Dominique E. Uwizeyimana (PhD)
Lecturer of Public Administration,
University of Limpopo
Department of Public Administration
PO BOX 306 Sovenga, 0727
Republic of South Africa
Tel: +27 (0)15 268 2640
Mobile: +27 (0) 839771419
Email: uwizeyimanadde@yahoo.com
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Subtheme: Democratic governance and socio economic development

ABSTRACT

Complaints related to the poor quality and inadequate size of the Reconstruction and Development Programme (RDP) houses abound in South Africa. The literature shows that democratic structures such as the National Housing Forum (NHF) were officially launched on 31 August 1992 and used to adopt policies on issues of national importance such as the National Housing Policy in the 1990s. The objective of this research is to demonstrate the extent to which the ANC’s narrow emphasis on democratic governance to the exclusion of socio economic circumstances of beneficiaries has led to the adoption of a National Housing Policy which does not take into account the socio-economic context of the RDP housing beneficiaries in specific areas. The methodology used in this research is the analysis of available electronic and printed material.

The main finding is that the current low-cost housing policy represents and serves business interests of private companies working with government instead of the interests of the poor it purports to serve. The main conclusion is that the current low-cost housing model should be changed and augmented to accommodate the specific socio-economic conditions of the beneficiaries of RDP houses.
1 INTRODUCTION

The objective of this research is to demonstrate the extent to which the emphasis on democratic governance has led to the adoption of a National Housing Policy which does not take into account the socio-economic context of the intended RDP housing beneficiaries. The paper starts by defining 'democratic governance' and its relationship to, and articulation with, the socio-economic development of citizens. It then traces the origin of the current housing policy and the extent to which the 1986 White Paper on Urbanisation, which preceded the current National Housing Policy, addressed the needs of the poor in terms of the policy it put forward. A comparative analysis between the low-cost housing subsidy of the NP and the ANC is also provided. The paper proceeds to suggest the main reasons why the ANC ended up adopting a policy through the NHF even though the policy did not take into account the housing needs of the poor, many of whom were its supporters, and concludes with certain recommendations.

2 THEORETICAL ANALYSIS

2.1 Democratic governance

The literature has not settled on a unified definition of the term “democratic governance”. Thus I have decided to use a composite definition from a number of sources.

Perhaps the most concise definitions of “democratic governance” was provided by Hillary Clinton, the Secretary of State of the USA, in her speech at the Headquarters
of the African Union in Addis Ababa on June 13, 2011 in which she defined effective
democratic governance as:

“….creating the conditions that allow people and communities to flourish in a
democracy cannot simply be a matter of holding elections; they are a necessary
but not sufficient condition. Democratic governance, according to Clinton requires
free, fair, and transparent elections, a free media, independent judiciaries, and
the protection of minorities. Clinton went on to argue that democracy must also
deliver results for people by providing economic opportunity, jobs, and a rising
standard of living” (Clinton, 2011:1-3)

Clearly, according to Clinton and others, democratic governance goes beyond simply
the holding of regular elections (Clapham 2002; Clinton, 2011). The roots of the word
‘democracy’ come from the Greek *demos*, meaning the common people, and *kratos*
meaning rule, thus etymologically, rule by the people. “The concept of democratic
governance combines features of a political regime in which citizens hold the right to
govern themselves by means of structures and mechanisms that are used to
manage public affairs according to accepted rules and procedures (*governance)*”
(see Rhodes, 1996; Brinkerhoff, 2000:602).

2.1.1 Three critical dimensions of the term “Democratic governance”.

Thus there are three critical dimensions to “democratic governance”. On one hand,
democratic governance goes beyond “regular elections” to include issues of
accountability, treating people with dignity, and the respect of human and individual
other hand, democratic governance is expected to deliver the necessary economic
opportunities for the citizens to prosper (Clinton, 2011). Inclusion, partnerships, stakeholders’ participation and networks are necessary ingredients of effective democratic governance because “many of the challenges facing nations, especially those in the developing world, cannot be solved by the work of individuals or individual nations” ((Mokre and Puntcher-Riekmann, 2006:1; Clinton, 2011). However, according to Franck (1992:47) “only democracy\(^1\) validates governance”. It could therefore be argued that any claim of good governance [by any national and international organisation, government or non-government institutions] is a fallacy if it is not based on democratic principles. Similarly, any democracy which does not promote good governance is a fallacy. The third critical factor of “democratic governance” is linked to social justice. A democratic institution cannot be said to be valid or effective if it does not strive to increase the amount of material benefits to communities within a country. This is also the view of the United Nations Development Programme (UNDP) (1997:203) which argues that the purpose of governance is to ensure that political, social and economic priorities are based on broad consensus in society and that the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of development resources. Therefore governance which is based on democratic principles as well as social justice (i.e. the care of the vulnerable in society) is referred to as “democratic governance” in this paper. The third dimension of democratic governance is its relationship with the socio-economic development of the citizen.

