

SOUTH AFRICA'S POST-1994 HOUSING POLICIES AND BUDGETS

A CRITICAL REVIEW



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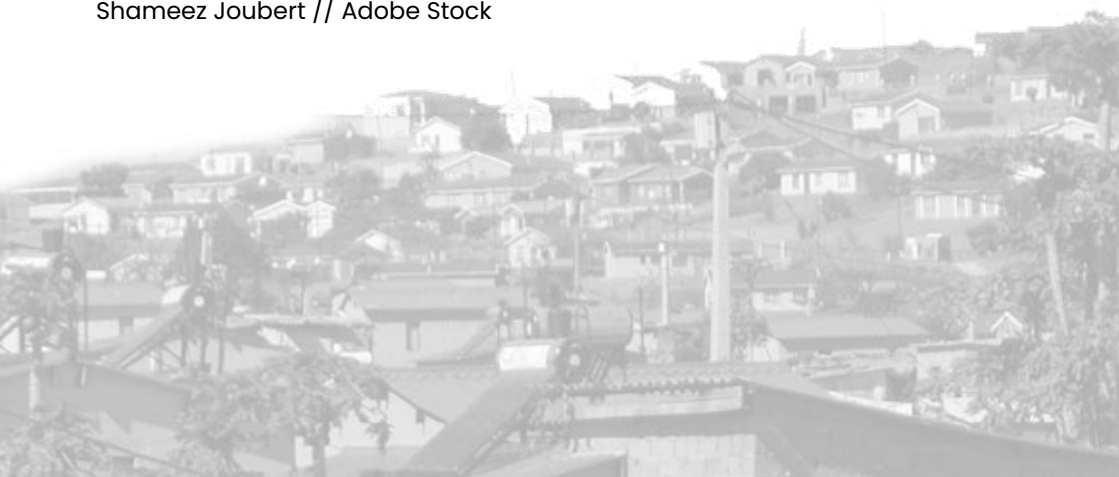


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INTRODUCTION

The provision of housing in South Africa has been and remains, one of the country's biggest development challenges. This is not surprising, given that the enduring legacy of apartheid provides the backdrop for the associated policies and instruments introduced since 1994. Indeed, the ruling ANC government has consistently claimed that its housing policies have been adopted to address the key challenges of underdevelopment and discrimination emanating from decades of apartheid.

The reality however, is that those historic conditions of underdevelopment and discrimination, minus the specific racialised frame of apartheid laws, have largely remained intact for the majority of South Africa's population (i.e., black workers and the poor) in the post-1994 era. One of the key reasons for this is because soon after 1994 the ANC government chose to turn its back on its promised commitments to ensure the public provision of affordable quality and accessible housing (amongst many other basic needs) as well as the equitable redistribution of opportunity and resources. In doing so, it chose to adopt socio-economic policies – such as GEAR, the 'Growth, Employment & Redistribution' macro-economic programme – that embraced the privatisation and corporatisation of most all basic needs and services.

As a result, 27 years after the democratic breakthrough, the general living conditions of that majority are extremely poor, and the situation has been made worse by the ongoing ravages of the COVID-19 pandemic. There is a rapid increase in the number of those who are homeless and those who live in backyard shacks and informal settlements. In turn, this has led to ever-increasing land occupations, particularly in urban areas, as people desperately search for a place to live. Combined with growing rates of unemployment and crime, deteriorating health and education systems as well as increases in the prices of basic foodstuffs and services, what this points to is a deep seated and intensifying crisis in the overall living standards of the workers and poor, with tens of millions impoverished and growing inequality in South African society.

It is against such a contextual backdrop that this publication provides a post-1994 snapshot view of the ANC government's housing policies, accompanying budgets and record of 'delivery'. In so doing, it also briefly reflects on the consequent living conditions of the poor and marginalised in townships and informal settlements as well as associated struggles by affected communities.

