

community

family

THE ROAD MAP TO DIGNIFIED COMMUNITIES

WESTERN CAPE SUSTAINABLE HUMAN SETTLEMENT STRATEGY

safety

laughter

future



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
ENABLING DIGNIFIED COMMUNITIES

FOREWORD

It is my pleasure to present the Western Cape Sustainable Human Settlement Strategy (WCSHSS) to you. This document is the result of months of hard work, penetrating research, and collaboration with people from all levels of society and a variety of organizations and departments. With the assistance of the Reference Group on Human Settlements we hosted the Human Settlement Summit that served as affirmation for the development of our own Strategy, moving Beyond the Brick “From Inspiration to Implementation”.



This Strategy provides a road map, building forth on the visionary work done by the Breaking New Ground policy. It also serves as guide in putting to work various Policy Frameworks such as iKapa Elihlumayo, devised by the Western Cape Provincial Government as part of its obligation to provide our communities with sustainable settlements to live in.

I believe that this Strategy will allow the citizens and residents of the Western Cape to constructively engage with the state in order to access a wide range of services, facilities and benefits that can satisfy their fundamental human needs without degrading the eco-systems they depend on.

Although the need is still there to build many thousands of houses, the way we will achieve the goal of wiping out the backlog is different now. It's a whole new approach. A new way of thinking. An attitude that puts people first, and gives them dignity.

While the reality is an ever-increasing demand for housing as new family units start out and more people move into the Western Cape, housing is no longer simply a number-crunching, quick-fix exercise.

Three mind-shifts are shaping the way forward:

- The shift from housing construction to “sustainable human settlements”.
- The shift to sustainable resource use.
- The shift to real empowerment of our people.

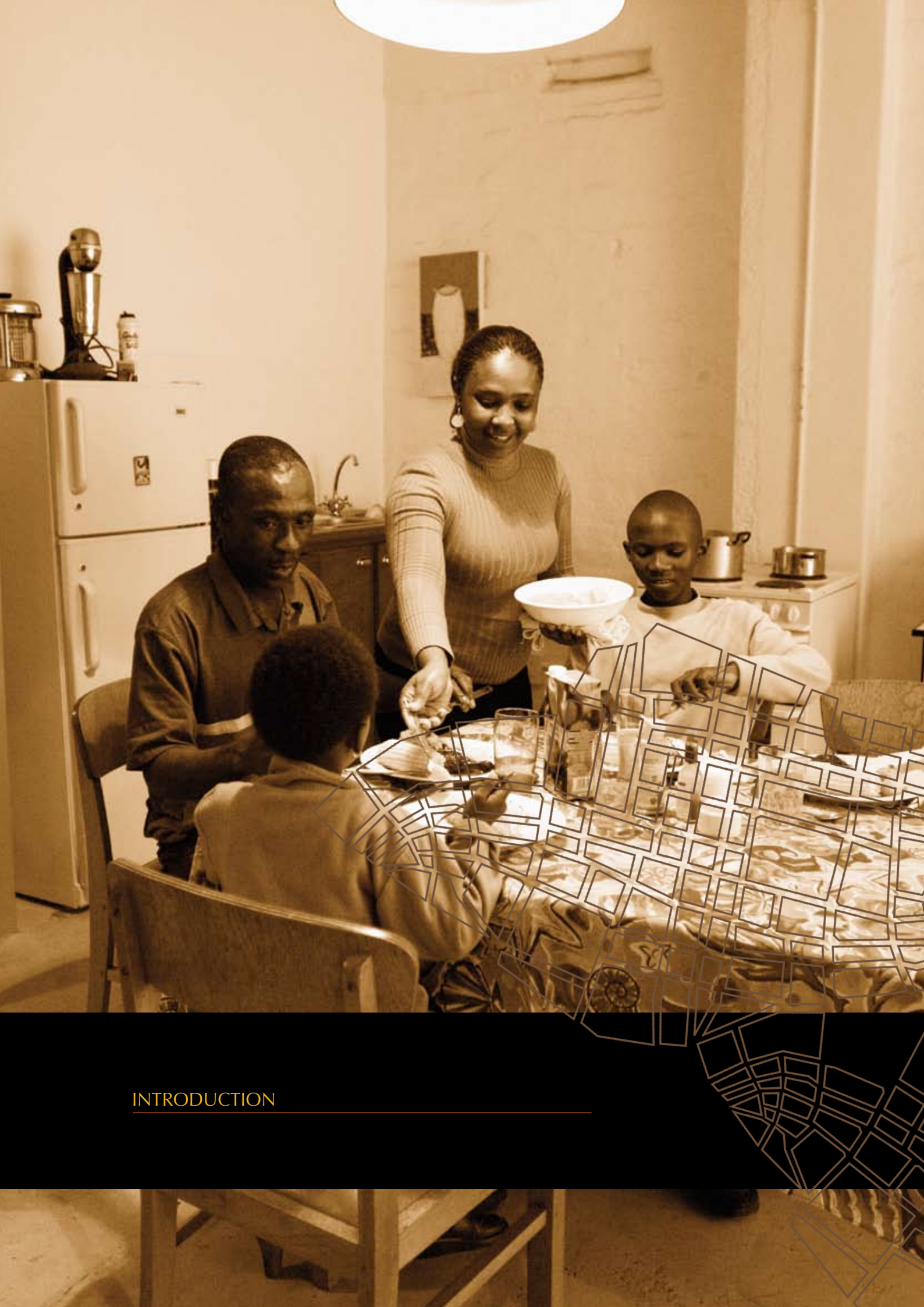
I invite you to follow us as we explore the road map that will lead us home...

Qubudile Richard Dyantyi
MINISTER OF LOCAL GOVERNMENT AND HOUSING



CONTENTS

1. Introduction	4
2. Summary	6
3. Context	10
4. Problem Statement	22
5. Learning and Guiding Principles	33
6. Policy Context	36
7. Goal and Purpose	42
8. Objectives and Actions	47
9. Implementation Framework	66



INTRODUCTION

1. INTRODUCTION

In line with the framework document *Breaking New Ground - A comprehensive plan for the development of sustainable human settlements* formulated by the National Department of Housing (NDoH) plus related national policy and strategic guidelines, the Western Cape's Department of Local Government and Housing (DLG&H) is responsible for working out what the term "sustainable human settlements" means in the Western Cape context.

This document is the first step towards the development of a set of fully-fledged strategy and implementation plans for "sustainable human settlements" in the Western Cape.

This document builds on the research data and analysis published in the May 2006 draft report prepared for the DLG&H entitled *Western Cape Strategy for the Development of Sustainable Human Settlements*.

Expanding on the findings of that draft report, this document provides a strategic framework for managing the finalization of compacts, agreements and implementation structures with key roleplayers, with special reference to municipalities, community-based organisations (CBOs), and key private sector players. The most pressing need of these various stakeholders is for a greater degree of certainty about the implementation structures and processes, and financing of human settlements in the Western Cape.

This present document, *The Western Cape Sustainable Human Settlement Strategy (WCSHSS)*, aims to provide this certainty.

**Note: For the purposes of this document, where reference is made to "RDP Type" housing, this refers to a 40 m² BNG house.*



SUMMARY

2. SUMMARY

The core problem that needs to be addressed is that, if nothing changes, **existing subsidies and interventions will deliver 14 360 RDP type project-linked housing units per annum, mainly on the urban peripheries of the Western Cape's towns and cities.**

The assumption is that an amount of R1 billion will be available per year, and that each unit will cost R70 000 (maximum permissible amount) to build. This might just address the backlog in 15 years, but it will do nothing to address new needs created by in-migration, natural growth, and an increase in the number of households as family units shrink in size. Furthermore, the existing approach exacerbates poverty by locating the poor on the urban peripheries, and it is unsustainable from a financial and resource use perspective. The challenge can be summarized as follows:

- The current housing backlog for the Western Cape is 410 000 units, growing to 804 000 by 2040 if the current delivery rate remains constant;
- R1 billion per annum is available via the DLG & H to fund a subsidized human settlement programme aimed at eliminating the backlog;
- The current RDP type housing will cost R8,1 billion to eliminate by 2010 and R4 billion to by 2015. With funding of R2 billion per year the backlog would only be eradicated by 2030. With funding of R1 billion per year the backlog would not be eradicated.

However, if the focus is to provide every intended beneficiary with a fully serviced site – as envisaged by the Upgrading of Informal Settlements Programme (UISP) –, the backlog could be eradicated by 2010 with funding of R2,5 billion per year, by 2015 with funding of R1,8 billion per year and by 2030 with funding of R0,7 billion. However, if the focus was only on providing serviced sites in outlying areas, it would condemn the poor to permanent poverty and reinforce apartheid divisions.

The WCSHSS proposes to find an alternative to both the current housing model and the serviced sites model: a solution that will not cost more than R1 billion per annum to implement.

This means breaking from the “one-size-fits-all” mind-set by accepting the need for an incrementalist approach via a range of interventions (in situ upgrades, high density rental, social housing in mixed developments, backyards, greenfields, etc) across a multiplicity of location types. This approach will densify our urban areas and make them more ecologically sustainable.

“The WCSHSS proposes to find an alternative to both the current housing model and the serviced sites model”

The ultimate goal is that all citizens and residents live in vibrant, safe, efficient and sustainable human settlements that are able to grow and absorb everyone who chooses to live in the Western Cape, in particular poor households who do not have access to housing opportunities.

The purpose of the Western Cape Sustainable Human Settlement Strategy is to ensure that those human settlement interventions aimed at achieving the goal will indeed create an environment that

allows the citizens and residents of the Western Cape to constructively engage with the state in order to access a wide range of services, facilities and benefits that can satisfy their fundamental human needs without degrading the eco-systems they depend on. To achieve the above goal, the WCSHSS will set out to address the following objectives:

Objective 1: Citizens of the Western Cape who live in a variety of different situations are aware of - and can easily access - a wide range of housing services and instruments that can assist them to participate in the development of a sustainable human settlement of their choice.

Objective 2: Through the Integrated Governmental Relations (IGR) framework, all intergovernmental policies, plans and budgets that are related to human settlement development are aligned horizontally and vertically.

Objective 3: Sustained municipal capacity building for delivery, including accreditation over time of those municipalities that have developed the capacity to carry out their housing mandate effectively and efficiently in accordance with the *Breaking New Ground* policy and the Western Cape Provincial Government's various Policy Frameworks.

Objective 4: A functioning property market across both economies and an enabling environment for agents and institutions who want to design and implement sustainable human settlements in accordance with the WCSHSS approach.



Objective 5: The institutional arrangements and capabilities of the DLG&H and (where necessary) those of other Provincial Departments involved in implementation are built to effectively design and implement the new WCSHSS.

Objective 6: State land and other resources are used for spatial restructuring, with direct and indirect benefits for the poor.

“...create an environment that allows the citizens and residents of the Western Cape to constructively engage with the state”

Objective 7: A new pact is consolidated between Government and organised civil society to build up over time the trust, reciprocity and development practices required to imagine, design and implement vibrant sustainable neighbourhoods.

Objective 8: The Western Cape's towns and cities become global leaders in sustainable resource use by making sure that all new buildings, infrastructure and open spaces are planned in accordance with ecological design principles, and that owners of existing buildings (in particular public sector owners) respond to incentives to retrofit their buildings in accordance with these principles.

An Implementation Framework is described in the last section of the document. This outlines eight key activities that will be initiated to ensure that the WCSHSS is adopted and that the institutional and financial conditions are put in place for its implementation.

To achieve the goal and objectives of the WCSHSS, the following eight **top priority key activities** are proposed:

Key Activity 1: Create an enabling environment for implementing the WCSHSS internally and externally.

Key Activity 2: Identify *at least* 25 lead projects, and appoint project champions to drive them.

Key Activity 3: Develop technical and process designs for project implementation.

Key Activity 4: Align planning and budget.

Key Activity 5: Diagnose and model Research and Information Management.

Key Activity 6: Apply, test and validate.

