

“Building Our Future Today – Ensuring Liveable Spaces for Every Family.”



SCENARIOS FOR HUMAN SETTLEMENTS POLICY AND PROGRAMME CHOICES

1. Problem statement

It is widely reported by UN-Habitat and Statistics South Africa that the 21st century will experience unprecedented rate of urbanisation particularly in developing countries. These organisations estimate that by 2030, about 71.3% of the South African population will live in urban areas, reaching nearly 80% by 2050. StatsSA also projected that the number of households will continue to grow as the household size drops resulting to about 3.6 million new household formations by 2020. More than two million will fall within the income category of less than R3500 per month and 3.5 million between R3501 – R15000. What is becoming a dilemma is that only 30% of South Africans can afford to purchase a home costing more than R500 000, due to various affordability challenges. It has become important that government must derive strategies to unlock the stock lying dormant in our townships and derive means to develop new stock where it is required.

Despite an award-winning informal settlements upgrading programme, in 2017 about 20% of households continue to live in 2700 informal settlements as these urban spaces act as accessible reception areas to many low-income households. The negative impact of these factors, if not addressed will severely affect the quality of life of many people living in this environment. In turn, this is putting pressure on government to provide added support for housing and other infrastructure and services.

Over the years, the main manifestation of unmanaged urbanisation that has emerged are informal settlements, a second informal dwelling used for either rental income or accommodating family members. The most common factor is that these both occur without the necessary applicable legislation. As both forms of informality are instructive regarding how the poor navigate access in the absence of affordable accommodation, it is important to develop appropriate responses to address equally transient and permanent forms of accommodation in a hierarchical fashion.

More importantly, while the housing programme has been hailed for being progressive in providing support to the poor, there remains various aspects that has to be addressed that include:

- the urban sprawl;
- apartheid spatial form;
- absence of focus on public spaces in our settlements;
- integration of transport planning and settlement planning;
- better utilisation of the subsidy; and
- the logic of strategic planning and fiscal instruments.

What must be addressed are:

- How government should use legislative, policy framework and fiscal instruments to address these issues outlined including reconfiguring our urban spaces.
- How to strengthen social compact with citizens, private sector, non-governmental organisation, professional bodies to develop solutions together.
- How to sharpen implementation.
- How human settlements must contribute to a developmental state



2. Achieving sustainable human settlements

Since the release of the Brundtland report in 1987, sustainable development has extended to not only meeting the basic needs but to improving the quality of life. In the main, sustainable development is a framework in achieving quality of life. The Comprehensive Plan for the Development of Sustainable Human Settlements intends to accelerate housing delivery; improve the quality of housing products and environments to ensure asset creation; ensure a single efficient formal housing market; and restructure and reintegrate human settlements. This was the first step towards achieving sustainable development.

Sustainable development is about achieving liveable environments, addressing equity, spatial justice, spatial sustainability, spatial resilience and good efficient administration. This concept goes beyond social principles to the ability to understand and engineer space. In pursuance of this a need to adopt restructuring tools include densification, transit oriented development, smart growth, public space system and activity nodes & development corridors while also restructuring financial instruments.

There is a need to transform our settlements to make them more sustainable, equitable, liveable, efficient and resilient. The summit must develop practical pointers on how this must be achieved in the face of poverty, transient households, fiscal pressures, and rapid urbanisation.

3. Discussion: scenarios and options - priorities for the development of human settlements

Issue 1: Alternative Housing Development Assistance Programmes of Government-from free houses to a more holistic and facilitative assistance programme

3.1. Background

Government's housing assistance programme has since inception in 1994 evolved into a sophisticated, complex and needs based housing delivery Programme. The current programme comprises a variety of assistance mechanisms ranging from complete houses transferred into the ownership of the approved beneficiaries, through to rental housing options, the allocation and/or sale of serviced stands for house construction purposes and assistance for households who are able to afford housing credit. The main delivery instrument remained the provision of free basic houses to qualifying households earning up to R3 500,00 per month and the redevelopment of informal settlements.