\(^1\) In a nutshell, the term democracy literally means “rule (kratos) by the people” (demos) (Birch 1993:45; Nkuna 2011:633).
2.2 Democratic governance and developmental policies

Cloete, Merrifield and Masiteng (2003:240) conceptualise the term ‘democratic governance’ not only in terms of the ability of government and non-government institutions to create democratic networks in a free market economy, but also as the ability of the members/participants of these networks (i.e. government and non-governmental institutions) to create and implement developmental policies that are able to achieve the highest possible levels of sustainable development in society. Thus these authors conceptualise good governance as “the achievement by a democratic government of the most appropriate developmental policy objectives to sustainably develop its society” (Cloete et al., 2003:240). This is achieved by mobilising, applying and coordinating all available resources in the public, private and voluntary sectors domestically and internationally, in the most effective, efficient and democratic (in terms of the participation of all citizens) way. Good governance is therefore not only about democratic processes, networking, accountability etc., but also about the ability of a democratic government to make and successfully implement “developmental policies”. Cloete et al. define the term “developmental policies” as public policies which succeed in raising the quality of life of a society’s citizens (2003:240). In this sense, according to Cloete et al. (2003:240), the prerequisite of sustainable development is the achievement of a self-sustaining improvement in the medium to long-term quality of life of all citizens. This implies inevitably a coherent systemic integration of development initiatives resulting in structural, functional and cultural consolidation of a new way of life in terms of significant improvement of economic circumstances and social benefits and services. It culminates in the creation of a development culture in society, and implies not only
short term progress towards improving, or temporal improvement of the quality of life of the beneficiaries of a particular policy, but also longer term durability of those higher standards of life (Cloete et al., 2003:240). This paper seeks to investigate and document the following:

• The effects of a narrow overemphasis on good governance in the processes of the NHF on the quality and size of the RDP houses for the poor in South Africa.

• The impossibility of sustaining the quality and size of the current RDP houses (i.e. improvement of the quality of the people living in them) within the next few decades.

What follows is a background to the development processes of the South African low-cost housing subsidies policy.

3 BACKGROUND TO THE DEVELOPMENT OF THE SOUTH AFRICAN HOUSING POLICY

According to Gusler (2000:5-11), the root of the housing crisis in South Africa can be traced back to 1910 when the Union of South Africa was created. The creation of the Union of South Africa was followed by the passing of a series of ‘anti-native’ Acts. Among these were The Natives Land Act of 1913, which awarded 87% of the land to Whites, who at that time comprised between 10 -12% of the total population, and only 13% of the land to the so-called “non-White” groups (Black, Indian and Coloured) who together comprised more than 80% of the total South African population (Gusler, 2000:11) and the Urban Areas Act of 1913 which restricted African residency in cities. These anti-native Acts were further bolstered in the 1950s
after the coming to power of the Nationalist Party (NP). Hendrik Verwoerd, the National Party's Minister of Native Affairs from 1950-58, and Prime Minister of South Africa from 1958-66, in his annual report of 1950, complained that "White South Africa is now being overrun by a black stream". The NP introduced a number of 'influx control' measures such as the Group Areas Acts of 1950 and 1966 and the Prevention of Illegal Squatting Amendment Act of 1988 in order to put an end to the influx of black people into the urban areas (Jeppie, 1999:2; Gusler, 2000:5-10). The last Influx Control Act of 1986 was abolished in the 1990s.

3.1 Housing needs for the poor and the White Paper on Urbanization of 1986

The abolishment of the Influx Control Acts in the 1986 resulted in the passing of the White Paper on Urbanisation in the same year (i.e. 1986) (Muzondo, Barry, Dewar and Whittal, 2004:2). Lupton and Murphy (1995 in Gusler, 2000:9) argue “that the White Paper of 1986 was significant for both its changes within a national context and for putting South Africa in line with the World Bank and international approaches for the first time”. Whereas the housing policies of the apartheid government between 1948 and 1986 emphasised the central role of government in designing and implementing these policies, the White Paper of 1986 scaled back the role of government in the provision of housing (Gusler, 2000:9). The NP used the De Loor Task Group to legitimise its own National Housing Policy which was intended to discriminate against the black majority in line with its own racial segregation policies. The “self-help” approaches of the NP in the 1990s were in fact informed by the “self-help” approaches of the IMF and the World Bank. Table 1 below provides a comparative illustration of the housing policies of the World Bank and the South African Government between 1972 and 1992. The following sections show how the
National Housing Forum adopted the same IMF self-help approaches under the ANC government. Table 1 illustrates the similarities between the two approaches between 1972 and 1992.

4 THE NATIONAL HOUSING POLICY FOR A DEMOCRATIC SOUTH AFRICA

4.1 The National Housing Forum (NHF)

The South African Housing Policy of the democratic South Africa was negotiated and formulated through the National Housing Forum (NHF) vehicle in 1992 (Lalloo, 1999:35). The NHF was officially launched on 31 August 1992. It comprised 19 organised major interest groups “whose support for the Housing Policy was recognised as a prerequisite for its successful implementation” (Goodlad, 1996; Venter and Landsberg, 2007:192). Table 2 presents a list of participants in the NHF. What is significant is that the homeless themselves were neither invited nor represented in this forum where the policy on their particular housing needs was being made.

4.2 The opposing blocks in the NHF’s participants

According to Laloo (1999:4-5), the 19 key actors of the NHF could be organised into four main categories: six business organisations, six political parties, six development organisations, and one civic organisation (see Table 3).
However, the 19 actors made two mutually exclusive coalitions. The coalition made of the private business interest cartels included at least 11 of the 19 organised participants. These were: the Association for Community Housing and Reconstruction (ACHR), Association of Mortgage Lenders (AML), Building Materials Suppliers Consortium (BMSC), Business South Africa (BSA), Construction Consortium, Life Offices Association (LOA), Urban Foundation (UF), Independent Development Trust (IDT), South African Housing Trust (SAHT), and the Development Bank of Southern Africa (DBSA) (Gusler, 2000:22; Jones and Datta, 2000 and Laloo, 1999:7).

The second coalition was made up of five organisations: The ANC, the South African Communist Party (SACP), the Congress of South African Trade Unions (COSATU), the South African National Civics Organization (SANCO) and the Kagiso Trust (KT). This group was commonly known as the Mass Democratic Movement (MDM).

