical, proximity to social and economic opportunities, transport, etc.). It was clear, however, that some of the case study projects were better located than others in relation to existing facilities. The Marconi Beam/Joe Slovo Park project was assessed as the best located of the case study projects, being within walking distance of the Milnerton CBD and Montague Gardens industrial area, close to a major transport corridor (Koeberg Road), and a short journey by bus or taxi away from the Cape Town CBD. Both the Marconi Beam and Westlake projects showed that it was possible to have low income projects located adjacent to rapidly growing commercial/industrial areas with job opportunities. In the context of Cape Town, it could be argued that any project not in the poorly resourced south-east sector of the city could be regarded as relatively well-located. For example, Westlake (near Muizenberg) and Imizamo Yethu (in Hout Bay), although on the urban periphery, are located close to job opportunities. The Westlake case, however, showed that proximity to job opportunities did not necessarily mean that residents would be the beneficiaries of those job opportunities. Projects in or adjacent to old established townships, such as the Joe Slovo component of the N2 Gateway Project and New Rest, and the hostels upgrading projects in Guguletu and Nyanga (Lukhanyo and Ilinge Labahlali), could also be regarded as relatively well-located, as there were established social and economic networks, and reasonably adequate public transport linkages (compared to more recently developed areas, such as Delft South).

New Rest, Freedom Park, and Kosovo were assessed as examples of participatory integrated approaches to informal settlement upgrading. None of these projects were complete at the time of assessment, but they all involved intensive beneficiary participation processes and undertook major needs assessments (such as the participatory livelihoods assessment in Freedom Park). As a result, the upgrading processes, and the planned outcomes, responded to the real needs of beneficiaries and

14 However, there are over 300 000 households living in informal structures, which means that there are another 200 000 households living in informal structures but because these structures are on serviced sites largely owned by those who inhabit the structure, these households are excluded from the definition of informal settlement.

15 Freedom Park and Ilinge Labahlali are examples of very participatory projects that included participatory design processes, which involved workshops at which beneficiaries actively participated in the design process (for example, in the Freedom Park case, through formulating planning guidelines for the town planning consultant and then assessing the plans against the guidelines) (Development Action Group, 2006).

would help create a vibrant urban environment that was supportive of existing social and economic networks (*ibid.*).

According to the Development Action Group (*ibid.*), only three of the projects seriously challenged *apartheid* urban patterns, i.e. Marconi Beam/Joe Slovo Park, Westlake, and Imizamo Yethu. All three cases involved (or will involve) the upgrading of informal settlements that spontaneously developed in locations that were suitable for various reasons. The Marconi Beam project showed how ‘not-in-my-backyard’ (NIMBY) resistance could potentially be overcome through a (lengthy) process of negotiations in a negotiating forum involving beneficiaries, representatives of surrounding communities, and the Municipality. Two of the projects demonstrated that racial integration was possible – parts of the ISLP (e.g. Delft South) had both African and Coloured beneficiaries (as a result of a 50/50 breakdown between informal settlement residents of Guguletu/Nyanga and the waiting list of the City of Tygerberg), and the Cape Town Community Housing Company’s Stock Road project also had both African and Coloured residents (as a result of beneficiaries being recruited from a city-wide waiting list based on savings records).

The interesting question would be regarding the extent of asset creation in these informal settlements. It seems safe to assume that while there is little, if any, buying and selling of structures, there probably is a rental market in the extra structures on the sites of these settlements. Therefore, these structures could be regarded as assets that yield future income streams to their owners.

5.2 Assessment of communal/transitional housing in Cape Town

It does not appear that anything along these lines has been applied in Cape Town yet.

5.3 Assessment of RDP housing in Cape Town

According to Haskins (2008), some 34,720 of these units were delivered in the City between 2001 and 2007, while the backlog expanded from 240,000 to 350,000 – indicating that the quantum provided was inadequate to meet a growing need. What would a sustainable approach, adapting the current RDP one, look like for Cape Town? Ultimately, we would need to know the extent to which innovative RDP projects – including modified design of structures – have been implemented appropriately in Cape Town. The impression from housing sites near Somerset West and Kraaifontein is that RDP housing in the Greater Cape Town area has been rolled out on the conventional scale and layout, rather than innovatively as suggested earlier, and that it is unlikely to have stimulated a secondary ownership market – although a backyard rental market is likely to have taken root, given the overall shortage of accommodation. This is significant from an asset creation point of view, because rental turns a structure into an asset that yields a cash stream. At the same time the conditions and rentals paid by the backyard tenants should be known to assess the impact on their lives.