More specifically, the following is covered:

- The privatisation of housing policy and delivery
- Legislation that frames and regulates housing delivery
- Present housing policy
- The number of houses built since 1994
- Housing budget and expenditure trends since 1994
- The housing backlog and (so-called) waiting lists
- More money but less quality and accountability
- A sad state of affairs but the struggle continues

It is hoped that this publication will assist activists taking part in worker and community struggles involving land/housing and equip them with useful information and tools of analysis.



THE PRIVATISATION OF HOUSING POLICY AND DELIVERY

CAPITALIST NEOLIBERALISM:

The central feature of social and economic development in South Africa during the last four decades (inclusive of the decade prior to the 1994 elections) has been its dominant capitalist, neoliberal character. The core features of this capitalist neoliberalism have been and remain:

- turning the state/public sector into the 'public' wing of the capitalist class
- the dominance of the private market for the accumulation and distribution of resources ('trickle down economics');
- fiscal (budget) austerity that is anti-poor and privileges the interests of the elites and upper classes;
- the embracing of capitalist globalisation/market integration (e.g. the lowering of tariffs and exchange controls);
- an emphasis on export-oriented and extractive production of natural/primary resources that is environmentally destructive;
- the increasing financialisation and de-industrialisation of the economy;
- the privatisation of public services such as education, water and sanitation, electricity and housing.

It is amongst the workers and poor where the negative impacts of capitalist neoliberalism have been and remain, the greatest.

THE APARTHEID YEARS:

While the ruling National Party (NP) provided some housing stock for the black majority during the late apartheid era, housing provision was linked to the competing labour needs of different sectors of the economy. Indeed, housing policy and the legislation that framed it under apartheid, were instruments to enforce the ideology of racial segregation and oppression. For example, the Prevention of Squatting Act of 1951 penalised unlawful occupation of public and private land, of buildings and of land in “native locations” and authorised the removal of occupants in such places and the demolition of such structures.

Not surprisingly then, it was the apartheid state and its various Bantustan puppets, that were the main provider of housing for the black population. This began to change during the late 1970s and 1980s as the “reforms” undertaken by the NP, created space for the emergence of private, market-led approaches. These solidified the private sector’s leading role as a core provider of housing for the low-income market, often based on the site and service model.

What these policies signalled, was a paradigm shift towards neoliberalism and the market economy, marked by decreased government social spending and increased private sector provision of housing and other services. Black housing ownership was expected to procure some semblance of political stability amongst the black population, through the cultivation of a measure of ideological faith in the capitalist system of individualism and “free enterprise”. Regardless, through black-run local authorities the new housing initiatives still operated within the confines of apartheid laws in terms of land and of the housing allocated to black people.



EARLY 1990S:

During political negotiations in the early 1990s between the NP and the liberation movements (dominated by the African National Congress – ANC), the World Bank (WB) attempted to intervene in the housing policy discourse. In 1991 the WB exerted strong pressure to try and ensure that the housing policies of a future democratic government would be grounded in market-based housing solutions. This converged with neoliberal thinking about market efficiency in realising social goods and the aversion to social spending for the poor. The broader ideological model followed was similar to that of Britain in the 1970s and 1980s when the British government promoted home ownership with deeds, as opposed to rental, for the working class. This was done to promote the idea of private property as part of a larger campaign to gain ideological acceptance of capitalist neoliberalism amongst the working class.

As if on cue, the National Housing Forum (which included the ANC, trade unions, banks as well as provincial and local authorities) soon proposed a market-driven approach, which became the 'Housing Policy and Strategy' of 1994. As sure as night follows day, the new ANC-controlled government elected in the same year moved quickly to institutionalise such a policy approach. Ironically, it was the long-time leader of the South African Communist Party (SACP) Joe Slovo, who became the first democratic Minister of Housing and set about implementing the chosen market-driven housing policy.

GEAR:

Soon thereafter in 1996, the ANC government formally (and unilaterally) adopted the decidedly neoliberal macro-developmental programme of GEAR ('Growth, Employment and Redistribution'). GEAR introduced a fundamental shift from what the ANC had previously promised and what the majority of South Africa's population voted for; from a public-led, run and financed service delivery model to private market/sector led and (largely) financed model. In so doing, GEAR ensured that the state acts as a service facilitator rather than a service provider, wherein municipal services are run more like businesses, with performance measured by financial cost-recovery.