In addition to these two main groups, some political parties such as the Democratic Party (DP) and the Inkatha Freedom Party were part of the NHF.

4.2.1 The IMF/World Bank and others

There is a conspicuous absence of the IMF and the World Bank, as well as the National Party on this list (see Table 2). Yet the outcome of the NHF discussions and planning resembled the self-help approach policies of the IMF and the World Bank. However, while the table drawn by Laloo does not list the World Bank and the IMF, as well as the National Party (NP) and other political parties such as the Inkatha Freedom Party (IFP) and the Democratic Party (DP), research shows that all these
institutions were involved in the business of the NHF. Neither the Democratic Party (DP) nor the Inkatha Freedom Party (IFP) associated themselves with the NNP/Business interests’ caucus or with the ANC/MDM caucus. While these two parties each broadly represented two different economic and social segments (DP whites and IFP mostly blacks and mostly Zulu speaking), their influence on the processes and outcomes of the NHF is not well documented.

However, a number of authors argue that the IMF and the World Bank (as well as many other international organisations) were discreetly involved in the development of the ANC’s Housing Policy. For example, Bond and Swilling (1992:1) estimate that different teams of experts from the World Bank and the IMF, armed with a “shopping list” of infrastructural projects, had visited South Africa at least three times in the 1990s. Jones and Datta (2000:395) also argue that “drafts of World Bank papers advocating an enabling approach are widely cited in NHF discussion documents”. Harvey (2003:3) recounts a number of “top-secret letters of intent” from the IMF which were signed by the ANC in the 1990s when it was preparing to take over government. Jones and Datta (2000:395) observe that “the World Bank, as part of its approach of enabling markets to work, has advocated a specific measure of normative policy input do’s and don’ts” (see Table 3) “that encourage assessment of national policy” (Jones and Datta, 2000:395; World Bank, 1993:46-47).

According to Lalloo (1999), Huchzermeyer (2000:307) and Charlton and Kihato (2006:20), the division among the participants of the NHF was based on two principal issues: the nature of the product to be delivered in the housing programme, and the role of the State in the delivery process.
5.1 Debating the national housing policy for the post 1994 government

The debate on the product to be delivered in the post-apartheid South Africa was whether to opt for ‘breadth’ or ‘depth’ (PMG, 2000:2). Each participant group reflected divergent interests and diverse constituencies. Therefore they often pushed for different agendas.

5.1.1 Breadth or depth

On one hand, according to Tomlinson (1998:138), the business interests, mostly driven by profit interests, argued for ‘breadth’ (as opposed to depth)\(^2\). The caucus group, generally formed around the business interests group (with the support of the NP, the IMF and the World Bank), had set itself up to establish South Africa as a market-based democracy in which this group would play a leading role in the provision of low-cost housing services (Lalloo,1999:5; Huchzermeyer, 2003b:598). They wanted the NHF to design a policy that would enable the ANC government to provide access to a housing service (as opposed to housing) for the greatest possible number of qualifying citizens (mostly black people) without regard to the quality of the houses or whether the size of RDP houses would be adequate in terms of the size of the families of the beneficiaries of RDP houses. Households for blacks/Africans often number more than four people per family and there may be as many as 10 people per household, hence the requirement for “four bed-roomed

\(^2\) One problem seems to be the tendency to provide as many housing service opportunities of small size and lesser quality to as many people (i.e. the breath or quantity) in a short time, as opposed to appropriate and quality housing services (i.e. depth), even though this would take longer (Uwizeyimana 2011:362).
houses” stipulated in the MDM NHF negotiations. It is important to note here that some of the business organisations, such as the DBSA and IDT, who were members of the Consultative Business Movement (CBM) in the 1990s (Kruuse, 2008:41-43; Bairstow, 2008:13), and very close allies of the NP in terms of funding and management, were the ones who initially took the first step to establish and manage the NHF (Lyons, Smuts and Stephens, 2001:227; Gusler, 2000:12). Thus, in addition to the obvious economic motives, the political motives behind the part played by business organisations in the establishment of the NHF in 1991 cannot be over-emphasised. They also wanted government to take the leading role in providing funding for low-housing projects provided by the private business companies.

On the other hand, the Mass Democratic Movements (especially SANCO, COSATU, and the SACP) argued for ‘depth’ and wanted a policy that would supply four-roomed high-quality houses to everyone (Tomlinson, 1998:138; 1999:288).

5.1.2 Role of the State

The other point of contention in the NHF was the role of the State. Once again, participants were divided between the stakeholders in the business interests grouping and the MDM. Business interests, led by the private sector, favoured the incremental approach. The MDM favoured mass delivery of preferably high-quality four-roomed houses by the State (Gusler, 2000:23; Tomlinson, 2002:144).
6 POLICY RESULTING FROM THE NHF

The Business Caucus rejected all the MDM propositions as “noble but unrealistic” demands (Nuttall, 1997:168; Huchzermeyer, 2001:310) and labelled them “self-seeking, power hungry, disruptive and naive” (Huchzermeyer, 2003b:598). In reality the MDM had many structural and legitimacy problems.

One of the reasons the balance of power in the NHF quickly shifted in favour of the business interests caucus was that this group was disproportionately and over represented in the NHF (Rust, 1996:64; Laloo, 1999; Gusler, 2000:22; Huchzermeyer, 2001:308). As seen above, out of 19 actors in the NHF negotiations, only 3 made up the MDM (the ANC, KT and SANCO). The rest, 16 organisations in total, made up the profit-making business sector and supported the then ruling party (NP). In addition to the NP, the business interests’ caucus had the backing of the IMF and the World Bank. Thus the consensus reached was based on the will of the dominant caucus.