5.4 Assessment of social housing in Cape Town

The first SHI in South Africa, the Citizens Housing League – now Communicare – is located in Cape Town and run as a non-profit company. The City has entered into partnerships with Communicare and also with the Social Housing Company (Sohco) (another non-profit company), in addition to the Cape Town Community Housing Company (CTCHC), in which the City used to be a 50 per cent shareholder with the National Housing Finance Corporation (NHFC) – the NHFC is currently the sole shareholder. The terms of these partnerships are that the City gives these three companies preferential access to Municipal land and institutional subsidies (approximately 2,000 for each entity) in return for their providing social housing units at scale.

To date, Communicare has delivered the most rental units, but only recently entered the market for black working class lessees. The company provides social rental housing for households earning between R1,500 and R7,500 per month, and presently holds 2,957 rental housing units, reportedly all in well located areas (www.communicare.co.za/pdfs/Tenant_Newsletter.pdf). Two thirds of Communicare’s current rental stock is occupied by those with special

needs (the elderly and/or people with disabilities). Besides developing housing, Communicare also provides management services and community development programmes for tenants and surrounding communities. Communicare's three area housing offices manage approximately 900 housing units each, home to some 7,000 persons. During 2010 the Drommedaris project will provide 239 units for families and those with special needs, and the Bothasig Gardens project will provide 120 social rental units. Communicare's Ruyterwacht neighbourhood regeneration project entails the upgrade of existing stock and building another 350 to 400 units.

Sohco recently entered the Cape Town market. Sohco's first social housing project site is in the Steenberg area of Cape Town. It reportedly has good transport links, and is close to social facilities and commercial nodes (<http://www.sohco.co.za/capetown.asp>). There is clear market demand in the area, and extensive civil construction and earthworks have already been completed on the site. It is anticipated that the site will yield approximately 400 to 450 units, which will be a mixture of one, two- and three-storey buildings and one, two- and three-bedroom flats. The other two sites that are currently being considered for allocation to Sohco are smaller infill sites in the City bowl area, one in the Bo-Kaap and one in Woodstock. Together, these sites will yield approximately 200 to 250 units. It is anticipated that the bulk of the units within these projects will be released on a rental basis, with small portions of instalment sale units.

CTCHC has been dogged by problems relating to rent defaulting on public housing stock and appears to have re-focused on the ownership gap market (www.ctchc.co.za/portfolio.asp).

There has been an innovative use of institutional subsidies in the informal settlement of Masiphumelele, where with the assistance of the City a social housing project¹⁶ arose to address the needs of dwellers of informal structures, who were facing the ruin of their homes (and their lives) through fires that periodically ravaged their area. Through a grant from overseas donors the project was able to secure equity, and this was packaged with institutional subsidies to cover the required funding. The project did not however secure the required institutional subsidies without a protracted struggle against both the local ANC branch as well as the then Department of Local Government and Housing, which at its height involved a sit in at the Department's offices in Wale Street. This project articulated closely with a broader community initiative involving HIV-Aids support, and would be an interesting case study of the limits and possibilities for building autonomous community organisations through a housing struggle process.

The largest social rental project in Cape Town was the N2 Gateway project, which was initiated in 2005 with the aim of providing decent alternative accommodation to the thousands of people forced to live in what were seen as unsightly informal settlements alongside the N2 highway and into Crossroads. The project was dogged by controversy from its inception and caused a great deal of unhappiness among local small developers and builders, who felt that they were excluded from the process.¹⁷ Later, the project aroused the ire of some surrounding communities in informal settlements, who feared that they would be moved to further locations and not get access to the new units. There were also protests and a rent boycott from the approximately 1,000 tenants to whom the units had been allocated, following significant problems with the quality of the structures – ostensibly the result of poor workmanship and negligent quality control.