Key Activity 7: Savings-based Housing Delivery

Key Activity 8: Sustainable Resource Use



CONTEXT

3. CONTEXT

The core focus of the WCSHSS is influenced by *three major strategic shifts* in emphasis that are apparent in all three spheres of governance. These shifts, which have emerged as a consequence of the gradual overall strategic shift towards a “development state” approach, are:

- the shift from housing construction to “sustainable human settlements”;
- the shift to sustainable resource use; and
- the shift to real empowerment.

These three shifts are described in detail below. Thorough understanding of these shifts in emphasis makes it possible to deal with the current backlog challenge facing the Western Cape, which can be summarized as follows:

- The current backlog for the Western Cape is 410 000 units, growing to 804 000 by 2040 if the current delivery rate remains constant.
- R1 billion per annum is available via the DLG&H to fund a subsidized human settlement programme aimed at eliminating the backlog.
- By continuing the current RDP type housing model, it will cost R8,1 billion to eliminate the housing backlog by 2010 and R4 billion to do so by 2015. With funding of R2 billion per year the backlog would only be eradicated by 2030. With funding of R1 billion per year the backlog would not be eradicated.
- However, if the focus is to provide every intended beneficiary with a fully serviced site (as through the UISP), the backlog could be eradicated by 2010 with funding of R2,5 billion per year, by 2015 with funding of R1,8 billion per year and by 2030 with funding of R0,7 billion. Such focus, aimed only on providing serviced sites in outlying areas through the Upgrading of Informal Settlements Programme (UISP), could however reinforce apartheid divisions.

In its endeavours to overcome the backlog challenge, the WCSHSS is intent on finding an alternative to both the current housing model and the serviced sites model.

The solution lies in recognising the necessity of a variety of interventions across the spectrum of needs aimed at achieving four outcomes:

- making housing markets work for the poor;
- restructuring the apartheid settlement pattern to bring the poor into the heartlands of our cities and towns where they are in close proximity to livelihood opportunities, public services, transport and social facilities;
- mobilising and organising the savings and time of the urban poor as co-contributors to the solutions that are required across a range of different contexts; and
- gradually changing over to sustainable resource-use approaches with respect to energy, waste, water, sanitation, transportation and food supplies.

SHIFT NO.1: The shift to “Sustainable Human Settlements”

The WCSHSS is basically an interpretation and application of the new national housing policy framework – *Breaking New Ground (BNG)* – within and for the unique conditions that pertain to the Western Cape. It is also a product of the Western Cape’s specific history of housing crises and its

failed policies to address these crises stretching back over at least three decades, but with greater emphasis on the decade since 1994.

The WCSHSS takes as its point of departure the constitutional right to housing and the existence of a market economy that is regulated by a developmental state. To this extent, it is an attempt to find a mid-way between the post-1994 market-oriented project-linked capital subsidy solutions and the more radical demands from the left for pro-poor state-delivered mass housing approaches.

The post-1994 pre-BNG housing policy was little more than a continuation of apartheid housing policy thinking, for one simple reason: it defined the problem in purely quantitative terms as numbers of homeless people who, in turn, needed access to land and services.

The solution was equally quantitative: provide a capital subsidy to cover mainly the cost of land and services, and ensure access to affordable land in greenfields developments.

In other words, the focus of the post-1994 housing policy was “the poor” and in particular the “urban poor”, and the creation of a single homogeneous product (the capital subsidy) to trigger housing developments “for the poor” using state-funded private sector delivery mechanisms.

As the popular saying goes, “if the solution is a hammer, then all the problems are nails”.

“...the shift from a focus on “projects for the poor” to the “housing system as a whole”

The focus of the pre-BNG policy was *not* the overall housing system and its complex dimensions and modalities, and contextual specificities were largely ignored. This policy framework replicated the apartheid spatial pattern because the cost of land needed to be covered by the subsidy, which inevitably meant the poor would get housing opportunities where land is cheapest, that is, on the urban periphery. Result: racial apartheid spatial forms persisted, the poor ended up far from centres of employment: a situation that thus undermined employment-generating growth, and environmentally unsustainable urban sprawl was encouraged. This was only made financially viable by massively escalating the transport subsidies required to transport poor people over long distances. In other words, the Department of Transport helped the Department of Housing to make financially viable an extremely costly land and housing programme that has, on the whole, made the poor poorer while costing the state more than more compact solutions would have. The only real beneficiaries were the – mainly white – NIMBYs (Not In My Backyard).

Ten years later, the post-1994 housing policy began to be reviewed within a context of a national policy shift away from the neo-liberal notion of “state-as-facilitator” of development, to the notion of a “developmental state” approach.

The result was a search for a mid-way between the old policy because of its failures and the more radical demands for pro-poor state-delivered mass housing schemes. The reason why the latter could be problematic is that it runs the risk of the same error as the old policy, that is, a narrow focus on the needs of the poor, no restructuring of the economics of the housing delivery system as a whole, a tendency to ignore contextual specificity, and – being state-centric – it could reinforce household and community disempowerment. (Even if this was not intended, it is highly likely that this would be the case when implemented by a bureaucracy that may be ignorant of the dynamics of developmental practice.)



Seeing BNG as a “mid-way” solution, however, does not imply that it is a compromise, or the “best of both worlds”. As it stands, *Breaking New Ground* is a policy framework that is faithful to a “developmental state” approach in that it makes provision for state intervention across a wide range of fronts, in particular in land and property markets.

At the same time, BNG’s so-called “demand-driven and supply negotiated” approach is simply another way of saying that contextual specificity is finally recognised. The most significant consequence of this is that the recognition of contextual specificity immediately opens up the space for empowerment. The reason for this is that if it is recognised that each context is different, then it follows that specific knowledge of that context is now needed as a basis for planning a particular project (such as a greenfields development) or systemic intervention (for instance reinforcing backyard housing development via loans to landlords and regulations to protect tenants, and so on). The need for contextually specific knowledge is what makes participation an authentic necessity, rather than the rhetorical ideologically determined formalistic and therefore legitimating ritual that it has become. For the first time, there is therefore a real potential role for CBOs and NGOs who know how to facilitate authentic participation of the poorest households. Finally, the BNG framework recognises the need to work with the private sector and the market while simultaneously transforming the ground rules.

The most radical shift that BNG and WCSHSS make from traditional housing approaches is the *shift from a focus on “projects for the poor” to the “housing system as a whole”*.

Quite correctly, it is realized in both BNG and WCSHSS that the “projects for the poor” approach



allows for the emergence of a dual housing economy: on the one hand the formal sector housing market with its highly sophisticated institutional environment that caters for the middle and upper income markets, and on the other the state-dependent market that caters for the poor. Moral exhortations to shoehorn the financial institutions into pro-poor housing delivery have been a failure precisely because this was a replication of the paternalistic (and partly even racist) view that housing for the poor ought to be delivered via a “different system” to the formal housing delivery system. If this dual system had a chance of working, then maybe no-one would have thought of changing it. But what the WCSHSS recognises is that the much vaunted “capacity to deliver” problem has much to do with the fact that the sophisticated institutional capacity of the formal housing system (including construction, materials, banking, bonding, loans, professional services, insurance, etc) is not configured to work for pro-poor housing delivery. Correctly, the WCSHSS (outlined below) argues that the state and communities cannot be expected to resolve the capacity problem on their own. To this extent, both *BNG* and WCSHSS can be defined as a “systems approach” that generates a set of problem statements and solutions that are radically different to the simplistic approach that inspired the post-1994 methodology.

In short, *BNG* and in particular its elaboration in WCSHSS is a “mid-way” approach with a lead role for the state that recognises contextual specificity and systemic transformation. This is what makes it possible for both *BNG* and WCSHSS to tackle the vexed question of apartheid spatial forms.

This is done by recognising that the state needs to have at its disposal a multiplicity of instruments that build assets and achieve width immediately and depth incrementally (capital subsidies, rental housing, social housing, landlord support/tenant protection, gap housing, in situ upgrades, urban renewal via interventions in the land and property markets, land banking, development levies on for-profit developments, etc) so that it can respond in contextually specific ways rather than assume that “one-size-fits-all”.

This, in turn, makes it possible to terminate the mindset that equates pro-poor housing solutions with peripheralized greenfields developments (popularly referred to as the “RDP housing” option). This is key to reversing apartheid spatial forms. In particular, it can potentially make possible for the first

time socially mixed and mixed-use developments. By bringing the poor back into the cities by using public land for rental and social housing, gap housing, and subsidized individually owned houses, a completely new vision for finally reversing apartheid spatial forms and processes starts to emerge.

The shift from pre-1994 housing policy to *BNG* is necessary and should be welcomed by those who share the view that the apartheid city needs to be transformed in the interests of all South Africans, and the urban poor in particular. This analysis of the problems and therefore the recommended solutions have moved from the simplistic to recognition of the complexity. However, complexity requires high level capacity to support the need for discretion, judgement, contextually specific responses and sustained engagement with communities and the private sector. Simplistic solutions, on the other hand, have the advantage of institutionalised repetitive routines. This is clearly recognised in *BNG* which points out that the new approach requires greater skills development, more intensive structuring both within and outside the state, and high levels of technical competence. These, of course, depend on the supply of appropriately trained personnel, high enough salary levels and, most importantly, a regulatory and performance management system that is aligned with this requirement so that good people can be attracted who feel they can “make a meaningful contribution”. Unfortunately, ten years of simplistic, reductionist, paternalistic housing policy via capital subsidy allocations have resulted in the build-up of housing delivery departments in all three spheres of government that often lack this high level capacity, are institutionally configured for routine bureaucratic transactions, and lack in most cases a developmental culture that understands and is sympathetic to community-based development.

“...the recommended solutions have moved from the simplistic to recognition of the complexity”

It is perfectly understandable that at national level it will be necessary to think strategically about the construction of an elaborate new institutional framework at the level of the NDoH, Provincial Housing Departments, and via the accreditation system, to Municipal Housing Departments. There is no problem with that way of thinking, given the scale of the challenge and what will be required to make it all work. However, the Western Cape is a relatively small province with few inhabitants, most of whom are urbanised and the large majority are in one city.

The institutionalization of the *BNG* approach at national level will be necessary, but a similar approach may not be required for a small province like the Western Cape. It could take much too long and cost much too much to build the capacity of the Provincial DLG&H to implement the WCSHSS in a top-down managed way via the creation of a wide range of legislative, financial and institutional mechanisms and instruments, not least because it may find it extremely difficult to rapidly build up the high level management capacity that will be required to achieve this. Instead, the advantages of facing a “small problem” should be exploited. This can best be done via a project focus. Obviously this does not mean a return to the traditional “projects for the poor” approach. Rather, a specific set of initiatives are identified for interventions and projects that will over time resolve the problem, and teams are put in place to make these happen. In other words, decisions need to be made now in advance as to exactly which pieces of public land must be made available for inner city housing in Cape Town and in the towns, and then resource teams should be mandated to execute this and not to rest until that land is rezoned and released for development.

This approach can be applied to in situ upgrades; formalizing backyard tenancy systems; ramping

up the construction of public and private rental accommodation; densifying selected areas; devaluing over-priced areas by forcing through socially mixed residential developments linked to commercial and social facilities; reinforcing current initiatives to downgrade private transport in favour of public transport; and identifying a carefully selected number of projects for interventions to align dense settlement with walking-to-work distances and public transport. Circumstances change via projects, and projects need project champions resourced and incentivized to implement the projects. This is what could be called a “project-driven” approach, rather than a grand framework approach. Investments in regulatory frameworks, financial instruments, diagnostic tools, and other mechanisms are important, but on their own they will not deliver on scale and within the required time frames.

BNG has made it possible for the WCSHSS to make a major breakthrough, because – for the first time – it allows the Western Cape, and Cape Town in particular, to redefine the problem in a way that recognises the complexities of the housing demand and delivery system. This, in turn, enables the recommendation of a wide range of possible solutions. Instead of seeing all backyard shackdwellers and inhabitants of informal settlements as numbers on waiting lists (as per the existing delivery framework), they are seen as potential beneficiaries of programmes designed to formalize their positions, protect their rights, build assets and upgrade service infrastructures. At the same time, and partly to prevent in situ upgrading from perpetuating apartheid spatial forms, the WCSHSS approach also emphasizes investments in public and private rental solutions, social housing, gap housing, densification through Good Address Small Home (GASH) promotion and substantive interventions in land and property markets to remove market-based obstacles to the development of inner city pro-poor housing solutions.