However, the current cost of the fully fledged free house has escalated to an estimated R190 620 (R132 437 for the top structure, R52 182 for the engineering services and R6 000 for raw land cost) and under challenging development conditions the cost may increase to beyond R200 000 per property. This places enormous pressure on the fiscus. It is acknowledged that the current programme can't be sustained for much longer. If the objective to eradicate informal settlements and to provide each household currently identified as part of the housing backlog with a fully fledged basic house is pursued, Government will have to build at least 1,8 million houses. The cost to deliver 1,8 million houses will amount to at least R343 billion.



In addition to the current cost challenges, the increase in the housing backlog must also be considered. Delivery of new subsidy financed houses currently peaks on average at 150 000 units per annum while new family formation exceeds the 200 000 mark annually. This means that the backlog is actually growing.

It is therefore of the utmost importance that Government considers alternative options towards realising everyone’s Constitutional right to access to housing on a progressive basis as it is clear that the current National Housing Programmes do not meet the current requirements and do not provide sustainable solutions for the challenges we are facing

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3.2. Goals and Objectives

The objective is to table proposals for deliberation on possible alternative approaches towards the inception of human settlement development assistance programmes that will be sustainable, practicable and feasible taking us into the future.

3.3. Redefine the definition of the indigent

The underlying objective of the Government’s housing assistance programme is to provide assistance to those households who are unable to independently resolve their housing needs. Currently this is defined by the income limit of R3 500 per month only.

It is proposed to revise this definition of the indigent and to narrow it down to the following categories:

- Persons of age (households where the breadwinners has achieve the age of 60);
- Persons classified as disabled (this include a disabled breadwinner of households with dependents that are disabled and must be certified by a registered medical practitioner); and
- Child headed households (under legal guidance of the Department of Social Development regarding the placement of the children under care and foster care);
- In regard to the income limit it is proposed that the income limit of R3 500 be adjusted to R5 500 in line with the latest Social Housing Policy approved adjustments.
- Households falling in the above classification should receive a fully fledged basic house in ownership through the Government’s housing assistance programme.



3.4. Redefining the definition of “non-indigent”

If the income limit applicable to Government housing assistance programme is adjusted to R5 500, it is required to determine what level of assistance will be provided to households that are not classified as indigent indicated above. These households are:

- Earning up to R5 500 per month;
- Are under the age of 60; and
- Are not disabled in any way or do not have a disabled family member.

Households falling in the above classification should qualify for the allocation of a serviced stand with a foundation and slab for the main house and an enclosed toilet facility and water connection as part of the slab construction and linked to the sanitation system.

Households falling in the above classification will be provided with access to house construction assistance through an adjusted Peoples Housing Process that will provide free training and guidance, as well as house building materials for sale at cost price.

Households falling in the above classification who qualify for housing credit will be able to apply for the benefits available under the revised Financed Linked Individual Subsidy Programme (FLISP).

Households falling in the above classification will be allowed to apply for rental housing owned and administered by the organs of the State but will be required to pay rentals equal to the Economic Cost Recovery rentals as a minimum. Current tenants may benefit from a rental subsidy scheme based on income as provided for in the revised National housing Programme.

Households falling in the above classification may access rental housing options available in social housing funded projects.

3.5 Assistance available for households earning above R5 500

Households earning in excess of R5 500 pm will be assisted in the following ways:

- Through a subsidy available under the revised FLISP programme;
- The allocation of a serviced stand without a slab free of charge where the income is below R7 000 pm as alternative to the FLISP subsidy;
- The purchase of a serviced stand from Government where the income is R7 000 pm to R9 000 at input cost of the stands;
- The purchase of a serviced stand at market value where the income is above R9 000 pm;
- Rental housing options in social housing funded projects for persons earning up to R15 000 pm.



3.6 Expected Outcomes

The expected outcome is a completely revised needs based orientation towards the Government’s housing assistance Programme. The Integrated Residential Development Programme which represents Government’s main housing delivery tool will be revised to only provide for the development of fully fledged serviced and proclaimed townships. The programme will thus be divorced from any housing consolidation options. This will be undertaken on the basis of approved IDPs, the provisions of SPLUMA, the principles of well located integrated and sustainable developments linked to bulk and connector services and main transport arteries.