As a result, banks and private corporations – including Black Economic Empowerment (BEE) companies – jointly took the initiative as the housing market was opened up by the government. Over time, these developments have seen a massive rise in housing costs, a huge housing backlog, increasingly poor housing quality as well as widespread corruption and mismanagement.

"It is amongst the workers and poor where the negative impacts of capitalist neoliberalism have been and remain, the greatest."

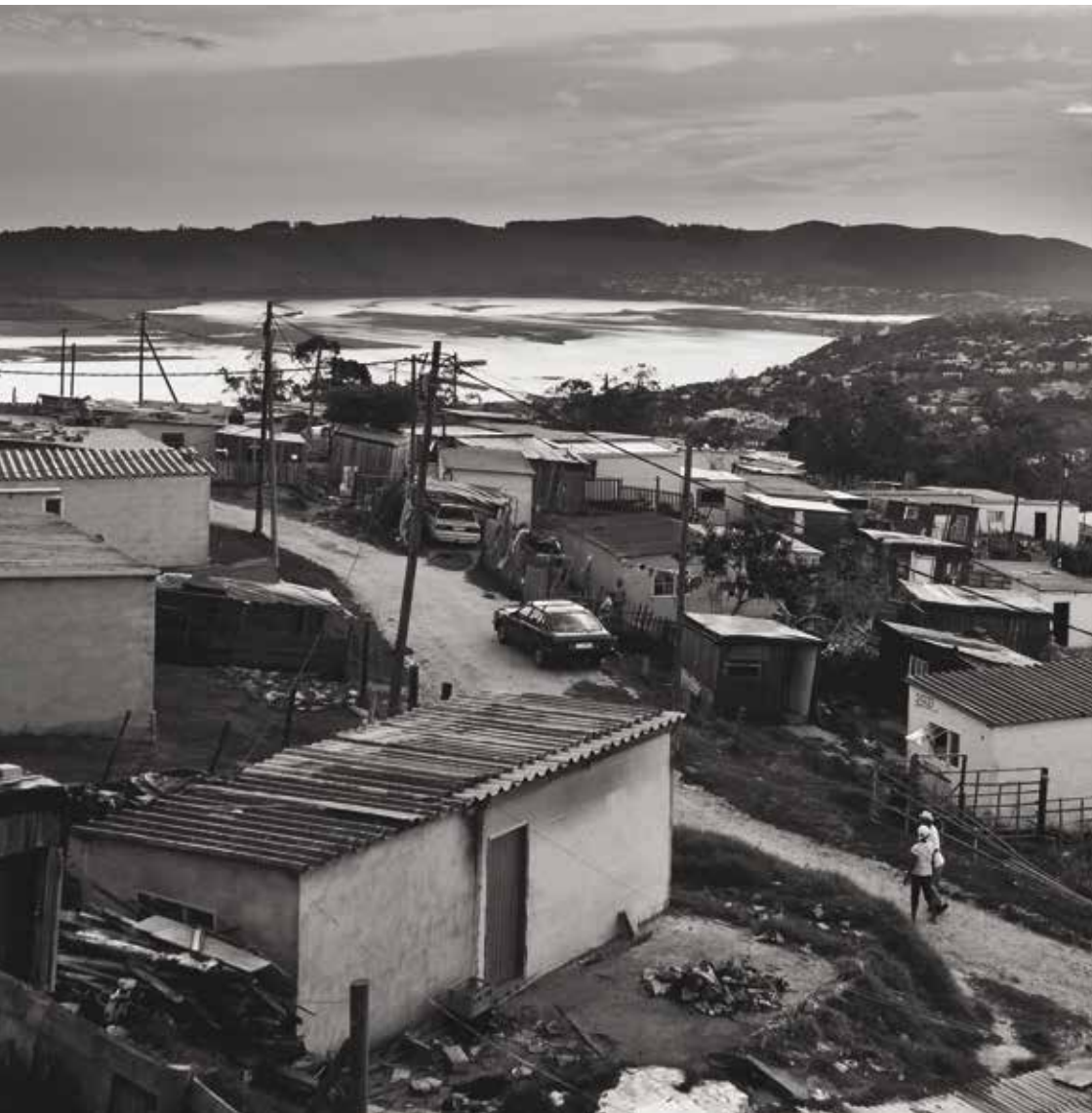
WHAT LEGISLATION FRAMES AND REGULATES HOUSING DELIVERY?