WCSHSS also envisages a major role for traditional greenfields developments, many of which will continue to target the poor, although there will be a preference for socially mixed developments. This makes obvious sense because in situ upgrading and backyard formalization strategies will entail “de-densification” of these areas, resulting in a group of people who currently have access to land who will, in turn, need to be accommodated elsewhere.

The WCSHSS proceeds from the assumption that, by combining system-wide interventions to transform housing markets (and related financial and institutional processes) through capital subsidies, infrastructure investments, project level interventions and sustained community engagement and participation, a wide range of resources, energies and capacities will be unlocked in ways that the state can steer to the benefit of the urban poor.

“...ignoring sustainable resource-use issues will result in massive resource transfers to the rich”

The end result will be the gradual build up over a few years to a delivery rate involving a multiplicity of interventions across the housing market that force open spaces for pro-poor housing developments and simultaneously meet demands within market bands that would otherwise lead to the kind of downward raiding that can so rapidly dislodge the gains made by poor urban households engaged in pro-poor public housing schemes.

Another way of characterizing the implications of the WCSHSS is that the state will work with the markets to increase total supply of housing products across market bands (GASH, GAP, rental, subsidized) and spatial forms (inner city, backyard, greenfields, in situ upgrading, etc), and it will work against the markets to subsidize the build up of assets in poor households, facilitate the self-empowerment of poor households and communities via meaningful engagement and negotiation, and protect the poor from a range of rent-seeking and market dynamics (downward raiding). This is certainly possible and there is plenty of evidence of it working in cities in other developing country, but it needs a level of strategic intelligence and capacity spanning state and non-state actors that will not be easy to develop, train and keep fed with a steady stream of user-friendly research results.

SHIFT NO.2: The Shift to Sustainable Resource Use

BNG’s goal is “sustainable human settlements”. The WCSHSS interprets this in light of Section 24 (b) of the Constitution, which states that we are obliged to “secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development”. In particular, the WCSHSS fully integrates the approach to sustainability articulated in the draft National Framework for Sustainable Development (NFSD). It is now recognised in many Western Cape policy documents that ignoring sustainable resource-use issues will result in massive resource transfers to the rich over time, as the costs of steadily degrading eco-system services and non-renewable resource depletion are disproportionately carried by the poor. This is a global trend that has been highlighted recently by the global consensus that climate change will affect the poor who have contributed least to the problems.

The National Framework for Sustainable Development (NFSD) has a specific section on “sustainable communities” which argues that in line with efforts around the world (but mainly in developing countries, in China and in nearly all South Africa’s main trading partners) it is essential that South

African cities start to implement plans that will steadily decouple economic growth from rising levels of natural resource consumption (generated both by eco-systems such as the air, rivers, soils and seas and from non-renewable natural resources extracted mainly from the crust of the earth such as coal, gas, oil, lime, phosphate, etc). The overall aim is to massively reduce the quantity of resource consumption as growth takes place and as households climb the socio-economic ladder. This is what is referred to in the NFSD as “dematerialisation”.

In practice, for a city like Cape Town, this means reducing the resource consumption of upper and middle income households without necessarily affecting their lifestyles, and increasing the resource consumption of lower income households so that they can improve their quality of life. The guiding principle for how to achieve this is “sufficiency”, i.e. that each household has sufficient without exceeding their fair share of what is available, given that resources are finite. (This can now be calculated: each person’s fair share is the equivalent of the quantum of resources that can be generated from 1,8 hectares of land; in Camps Bay, resource consumption levels can be nearly ten times this amount.) The result will be a reduction in the financial costs of operating the city, and it will reduce the costs of living in the city for poor and lower-middle income households. Following the principle of sufficiency will also reduce the “cost of doing business” for businesses, thus improving the locational advantages of the Western Cape.

“...bring the poor into the inner cities in ways that will protect them from market forces”

One of the ten key lessons that were drawn out from the review of existing housing practices in the Western Cape was that “issues of energy, efficiency and environmental sustainability have been explicitly addressed in very few housing projects, but given the growing resource constraints (on water, energy and agricultural land, for example) this needs to change”. At the same time the WCSHSS needs to be consistent with the Provincial Growth and Development Strategy (PGDS), Provincial Spatial Development Framework (PSDF) and the Strategic Infrastructure Plan (SIP). The PSDF has a strong sustainable resource use approach and the SIP aligns itself with this perspective. The PGDS envisages measures to ensure that the ecological footprint of the Western Cape expands at a much slower rate than the economic growth rate – something that cannot be achieved without substantive dematerialisation. By aligning itself with the PSDF, PGSD and SIP approaches, the WCSHSS is effectively endorsing a sustainable resource use perspective.

In December 2006 the NDoH issued a policy framework for public comment entitled **Framework for Environmentally Sound Housing (FrESH)**. This document is an important corrective to *BNG* because it recommends far reaching changes that could dramatically reduce the resource intensity of housing and infrastructure construction, and urban development in general. FrESH should be read together with the draft National Framework for Sustainable Development (NFSD) referred to above, plus the policy framework released by the National Treasury in 2006 entitled **A framework for considering market-based instruments to support environmental fiscal reform in South Africa**. This latter document suggests far-reaching tax reforms to facilitate “dematerialisation” in ways that could profoundly affect cities and housing strategies. However, both these documents neglect to mention the National Home Builders Registration Council (NHBRC) which refuses to approve innovative housing solutions and which, in turn, prevents banks from lending to potential buyers of these houses (due to the agreement that banks can only bond houses with NHBRC certificates). The NHBRC is one of the biggest obstacles to sustainable building and this matter

needs to be addressed by the NDoH.

There is no doubt that the single most significant action that could be taken to reduce poverty and improve sustainable resource use would be to intervene in land and property markets in ways that will bring the poor into the inner cities in ways that will protect them from market forces and which will promote the kind of social mix that is so crucial for long-term social stability. This should form part of a much wider and more purposive commitment to densification. In this regard the WCSHSS endorses the PSDF recommendation of a 25 dwelling units per hectare (du/ha) target. However, densification does not automatically mean mixed-use and socially mixed sustainable neighbourhoods. An effective transition to a post-apartheid pattern of urban development will certainly require densification, but coupled to subsidies, social and rental housing, skilful land assembly, creative urban planning, and the more widespread use of sustainable resource use technologies.



SHIFT NO.3: The Shift to Real Empowerment

All the major Western Cape Provincial Government policy documents – and the Social Capital Formation Strategy (SCFS) in particular – emphasize social capital formation, empowerment, participation and self-organisation. The entire rationale for the *BNG* approach of “demand-driven supply negotiated” delivery is premised on the assumption that there is the prior existence – or at least opportunity driven/stimulated emergence – of capacity within communities to “negotiate” with state agencies. The point has already been made that by recognising the importance of each specific context, both *BNG* and the WCSHSS automatically create a demand for knowledge about each context. This, in turn, creates for the first time an authentic space for participation, engagement, and empowerment. At the same time, development practice around the world and in South Africa has confirmed that micro-finance systems should play a major role in the development process in general and the housing delivery process in particular. The reason is that micro-finance systems can, if correctly structured, provide poor communities with the means to take control of their financial flows in ways that can over time accumulate into significant levers of economic power.



Micro-finance and social capital formation are closely linked because the capacity to mobilise savings and loans by communities within communities is often both an indicator of social capital, as well as providing the daily activities around which social networks and relations grow and develop. Self-organisation around the minute (and often daily) practice of savings and loans provides an ongoing focus of horizontal relationship development, as well as the gradual build-up by the poor of financial levers for change. The Western Cape has a long history of this type of organisation, with social movements like the Federation of the Urban Poor, Poor People's Movement, and SANCO-linked civic structures being examples of structures that could be engaged.

The welfarist and economic development paradigms both regard the poor as objects of development rather than subjects of their own development. Both ignore power relations and, in particular, how power relations are interpreted in daily life via the language, images and symbolisms of complex urban cultures. At the heart of this nexus between power and culture lies the flow of finance. Unlike in rural economies (where the soil is a generative primary resource), poor people living in urban economies must continuously access and spend the tiny bits of cash that spin off the edges of local economies to survive. They must constantly invent and re-invent stories to justify countless and complex chain reactions of borrowing, earning, giving, lending, trading, saving, begging for and hiding away cash. For some, desperation forces them to turn to criminal means of survival.

Over the last decade or so, developmental practitioners and theorists have begun to recognize the realities described above. The result is a growing appreciation of the centrality of "micro-finance" methods in cases where tangible gains have been made. Loosely termed the "micro-finance revolution", this covers such a wide spectrum of methods it has become analytically useless to use one term to describe it all. What is common to all these methods is a desire to re-organize the flow of finance through poor communities. The more progressive wing of this movement aims to halt the flow of finance out of poor communities and channel development finance into communities (often via debt). This is clearly necessary, because if growth and/or development interventions work and households start experiencing an increased revenue flow (a key marker that poverty is on the decline), the money they earn will be banked in commercial banks (often located in another part of town) and then lent out to those who "qualify", i.e. everyone except the people who live in slums that everyone else conveniently forgets about. In other words, development (as defined as "improved household revenues") can reinforce poverty as these revenues leak out and become someone else's credit line. Capturing and re-circulating these hard won material gains is the focus of tens of thousands of initiatives across the developing world. But not all have this intention: an

increasing number of micro-finance institutions actually accelerate flows out of poor communities as unscrupulous for-profit operators latch on to the methods pioneered by NGOs who have for decades preached that "the poor are bankable".

It is time for government agencies at Provincial Government and Municipal level to actively support the mobilisation and organisation of civil society by fostering formal partnerships with CBOs that are able to institutionalize durable forms of social self-organization within communities that simultaneously express needs and vision, and create new power bases for sustaining the struggle over time for greater equity and justice. It is, therefore, unsurprising that the way to do this is to organize around the most critical key to daily survival, namely cash. If what is needed is a model of self-organisation within communities that is easy to replicate, appropriate to a reality that affects everyone no matter the context, flexible enough to adapt to specific circumstances, and is not dependent on external leadership or professionally managed systems, then organizing around the control of cash (earnings, savings and loans) makes more sense than any other option available. It is an approach that touches the deepest nerve centres of every community, and penetrates the flows of energy that connects these communities to the outside world (for better or for worse). It is also an approach that is in some way remarkably appropriate to the specific realities of cities in developing countries where daily contact is possible in highly congested communities in which living, working and recreational spaces get merged into a seamless web of complex adaptable dynamics.

In 2006 the Minister of Housing entered into a formal pact with the Federation of the Urban Poor in terms of which the State undertook to give this movement 6 000 subsidies to kickstart the moribund "people's housing process" (community-driven planning and delivery). This was in direct recognition of the potential of community-driven housing delivery to speed up the implementation of the sustainable human settlements programme. It is proposed that a more comprehensive and far-reaching version of this kind of pact is required in the Western Cape.

"With funding of R1 billion per year, the backlog will not be eradicated"

The significance of the micro-finance approach to social capital formation and development implementation is that community strength and cohesion is reflected in the degree to which a particular community is capable of organizing itself to collect savings, make loans and ensure repayments. In other words, for the first time, there is a quantitative measure of qualitative strength; it is possible to just "look at the books" to know how much saving and loans there are in a particular locality. Where there is a lot going on, that is where one invests time and energy to draw those structures into wider development processes. Other areas then realize the benefits of organizing around savings and loans, and respond accordingly, and so the process spreads. Furthermore, this approach provides what no other rights base methodology provides: a task for everyone every day instead of mass meetings every now and then, which are often difficult (for many women, in particular) to attend. In the every day act of connecting around savings and loans, relational cohesion is built and as this happens, the social base for authentic and substantive development begins to emerge.

Taken together, the three-way shift towards sustainable human settlements, sustainable resource use and social capital formation via community-controlled micro-finance systems makes it possible for the first time to define a role for the poorest households in the wider development process.