The Peoples Housing Process Programme will require revision towards a facilitation programme as opposed to the current fully fledged housing delivery programme.

The housing consolidation options will be contained in the existing revised National Programmes and a new National Programme for housing construction for the Indigent classified households.

Any special housing provisions projects such as houses for the military veterans or TRC victims will be dealt with as ad-hoc projects within the variety of National Programmes and subject to the exceptions that may apply to such initiatives.

The specific delivery outputs will be determined once the Programmes have been adopted and in line with funding allocations. A phase out period for the current commitments will also be applicable that will impact on delivery targets.

3.7 Indicators for achievement

Indicators for achievement will first and foremost be the approval of the revised policy principles and National Programmes.

Once the policy and adjusted/new programmes have been approved, a feasible and practicable phase out and implementation programme will have to be developed with the context of the Technical MINMEC and MINMEC fora.

The end result will be a new National Human Settlements Development Code, revised delivery plans and a reorientation of the housing delivery programme.

Issue 2: Affordable rental, possible policy and programme direction

3.8 Background

The affordable rental programme is an integral part of sustainable human settlement where it aligns to all current housing programmes developed under BNG and incorporated into the 2009 Housing Code that seeks to address spatial injustice. It requires that the programme should deliberately bring about change to appropriately contribute to sustainable human settlement. The programme must therefore be able to facilitate growth, development and transformation of affordable rental, as an important urban programme, going forward.



The programme is one where the focus goes beyond the immediate objective of access to adequate shelter to an intervention where the positive impact on people’s lives, the economy and the urban environment must be achieved. Obstacles arising from the economic structure and spatial patterning of South African society have proven stubborn and persistent. In some instances post-apartheid programmes have even inadvertently reinforced apartheid inequities.

The National Development Plan directed that, for the creation of sustainable human settlements, a systematic response to entrenched spatial patterns across all geographic scales that exacerbate social inequality and economic inefficiency is required. Delivery of affordable rental must be used to restructure towns and cities, strengthen the livelihood prospects of households and transform the economy by changing the access to and flow of resources.

Affordable rental must be undertaken and facilitated in a coherent way where it creates good living environments for residents. This implies not only new urban development but strongly suggests a focus on urban renewal in the targeted investment approach with good urban management as a key component of implementation. Since affordable rental is a supply side driven programme economic transformation across the entire value chain must also be achieved.

Affordable rental delivery must be scaled up significantly. This will require a vision for the programme which sets bold targets supported by gear up of the required funding and financing as well as capacity to deliver. A supportive and strong regulatory environment can assist to ensure a properly focused affordable rental programme.

3.9 Goals and Objectives

A more coherent and inclusive approach to urban land by for instance developing overarching principles for spatial development and revising the regulations and incentives for housing and land use management would be important. This also includes building the capabilities to transform human settlements and developing bolder measures for sustainable human settlements (MTSF Outcome 8 document, 2014).

The goal is therefore to improve spatial planning and targeting for affordable rental in urban areas which may include mining towns and catalytic projects. This requires a precinct based planning approach in consultation with municipalities such that projects may be conceptualised, planned and developed based on solid and current socio economic and geo spatial information where the restructuring intent can be realised.

The objective is to contribute strongly toward the achievement of urban restructuring and urban renewal through urban integration and impacting positively on urban economies. This must be achieved to ensure that the poor are not pushed further away to distant and marginal locations. A spatially more compact growth form will improve the efficiency of service delivery and reduce the costs of urban governance.



Improved spatial planning and targeting may contribute to an affordable rental project pipeline where budget allocations may begin to be linked to not only the development of the projects but also the management capacity requirements where the targeted investment would ultimately create development and management opportunities that can be aligned with economic transformation.

Restructuring and transformation is therefore not only social and spatial but also includes a strong economic component to create less fragmentation and a healthier society with sufficient access to resources.

An affordable rental programme must include strategic planning that not only focuses on growth or setting targets but that introduces a capacitated delivery model with a proactive investment approach that operates within a strong risk-based regulatory environment.

3.10 Expected results or outcomes

Improved equitable spatial planning and targeting can potentially not only increase delivery but also strengthen the link required between the different spheres of Government to facilitate a successful affordable rental programme.