5.5 *Assessment of the public and private rental markets in Cape Town*

The 2003 situational analysis, which formed the basis of the Cape Town Housing Plan referred to earlier, noted that of Cape Town's stock of dwellings, houses on separate stands, townhouses, and informal dwellings were in the main owned units. The analysis also noted that, while most of those residing in shacks owned their units, in general they did not enjoy security of tenure. The implication is that rental housing in the low income market is concentrated in public, municipal housing estates and backyard dwellings.

16 The Amakhaya ngoku housing project.

17 This viewpoint is based on the author's perceptions at the initial briefing of the project during January 2005.

The extent of the private rental market has not been documented, but it was noted that this predominates in informal backyard structures, which represent assets for the owners. Cape Town has large numbers of publicly-owned rental stock, which dates from the late-1960s and the 1970s, that is the era during which the state provided housing as part of the collective means of consumption. The reasons for the move away from state involvement and the attempts to privatise the housing should be sought in policies and programmes that were founded on the changing rhythms of economic accumulation, particularly in changes in the social relations of production and the social division of labour occasioned by new technologies and way of work. The record of public rental in Cape Town is not encouraging. There are many cases of inadequately maintained stock, rent defaulting, and the hijacking of units and entire blocks by gangs of criminals. Recent attempts to distance the City from these estates and outsource their management to the CTCHC have had mixed results, and political interference in the tenant management and rent collection functions of the business appears to have been a problem.¹⁸ The precise role of the Municipality and the SHI partners would have to be looked at and thought through coherently if outsourcing of these critical property management functions is to succeed.

5.6 *Assessment of the gap market in Cape Town*

Communicare provides ownership housing for those with incomes between R5,500 and R15,000 (www.communicare.co.za/pdfs/Tenant_Newsletter.pdf). A more recent CTCHC project, Royal Road in Maitland, has reportedly successfully targeted the gap market (www.ctchc.co.za/portfolio.asp). But overall, there appears to be a very limited gap market, suggesting the relatively small size of the class of people in the above income category.

5.7 *Key challenges for affordable housing in Cape Town*

It is apparent that much energy has been expended in addressing the need represented by the vast informal settlements that have sprung up mainly in the south-east, and some of these projects have made inroads into the core of urban facilities and work/life opportunities. Likewise, the social housing and private ownership projects have gained favourable access to facilities and opportunities for their residents, albeit on a limited scale when measured against total need. Efforts have been focused on upgrading and integration with facilities, and the development of housing assets has probably been only along the lines of informal rental yields, but there have been questions raised by some community groups about the exorbitant cost of this accommodation to the backyard tenants. Other typologies have contributed less output to the housing challenges of creating a diversified market. In general the following overall challenges have been noted by the CCT itself (2007):

- For the backlog to be effectively addressed, 20,000 housing units need to be delivered per year over the next 10 years;
- Available financial constructs will only deliver 7,500 housing units per year;
- The lack of qualified project managers and developers, and sufficient planning, as well as social and technical facilitators, has resulted in an actual delivery rate of 4,500 housing units per year;
- The City faces management and financial challenges in administering some 43,000 rental units; and
- Land invasions have taken place, which slow down effective housing delivery.

The above list of challenges suggests that the most pressing obstacles are limited financial resources and technical competence. However, underlying these obstacles is a fundamental determinant that has limited, and sometimes undermines, genuine attempts to address the backlog in affordable, decent, and well located accommodation for the majority of the City's citizens, namely a lack of concerted forward planning towards clear developmental goals for the City as a whole. The obvious manifestation of this lack of planning is that housing is delivered in locations that put their inhabitants at a severe disadvantage to capitalise on access to work and urban facilities.

¹⁸ This information was gleaned in 2005 during interviews by the author with the then Chief Executive Officer of the CTCHC.