PROBLEM STATEMENT

4. PROBLEM STATEMENT

As stated above, the core problem that needs to be addressed is that if nothing changes, **existing subsidies and interventions will deliver 14 360 RDP-type project-linked housing units for the entire Western Cape per annum**. This might just address the backlog in 15 years, but it will do nothing to address new needs created by in-migration, natural growth, and an increase in the number of households as family units shrink in size. Furthermore, the existing approach exacerbates poverty by locating the poor on the urban peripheries, and it is unsustainable from a financial and resource use perspective.

The core problem described above is embedded within a cluster of four inter-related problems, namely:

- the challenge of existing backlogs and projected needs;
- the negative consequences of skewed land and property markets;
- the limitations of existing policy;
- and the implications of unsustainable resource use.

PROBLEM NO.1: The Existing Backlog and Projected Needs

According to the Sanitation Backlog Study done by the Department of Local Government and Housing, the current Western Cape Housing demand (backlog 2006) was estimated at 410 000. These numbers represent a backlog of 300 100 for the City of Cape Town, 38 522 in the Cape Winelands, 35 380 in Eden, 15 876 for the West Coast, 17 427 in the Overberg and 2 522 in the Central Karoo.

The table below shows the forecast housing demand for “high” and “low” growth scenarios. The high growth scenario assumes a growth rate in household formation (based on the current housing backlog) of 3% between 2006 and 2010, a 2,5% growth between 2011 and 2015, a 2,0% growth between 2016 and 2025 and a 1,5 % growth between 2026 and 2040. This results in a total housing demand of 805 000 by 2040.

The low growth scenario assumes growth rate in household formation (based on the current housing backlog) of 2% between 2006 and 2010, a 1,5% growth between 2011 and 2015, a 1,0% growth between 2016 and 2025 and a 1,0 % growth between 2026 and 2040. This results in a total housing demand of 612 000 by 2040.

Positing the problem in this way makes it clear that the solution is unrealizable, given the resource limitations. Moreover, it would require an additional 8 200 hectares of land.

Projected housing backlog (2006 - 2040)

Year	2006	2010	2014	2020	2025	2030	2040
High growth	410000	456420	502840	572470	630495	688520	804570
Low growth	410000	433718	457437	493014	522662	552310	611606

Source: R Del Mistro, 2007

Budgeted Funding

Until recently, the Western Cape capital budget for housing subsidy was in the order of R500 million. This was increased to R1 billion for 2006/2007; R948 000 for 2007/2008 R1 204 000 for 2008/2009 and R1 464 000 for 2009/2010. The budget for 2010/2011 has been estimated at R1 616 000. This indicates an annual growth in funding of 12,7%. This growth in funding is considered to match the expected increase in building costs very closely. As such the subsidy amounts reflect a financial capacity to deliver 14 360 RDP houses per year over the period. (R70 000 maximum amount permissible).

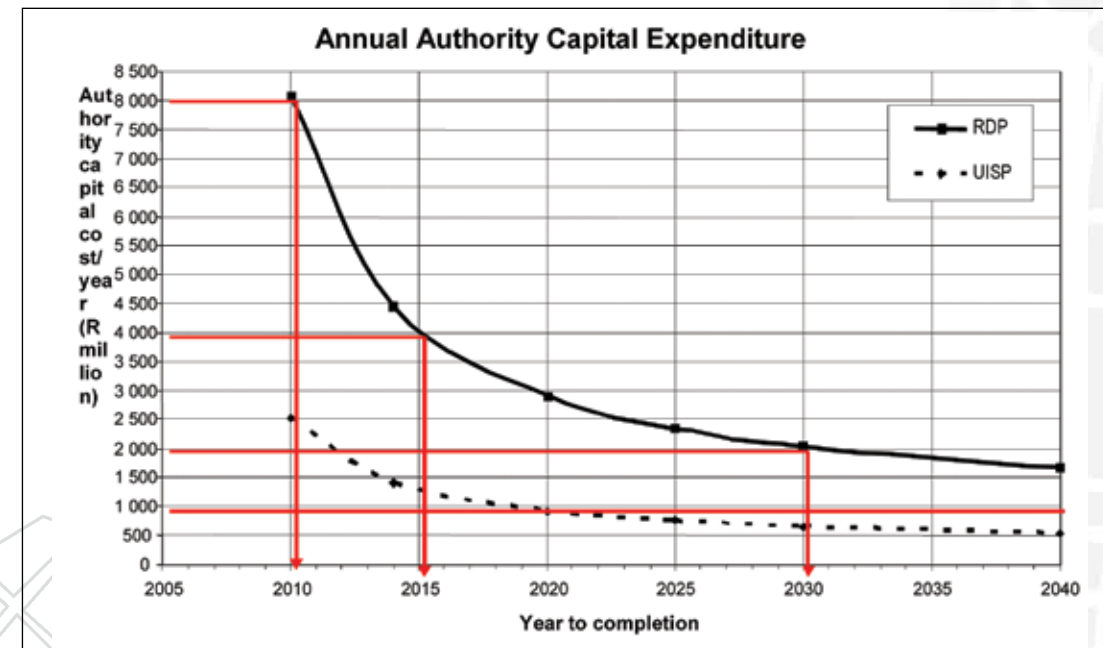
Specified housing subsidy

The capital subsidy for the provision of housing in the Western Cape can (with a few exceptions) be based on each beneficiary receiving R25 000 for a fully serviced UISP type site and R70 000 (maximum amount permissible) for a fully serviced RDP type house (that is, R25 000 for services, R39 000 for the dwelling and R6 000 for precautionary measures (in the Southern Cape Coastal Condensation Area (SCCCA)). These values were developed from the current formula for housing subsidies specified by the National Department of Housing.

Budget required to eradicate the backlog

The figure below shows the annual budget required to eliminate the housing backlog in the Western Cape by providing RDP housing (at R70 000 per beneficiary) or UISP services (at R25 000 per beneficiary) based on the expected date of completion.

The estimated cost of eradicating the housing backlog



Source: R Del Mistro, 2007

It can be seen that if the goal is to provide every intended beneficiary with a RDP house, the backlog would be eradicated by 2010 with funding of R8,1 billion per year, by 2015 with funding of R4 billion per year and by 2030 with funding of R2 billion per year. With funding of R1 billion per year, the backlog will not be eradicated.

It can also be seen that if the goal is to provide every intended beneficiary with a fully serviced site (UISP), the backlog could be eradicated by 2010 with funding of R2,5 billion per year, by 2015 with funding of R1,8 billion per year and by 2030 with funding of R0,7 billion.

(The above discussion is based on the growth in household formation referred to as "high". A similar analysis, assuming the household formation rate referred to as "low" estimates that an annual funding of R7,7 billion, R3,8 billion and R1,6 billion would be required to eradicate the housing backlog using RDP houses if the completion dates were 2010, 2015 and 2030 respectively. This is not significantly different to the funding required when it is assumed that the household formation rate is "high".)

The spending capacity of municipalities further impacts on service delivery. The Cape Metropolitan Area and the Winelands District Municipality together account for over 80% of the provincial housing backlog (71,5% and 13,3% respectively in 2004).

However, over a three year period (2002 - 2005), the gap between the allocation and actual expenditure for the City of Cape Town is 15%, while it is 48% for the Winelands District.

The unsustainability of the RDP housing formula is further amplified by the socio-economic profile of the region's citizens. In the context of 57,3% of households in the province in receipt of incomes of less than R3 500 per month (with more than half earning less than R1 500), the majority of the population generally cannot afford service charges let alone meet home-ownership obligations. These trends point to the limitations of a subsidy regime whose basic premise is founded on formal employment and rising incomes which would supposedly over time enable people to access market-based solutions to their housing needs. At the moment we have a dualistic housing market: on the one hand a sophisticated land, finance and property market that works for those who can afford it, and on the other the public sector housing interventions to meet the needs of the poor via a capital subsidy which operates as a welfare instrument. The two are structurally delinked which has the effect of sidelining shelter provision for the poor and unemployed majority.

In sum, meeting the backlog and projected need is not just a matter of more money, more capacity and enhanced co-ordination, alignment and integration. In line with the BNG policy framework and taking into account Western Cape conditions, the re-orientation of housing intervention will have to shift its focus away from people as objects of state-packaged and government-defined products. Active participation by beneficiaries and integration into restructured land, financial and property markets will be necessary.

PROBLEM NO.2: Skewed Land and Property Markets

The drivers of poor housing performance and unaffordability are directly related to the workings of the inter-linked land, financial and property markets. Housing policy has hitherto ignored the dynamics of the land market, to the detriment of the urban poor. It is now generally accepted that the price of land constitutes an increasing proportion of the total purchase price of housing. To lower the cost of land by locating the poor where land is cheap (that is, on the periphery) has reinforced poverty because of the simple fact that poor location means lower property values which, in turn, affects livelihood chances and opportunities. Moreover, it has now been confirmed by research that the continued location of poor households on these peripheries is a drain on state coffers with respect to infrastructure, maintenance and transport costs. The huge transport subsidies required to mitigate these distances are actually greater than the housing budget. Public transport subsidies

in Cape Town increased from R415m in 1998/1999 to R430m in 2000/01. Actual expenditure on housing was R206m in 2001/02 and R231m in 2002/03. This unsustainable pattern of low income housing development is the antithesis of the sustainable human settlement approach that is the focus of *BNG* and the *WCSHSS* approach.

In the Western Cape, the distortions of the space economy are particularly acute, especially given the booming property market (second only to Gauteng). Property prices have so dramatically increased that housing and landownership rights are becoming less and less affordable to greater proportions of the population. With the upper end of the market creeping away from the “affordable market”, so too does the “affordable market” creep away from the subsidized housing market. Affordability parameters are a critical component of this picture and are set out in the following table:

Estimated affordability of housing

House price / bond value	Estimated deposit	Interest rate	Monthly repayment over 20 years	Est. income requirements (25% ratio of repayment to income)	% of the population who could afford
R35 000	R24 795	n/a	None	R0 – R3500	87%
R193 000	R40 0006	15%	R2 014,69	R8 058,76	3%
R662 447	R193 0007	11%	R4 845,58	R19 382,32	0,7%

This creates gaps in the housing ladder between the subsidized house that someone earning less than R3 500 might access and then sell, and the R193 000 average house price of the affordable market, and then again between that house and the R662 447 average house price at the upper end of the market. The consequences of this are two-fold:

- **Downward raiding.** When the supply of housing is not matched to the affordability of the market, aspirant homeowners find the next best house they can buy. Thus, a household earning R4 000 might under-report on income in order to access the subsidized house, because there is nothing else in the market to suit that affordability.
- **Residential immobility and dead capital** When a household is unable to afford housing that is better than what they currently live in, they are more likely to remain where they are and/or downgrade, reducing the overall thickness of the market.

In the subsidized housing market, the absence of functioning primary and secondary housing markets (attributable to poor location and depressed public environments), continued redlining activities of the banking sector, and the refusal of the financial sector to see the RDP-dwelling as collateral for loans, result in the newly housed poor being unable to trade up the housing ladder and/or improve their economic status. Ensnared in poverty traps and unable to cover the costs of service charges and basic homeownership obligations, they either rent the house to better-resourced households and/or abandon it and move into shack settlements (which accounts, alongside family splitting, for the increasing size and number of informal settlements). Unable to access further subsidies via the conventional subsidy routes – as per government rules – these households are then rendered structurally homeless and/or will only benefit from the provision of rudimentary services in these informal settlements but be excluded from the consolidation subsidy of the Upgrading of Informal Settlements Programme (UISP).

With an increasing number of households being unable to trade up or access affordable housing, housing as a potential investment and wealth and income accumulation vehicle is effectively foreclosed to the poor, while the wealthy on the other hand enjoy astonishingly high returns. On top of this is the continued land banking (of even peripheral land) by private sector developers and speculators, which makes it difficult for government to access affordable land for its own subsidised housing developments.

These dynamics not only relate to the presently housed poor being unable to retain and/or consolidate their foothold in the housing market, but also the diminishing prospects of future beneficiaries accessing entitlements as land costs are driven upwards by speculation. For the not-so-poor (R3 500 – R7 000 income bracket), their housing (home-ownership) opportunities are extremely limited. Evidence of this can be found in the fact that the number of residential buildings smaller than 80 m² completed in the Western Cape in the period January 2004 to December 2005 declined by 12.9%. In contrast, the number of buildings larger than 80 m² completed in the Western Cape for the same period was 29%. Even the approval of plans of residential units smaller than 80 m² had **declined** by 15% for this period.