Section 26 of the South African Constitution states that “everyone has the right of access to housing” and that “the state must take reasonable legislative and other measures within its available resources to achieve the progressive realisation of this right”. It further states that, “no one may be evicted from their home, or have their home demolished, without an order of court made after considering all the relevant circumstances. No legislation may permit arbitrary evictions.”

The **Housing Act 107 of 1997** sets out the powers and functions of the three spheres of government in respect of housing development and also lays down the roles, responsibilities and functions of the spheres of government. The Act gives the national level of government, through the national Department of Human Settlements (DHS – previously known as the Department of Housing), responsibility for the overall management and implementation of the country’s housing policies. The DHS is mandated to establish and facilitate a sustainable housing development process in consultation with every provincial housing department and the national organisation representing municipalities, the South African Local Government Association (SALGA). The Act outlines the funding framework for housing development, providing for national allocations to provincial governments, municipalities and other housing institutions that implement national programmes, as well as for the monitoring of their performance.

In the provincial sphere, the Act, through provincial departments of housing, states that provincial governments are responsible for developing provincial housing policy within the national framework. They approve housing subsidies and projects and provide support to local municipalities. Provincial governments also assess municipalities’ applications for accreditation to administer national housing programmes and monitor their performances.

At local government level, municipalities are mandated by the Act to ensure that people from communities get access to adequate housing. They must plan, coordinate and facilitate appropriate housing development within their boundaries. This is supposed to be done by securing private developers to undertake projects or by playing the role of developer with the inclusion of local communities. An accredited municipality has the power to receive, evaluate and approve or deny applications for subsidies. Municipalities are also mandated to prepare a local housing strategy and set out housing delivery goals by adopting a plan to manage and provide land for housing development.



WHAT DOES THE PRESENT HOUSING POLICY SAY?

The state's current housing policy is outlined in the document, *'Breaking New Ground: A comprehensive plan for the development of integrated sustainable human settlement'* (BNG). The stated purpose of the BNG, which was unveiled in 2004, "is to outline a plan for the development of sustainable human settlements over the next five years, embracing the People's Contract as the basis for delivery". Seventeen years later it remains the main policy document.

According to the document, "a new plan is required to redirect and enhance existing mechanisms to move towards more responsive and effective delivery" in order "to promote the achievement of a non-racial, integrated society through the development of sustainable human settlements and quality housing". Seven specific objectives are then set out as follows:

- Accelerating the delivery of housing as a key strategy for poverty alleviation
- Utilising provision of housing as a major job creation strategy
- Ensuring property can be accessed as an asset for wealth creation and empowerment
- Leveraging growth in the economy
- Combating crime, promoting social cohesion and improving quality of life for the poor
- Breaking the barriers between the first economy residential property boom and the second economy slump
- Utilising housing as an instrument for the development of sustainable integrated human settlements, in support of spatial restructuring.



The plan places particular emphasis on the role of the private sector, especially in relation to the provision of housing finance, and also strongly pushes for individual home ownership. While the plan introduces “a new informal settlement upgrading instrument to support the focused eradication of informal settlements”, the practical means to do so relies on “a phased in-situ upgrading approach in desired locations, coupled to the relocation of households where development is not possible or desirable”. Instructively, the plan is silent on access to housing for the large number of non-South Africans living in the country.

The policy claims that there will be a shift in housing delivery focus from quantity to quality and that there will be greater participation by communities in making decisions about the nature of houses to be built. There is also a great deal of talk about the need for more spatially integrated housing developments in urban areas, the expansion of “social housing” as well as effective and capacitated management and oversight of housing projects.