In addition the MDM/KT, led by the ANC, was hampered by the lack of legitimate constituencies they could represent. None of the anti-apartheid movements (such as the MDM), including the ANC, had been duly elected into power in 1992 at the time of the NHF negotiation processes (Nuttal, in Huchzermeyer, 2003). Therefore none of them had a legitimate mandate to shape or implement transformation policies of government (ibid).
In addition in 1992 the business interests caucus clearly had a further advantage in their partnering with the then ruling party. This gave this caucus the advantage of speaking with authority and from experience, which the MDM could not claim to do or have. For example, while, according to Gilbert (2002:17), one insider recognised that “SANCO disagreed with a whole load of stuff”, neither SANCO nor any other member of the MDM could provide convincing evidence to support their argument (Huchzermeyer, 2003b:598). Their demands and proposals were rejected by the business interests’ caucus as economically, financially and administratively not viable, describing them as “laudable but unrealistic” (Tomlinson, 1999:286). This lack of experience in government and lack of legitimacy led the ANC and all its allies to start a separate and private negotiation process, just before the 1994 elections, which resulted in the adoption of the Reconstruction and Development Programme (RDP).

However, it appears there were also disagreements among the ANC and other MDM members. For example, while the MDM members, SANCO in particular, the SACP and COSATU were taking a hard line against a group of business interests, the ANC was not. This is the view held by Harvey (2003:65) who claims that “there is no record of the ANC expressing opposition to the policy” proposed by the business interests.

The reason for this apparent double standard of the ANC in its approach to housing is said to be based on the ANC’s need at that stage to appease business interests, the IMF and the World Bank, as well as the South African white community. The reason for the ANC having one leg in the NHF processes, while the other was in the
RDP processes, is said to be the ANC need at that point to retain its allies for
electioneering purpose. According to Naidoo (2003), within the context of South
Africa’s negotiated revolution, the RDP served as a binding agent between the ANC
and its alliance partners, in particular the ultra-leftist partners such as COSATU,
SANCO and the SACP. The basis of the RDP agreement between the ANC and its
allies was redistribution by an interventionist state (Naidoo, 2003:2), not market-led
housing development as proposed by the IDT/UF/NP. However, after the elections of
1994 which the ANC won overwhelmingly, the RDP was abruptly terminated in 1996
and replaced by the Growth, Employment and Redistribution strategy (GEAR)
(Siyongwana, 2005:204). GEAR itself was replaced by the Accelerated and Shared
Growth Initiative for South Africa (ASGISA) in 2005 (Gunnarsen, Manus, Nielsen and
Stolten, 2006:15) and currently by the New Growth Path (NGP). None of these has
been or is pro-poor to the extent that the RDP Programme was.

6.1 Similarities between the NP and the ANC housing subsidies

According to Laloo (1999:41), the principles of the Housing Subsidy Scheme of the
ANC’s Housing Policy can be easily traced to the IDT scheme of the apartheid
government. Looking at Table 4 and Table 5 below, it is clear that both the NP and
ANC schemes set the qualifying criteria to a maximum income of R3500 per month.

A close analysis of Table 4 shows the value of the subsidies by the time of the De
Loor Report in 1992. It shows that the quantum subsidy under the NP varied
between R5000 and R1500. However, an analysis of Table 5 (a summary of the
quantum amount of the housing subsidy which has been given to the housing
subsidy applicants in the past 17 years of a democratic South Africa) also shows that
the basic quantum subsidy varied between R7500 and R12500 under the ANC government. There is also no difference in terms of the qualifying criteria between the NP and the ANC governments. Under the NP government the qualifying income categories varied between R0-R800 and R3500 per month (see Table 4). It also varied between R0 and R800 with a maximum income set at R3500 per month under the ANC.

6.2 Tracking annual increase

Using, the level of quantum subsidy in the financial year 2008/2009 (estimated at R43506), it is estimated that roughly R10579 is allocated for purchasing the land on which the housing top structure will be built. The rest (i.e. R32927) is used to buy material and to pay for the builders’ services. However, the amount of the subsidy currently being offered to qualifying households (see Table 5) is not enough to purchase a small serviced site [usually about 40 m\(^2\) (Tissington, 2011)] with a rudimentary “starter unit” (Lalloo, 1999:4). A simple calculation shows that, at the price of R1 million per hectare (in Cape Town), the cost of a 40 m\(^2\) plot is four times the amount of R10,579 allocated in the government Housing Subsidies in 2008. Land is expensive because most vacant land in the urban area is privately owned (Zille, 2008).

A closer look at Table 5 (Quantum amount of the Housing Subsidy amount: 1994-2008/2009) shows that the difference between a particular year and the following one is approximately less that 10%. As a result, according to Rust (2006:9), a study carried out by the Economic Bureau for Research (EBR) in 2008 shows that the increase in the cost of building material has not been able to keep pace with the
rising inflation over the past years (Powell, 2008:1-2). The same study found that prices of building material (such as cement, bricks) and the cost of the plot had increased by 143% between February 1998 and February 2005, during which time the amount of low-cost housing subsidy tendered increased by just under 50% (Rust, 2006:9). The estimate of the annual increase is based on the amount of low-cost housing tendered every year which grew between 12% and 15% (Powell, 2008:1-2). It is important to note that the sum of R32 000 includes labour costs, the profit for the private contractor who builds the house, and the cost of the building material.