It is quite clear from the above that the land market – and the inter-linked financial and property markets – are clearly not working for the poor. The cumulative effects of distorted land and property markets, the unequal distribution of property price appreciation (booming market in wealthy areas and stagnant land and property markets in disadvantaged areas) and the rising costs and declining availability of well-located (and even peripheral) land for housing are now serious concerns. What is now also clear is that this dysfunctional dualistic market structure is harmful for the property industry as a whole because it cannot expand beyond a small elite market. This is why there is a very strong case for state intervention because it is now clear that market performance at the bottom end is inextricably linked to the performance of the housing market at the top end.

“The intention is to restructure the property market via the redirection and redistribution of revenues”

It follows from the above that the strategic use and deployment of well-located public land for low-income housing (particularly GAP and social housing) coupled with the deployment of innovative planning and land development instruments makes clear economic sense. The intention is to restructure the property market via the redirection and redistribution of revenues flowing from the property boom to poor(er) areas through various value-capturing strategies, clawbacks and land-use regulation techniques. Examples include land swaps, expropriation, allocation of land-use rights, the banking of suitably located land, densification, inclusionary housing, in-situ upgrading, the construction of affordable social housing and post-occupancy support.

Without these market influencing and directing interventions in the inter-linked land, financial and property markets, the concurrence of positively performing elite markets and stagnant land markets on the one hand, and the apartheid spatial structure on the other will be reinforced and perpetuated.

PROBLEM NO.3: The Limitations of the Existing Policy

The 2004 review of Provincial Housing Plan states that in spite of “basic services to [the] poor having seen improvements in delivery, their chances of participating and benefiting from the growing West-

ern Cape economy has in fact deteriorated.” Thus it is observed that after a decade of redistributive service delivery, levels of inequality and unemployment have not been reduced. This finding when read together with the backlogs and the exclusionary workings of the housing market points to a human settlement condition that is in crisis.

The elements of the crisis are outwardly sprawling, low density monotonous residential developments; the reproduction and perpetuation of inefficient and inequitable settlement patterns; and, increasingly unaffordable housing opportunities – all of which are fiscally, environmentally, spatially and socially unsustainable, with the greatest burden of the costs shouldered by the poor. Upward ascendancy on the housing ladder, asset accumulation, and income/wealth generation are effectively precluded by a housing programme that is grafted on inequitable and socially exclusionary land, financial and property markets. The one-size-fits-all housing fix, which sees people as objects, frequently works against the livelihood and coping strategies of the poor and their differential shelter needs. The failure of the policy to engage with affordability constraints precludes any conversion of needs into effective demand, and this results in abandonment of homes and the movement of people back into shack settlements. Spatial entrapment, residential market immobility, abandonment, downward raiding and upward redistribution of resources (the wealthy capturing and monopolising the returns of the booming market) are antithetical to the aims and objectives of sustainable human settlement development. Apart from the anti-developmental outcomes of the quantitative (target chasing) one-size-fits-all nature of the programme – which has to date not been able to deliver at the requisite speed and scale attuned to new household formation, changing family sizes and migration – the findings above suggest that if we continue on the present course, the crisis will deepen and the present problems will become more intractable.

“...middle- and upper-income neighbourhoods are extremely inefficient, and their inefficiencies are subsidized”

In attempting to frame a new approach and strategy that seeks to arrest the crisis, the WCSHSS approach begins with the end in mind of *Sustainable Human Settlements* through the lenses of the PGDS and the basic iKapa Elihlumayo strategies, the *BNG*, and current understandings of better practice (derived from Lead Projects). These references point to an essential re-conceptualisation of the problem, re-interrogation of the housing imperative and a recasting of the role of the state in sustainable human settlement development.

The WCSHSS posits the need to adopt a community-centred perspective around the functioning of the urban spatial economy in terms of meeting equity targets (a safe and healthy environment), and providing for the progressive assembly of assets attuned to livelihood needs and longer-term sustainable human settlement development outcomes.

PROBLEM NO.4: Unsustainable Resource Use

Resource Use and the Environment

The Western Cape's towns and cities have been built and operated in ways that are highly unsustainable from a resource use perspective. What this means is that we are extremely inefficient consumers of increasingly scarce and therefore costly primary materials and resources (energy, water, building materials, space, goods and food). Furthermore, we produce large quantities of

solid, liquid and airborne wastes that pollute the indoor and outdoor environment. Given that land and space is a natural resource, these towns and cities are also extremely inefficient because they are low density, and developments that promote urban sprawl and the destruction of agricultural land and biodiversity are continuously approved. The result is rapidly escalating transport costs at a time when oil prices are destined to rise well into the future. As elsewhere in the world, this kind of unsustainable resource-use is becoming a financial burden on taxpayers, government budgets, households and investors. When too much money is spent on building and operating systems that could do more at a much lower cost, it means that less is available for development and poverty eradication.

With respect to energy, South Africans are amongst the highest contributors to rising levels of CO² emissions – now over 7 tons/person/annum. CO² will cause rising global temperatures of 1,4 to 5,8 degrees by 2100, with major implications for the Western Cape (water shortages, receding fynbos, crop failures, etc). Rainfall patterns are already changing; the total amount of rain has not changed, but there are fewer rainy days, which means rainfalls are more intense, resulting in more run-off and slower aquifer replenishment. 50% of all CO² emissions are generated by the construction and



operation of buildings. For every ton of cement made in the kilns, a ton of CO² is pumped into the atmosphere. The average small middle class house uses 5 to 10 tons of cement. The average South African uses on average 4 500 kWh/annum – one of the highest levels in the world, with many poor South Africans averaging as low as 500 kWh/annum. An average middle- to high-income household in the Western Cape consumes 774 kWh/month releasing 750 kg of CO² into the atmosphere per month. Low-income houses consume 274 kWh/month, releasing 265 kg of CO² into the atmosphere per month. 92% of Cape Town's energy comes from imported non-renewable fossil fuels: 33% from coal via the electricity grid, 3% from burning coal, and 56% from oil (petrol and diesel). Only 1% is renewable, that is, from wood. The Western Cape Provincial Government has set a renewable energy target of 10%.

Cape Town generated over two million tons of solid waste in 2002/3, and the Western Cape as

a whole generated between three and four million tons of solid waste. This equates to between 2 and 2,5 kg/person/day, which is more than the average EU citizen produces (where recycling is compulsory for most countries). Low income households generate an average of 0.3 kg/person/day. 38% of total waste stems directly from households, 42% comes from commercial and industrial sources, 5% is green/garden waste, and 15% is builder's rubble. In Cape Town, 87% of all waste is unrecycled and goes to six public and one private landfill. Three of the six have been closed, and three more are due to close in one to three years. Waste generation in the Western Cape increased by between 3% and 4% between 1996 and 2001, which is higher than the population growth rate. This suggests the average Western Cape citizen is gradually increasing the amount of waste they throw into their dustbins. Most landfills in Cape Town are located above the Cape Flats Aquifer which is an important water resource. Pollution from the landfills is infiltrating the aquifer. Costs of disposal to landfill have doubled over the period 2000 to 2004.

Transport and the Environment

54% of all the energy used in the City of Cape Town is used for transportation. Low level public investments in rail and public transportation over the years has encouraged private car use, leading to congestion in many parts of the city. The same basic pattern is apparent in many other Western Cape urban centres, such as Stellenbosch. Given that the majority of this transportation is powered by fuel-from-oil and that oil prices have increased dramatically over the past five years and continue to increase, this means that the Western Cape economy will suffer the consequences of larger and larger amounts of cash leaving the provincial economy to pay for imported oil. It is therefore highly unlikely that Cape Town and the Province as a whole will realise 6% growth targets if the transportation sector remains so dependent on increasingly expensive oil. Even if 50% of the amount spent buying oil imports was redirected into the purchase of biofuels manufactured from citrus waste or forest products, this would substantially boost the local and provincial economies.

Building Methods/Materials and the Environment

Building materials and associated building methods can determine the embodied energy of a building, and its thermal performance (the least efficient being the single skin cement



block used in the building of most low-income housing, with hemp-based building materials as the most efficient). Some materials are more dependent on fossil fuels (such as coal or oil to heat up cement kilns) than others (for instance wood or clay), and some are more toxic than others (most cheap commercial paints are far more toxic than lime-based paints).

Food Consumption (packaging) and the Environment

Cape Town's 800 000 households and visitors currently consume about 1,5 million tons of food per annum, or an average of 1,8 tons per household per annum on average (which ignores differences between poorer and richer households, and non-household consumption like that by visitors to the city). The large bulk of this food is imported from outside city boundaries and bought from major supermarket chains that use expensive packaging. The bulk of the food is not organically cultivated, which means food consumption contributes to the degradation and pollution of the Western Cape's already degraded and increasingly unproductive soils.

Water Consumption

The demand for water in the Western Cape is fast outstripping supply. Rivers are polluted, underground aquifers are being drained unsustainably, and climate change is already resulting in rainfall being less frequent and heavier, which means there is more run-off and related erosion. For example, Cape Town's unrestricted demand is 510 million cubic metres, but maximum supply is only 475 million cubic metres, with the new Franschhoek dam intended to increase supply by at most 18% at a cost of R1,4 billion. There are 40 000 farm dams storing approximately 100 cubic metres of water each. Water demand for the province is growing at 3% per year, with supply expected to be exhausted by 2025. The fact that agriculture uses 60% of the water and will require more as global warming escalates points to serious conflicts between agriculture and urban areas. By the turn of the millennium, 59% of all water in Cape Town was consumed by households. 60% of this water was consumed by the wealthy households (which comprise 10% to 16% of all households depending on location). 21,3% of all domestic consumption was used for gardens and pools, and 61% of all potable water used in the City of Cape Town, for example, was used for flushing sewerage. Across the Province, low income households use on average 80 l/person/day, middle income households 100 l/person/day and upper income households between 150 –and 250 l/person/day.

Biodiversity, Ecosystems, Pollution and the Environment

The Western Cape is internationally recognised as one of the world's "hottest biodiversity hotspots", rich in endemic amphibian, reptile, fish and invertebrate species. Besides biodiversity per se, the ecosystems of the Western Cape provide an irreplaceable source of goods and services for the residents and economy of the province: catchment areas safeguard water supply, wetlands help regulate water yield and quality, plants guard soils against erosion and maintain productivity, and natural landscapes attract domestic and international tourism. Harvests of marine resources and fynbos products are valued at over R1,3 billion and R78 million p.a. respectively, while the yield of the total Cape Floral Kingdom has been valued at R10 billion p.a. Despite this rich heritage, agriculture and the urban areas are operated in ways that over-exploit the ecosystems. 80% of the province's 19 waste water treatment works do not comply with standards and are thus causing major pollution; the fynbos is receding as a result of urban expansion and agricultural practices; soil quality is declining; and the majority of rivers are polluted or suffering from salinisation due to over-abstraction. Even air quality is negatively affected – the Brown Haze Study, for example, found that air quality

in Cape Town suffers pollution levels that regularly exceed internationally accepted standards. Vehicle emissions are the major cause. Other areas in the Province facing air quality pollution are the Saldanha region (from metal and steel industries), Robertson and Riebeeck West (cement and raw materials processing), Mossel Bay (refinery), Knysna (wood milling), Oudtshoorn (brick works), and George (from many different industries).

Planning, Infrastructure design and the Environment

In short, existing middle- and upper-income neighbourhoods are extremely inefficient, and their inefficiencies are subsidized because they are not being required to pay for the full costs; sprawled out low-income neighbourhoods are transport intensive, expensive to service, and undermine the financial resources of poor households; infrastructure design for energy, waste, water and sanitation is based on highly inefficient technologies that prevent households from being more sustainable in resource use terms.

If this continues, the Western Cape Province will simply run out of key resources for normal living, including water, clean air, healthy locally produced food, and natural green spaces.