Boshoff¹⁹ (2010) points to the absence of a strong plan focused on the needs of ordinary people as the root of the problematic dualism in Cape Town's housing market. In support of this point, he refers to the success of the uncompromisingly driven *apartheid* spatial plans – success, that is, in its own terms, but with devastating impact on the majority of Cape Town's population. His point is that a strong plan, with a coherent logic, that links the interest of the ordinary citizenry to the possibilities of the space economy, will work for everyone. Instead, what has happened to planning in Cape Town – as well as other South African towns and cities²⁰ – is that plans have been based on assumptions about economic growth, where the conventional drivers of that growth are seen to be the private sector, rather than on the principle of what works for the poorest citizens. The result has been spatial frameworks that are the outcome of contestation by powerful economic and political interests in the motor transportation, property development and retail sectors, and which refract these interests rather than those of the poorer communities – many of whom are increasingly marginalised in the local space economy. The physical manifestation of this is the plethora of gated townhouse developments, golf course estates, and middle to up-market shopping malls that have arisen in the City and its environs between 1994 and 2010. Of course, this not how the process is represented by the groupings that benefit most in terms of accumulation opportunities, who prefer to see the latest developments in contemporary Cape Town as 'world class' (*ibid.*), and therefore as representing the best of urbanism and modernity to the citizenry.

5.8 Cape Town's unsustainable resource usage

From a sustainable resource use perspective, both past and present housing developments in Cape Town have been undertaken in an extremely unsustainable way. Both have been characterised by:

- Massive urban sprawl and the destruction of potentially productive land;
- Low numbers of housing units per kilometre of infrastructure line (energy, water, sanitation, storm water drainage, roads, and rail);²¹
- Rising levels of waste output; and
- Increasing levels of energy and material use.

Indeed, as the urban poor were located further and further outside of the city, so too did transport subsidies increase (Behrens & Wilkinson, 2003), thus increasing the impact of rapidly increasing oil prices (particularly during 2008) on the poor. Similarly, no provision was made for the fact that water and energy resources in the Western Cape are facing depletion.

Cape Town is facing the dual challenge of massively expanding the size of its formal housing stock to meet the needs of the poor, while simultaneously facing an increasing demand in the middle class markets.²² However, Cape Town needs to both respond to these multiple demands and remain within the now fully accepted ecological limits with respect to energy, water, landfill space, sewage disposal, biodiversity, and food supplies which account for the great bulk of Cape Town's footprint (Gasson, 2002).

The challenge is to imagine a massive housing programme for Cape Town that would –

- comply with the recently adopted densification policy (which may be too moderate), as well as with the spatial configurations of an appropriate space economy;

19 Stephen Boshoff was Executive Director of Planning of the City of Cape Town during the period referred to in this article.

20 Similar trends in the actual role and function of town planning within six other Western Cape municipalities have emerged in the course of the Western Cape Government's Built Environment Support Programme (BESP), which assesses the Spatial Development Frameworks (SDFs) and Human Settlement Plans (HSPs) of these municipalities, and in which the author is a participating service provider.

21 Turok and Sinclair-Smith (n.d.) interestingly point out that residential densities rise from the city centre towards the south-east to peak in Khayelitsha.

22 This demand is reflected in property prices which, despite leveling off at the top end, have remained buoyant in the R300,000 to R700,000 categories, where returns remain at the 20 to 30 per cent level.

- utilise a range of new technologies and design features (enforced through bylaws) that massively reduce the average amount of energy, water, materials, and sinks (landfill space, air space for pollution, emissions, etc.) that each house needs to get built and operated over the life cycle; and
- boldly intervene in the agricultural food chain to localise food supplies, and thus create markets for urban agriculturalists and peri-urban small-scale farmers.

To meet these sustainability criteria this massive housing programme will have to be characterised by an overall slowdown in the velocity of the upper and middle income housing markets, as part of a generally 'cooling' macro-economy. This presupposes a radical change in macro-economic policy at national level and this will only happen under the impetus of a social force that has a political impact.

6. Transforming the political economy of housing

The persistence of spatial segregation and marginalisation, sixteen years after the advent of democracy in South Africa, should give pause for thought.