7 FOUR MAIN PROBLEMS OF THE CURRENT LOW-COST HOUSING MODEL

Current low-cost housing in South Africa is based on two principles. Members of the NHF thought that, by limiting government involvement in the provision of housing services, the provisions of housing to the poor would in due course occur by the invisible hand of market forces (also known as the “trickle-down of resources to the poor”), once the old legal barriers were lifted (Lalloo, 1999:5; Baumann, 2003:86). The trickle-down effect of the market suggests that, as the economy grows, it will increase economic opportunities and benefits such as jobs and a rise in average income. In turn, people with income are expected to either use their income to provide houses for themselves, by buying them, or to improve the quality and size of their RDP houses. They also argued that the market forces would act in concert with an active, self-motivated citizenry to reduce imbalances (ibid.). However, the fact that the current low-cost housing subsidy model ignores the socio-economic conditions of the RDP housing beneficiaries has resulted in several problems.
7.1 Poor quality of RDP housing unit

Reports abound of RDP houses built by the ANC after 1994 which start cracking and need demolition or repair a few years after the owners have received them. For example, one investigation in 2000 found that only 70% of all new RDP houses built between 1994 and 2003 complied with building regulations (Lodge, 2003). This estimate is similar to that in the Auditor-General report (2008:26) on the administration of low-cost housing projects in the Western Cape, which found that more than 60% of the 110 houses inspected in 2008 were sub-standard. A detailed study conducted by Barnes, Govender and Pieper, which surveyed 1080 residents in 336 dwellings and four housing settlements in Cape Town, found that “more than 67% RDP housing units have cracked walls, 79% of roofs leak and more than 50% of all toilets don't work in RDP housing units” (Barnes, Govender and Pieper quoted in Cape Times, April 28, 2011). In addition, a post-occupancy evaluation study done by Aigbavboa et al. (2011:6) found that, while respondents expected a housing unit that would protect them from the elements and especially the harsh, cold winter”, they received housing units which “are not hot inside in winter and very cold in summer” (Aigbavboa et al., 2011:6). The National Home Builders Registration Council (NHBRC) reports estimate that, out of 3,047,600 houses built between 1994 and 2010, 2,638,500 housing units are currently at high risk” (Mashinini, 2011:4). The high level of dissatisfaction resulting from poor quality RDP houses is best described by Boyi (2011:1) and by Mashinini (2011), the CEO of the National Home Builders Registration Council (NHBRC), who quotes Statistics South Africa figures which show that “18% of beneficiaries of RDP homes in South Africa complain of their houses having serious defects, varying from weak walls (18%) to dodgy roofing”
While it is impossible to generalise that all RDP houses are of abysmal quality, Picture 1 depicts the horrifying state of affected RDP houses summarised by Mashinini (2011:13), CEO of the NHBRC, according to four categories:

1- Surface bed with no foundation
2- Cracks above windows with no lintels
3- Blocks laid with mud
4- Roof anchorage done by home owners

### 7.1.1 Increased burden to the South African government

According to Lall et al. (2007:2), the South African government has set a target of “housing for all by 2014” as a part of its national spatial development agenda. Currently, the ANC claims to have built 2.1 million housing units over the past 17 years (1994 - 2011). However, the Lall et al. (2007:2) and Patel (2011) reports also show that 13.4% of all families continue to live in informal settlements (see also Pithouse, 2011:1 also quoted by Tissington, 2011:89; Baloyi, 2010:1). In 2011 President Jacob Zuma said that there were 1.2 million households (compared to 1.5 million in 1996) still waiting to access housing in about 2700 informal settlements in South Africa (Zuma, State of the Nation, 10 February 2011). The seemingly unreduced backlog of housing units is attributed to new household formation and migration from rural areas (Pithouse, 2011:1). However these figures also suggest that the South African government has not been able to deal effectively with both the new housing needs and the existing housing backlog over the past 17 years. According to Pithouse (2011:1), there is “no rational basis for the assumption that, under current policies and practices, shacks will soon be eradicated” any time soon
in this country or that the government target of “housing for all” will be achieved in the remaining 2 years before the 2014 target as claimed by government (Pithouse, 2011:1).

The housing backlog is further complicated by the fact that most RDP houses which have been completed and handed over to the beneficiaries over the past 17 years need major repairing or rebuilding, at a cost of billions as described in the following section.

7.1.1.1 Estimated cost for fixing poor quality of RDP houses (est.2011)

Research shows that many (about 90%) of RDP housing beneficiaries are not able to fix them when they discover defects, let alone extend them to fit the size of their families. Unfortunately, while the government claims to have provided 2.1 million RDP houses in the past 17 years of a democratic government, and aims to achieve the goal of “housing for all” in 2014 (Pithouse, 2011:1), the Department of Human Settlements is currently facing a crisis with more than a 1.5 million (out of 2.1 million) RDP houses which have deteriorated “so badly they need repairing or rebuilding, at a cost of billions” (Sexwale quoted in Cape Times, April 20, 2011). In 2011 Thabane Zulu, the Director-General in the Department of Human Settlements, reported to the meeting of Parliament’s Human Settlements Oversight Committee that his department would “need as much as “R58 billion to fix RDP houses” (estimate 2011) (see Property Times, February 13, 2011). The NHBRC Report (2011:13) shows that the R58 billion cost of fixing structural problems in the low cost housing sector was based on a “Desktop study which shows that 40% of houses under risk will have workmanship related problems at a cost of R12 000 per house”. The same study estimated that the cost of rectifying minor defects will be R 12, 7 billion (i.e. R 12 000
for each of the 1,055,400 housing units that need to be repaired). The study also shows that approximately 20% of houses (or 609,520 units) which are at risk have major structural defects and need total demolition and rebuilding. The cost of repair would be equivalent to R 46 billion” at the 2011 subsidy quantum of R 87,000 (see NHBRC, 2011:13). According to Steyn, “Accepting the R58 billion figure, and the R1.3bn which is set aside to fix sub-standard housing per year, it would take the national government 40 years from now (i.e. from 2011 to 2051) (Steyn, quoted in the Property Times, February 13, 2011). A simple calculation shows that if the entire annual housing budget of the Department of Human Settlements, which was R16.3bn in 2011, was spent only on fixing the existing problems in the RDP housing sector it would take three-and-a-half years to fix all substandard RDP houses. However, Minister Tokyo Sexwale was quoted as refusing to become the “Minister of Rectification” (Sexwale, quoted in Cape Times, April 20, 2011).