LEARNING AND GUIDING PRINCIPLES

5. LEARNING AND GUIDING PRINCIPLES

The first part of this section captures in summary from the lessons and learnings drawn from the lead practice case studies commissioned by the DLG&H as part of the preparation of the report entitled *Western Cape Strategy for Development of Sustainable Human Settlements*.

The second part builds on these lessons and learnings and suggests a framework of high level principles that have served to guide the thinking and focus of the rest of this document.

The key lessons coming out of the lead practice case studies documented as part of this strategy formulation process can be summarised as follows:

- **An integrated approach to development is essential.** This necessitates a holistic understanding of development needs, and sufficient resources available to provide a wide range of social and economic programmes, together with the delivery of housing, infrastructure and facilities, in order to address these needs in a sustainable and integrated way.
- **Participation by beneficiaries at all stages of projects is essential,** to ensure that people's real needs are addressed and to build citizenship. (Part of the constitutional right to adequate housing, is the right to be able to participate in decision-making in strategies and projects.) Participation requires time and resources, and allowance should be made for these.
- **Locale is important for housing projects.** However, good locality is a complex issue; the reality being that most housing projects in large cities such as Cape Town will continue to be located away from areas with concentrations of social and economic opportunities. Good location will ensure the provision of a range of facilities and opportunities – including access to public transport (especially rail) –together with housing provision.
- **Quality urban environments,** with safe and usable public spaces, can be created within the constraints of the housing subsidy scheme, provided that attention is paid to design issues and that the real needs of communities are addressed.
- In order to overcome the legacy of racial and economic inequality in South Africa, **it is imperative to achieve integration between races and income groups.** Real integration of very disparate income groups is, however, difficult to achieve.

“...the introduction of far-reaching tax reforms to facilitate ‘dematerialisation’”

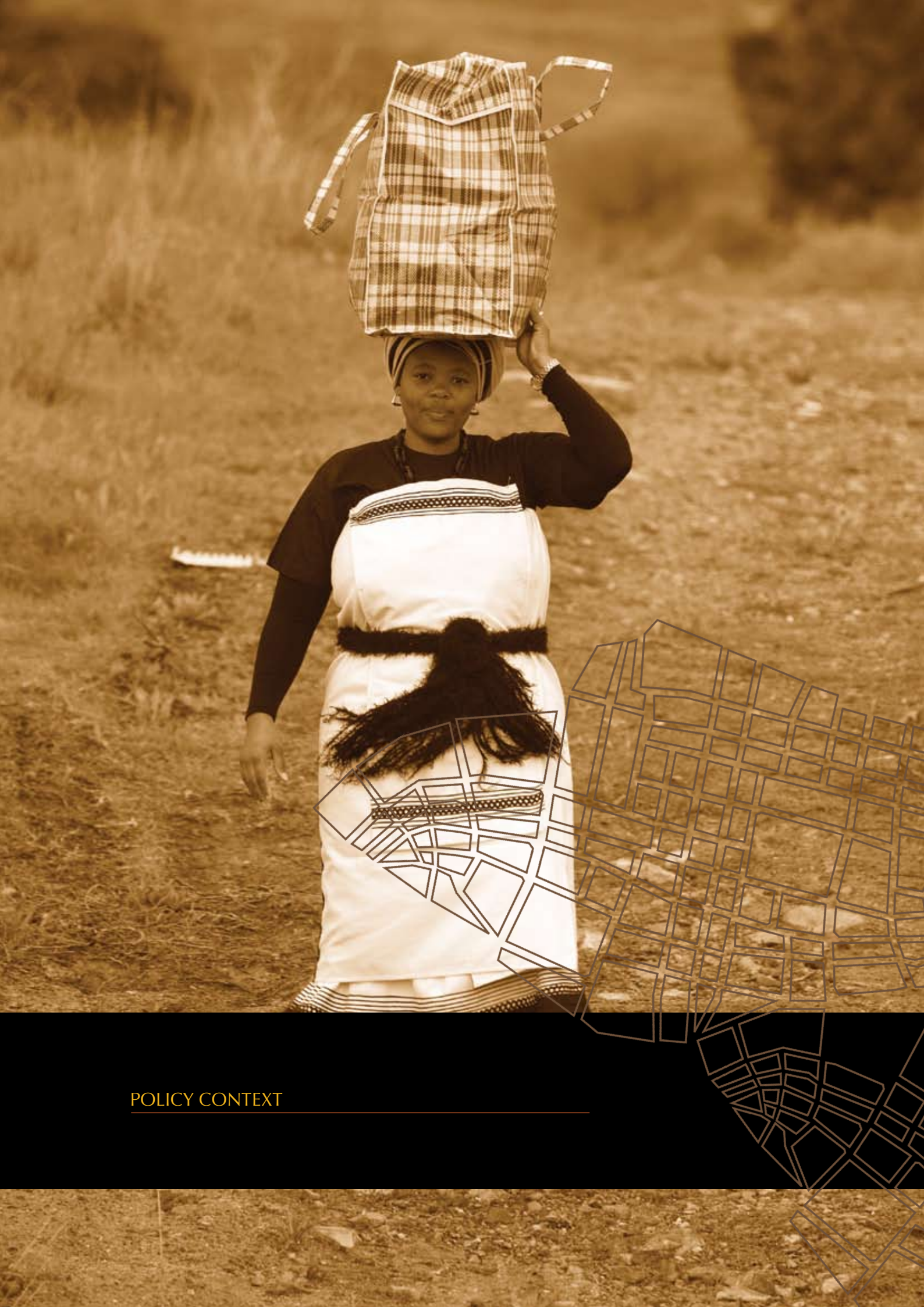
- Issues of **energy efficiency and environmental sustainability** have been explicitly addressed in very few housing projects, but given the growing resource constraints (on water, energy, agricultural land, and so on) this needs to change.
- **Additional resources for housing and urban development** need to be mobilized from all sources – the state, household savings, micro-loans, international donors, the private sector and other stakeholders.
- **Partnerships between the state and other stakeholders** (such as communities, NGOs and the private sector) are essential in ensuring that housing needs are addressed effectively and adequately.
- The practice of **the state needs to be more flexible and supportive of innovation.** *Innovative projects* such as Ekupumleni and Ilinge Labahlali constantly encountered serious policy and process obstacles.

- Although communal tenure (for instance by co-operatives and communal property associations) is a complex *tenure option*, the promotion of **alternatives to individual ownership** is important, as it allows for more innovative designs (including higher densities and communal spaces) while simultaneously providing some protection against downward raiding.

Given the context, problem statement and lessons derived from practice, the following **guiding principles** (or “senses”) express the “way of thinking” that underlies the sections that follow, leading through to the goals, objectives and priorities of the WCSHSS approach. These senses provide a normative bridge between the analysis provided thus far and the policy vision expressed in the sections that follow.

Guiding Principles

- **Sense of justice:**
 - meeting fundamental human needs (subsistence, protection, affection, understanding, participation, idleness, creativity, identity and freedom) with appropriate satisfiers
 - rights-based democratic governance and participation
- **Sense of limits:**
 - incremental gains over time, working with what is available
 - transition to renewable energy alternatives and energy efficiency
 - zero waste via re-use of waste outputs as productive inputs
 - connectivity via sustainable transport, with a major focus on public transport
 - home building, sustainable construction materials and building methods
 - sustainable water use and re-use of treated sewerage
- **Sense of place:**
 - health, well-being and soulfulness
 - safe places within integrated communities (with special reference to children and women)
- **Sense of history:**
 - valuing cultural diversity and community
 - participatory culture
 - healing and memory
- **Sense of craft:**
 - growing the local economy, greater equity and fair trade
 - local and sustainable food supplies, markets, and agricultural value chains (especially organic food)
 - human skills, knowledge development and continuous learning
- **Sense of nature:**
 - reverence for all life, enhancing biodiversity and the preservation of natural habitats
 - working with, rather than against, eco-systems



6. POLICY CONTEXT

National policy context

As has been made clear, the WCSHSS approach is derived directly from *BNG* at national level, read within the context of the Accelerated and Shared Growth Initiative - South Africa (AsgiSA)'s focus on public investment as the driver of growth.

However, it is also heavily influenced by the National Framework for Sustainable Development (of the DEAT), the National Framework for Local Economic Development (of the DPLG), and the spatial framework set out by the NSDP, which provides criteria for determining the locus of public investment.

The core thinking of *BNG* is that an enabling environment to support equitable, poverty ameliorating and redistributive human settlement development outcomes means focussing on the entire residential housing market (a "systems approach").

Cross referenced to goals and objectives of the progressive realisation of human rights and the restoration of human dignity, the objective is to use state resources to leverage change in the workings of the diverse markets to effect greater equity in the way housing interventions are structured. This requires a better understanding of the dynamics that reproduce dysfunctional human settlements, and the distributional outcomes and spatial consequences.

Pursuant to this is the recognition in *BNG* of the need to craft better linkages between the housing programme and land availability, land assembly, infrastructure provision, transport, economic opportunity, health care, and social facilities.

According to the logic of *BNG*, rebalancing the relationships within state agencies (alignment, co-ordination and integration) must be complemented by the rebalancing of relationships between the state (as hierarchy), the private sector (as market) and civil society (as networks). Rebalancing in both the state and wider spheres is linked to the introduction and improved application of diverse intervention instruments, institutional re-gearing and a range of social compacts whose main aim is to change the relationships between the homeless poor, public authorities and the private sector. This two-fold rebalancing is viewed best through a governance-shelter development agenda.

The re-balancing associated with *BNG* is one that commits the state to installing participatory frameworks that allow citizens to constructively engage with state agencies in order to access a wide range of facilities and benefits. But this is a very different kind of state from that which was promoted in the first decade. This is a state that is more committed to poverty eradication and redistribution and the promotion of social capital via the widening, deepening, strengthening and stretching of social and institutional networks. It is because of this reason that both the *BNG* and the WCSHSS approach place emphasis on the vertical alignment of public hierarchies, with the horizontal networks of community organisations to build and draw on social capital. Through this assembly, innovative partnerships are to be designed and elaborated upon, with the objective of delivering and maximizing the benefits accruing to citizens from state instruments and other resources.

Complementing this thrust are changes in budgeting approaches for infrastructure spending, spatial re-orientation of spending, and higher government allocations to housing. With respect to changes

in budgeting approaches, government from next year will allow lifecycle/project budgeting that extends beyond the current three-year budgeting term provided for in the Medium Term Expenditure Framework (MTEF). The new system will ensure that there will be no rollovers, giving departments the chance to plan better and contribute to better infrastructure spending. This new budgeting system will thus enable government to engage in (slow and time-consuming) community development so essential to sustainability, feasibility and viability of asset creation and transfer (versus income based) programmes. Accompanying this is Provincial Treasury's commitment to increasingly base its departmental allocations on the extent to which departmental budget inputs reflect a contribution to social capital formation in their different programmes.

Furthermore, the spatial re-orientation of public sector spending to areas of economic potential and highest need is likely to have a profound effect on the resource intensity of housing and urban construction in particular, and spatial restructuring, more generally. Such spatial re-orientation will occur via the alignment of national, provincial and local spatial development frameworks, coupled with the introduction of far-reaching tax reforms to facilitate "dematerialisation".

Provincial policy context

Underpinned by a suite of complementary strategies, the Provincial Growth and Development Strategy (PGDS) elaborates a development path predicated on specific locational understandings and institutional imperatives, especially those of joined-up government, mediated through the Inter-Governmental Relations (IGR) framework. The PGDS proposes the means to apply an integrated approach per region via an IDP interpretation and offers two significant pointers to the human settlement strategy. It notes what is expected from housing with regard to building non-racial settlements and the role of the poor themselves in being empowered to participate in economic activities of the Province.