This paper has argued that the reason for the exclusion of the majority lies in the structure and power distribution of the South African state, through its organising the general interests of the dominant classes and its disorganising effect on the dominated classes. The impact of the state on the spatial configuration of housing is mediated through the various state administrations (at national, provincial and local level), as well as through intra-state departmental power conflicts and the power of struggles by the dominated classes themselves. To concretise these processes at a local level requires understanding the way in which powerful economic classes in the motor transport, property development, and retail sectors shape the framework of local spaces within which local economies function. The housing market forms an important and significant part of these local economies, providing a potential source of wealth creation for housing classes as well as forming the real and potential rates base for local governments. Through work with colleagues and clients, in a process separate from the Sustainability Institute's service to the City of Cape Town, and in framing municipal SDFs and HSPs over the past twenty-four months, I have crystallised the following question, which I think takes us close to the root of the inability – or unwillingness – of local municipalities to discharge their stated – and legislated – duties to the urban poor:

How does a local authority/municipality help to reproduce conditions that both enable housing markets and regulate these same markets in order to achieve socially equitable distribution of housing that over the medium term consumes less resources and produces less waste output than the rate at which these (resources) can be renewed and (waste) recycled?

Municipal officials dealing with housing grapple with the pressure from financiers and developers for new accumulation opportunities on the one hand, and the demand by communities for improved shelter and service delivery on the other hand. They have to try to get better housing and residential locations for the dominated classes, while simultaneously facilitating middle and up-market developments that shut out the poor, but at the same time increase the value of the municipal rates base.

Conventional wisdom is that the virtue of market-driven housing is that privately-owned housing – through exposing owners to both incentives and penalties – has shaped homeowner behaviour patterns that have maintained housing assets and added value to them, thereby laying the basis for the financing of local governments (via the tax base). Successful housing markets have however developed highly inequitable patterns of human settlement, the rectification of which requires transformation of the local space economies within which housing is embedded. In addition these markets account for an unsustainable carbon footprint – housing asset values are the security against which consumers in unsustainable growth economies borrow in order to fund economic activities. The growth is unsustainable, because there are limits to debt funding on a global scale, as the collapse of the global credit system during 2008 demonstrated.

The economic transformation required for sustaining the majority of South Africa's (and the world's) population in decent and affordable settlements is resisted by suburban housing classes, precisely because it threatens their tried and tested asset growth model: falling house prices are anathema to them, but this is precisely what is implied in locating decent, affordable, and integrated housing for the urban and rural poor. In addition, extensive retrofitting of existing houses and installation of appropriate technologies into newly-built ones in order to align them with sustainable carbon foot-printing will add further costs and act as an additional tax on already devaluing assets. The above theme could usefully contribute to explaining housing practice in Cape Town since 1994.

Given the contradiction referred to above, where is the motive social force likely to come from to drive the required transformation? The reactionary tendency of established housing classes, and the conquest of local public institutions and authorities by powerful private financial and development interests lead one to the conclusion that a new 'politics of the grassroots' is required, where urban social movements emerge to address the obstacles to transformation posed by a developer-local municipality-established homeowner classes complex. If urban social movements can emerge as independent organisations and grow grassroots, democratically-controlled structures, they represent a potential vehicle to fight for the formulation and implementation of the policies required to effect urban transformation and begin restructuring existing space economies.

The urban social movement in South Africa is at a nadir now compared to the heady days of the late-1970's and throughout the 1980's, a time when there was real potential for a transformative urban agenda. Partly this reflects the sucking off of the best leadership into the ANC governments and state administrative departments. At the same time, as noted earlier, there is widespread popular dissatisfaction with the state of existing and new dormitory townships and the lack of services there, that has led to the emergence of social protest across many towns and cities – from these, grassroots structures are emerging but the electorate generally still seems to view the ANC-as-government as the vehicle to deliver on their aspirations. This is manifested in the consistently high percentages with which they have re-elected successive ANC governments. There is therefore not yet a significantly powerful and widespread urban social movement and mass consciousness that can have the effects required on the government and state programmes.

Where does this leave us as practitioners of spatial frameworks and IHSPs? The well-known theorist of urban meaning, Manuel Castells, argued in 1983 that urban social movements were the drivers of changes in urban meaning and primary agents in creating new social effects (Castells, 1983). He argued that in this process, movements related to (and to some extent relied on) technically competent professionals, the media, and political parties. In post-*apartheid* SA, local municipalities have become a crucial actor that urban social movements and progressive operators should seek to influence and have an impact on their SDFs and HSPs, because they have the potential to refract the interests of the dominated classes and poorer communities through organised movements participating in – or impacting on – democratic elections. As Poulantzas (1980) emphasises, popular participation and impact will remain defensive until they start transforming the state, but that is another story.