7.2 Dissatisfaction based on the size of RDP houses

A study conducted by Aigbavboa et al. (2011:7) found that “beneficiaries’ expectations of bigger housing units (84.62%) and free services (74.36%)” have not been met by the current low-cost housing subsidies. The researchers note that “with regard to the space in the unit, respondents indicated that the housing units were too small, [to the point] that there was little space for movement after putting in their furniture.” The beneficiaries also reported that “most housing units were not partitioned to the point that they could not take all their furniture in” (Aigbavboa et al., 2011:6). The generally uniform design/shape and size of the RDP houses has often led to beneficiaries’ dissatisfaction (Tutu, 2008). Some researchers have gone so far as to refer to them as “toilets in the veld” (Tomlinson, 1998b:138; Gusler, 2000:1;
Lalloo, 1999:1). In his keynote speech delivered at the University of the Western Cape in 2008, Archbishop Emeritus Desmond Tutu commented, “... I must just end by saying that if I were Minister of Housing, I would demolish all those eyesores, the RDP Unos and Smarties, and start again. They are the next generation of slums.” (Tutu, 2008:6). Alexander, Mngxitama and Gibson (2008) go further by referring to the RDP houses as “dog kennels”. Picture 2 depicts a home considered suitable for the needs of the majority of the people in RSA against a generic type of RDP housing unit.

7.3 Sacrificing the housing needs of the poor for democratic governance

The demands of white South Africans had to be taken into consideration in government policies and during the NHF negotiations in 1992 because of their skills, financial strength and expertise (Mackay, 1995:143; Gusler, 2000:44). While this could be the reason why the ANC has often been accused of failing its own supporters by talking left but walking right (Bond, 2000), its approach has helped to ease tensions in the “pacted” (i.e. negotiated) nature of the South African transition. The only problem with the desire and attempt on the part of the NHF to accommodate the seemingly irreconcilable needs and interests of the dominant business sector and the relatively weak MDMs is that it has resulted in a housing subsidy policy which does not address the housing needs of the poor.

8 CONCLUSION

A careful analysis of the literature shows that the current housing subsidy scheme was adopted primarily on the basis of democratic governance principles. However,
while the NHF provided a forum for democratic processes to play out, evidence provided in this research shows that the current housing subsidy has failed to address the housing needs of the poor in terms of quality and size.

The fact that the South African government has taken up the responsibility for fixing the housing defects in the RDP houses it has already provided, is sufficient proof of its admission, or at best its realization, that many RDP housing beneficiaries cannot afford to do it themselves. The fact that many RDP housing beneficiaries cannot afford the costs of repairing their RDP houses means that they neither can they afford the costs of extending the size of these RDP houses in order to fit their families’ needs, nor can they afford the costs of improving the general quality of their RDP houses in order to avoid a situation in which the RDP houses will become the slums of the next generation. While this article has shown a number of reasons why the MDM, led by the ANC, allowed the business organisations and NNP to block and to dominate the negotiation process, no reason can be found for why the South African government continues with a policy that has been criticised for creating the next generation of slums. Thus it could be argued that the current low-cost housing policy needs to be amended or replaced by another policy which takes into account the realities of the socio-economic conditions of the beneficiaries of RDP housing or any housing policy if the South African government is serious about achieving the right to dignity and basic human rights as enshrined in the Constitution.
9 BIBLIOGRAPHY


Table 1: Comparative sketch of similarities between the World Bank’s and the National Party government’s housing policies: 1972-1992

<table>
<thead>
<tr>
<th>World Bank</th>
<th>South Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1972-5:</strong></td>
<td>• Publication marked “a radical departure from public housing in favour of site/services, and in situ approaches” (Pugh 1994:163; Gusler 2000:42)</td>
</tr>
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<td></td>
<td>• Freehold tenure for – Africans allowed to buy land and own homes (Pugh 1994:163; Gusler 2000:42).</td>
</tr>
<tr>
<td><strong>1980s:</strong></td>
<td>• Loans channelled through housing finance systems (Pugh 1994:163; Gusler 2000:42)</td>
</tr>
<tr>
<td></td>
<td>• Structural adjustment – “adjustment poverty”, - global economic recession</td>
</tr>
<tr>
<td></td>
<td>• IMF and Bank address micro and macroeconomic aspects, connected housing to macro economies and development policies (Gusler 2000:42)</td>
</tr>
<tr>
<td><strong>1983-86:</strong></td>
<td>• NP self-help housing subsidies for Africans</td>
</tr>
<tr>
<td></td>
<td>• Rent and mortgage bond boycotts, creation of Africans township councils</td>
</tr>
<tr>
<td></td>
<td>• White paper on Urbanisation – 1986</td>
</tr>
<tr>
<td></td>
<td>• Abolition of Influx Control Act.1968– 1986</td>
</tr>
<tr>
<td></td>
<td>• Recognition of Africans urbanisation, limited funds for site and service (Gusler 2000:42).</td>
</tr>
<tr>
<td><strong>1986-88:</strong></td>
<td>• Bank and UNDP, UNCHS create Urban Management Programme</td>
</tr>
<tr>
<td><strong>1990s-present:</strong></td>
<td>• Enablement – government facilitates housing policies through the private sector and NGOs and CBOs.</td>
</tr>
<tr>
<td></td>
<td>• Continued self-help and site and service, in situ upgrading (Pugh 1994:163; Gusler 2000:42)</td>
</tr>
<tr>
<td><strong>1990-2:</strong></td>
<td>• Creation of IDT</td>
</tr>
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<td></td>
<td>• IDT capital subsidies – 1991</td>
</tr>
<tr>
<td></td>
<td>• De Loor Report – 1992</td>
</tr>
</tbody>
</table>