NUMBER OF HOUSES BUILT



=10 000 houses

(1994-2019)



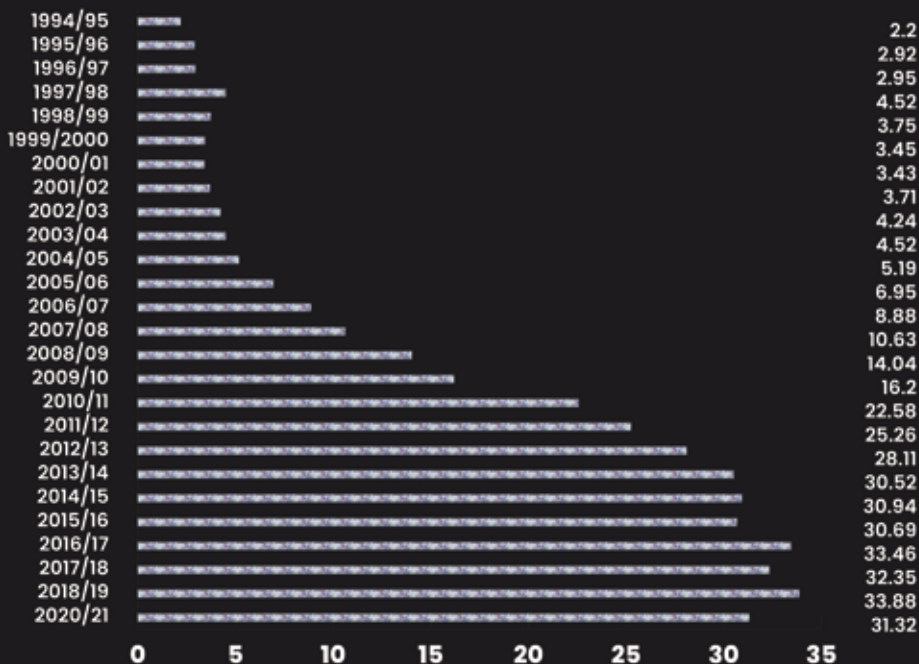
* Source: Africa Check using figures from the Department of Human Settlements. Note that 2018/19 figures are for 9 months only (April – Dec 2018) and are preliminary

Total
3,269,686 (Million)

HOUSING BUDGET & EXPENDITURE TRENDS

National Level

1994–2020



Total

R401.51 (Billion)



= R1 Billion

Source: National Treasury: National Budget Information, Departmental Expenditure

What the graphs on the previous pages so clearly reveal is that although there have, in real terms, been increases in the housing budgets since 1994, this has not been accompanied by similar increases in the number of houses 'delivered' to the poor. Indeed, over the last decade in particular, the trend shows that the exact opposite has happened – i.e., increases in the budget equals decreases in the number of houses built. Amongst other things such as government corruption/wasteful expenditure and bureaucratisation, these figures confirm the massive increase in the costs charged by the private sector construction companies and resource suppliers (both big and small) for their services and associated building materials.

The fact is that private sector companies remain the core beneficiaries of government housing policy and implementation, as reflected by profit-making contracts, excessive prices of bricks and other building materials, as well as a lack of accountability for shoddy housing quality. Indeed, there is ample evidence to show that tenders to build houses and other services have been fraudulently awarded to the friends and family members of government officials without their undergoing official and proper processes – confirmation of the high degree of corruption through nepotism and sub-standard construction.



RECENT HOUSING BUDGET ALLOCATIONS AT PROVINCIAL AND LOCAL LEVELS

The table below shows the respective amount of funds allocated for housing expenditure to the provincial and local levels of government since 2019. The figures for 2020/2021 and 2021/2022 should be treated as indicative and temporary given the timeframe, but what is left in little doubt is that the COVID-19 pandemic has intensified the government's austerity-driven budgetary adjustments at the expense of provincial/local housing budget allocations.