Like Poulantzas, Castells stressed that urban social movements needed to remain independent in order to avoid becoming appendages of these operators' specific interests and agendas which are presented as the 'public' agenda. This point applies as much to a mass political party like the ANC as it does to teams of or individual professional operators. I am particularly concerned with our function and impact as professionals schooled in the notion that we are somehow above the social processes being played out in the municipalities and local space economies. Objectively we serve contradictory ends to the extent that class and other social power relationships are condensed and refracted in the state. I think that many of us would agree that much of our work over the past decade and a half has reinforced and reproduced the nice-sounding policies but that there is little to show on the ground for the sustainable human settlements that we have participated in the conceptualisation and planning of. Can we commit ourselves to a genuine class-based (or pro-poor) approach, which requires a political commitment to striving towards a City that works for all its

citizens and not just the wealthier minority? If so, how do we make an impact given that we work to a brief from governmental clients, and are therefore restricted in influencing intra-state relations?

There are no easy answers to these questions. Two minimum guidelines for our practices could be usefully considered: first, that we do everything to enhance the emergence of and support of independent urban social movements; and, second, that we could advocate new ways of planning involving strong community *participation* (and not just *consultation*). One way to give effect to the latter would be to develop and transfer the *occupational skills* required to take up community demands in a holistic plan. In this regard we also need to be aware of the class position of the personnel in the social division of labour in the state.

7. Strategic funding options

In looking forward to a new politics of the urban, we can also discern spaces for interventions by social movements to begin having an impact on planning and housing, and through this, on urban meaning. In post-*apartheid* South Africa, these spaces appear in the notion of funding for neighbourhoods and projects through partnerships with the local authority, which have hitherto been taken up mainly by private sector developers and financiers.

7.1 Funding interventions

Linked to and underpinning the sustainability of housing delivery mechanisms is the crucial factor of housing finance – the state's emphasis on public-private-partnerships (PPP) has laid the basis for a strong private sector presence in the funding and also the implementation of projects in the fields of housing and also those of infrastructure and social services. In the housing field this was the basis for a strong private developer-driven RDP housing process, with all the inadequacies that we referred to earlier, and the effect of further marginalising and disorganising the dominated classes. (There have also been significant PPPs in the fields of toll roads and tourism). In short, the funding and financing of projects, many of which are supposed to benefit the poor, is not a mere technical process, effectively neutral to the outcome and its impact on the balance of class forces; it is woven into the power imbalances that exist between the contracting (private) parties and the beneficiaries. Nevertheless, for the foreseeable future many of the necessary financial and other resources to implement socially useful projects will come from the dominant classes, who will be looking for a return on their capital investment above all else. The challenge for the emerging organisations of the dominated classes is to understand the underlying class interests that drive the involvement of the parties as well as the specific implementing mechanisms, in order to wring out the best compromises from deal-making – these outcomes will also reflect the balance of power between the negotiating parties at each point in time. A short overview of the funds and finance available for various forms of housing delivery, as well as the public private relationships involved in implementing housing projects, is given. The following sections identify each of these mechanisms and how they might address the Cape Town housing shortage. They form the basis for thinking about new ways to deliver affordable and social housing.

The Municipality will need to attract a range of role players as key stakeholders in viable and sustainable housing initiatives:

- institutional investors (e.g. Sanlam or Old Mutual);
- banks;
- international donor and aid organisations;
- development finance institutions;
- local industry players;
- municipal guarantee instruments;
- packaged and prioritised infrastructure financing from organisations like the National Treasury, the Development Bank of Southern Africa (DBSA), and the municipal infrastructure grant (MIG); and
- National subsidy funds specifically targeted at housing.