Reading the different strategies through the lens of sustainable human settlement development and housing provision (more narrowly) points to broadly supportive rafters. Given that the strategies are summarised in the base document, the following salient synergies that are supportive of the goals, objectives and anticipated outcomes of sustainable human settlement development are highlighted:

- **Provincial Spatial Development Framework (PSDF).** The PSDF takes as its starting point the goal of sustainable development. Sustainability is defined with respect to three pillars, namely *ecological integrity, social justice, and economic efficiency*. The Western Cape's PSDF aims to ensure an integrated and effective approach to economic and social development with the objective of government spending yielding better spatial outcomes than is currently being achieved. The PSDF sets out an integrated social, economic, and environmental framework for the future of the Province that is intended to guide both the infrastructure and micro-economic strategies. The PSDF thus makes proposals to correct the inequitable spatial pattern, indicates areas for growth and potential for growth, and provides for new spatial development patterns. In addition to the channelling and focusing of settlement growth along activity corridors, restructuring is to be effected through densification, an urban edge, the use of public and private land, and the promotion of public transport.
- **Strategic Infrastructure Plan (SIP).** The primary purpose of the SIP is to guide infrastructure investment by both government and the private sector over the next five to ten years, and to improve the management and use of the state's existing infrastructure assets. In the short term, it

constitutes the planning framework within which the physical infrastructure that supports growth, labour market participation and general well-being in the Western Cape is to be provided. The priorities of the SIP include investment in transport infrastructure; matching health and social services to community needs, and ensuring sustainable usage of natural resources including water, energy and land. The public and private sector investment guiding function of the Plan alongside its contribution to the structuring of the spine of the human settlements holds out significant prospects for the enhanced efficiencies and savings at spatial, social and fiscal levels.

- **Micro-Economic Development Strategy (MEDS).** This strategy aims to grow the economy, create employment and allow people to own it. Its main drive is to increase economic participation, foster a conducive business environment and effect integration into the global economy. Of particular concern to economic development is reducing transaction costs of doing business, ensuring more efficient flow of people and goods, and reducing the distance between residence and place of work (opposing the dormitory towns of apartheid). Housing delivery will be integrated into transformed financial, property and land markets via the strategic deployment of instruments and technologies of MEDS. This will enhance both the housing sector's contribution to employment-generation, and local economic development.

"Both [current housing models] entrench apartheid patterns and reinforce poverty"

- **Social Capital Formation Strategy (SCFS).** The SCFS aims to strengthen social ties and integration through building more integrated human settlements, establishing mixed use neighbourhoods, extending security of tenure and rights, supporting People's Housing Processes, and ensuring better location of housing projects. Envisaged is a new approach towards government-community engagement that works with, and not for, the people. It envisages the Department of Local Government and Housing leading in the facilitation of promoting human settlements that provide the necessary public spaces and community hubs to allow for healthy interaction and recreation. Housing options will also be developed that cater for those with special needs, including single mothers, people with disabilities, and older persons. The SCFS proposes an institutional framework for coordination between different departments, local government, non-governmental actors, CBOs, trade unions and the private sector. This programme is positioned to make a most valuable contribution to enhancing the sustainability of human settlement development. It hard-wires, for the first time, the "soft issues" (community development, empowerment and so forth) into a previously "bricks and mortar" supply-side programme.
- **The Human Capital Development Strategy (HCDS).** The goal of the HCDS is to provide high quality education with the goal (amongst others) of reducing levels of unemployment and social exclusion. This is to be effected via improving conditions of education, enhancing the educational environment, raising the quality of education, and by providing opportunities for skills and qualifications in vocational education. Physical infrastructure planning through the building of projects has been identified, prioritised and planned for until 2014. The fostering of entrepreneurship in well-located high quality and capacitated educational facilities will no doubt help create the necessary platform for citizens to secure and consolidate their foothold in the inter-linked housing and labour markets.
- The Provincial Growth and Development Strategy states that **Integrated Transport** is the core

action required in the short-term to fundamentally shift the development path of the Western Cape and set the Province on a path of shared growth and integrated development. Transport – public transport in particular – is referenced to economic growth, equity, empowerment and environmental equity. It is seen as the foundation of an integrated settlement strategy as it holds out the potential to address (amongst other issues) fragmented spatial structures, the dislocation of the disadvantaged from economic activities and social amenities, the social and economic integration of communities, land uses and so forth. The guiding principles of the new transport plan emphasize for instance the extension of an infrastructure that is reliable, affordable and accessible: one that ensures socio-economic integration, and that supports (and is based) on higher residential densities.

- **Sustainable Development Implementation Plan (SDIP).** The draft SDIP aims to provide a clear and sound action plan for ensuring that the principles of sustainable development are effectively embedded in the policies, strategies, programmes and projects of the Western Cape Government. It was prepared in response to a Declaration arrived at during the Western Cape Sustainable Development Conference, held in Cape Town from 18 to 22 June 2005. Six thematic areas were investigated in detail, based also on public participation workshops. These led to the identification of four priority action areas: 1) Ensuring integrated governance; 2) Promoting sustainable settlements and infrastructure; 3) Promoting resource efficiency and sustainability; and 4) Safeguarding ecosystem services. In terms of the priority action area on sustainable settlements and infrastructure, the strategic goal of the draft SDIP is: “Human settlements that are spatially integrated and safe, and that have effective public transport systems and infrastructure investments that improve environmental quality and promote sustainable development.” To illustrate, some of the targets specified in this regard include: “By 2010 all households supplied with basic sanitation”; “By 2007 90% of new settlements are planned and developed according to PSDF density and land use norms”, and “Construction of 50 000 km bicycle and pedestrian network by 2010”. Over and above the action areas and targets, the draft SDIP provides an overview of the key roleplayers and their interaction in the process of implementing the SDIP and



related initiatives. The overarching responsibility for ensuring the implementation and monitoring of the SDIP rests with the Department of Environment Affairs and Development Planning. The draft SDIP's provisions for monitoring and evaluation also emphasize an alignment with existing co-operative governance mechanisms, such as the Premier's Coordinating Forum, as well as an enhanced, “new generation” State of the Environment reporting system.

The Provincial Growth and Development Strategy and the underlying complementary strategies provide very significant impetus to the creation of an enabling sustainable human settlement environment, the likes of which have not been experienced before.

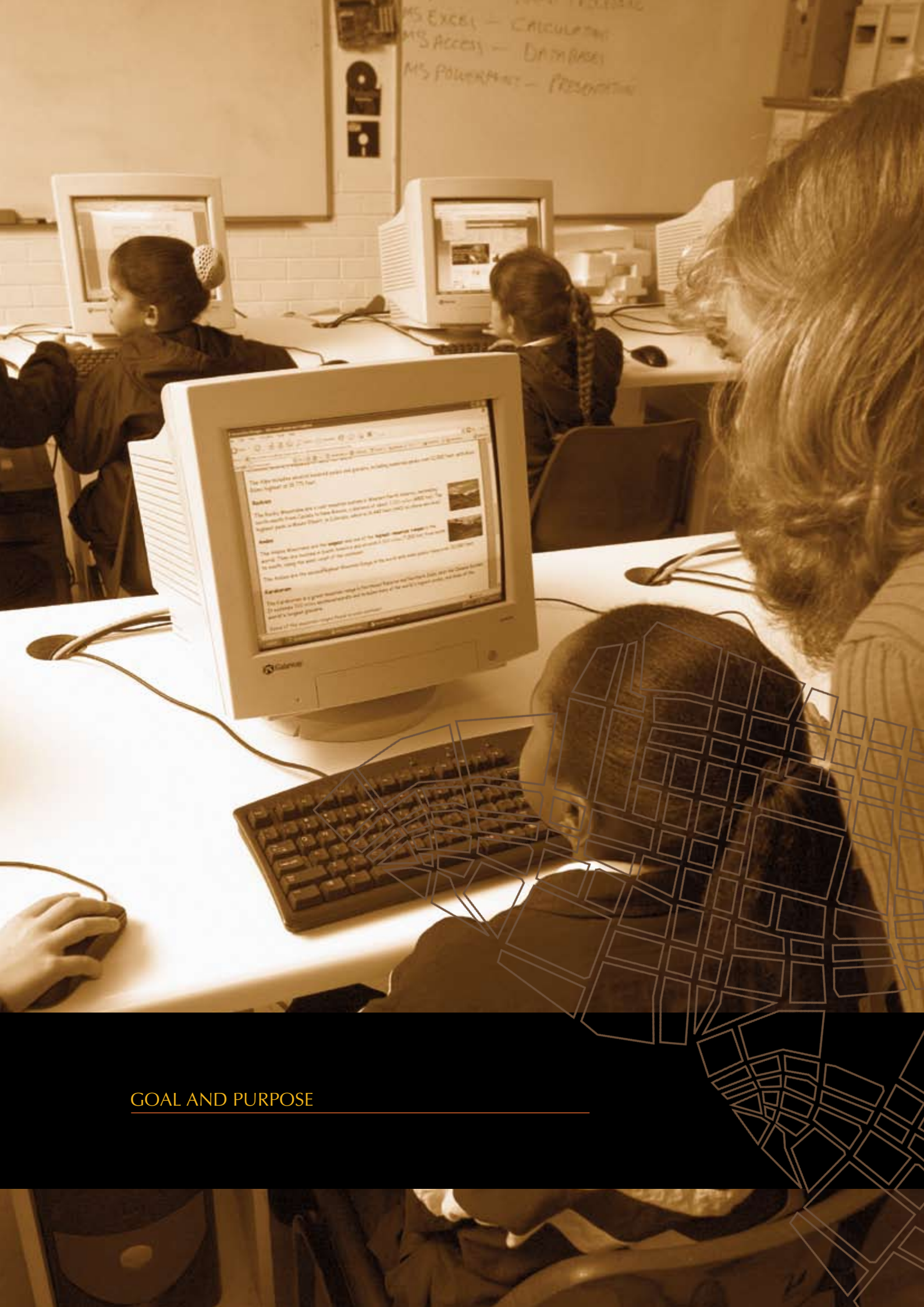
Important here, is the fact that – for the first time in the short post-apartheid future – the prospects are presented (and placed within reach) in order to achieve the following outcomes: configuring structural and durable linkages between the housing programme and spatial planning; guided land assembly and release and infrastructure provision; transport infrastructures geared to compaction and integration; re-direction of public and private sector economic opportunities and investment patterns; improved quantitative and qualitative provision of education, social facilities and amenities, and so on.

“...state resources must be targeted at ensuring access to land and services as a priority”

Moreover, as a component of this rebalancing, provision is also made in the provincial strategy for the “soft issues” – governance and social capital formation – which have been (and arguably remain) the Achilles heel of the housing programme.

In sum, if the fundamental difficulty of the state's first generation housing programme at national and provincial and local levels was its inability to structure settlements in sustainable ways related to many of the core complementary state (sectoral) programmes residing outside its (housing department/s) influence/control, the stage is now set to activate and animate the “internal social capital” in more deliberative and purposive ways than the past.

An added difference to the past is that the animation and mobilisation of “internal social capital” coheres around legislative mandates and responsibilities given that the PGDS is gazetted. The Inter-Ministerial Committee and the project focus further enhance the prospects for better inter- and intra-organisational management to produce more sustainable settlement outcomes. Implicated here then – and in line with the commitment to poverty eradication, sustainability and redistribution – is the installation of a developmental state whose political purposes and institutional structures are developmentally driven, while the developmental objectives are politically driven.



GOAL AND PURPOSE

7. GOAL AND PURPOSE

The ultimate goal is that all citizens and residents live in vibrant, safe, efficient and sustainable human settlements that are able to grow and absorb everyone who chooses to live in the Western Cape, in particular poor households who do not have access to housing opportunities.

The purpose of the Western Cape Sustainable Human Settlement Strategy is to ensure that human settlement interventions achieve the goal to create an environment which allows the citizens and residents of the Western Cape to constructively engage with the state in order to access a wide range of services, facilities and benefits that can satisfy their fundamental human needs without degrading the eco-systems they depend on.

This goal statement is consistent with all the major Western Cape Provincial Policies referred to in section 6. In summary:

- Provincial Growth and Development Strategy: given that growth targets will be undermined by dysfunctional urban economies, sustainable human settlements will promote integration and greater coherence within and across localities;
- Provincial Spatial Development Framework: coherent spatial planning targets and sustainable resource use can only be achieved if housing delivery systems serve to dismantle rather than reinforce apartheid spatial forms;
- Social Capital Formation Strategy: housing is central to participation-based social capital formation;
- Strategic Infrastructure Plan: provides a framework that can reinforce sustainable human settlements via various subsidies, densification, and a sustainable resource use perspective that substantially increases efficiencies;
- Micro-Economic Development Strategy: a wider integration of housing delivery into market dynamics that support entrepreneurs makes housing a key element of local economic development;
- Integrated Transport Plan: which makes it clear that a shift to public transportation is key, thus complementing the emphasis in the WCSHSS on access and compactness;
- Sustainable Development Implementation Plan: compact human settlements that are configured to significantly reduce resource use, contribute significantly to the achievement of the goals and objectives of the SDIP.