SPHERE OF GOVERNMENT ALLOCATION IN SA RANDS (2019–2022)

Provincial

R19.60 billion	2019
R17.20 billion	2020
R17.60 billion	2021

Local

R12.19 billion	2019
R11.28 billion	2020
R11.51 billion	2021

TOTAL

R31.79 billion
R28.48 billion
R29.11 billion

Source: Vulekamali Online Budget Data – Department of Human Settlements National Departmental Budget (figures are not inclusive of administration and salary expenditure)
*The figures for 2021/22 include specific allocations for 'informal settlements'

"The fact is that private sector companies remain the core beneficiaries of government housing policy and implementation, as reflected by profit-making contracts, excessive prices of bricks and other building materials, as well as a lack of accountability for shoddy housing quality."

THE HOUSING BACKLOG & (SO-CALLED) WAITING LISTS

The 1994 *White Paper on Housing* described the provision of housing as one of the greatest challenges facing the new democratic government. It estimated that the urban housing backlog stood at about 1.5 million houses and was growing at a rate of 178,000 units a year. Two years later, the 1996 census revealed that the number of those living in shacks/informal settlements had increased to about 1.9 million.

This general trend of an increasing backlog has continued for the last 25 years, with varying degrees of intensity. In July 2014, the Minister of Human Settlements told Parliament in her budget vote that there had been a drastic decrease in housing delivery, averaging 25% over the previous five years.

Between 1994 and 2018, the housing backlog has fluctuated between a minimum of 1,3 million and a maximum of 3,5 million units. As of 2019, and under the revised BNG policy, the housing backlog stood at 2.3 million units, with a growth rate of 180,000 a year. While figures for 2020/21 are not yet available there can be little doubt that with the onset of the COVID-19 pandemic and the ANC government's intensified austerity measures, the backlog has only grown larger and with greater speed.



ARE THERE HOUSING WAITING LISTS?

Research conducted by the Socio-Economic Rights Institute of South Africa (SERI) has convincingly shown that the concept of a waiting list for housing is a myth. As SERI points out, politicians and officials responsible for housing policy have created the impression that the housing process is a simple one that prioritises those who are in the greatest need and/or have been on a so-called waiting list for a long time. However, the reality is that there are no actual waiting lists, either in the form of a system that allocates houses to people depending on how long they have been on the so-called list, or as a system that takes into consideration special needs or geographical location.

The fact is that there is a range of highly differentiated and sometimes contradictory policies and systems in place that respond to housing needs and allocations. These policies and systems lack transparency and are, in many instances, marred by patronage and corruption. If you do not belong to the party in power in the area of development, it is highly unlikely that you will get a house. Housing list queues are jumped at local and provincial levels. This is one of the key factors that has given rise to community revolts.







“...past and current housing policy has dismally failed to provide and/or facilitate decent, adequate and sustainable housing for the poor majority.”



MORE MONEY BUT LESS QUALITY AND ACCOUNTABILITY

Over the last 25 years, the number of people receiving housing subsidies from the government and the amount of money spent on those subsidies has increased substantially (even taking inflation into account). Stats SA figures from 2019 show that the percentage of households that received some form of **government housing subsidy** increased from 5,6% in 2002 to 18,7% in 2019.

Further, besides the long-standing 'RDP' (RDP refers to the 1993 socio-economic policy – the 'Reconstruction and Development Programme' that became the ANC's 1994 electoral manifesto) subsidy where the government provides a very small house to those qualifying families who earn less than R3500 per month, there are other housing support programmes. One is the Community Residential Units and Housing Programme (CRU), which involves the provision of rental housing (occupants are only supposed to pay for municipal rates) and is also aimed at households earning less than R3,500 per month. Then there is the Financed Linked Individual Subsidy Programme (FLISP), that provides subsidies to first time home-buyers who qualify. As of 2018, someone who earns R15,000 a month can qualify for a subsidy of R62,304 and someone who earns R22,000 a month can qualify for a subsidy of R27,960.