7.2 Funding mechanisms

The PPP approach is relatively novel in South Africa, where municipalities have traditionally regulated residential (and non-residential) development by the private sector in terms of planning bylaws and building regulations. Typically, they have not taken the initiative to shape the type of developments that would be appropriate and sustainable for the majority of the population living in their jurisdictions. The conventional approach is for each municipal department to vet a development application, in a linear way, which can take up to twenty-four months. Conventionally, departments operate as silos, often isolated from each other and often in competition. Because of these organisational realities, municipal silo organisations are themselves serious obstacles to sustainable development. Transforming silo organisational structures into flat hierarchies with a different emphasis is an example of transforming the state and the way the local state carries out its functions. This is unlikely to happen until the emergence of autonomous grassroots-based organisations with sufficient power to make this impact. There is therefore a time period that it will take for this to happen, depending on the nature of the issues and on the conditions in specific localities and amongst specific fractions of the dominated classes. For instance there already appears to be an autonomously organised shack dwellers coalition with national as well as international linkages.

Ideally, the municipalities should be driving development through a dedicated structure that includes officials from all key departments and relevant councillors, as well as community representatives and outside specialists. This range of stakeholders would write the broad development criteria that would be advertised through Requests for Proposals (RfPs) to the private and community sectors. The details of the development would form part of the private and community sector bids, which they would submit in order to compete for participation in the development.

Six funding and/or contracting mechanisms are in place for a municipality to use where appropriate to attract and enlist the services of the successful private sector bidders to fast track delivery of housing: services contracts, management contracts, leasing contracts, investment-linked contracts (or concessions), joint ventures (or corporatisation), and private ownership and operation (also known as build-operate-transfer [BoT]). A special contract could make provision for community-based organisations (CBOs) to participate in PPPs – this would be a unique contribution to the PPP practice as it has been carried out until now in South Africa, by creating a stake in development for authentic, grassroots-based organisations that can demonstrate that they represent a significant constituency.

A 'community ownership' option, which will form a critical component of a development coalition, rests on collective savings to generate individual and collective equity that could leverage further public and private funds. A pertinent example of this is the savings clubs approach of FEDUP. This option does not stand alone: it can interface with most of the other public and private relationships referred to above. 'Community ownership' means that participants contribute equity, which means they also take risk and therefore contribute to the protection of the asset and its continuous improvement. Furthermore, 'community ownership' builds bonds of solidarity and reciprocity in the community, resulting in a greater sense of community, which, in turn, often translates into more reliable repayments, higher levels of ongoing investment in individual and collective assets, and reduced levels of conflict, violence, and crime. The institutional arrangements can range from simple savings groups to mobilise community equity and investment, through to housing associations and even housing cooperatives.

Community partnerships, however, are likely to happen only on the basis of strong community advocacy, which presupposes the organisation of strong urban social movements.