This relates to a common spatial vision to connect urban areas by developing an environment and communities that are inclusive, integrated, connected and where all collaborate to create living and working environments that are healthy, safe, enabling and accessible. If this vision is not shared to ensure that poor residents have access to our urban area’s unique lifestyle offering, affordable rental housing unravels at the seams.

It is expected that an affordable rental programme that addresses these goals and objectives may ensure that sustainable human settlement facilitates transformation where socially fragmented people become part of a healthier society with access to good and useful space. It can also ensure better access to the economy and resources where an actively transformed supply value chain may be achieved.

In addition to its primary impact of contributing to addressing spatial constraints to economic access it will contribute to job creation and economic revitalization. Job creation will be enhanced via the construction of complete (as opposed to incremental) homes, which means greater primary, secondary and subsequent employment multipliers. Job creation is also served by the creation of employment opportunities in the management and maintenance of stock.

Affordable rental may also be a tool in the revitalization/regeneration of important economic areas which are lagging or underperforming. Successful regeneration initiatives in other parts of the world indicate that comprehensive strategies are necessary and that the introduction of affordable rental housing into blighted environments has had positive external impacts on the surrounding environments. Successful economic revitalisation boosts job creation.



3.11 Indicators of achievement

Although the resource flow is improving it must be extended to cover the entire value chain where transformation is not limited to developers and managers but extends across the board to include sourcing of materials, contractors and subcontractors, security, cleaning etc. It would be beneficial to establish the current baseline across this chain and to then develop targets such that measurable indicators for transformation may be set, strived for and reported on.

Spatial indicators will have to measure the outcome and impacts of a more compact growth form in a manner that supports improvements in the efficiency of service delivery and shows the reduction in the costs of urban governance. It needs to also be aligned with and linked to social and economic restructuring, transformation and change in a manner where the contribution to the change in our fragmented society is measured.

It may be argued that, given the observed impacts up to date where the State of the Social Housing Sector Report 2016 confirms that accommodation is provided in areas where tenants wish to reside at rent levels substantially lower than those offered by the private sector in similar areas, the impact will be positive. However, a comprehensive baseline needs to be established to measure outcome and impact over time since current indicators primarily measure output achieved over a shorter period. Once the baseline is clear and confirmed it will be possible to start measuring impact over the medium to longer term.

Issue 3: Informal Settlement Upgrading

3.12 Background

The upgrading of informal settlements in South Africa was already prioritised during 2004 with the approval of the Comprehensive Plan for the Development of Sustainable Human Settlements by Cabinet. The National Development Plan in 2011 also emphasized the importance of informal settlement upgrading as follows: “Despite the new focus on informal settlement regularization and upgrading at the national level, there is still a high level of ambivalence towards informal settlement across spheres of Government, and the capacity and implementation mechanisms to achieve the national objectives are still poorly developed locally”.

As part of the National Housing Code, the Upgrading of Informal Settlements Programme was developed and approved as one of the Programmes which could be funded through the Human Settlement Development Grant and the Urban Settlement Development Grant. Although this programme was evaluated during 2008 and found to be one of the best programmes world-wide focusing on this phenomenon, a case could be made for the improvement thereof.



The upgrading of informal settlements has also been given substance in Government’s outcomes based approach and, as part of Outcome 8, the 2014/19 MTSF target was set to upgrade a total of 750 000 households residing in informal settlements to be provided with (at least) so-called Level 2 (basic) services.

The number of informal settlements in South Africa grew from 300 in 1994 to 1 066 in 2001. Currently, there are more than 2 700 informal settlements in and around urban areas in South Africa. Some 1.2 million households reside in these informal settlements and approximately 70% of these households are found in 50 municipalities. Upgrading and regularization interventions are currently or have over the past 10 years been conducted in approximately 800 of these.