However, despite such increase in subsidies, combined with the overall increase in state spending on housing and community amenities since 1994 (1% to 3.7% of Gross Domestic Product - GDP), there has been an overall decrease in the quality of houses delivered to/built for, the working-class alongside.



The **'National Norms and Standards'** of the national housing policy clearly outline the minimum physical requirements for stand-alone dwellings. Namely, that each house must have a minimum of 40 square metres of floor space, two bedrooms, a separate bathroom with a toilet/shower/handbasin, a combined living area and kitchen as well as an electrical board with access to electricity. There are further requirements regarding access to water, sanitation, roads, storm-water drains and street-lights. Each relevant sphere of government is instructed to follow and implement these requirements.

However, the reality is that millions of RDP houses not only don't meet these minimum requirements but have been built with materials which are hazardous to the health of their inhabitants. The popular name given to these RDP houses is a 'matchbox', due to their small size and poor quality construction. Numerous studies conducted over the past 20 years – both by the state and by civil society – have time and again found that a sizeable portion of the RDP houses built have numerous and serious structural problems including: broken roofs, cracked walls, faulty windows and door-frames and leaking toilets.



In some cases, the **quality of construction** has been so bad that the houses have had to be demolished at huge cost to taxpayers. A good example is an RDP housing project in Ga-Rankuwa (a township on the outskirts of the City of Tshwane) which was initiated in 2011 and was scheduled to be completed by 2014. However, after years of delays the National Home Builders Registration Council conducted an assessment of the incomplete houses in consultation with engineers. The construction was so shoddy that they recommended the structures be demolished and rebuilt but the contractor then abandoned the project in 2019 after having received over R34 million. Since 1994 there have been tens of thousands of RDP houses that have had to be demolished and rebuilt or have had to undergo major repairs. Estimates of the associated costs of rebuilding/fixing these houses runs in the billions of Rands.

When it comes to **informal housing**, the current housing policy still continues the apartheid-style site and service approach that merely provides a site with a small (usually drop) toilet and a communal water tap within 100 metres. In many areas, only the site is identified and other services are promised for later. The result is that hundreds of thousands of people living in informal settlements remain without water and sanitation, not to mention other community services, for years.

The overall housing situation for the majority in South Africa is a direct consequence of bad planning, poor project management as well as mismanagement and misappropriation of public housing funds. Indeed, while gross expenditure on housing has, over the last 20 years, grown faster than most all other budget items, including social grants, increasing amounts of resources allocated to housing delivery have ended up in the pockets of private sector contractors, financial consultants, tenderpreneurs and crooked politicians, rather than those in need.





CONCLUSION: A SAD STATE OF AFFAIRS BUT THE STRUGGLE CONTINUES

Since the onset of democracy in 1994, South Africa's housing policy has been defined by a failure of political will, the dominance of elite class interests, wide-scale corruption and mismanagement as well as a lack of transparency and accountability. The resultant reality is that past and current housing policy has dismally failed to provide and/or facilitate decent, adequate and sustainable housing for the poor majority.

In overall ideological and developmental terms, this state of affairs is the direct result of housing policies and budgets that have been and continue to be, framed by the dominance of a capitalist, neoliberal GEAR programme which privileges markets and profits over people and socio-economic justice and equality. The entire thrust of this approach is to further empower political and economic elites as well as turn poor communities into passive recipients, reliant on a paternalistic state and hostage to private sector greed.

Besides the disastrous impacts on the constitutional and human right to decent, affordable and quality housing, the approach has been inherently anti-democratic. This is the case precisely because those in need have been systematically denied real and lasting opportunities for active input and participation in housing policy and its practical implementation and delivery.

The combined consequences have driven increasing political alienation as well as past and ongoing protests and revolts by poor communities across South Africa. These are not only a direct reflection of the consistent and rising levels of anger and frustration over empty promises and failed housing policies but are part and parcel of demands to take part in decision making and implementation. A meaningful democracy and the battle for fundamental change require nothing less.

A LUTA CONTINUA!

"...those in need have been systematically denied real and lasting opportunities for active input and participation in housing policy and its practical implementation and delivery."