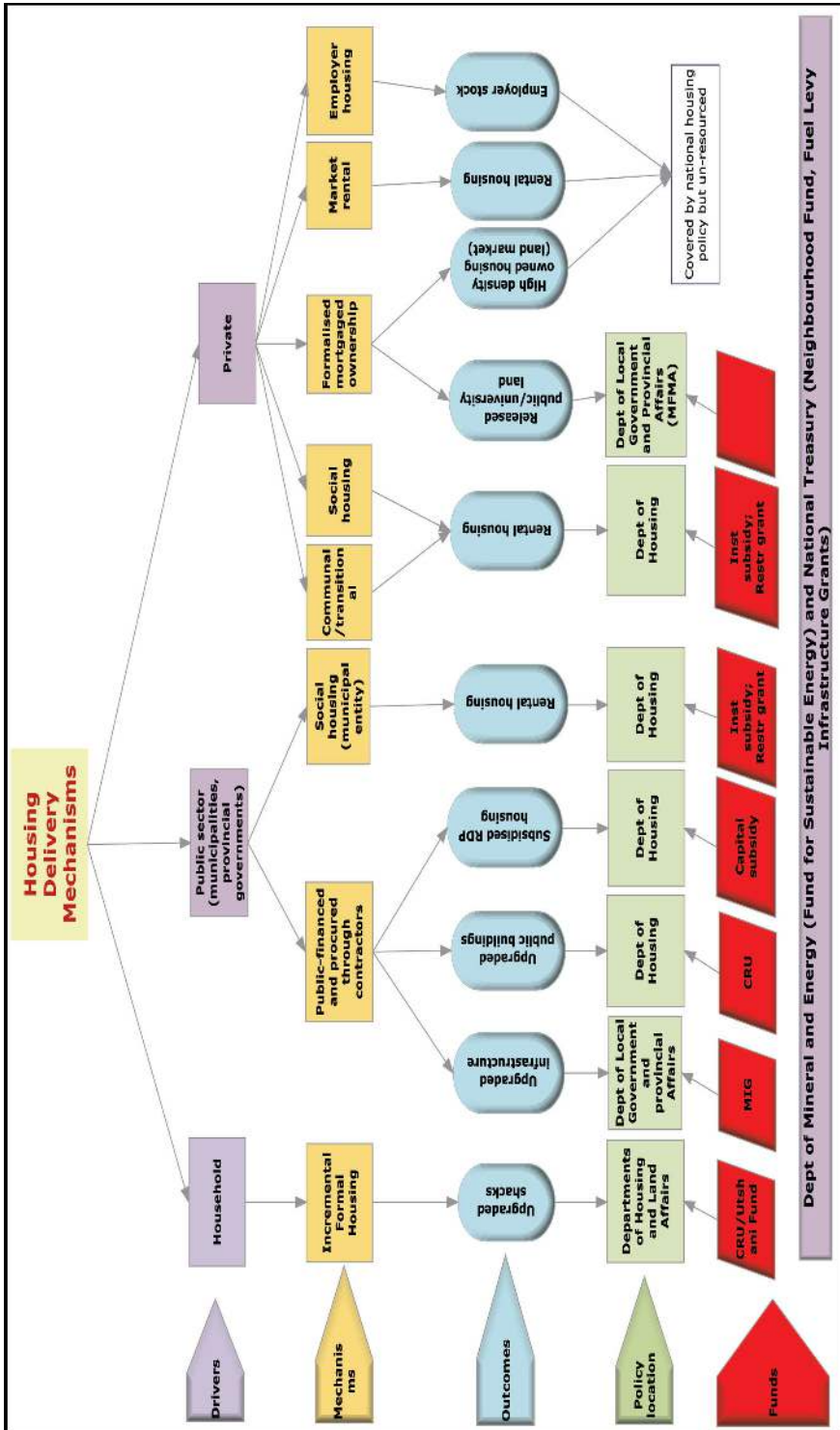
8. Conclusion

This paper has argued that Cape Town's housing crisis will not be resolved if existing housing and property markets are left intact. Although the BNG policy framework has created a range of flexible opportunities for intervention that are responsive to the wide range of different housing needs,

Cape Town's housing and property markets operate within a space economy that continues to concentrate housing for the urban poor within particular locales. This reflects the nature of the political economy of housing: in the city the municipal-ratepayer-developer axis has a definite interest in maintaining the status quo, which broadly aligns with the role of the state to reinforce the domination/subordination relationships between classes in favour of the bourgeoisie. Cape Town's Municipal Government is clearly the key role player when it comes to envisioning and planning a pro-poor alternative, but without a strong social movement to support such a vision, it is highly likely that property development interests will make sure that the *status quo* remains intact. These vested interests will continue to criticise Government for failing to resolve the housing crisis, but they will resist any attempts to mix low income housing into middle income suburbs or secure creative financing flows to supplement Government subsidies.

It is therefore proposed that progressive professionals interested in pro-poor reforms consider ways of debating and developing ideas about a different, transformed way of living in houses and being located in space with the leadership and grassroots of emerging urban social and protest movements, as well as with local municipal and provincial officials grappling with the contradictions of the political economy of housing. This conversation cannot however happen in a voluntarist way: professionals individually and collectively reflect the broader social division of labour of our society, and many of us will continue to perform functions for public sector clients that objectively serve the interests of the dominant classes without being perturbed. However, those of us who are conscious of and live the contradiction between our ideal of a pro-poor city and our objective functions in professional work, neither individually or collectively have the power to effect the significant political changes required to make sustainable human settlements not only possible but also likely to happen. Ours is a role of encouraging debate, planting ideas and being available to support the birth as well as the autonomy of emerging social movements. An empowered citizenry that is able to start thinking about a new way of being in the urban areas, formulating appropriate sustainable settlement programmes, and acting politically to achieve programmatic demands, is the precondition for institutional reforms that could over time change the exclusionary logic of the space economy, re-orient housing and property markets, support grassroots empowerment, and promote more sustainable use of resources.

Appendix: Housing Delivery Typologies



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