A baseline study conducted on informal settlements indicated that almost 50% of settlements have existed for more than 11 years and 22% for between 6 and 10 years. More than 70% of households have lived in informal settlements for more than 5 years. According to the Community Household Survey in 2016, some 63% of households have access to sanitation facilities and 90% have access to piped water. However, the HIV rate of new infections in informal settlements is 7% compared to only 1,8% for formal urban areas and diarrhea-related infant mortality is up to 10 times higher than in formal urban areas. Informal settlement inhabitants have expressed a weak sense of safety and security, low levels of trust and communication with local government while their living structures are generally of poor quality.

3.13 Goals and Objectives

Evaluations conducted regarding the Informal Settlement Upgrading Programme (UISP) indicate a generally sound policy/guidelines which provides sufficient guidance regarding processes and procedures. However, this programme was developed during 2007 and since then municipalities, NGOs and other role players have developed many interventions which can be regarded as best practice. These should be provided for in a (possibly) revised policy and implementation guidelines and clarity should be obtained regarding the funding of such interventions.

Secondly, in situ informal settlement upgrading is not a once off intervention but requires time, resilience and political will to implement. Community participation in planning processes and in taking decisions about their own future lies at the heart of successful in situ upgrading. These processes are costly and time consuming. Provision should be made for compulsory community participation processes and the funding of such processes while political buy-in should be sought to prioritise incremental in situ informal settlement upgrading by all 3 spheres of Government.



Thirdly, the National Planning Commission indicated that despite the new focus on informal settlement regularization and upgrading at the national level, there is still a high level of ambivalence towards informal settlement across spheres of Government, and the capacity and implementation mechanisms to achieve the national objectives are still poorly developed locally. An extensive capacity building programme in relation to informal settlement upgrading has been developed by the Department of Human Settlements and this should be implemented for officials, public representatives and other role-players.

The UISP was approved during 2007 – thus before the establishment of the Urban Settlement Development Grant (USDG). Therefore, within metropolitan municipalities, there are two funding mechanisms which could be applied towards informal settlement upgrading. However, insufficient coordination currently exists regarding the application and the use of funds which should be clarified through appropriate policy development processes.

Land use planning is a local government function. However, many municipalities do not have informal settlement development/upgrading strategies which confirm the direction and plans of the municipality. As a result, little provision is made in local plans for a programme of informal settlement upgrading, funding plans, securing land against unlawful invasion and providing for the identification of land which could serve as “catchment areas” where newcomers to urban areas and newly formed poor households can be orderly settled with access to at least a basic level of service.

Taking into account the housing/human settlement backlog and compared to the availability of funds/budgets for human settlement development, the approach to informal settlement in particular should be clarified. Firstly, the prioritization of in situ informal settlement upgrading (where appropriate) must be confirmed politically and programmatically. Secondly, a decision must be taken regarding the importance of the provision of secure tenure and acceptable levels of infrastructure services to households in informal settlements, the provision of shelter as well as the method or programme through which such shelter should be provided under different circumstances.



3.14 Expected Results/Outcomes

The following outcomes are thus expected from the Summit discussions:

- Securing political buy-in to prioritise incremental in situ informal settlement upgrading by all 3 spheres of Government,
- Revision of the Upgrading of Informal Settlement Programme (UISP) to provide for compulsory community participation processes and the funding of such processes,
- Agreement on coordination mechanisms regarding the application and the use of HSDG and USDG funds in Metros,
- Securing agreement for the development of a programme of informal settlement upgrading, funding plans, strategies for securing land against unlawful invasion and providing for the identification of land which could serve as “catchment areas” by municipalities, and
- Obtaining agreement on the provision of secure tenure and acceptable levels of infrastructure services to households in informal settlements and the provision of shelter.

(Note: The Summit discussions may identify additional issues of importance)

3.15 Indicators of Achievement

The following indicators will serve as a measurement of achievement:

- Buy-in from all Minmec members to prioritise incremental in situ informal settlement upgrading in appropriate locations,
- A revised UISP approved by Minmec during the 2017/18 financial year which will (inter alia) include provision for community participation, suitable levels of infrastructure services, the provision of shelter,
- The development of conditionalities for the application of funds from the USDG and the HSDG for informal settlement upgrading to be included in the DORA for 2018/19, and
- Agreement by SALGA to promote the principle of good urban governance in municipalities and to promote the development of municipal informal settlement strategies and programmes.