(Gusler 2000:42). **Note:** The term Africans refers to Blacks as used in this research.
Table 2: List of participants in the National Housing Forum

<table>
<thead>
<tr>
<th>Organization</th>
<th>Type</th>
<th>Caucus/Affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Association for Community Housing and Reconstruction (ACHR)</td>
<td>Business</td>
<td>Business</td>
</tr>
<tr>
<td>Association of Mortgage Lenders (AML)</td>
<td>Business</td>
<td>Business</td>
</tr>
<tr>
<td>Building Materials Suppliers Consortium (BMSC)</td>
<td>Business</td>
<td>Business</td>
</tr>
<tr>
<td>Business South Africa (BSA)</td>
<td>Business</td>
<td>Business</td>
</tr>
<tr>
<td>Construction Consortium</td>
<td>Business</td>
<td>Business</td>
</tr>
<tr>
<td>Life Offices Association (LOA)</td>
<td>Business</td>
<td>Business</td>
</tr>
<tr>
<td>Urban Foundation (UF)</td>
<td>Development</td>
<td>Business</td>
</tr>
<tr>
<td>Non Profit Housing Delivery Sector (NPHDS)</td>
<td>Development</td>
<td>Development</td>
</tr>
<tr>
<td>Independent Development Trust (IDT)</td>
<td>Development/Parastatal</td>
<td>Development/Business</td>
</tr>
<tr>
<td>South African Housing Trust (SAHT)</td>
<td>Development/Parastatal</td>
<td>Development/Business</td>
</tr>
<tr>
<td>Development Bank of Southern Africa (DBSA)</td>
<td>Development/Parastatal</td>
<td>Development/Business</td>
</tr>
<tr>
<td>Kagiso Trust (KT)</td>
<td>Development</td>
<td>Development/MDM</td>
</tr>
<tr>
<td>Democratic Party of South Africa (DP)</td>
<td>Political</td>
<td>Independent</td>
</tr>
<tr>
<td>Inkatha Freedom Party (IFP)</td>
<td>Political</td>
<td>Independent</td>
</tr>
<tr>
<td>African National Congress (ANC)</td>
<td>Political</td>
<td>Mass Democratic Movement</td>
</tr>
<tr>
<td>Congress of South African Trade Unions (COSATU)</td>
<td>Political</td>
<td>Mass Democratic Movement</td>
</tr>
<tr>
<td>South African National Civics Organization (SANCO)</td>
<td>Civic</td>
<td>Mass Democratic Movement</td>
</tr>
<tr>
<td>Azanian Peoples Organization (AZAPO)</td>
<td>Political</td>
<td>PAC/AZAPO</td>
</tr>
<tr>
<td>Pan Africanist Congress (PAC)</td>
<td>Political</td>
<td>PAC/AZAPO</td>
</tr>
</tbody>
</table>

Lalloo 1999:3; Gusler 2000:22
Table 3: List of the World Bank and IMF’s do’s and don’ts

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Do</th>
<th>Don’t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop property rights</td>
<td>• Regularise land tenure</td>
<td>• Engage in mass evictions</td>
</tr>
<tr>
<td></td>
<td>• Expand land registration</td>
<td>• Institute costly titling</td>
</tr>
<tr>
<td></td>
<td>• Privatise public housing</td>
<td>• Nationalise land</td>
</tr>
<tr>
<td></td>
<td>• Establish property taxation</td>
<td>• Discourage land transactions</td>
</tr>
<tr>
<td>Develop mortgage finance</td>
<td>• Allow private sector to lend</td>
<td>• Allow interest rate subsidies</td>
</tr>
<tr>
<td></td>
<td>• Lend at positive market rates</td>
<td>• Discriminate against rental housing investment</td>
</tr>
<tr>
<td></td>
<td>• Enforce foreclosure laws</td>
<td>• Neglect resource mobilisation</td>
</tr>
<tr>
<td></td>
<td>• Ensure prudential regulation</td>
<td>• Allow high default rates</td>
</tr>
<tr>
<td></td>
<td>• Introduce better loan instruments</td>
<td></td>
</tr>
<tr>
<td>Rationalise subsidies</td>
<td>• Make subsidies transparent</td>
<td>• Build subsidised public housing</td>
</tr>
<tr>
<td></td>
<td>• Target subsidies to the poor</td>
<td>• Allow for hidden subsidies</td>
</tr>
<tr>
<td></td>
<td>• Subsidise people, not houses</td>
<td>• Let subsidies distort prices</td>
</tr>
<tr>
<td></td>
<td>• Subject subsidies to review</td>
<td>• Use rental control as a subsidy</td>
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<tr>
<td>Provide infrastructure</td>
<td>• Coordinate land development</td>
<td>• Allow bias against infrastructure investment</td>
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<tr>
<td></td>
<td>• Emphasise cost recovery</td>
<td>• Use environment concerns to justify slum clearance</td>
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<tr>
<td></td>
<td>• Base provision on demand</td>
<td></td>
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<tr>
<td></td>
<td>• Improve slum infrastructure</td>
<td></td>
</tr>
<tr>
<td>Regulate housing and land housing</td>
<td>• Reduce regulatory complexity</td>
<td>• Improve unaffordable standards</td>
</tr>
<tr>
<td>development</td>
<td>• Assess cost of regulation</td>
<td>• Maintain unenforceable rules</td>
</tr>
<tr>
<td></td>
<td>• Remove price distortions</td>
<td>• Design projects without links to institutional/regulatory reform</td>
</tr>
<tr>
<td></td>
<td>• Remove artificial shortages</td>
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<tr>
<td>Organise the building industry</td>
<td>• Eliminate monopoly practices</td>
<td>• Allow long permit delays</td>
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<td></td>
<td>• Encourage entry of small firms</td>
<td>• Institute regulatory that inhibits competition</td>
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<td></td>
<td>• Reduce import control</td>
<td>• Continue public monopolies</td>
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<td></td>
<td>• Support building research</td>
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<tr>
<td>Develop a policy and institutional</td>
<td>• Balance public/private sector roles</td>
<td>• Engage in direct public housing delivery</td>
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<tr>
<td>framework</td>
<td>• Create forum for managing housing sector as a whole</td>
<td>• Neglect local government role</td>
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<td></td>
<td>• Develop enabling strategies</td>
<td>• Retain financially unsustainable institutions</td>
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<td></td>
<td>• Monitor sector performance</td>
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</table>

Table 4: Quantum Housing Subsidy under the NP government: 1986-1994

<table>
<thead>
<tr>
<th>Value</th>
<th>Finance</th>
<th>Mode of Distribution</th>
<th>Site Delivery</th>
<th>Site Orientation</th>
<th>Qualifying Income</th>
<th>Tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDT/NP</td>
<td>R7,500 ($1250)</td>
<td>Once-off capital grant</td>
<td>Developers, “Utility Company, CBOs, NGOs, Provincial and Local Government” (Gusler, 2000:30)</td>
<td>‘In-Situ’ upgrade of Informal settlement or New site and Service</td>
<td>&lt;$1000/Month (&lt;$167)</td>
<td>Freehold (Individual)</td>
</tr>
<tr>
<td>NHF/ANC</td>
<td>R5000-15000 ($833-$2500)</td>
<td>Once-off capital grant</td>
<td>Developers, Utility companies, CBOs, NGOs, Provincial and Local Government</td>
<td>‘In-Situ’ Informal “Settlement upgrade or New site and service, portion of a house” (Gusler, 2000:30)</td>
<td>Project, Institutional</td>
<td>&lt;$800/Month</td>
</tr>
</tbody>
</table>

(Gusler 2000:25-30)
Table 5: Quantum amount of the Housing Subsidy amount: 1994-2008/2009

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<tr>
<td>Individual, Project-linked and Rural Subsidies</td>
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<td>R0-R1500</td>
<td>12500</td>
<td>15000</td>
<td>15000</td>
<td>16000</td>
<td>20300</td>
<td>23100</td>
<td>25800</td>
<td>31929</td>
<td>43506</td>
<td>R38 984</td>
<td>R55 706</td>
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<tr>
<td>R801-R1500</td>
<td>12500</td>
<td>12900</td>
<td>15000</td>
<td>16000</td>
<td>20300</td>
<td>23100</td>
<td>25800</td>
<td>31929</td>
<td>43506</td>
<td>R55 706</td>
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<td>1501-R2500</td>
<td>9500</td>
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<td>9500</td>
<td>10000</td>
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<td>14200</td>
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<td>2501-R3500</td>
<td>5000</td>
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<tr>
<td>Consolidation Subsidies</td>
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<tr>
<td>R0-R800</td>
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<td>-</td>
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<td>-</td>
<td>13400</td>
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<td>16581</td>
<td>18792</td>
<td>43506</td>
<td>R55 706</td>
<td></td>
</tr>
<tr>
<td>R01-R1500</td>
<td>7500</td>
<td>7500</td>
<td>8000</td>
<td>8500</td>
<td>10900</td>
<td>12521</td>
<td>14102</td>
<td>18792</td>
<td>R38 984</td>
<td>R55 706</td>
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<tr>
<td>Aged, disabled, indigent</td>
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<td>6500</td>
<td>13400</td>
<td>15000</td>
<td>16581</td>
<td>18792</td>
<td></td>
<td>R55 706</td>
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<tr>
<td>Institutional Subsidies</td>
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<tr>
<td>R0-R3500</td>
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<td>15000</td>
<td>16000</td>
<td>20300</td>
<td>23100</td>
<td>25800</td>
<td>29450</td>
<td>R36 505</td>
<td>43506</td>
<td>R55 706</td>
</tr>
</tbody>
</table>

Picture 1. Four major problems in the RDP housing sector in South Africa

1. Surface bed with no foundation
2. Cracks above windows with no lintels
3. Blocks laid with mud
4. Roof anchorage done by home owners

(Mashinini 2011:13)
A home that is suitable to the needs of the majority of the people of RSA (Mashinini, 2011:18). This is the type of houses usually provided to the working class (example: IVY Park outside Polokwane in Limpopo).

Figure 1: A home that is suitable to the needs of the majority of the people of RSA (Mashinini, 2011:18).

This Generic image of the type of RDP housing units provided to poor communities in different townships and rural areas in South Africa.