The significance of housing and human settlement development is that it involves the expenditure of large sums of public finance in ways that intersect with all the major provincial policies and strategies. If housing finance and delivery systems are inappropriately configured, many other policy goals across all sectors will be thwarted.

The Conventional Way

As described in the problem statement, the challenge that the Western Cape faces is how to find a third way that avoids the two housing delivery models that prevail at the moment which are (a) the RDP-house on the urban periphery funded via project-linked subsidies, and (b) the serviced site on the urban periphery. Both entrench apartheid patterns and reinforce poverty: the RDP-house option will benefit some (maybe 25% of the homeless) and leave the rest in slums forever because it is unaffordable; while the serviced land option is affordable and do-able but is effectively about the

creation of urban dumping grounds for surplus people.

“The Third Way”

The third way described in the rest of this document is only understandable if one breaks completely from the image of “housing for the poor” on the peripheries that is so dominant in the imagination of virtually every South African across the class spectrum.

The third way envisages matching the R1 billion per annum available for subsidies via the DLG&H with a wide range of state resources, private sector resources and community resources.

The state resources include the following:

- publicly owned land (including land owned by the parastatals) that must be used directly to the benefit of the urban poor;
- municipal funding for infrastructure, including – where affordable – for top-ups;
- institutional resources to manage rental and social housing; and
- major infrastructure funding from funds such as the MIG fund, Treasury’s Neighbourhood Development Programme, DBSA’s “sustainable communities” programme, and parastatal investments in transport, economic development infrastructure, energy supply, cultural development, etc.

Community and non-profit sector resources include the following:

- savings, normally 10% of the benefit, which is approximately R50 million per annum;
- context-specific knowledge to drive project design, thus saving on professional fees;
- time and labour where appropriate;
- build-up of social capital via participation, relationship building and the evolution of new urban cultures via the deepening density of associations involved in child care, violence mitigation, HIV/AIDS care, adult education, religious activities, environmental upkeep and upgrading, cultural expression and development, shelter provision, emergency aid, youth development, anti-gang organisation, and so forth; and
- management and institutional capacity via non-profit development companies, housing agencies and facilitators.

Private sector resources include the following:

- involvement of the financial institutions and private developers;
- consultants, professionals and development facilitators;
- corporate social investment programmes;
- venture and development capital investors; and
- estate agents and property market interlocutors whose subjective views directly shape market values.

Once the break from the image of RDP housing on the periphery is accepted, then it is necessary to imagine the following range of interventions:

- *Incremental in situ upgrading of some of the existing informal settlements* via a capital subsidy for

the land and services, and support for a People’s Housing Process (PHP) (35%);

- *Incremental housing development within greenfields developments* (from low density stand alone of not less than 25 du/ha through to high density row housing), with as many as possible designed as mixed use and socially mixed developments on well located land – again, with a capital subsidy for land and services, and additional support for a PHP process (35%);
- *Social housing units* (1-, 2- or 3-roomed) on well-located land or within renovated premises located within mixed-use and socially mixed developments (again in a range from low density to high density row housing) (10%);
- *Rental units* within high to very high-density developments, with public, non-profit or for-profit landlords located mainly in the inner urban cores and/or within mixed-use socially mixed developments (10%);
- *Formalised backyard tenancy*, with access to capital subsidies and loans by landlords to upgrade living conditions (5%);
- *Backyard homes*, which implies some form of secure title and support directly to owners (including the possibility of sub-division and sale) (5%);
- *GAP housing* to cater for a market where the need is huge, but if this needs goes unmet, then downward raiding takes place to the disadvantage of the poorer households.



The exact mix of interventions and areas where resources are targeted from year to year will obviously be a function of political and policy decisions. (However, the percentages in brackets after each category is suggestive of the mix that emerges from the modelling exercise cited in the report *Western Cape Strategy for the Development of Sustainable Human Settlements*.) The mix will also be determined by opportunities, which is a significant factor, given that it takes 12 to 18 months to secure approval for developments before physical construction (and therefore expenditure) can commence. However, the aim overall is to ensure that the poor are fully integrated into our towns and cities, that we move away from the dualistic housing market, and that densities do not drop below 25 du/ha (or 100 people per ha).

Based on the above range of interventions, it becomes possible to imagine how the R1 billion available to DLG&H can be used to leverage other state, community and private sector resources to trigger the production of housing within a sustainable human settlement approach across a wide range of fronts and within the overall dynamic of the existing land and property development markets.

At the very centre of this way of thinking is an incrementalist approach, which means that state resources must be targeted at ensuring access to land and services as a priority, but that this needs to be done within a framework of close engagement and cooperation with communities who can be supported over time to build up their asset base, skills sets, social capital and access to a wide range of financial and institutional resources. All of this is best achieved via savings-based micro-finance systems. This, however, will not happen of its own accord. The state will need to enter into a pact with organised civil society formations that have the proven skills to co-manage this incrementalist savings-based approach.

In order to achieve the goal via the gradual implementation of the “third way” solution described above, the following objectives have been set with specific actions that the DLG&H is mandated to execute within agreed time frames.

This is followed by an Implementation Framework comprised of a set of Key Activities that will kick-start the implementation of the WCSHSS. The Key Activities refer mainly to what is required to adopt this policy framework and plan the implementation processes and structures. The Key Activities are not equivalent to the programmes required to realise the Objectives described in Section 8. These Programmes must still be designed for implementation. Instead, the Key Activities are aimed at making sure the conditions are in place for implementing the WCSHSS, including programme design.



OBJECTIVES AND ACTIONS

8. OBJECTIVES AND ACTIONS

The following objectives with specific actions have been set to direct the Western Cape Sustainable Human Settlement Strategy.

Objective 1: Citizens of the Western Cape who live in a variety of different situations are aware of - and can easily access - a wide range of housing services and instruments that can assist them to participate in the development of a sustainable human settlement of their choice.

This objective relates to the need to develop a wide range of responses to the variety of housing and human settlement needs. This means going beyond a capital subsidy formula that favours greenfields developments located mainly on the urban peripheries. Such developments will always have a place, but packages will be needed to promote an array of alternatives, including:

- in situ upgrading of existing informal settlements;
- formalisation and upgrading of backyard shacks via a new landlord-tenant framework;
- rental housing, with special reference to young people;
- social housing, with special reference to protecting housing stock targeted at the needs of poor households located on high value land;
- GAP housing;
- high density housing across a range of localities;
- inner city housing for the urban poor;
- mixed use (commercial/residential) and socially mixed housing; and
- special needs housing (handicapped, orphans, elderly, etc).

Rural Settlements

As far as rural settlements and densely populated commercial agricultural areas (for example the Stellenbosch-Franschoek area) are concerned, an additional range of interventions might be needed that could be referred to as “agri-villages” or “rural hamlets”. However, it is essential to make sure that evictions of families from farms are not reinforced by subsidies and interventions that create rural settlements into which farmers can dump their workers and people living on their land whom they do not employ. Another danger to be avoided is the creation of rural ghettos, that is, subsidized settlements for the poor only, thus contradicting the overall aim of building integrated socially mixed human settlements. The most viable strategy would be to reinforce mixed-use socially integrated rural hamlets strongly linked to the gradual shift towards sustainable agriculture as means of rebuilding the agricultural economy in the Western Cape. Climate change is going to fundamentally change the nature of agricultural economy. A key to successfully adapting will be new settlement patterns linked to new farming systems that rebuild the soils so that they are more resilient to the effects of climate change. This will preserve the livelihood base that will be required to justify the investment in rural hamlets.

At the same time it needs to be recognised that certain towns are identified by the PSDF as “low potential” and are thus a lower priority when it comes to infrastructure and housing investments. This factor may nullify the advantages of well-located land in certain towns, but this could be counter-acted if the human settlement development proposals were coupled to viable local economic development strategies that demonstrated the developmental potential of the town.

Incrementally – Moving from Width to Depth

There will always be a tension between “depth” (maximizing the value of the benefit to include land, services and top structure) and “width” (maximizing the number of beneficiaries by reducing the value of the benefit to the minimum of land and basic services).

An incremental approach means accepting that width is a priority, but also that a supportive framework is in place to incrementally build depth over time. Using high value well located land is the most important determinant of a successful incremental strategy because the operation of the property market will incentivize and leverage ongoing investment in assets owned by families or social housing entities. Incrementalism in low value outlying areas that burn up cash via the transport system is financially unrealistic.

The Vulnerable

A focus on width and incremental qualitative improvements over time on well-located land within viable and safe communities has a major social benefit for women, children and the elderly, who are often ignored. Given that the most disempowered are often the last to benefit; this has meant that many of the poorest women and children have found themselves in the most vulnerable social conditions without a hope of escape over the long term. To survive, many have to depend on men within relationships where the women are completely powerless to resist abusive behaviour in case they lose access to shelter and food. There is a direct correlation between insecure housing within dysfunctional communities and high rates of domestic violence, rape and child abuse. The desperate need that women have to escape this physical, psychological and social degradation is the explanation for why so many women volunteer to participate in bottom-up people’s housing processes that require participants to actively participate in the building of their own houses and communities. In a number of places in the Cape, the end result is a qualitatively superior physical environment underpinned by strong bonds of social cohesion that are maintained and reinforced by networks of women who have found a new space of freedom and safety.

“...many of the poorest women and children have found themselves in the most vulnerable social conditions”

Qualifying Criteria for Housing

Another factor that may need to be taken into account when designing a wide range of human settlement interventions is the consequences of the subsidy allocation criterion that requires applicants to have at least one dependent. This is both a population growth stimulant and it could potentially be excluding a large number of younger economically productive people from accessing housing opportunities – with negative consequences for the economy in general. The one dependent criterion might need to be reviewed in light of these trends.

Specific Actions to Achieve Objective 1:

- a. Identify strategically located land (preferably public land) for immediate development of mixed use socially integrated sustainable human settlements, including large tracts of available inner city land, infill spaces, densification opportunities, redevelopment via re-zonings, urban renewal nodes, etc.

- b. Finalise and make transparent the exact subsidies available for different types of interventions, and the related processes to access these subsidies (including special needs housing for vulnerable groups).
- c. Design and establish a legal and institutional framework that is supportive of rental housing (mainly for the very poor) and social housing (for the not so poor), with special reference to the protection of stock built on high value land (especially in inner city/town areas).
- d. Establish a legislative framework that will require all residential developments to include a minimum level of mixed income housing so that in all areas there is a proportion of housing that is affordable for poorer households.
- e. Establish a capacity building programme to increase the capacity of social housing institutions (SHIs) and the capacity of public sector institutions to own and manage public rental stock.
- f. Establish a comprehensive housing demand database to support long-term demand-based planning.
- g. Establish a comprehensive monitoring and evaluation facility that can monitor and evaluate progress against an agreed set of criteria, and issue reports that are user-friendly, visual rather than data intensive, and permanently available online via an appropriate web portal.
- h. Consolidate the regulatory, institutional and financial arrangements for greenfields developments, GAP housing, etc.

Objective 2: Through the Integrated Governmental Relations (IGR) framework, all intergovernmental policies, plans and budgets that are related to human settlement development are aligned horizontally and vertically.

All the major Provincial policy documents and the Integrated Governmental Relations (IGR) framework emphasize the importance of horizontal and vertical alignment. Although this is easier said than done, it is clear that it is particularly important when it comes to housing and human settlements.

Premier Rasool has emphasized the concept of “holism in service” that requires different parts of government to work together because they recognise that the communities, households and individuals they serve are not made up of separate “health”, “education”, “housing” and other sectoral components. For the system to work optimally, these communities, households and individuals must experience government services and interventions as coherent, inter-related and mutually reinforcing. Mutual reinforcement of different interventions is particularly important with respect to the following cluster of interventions:

- Align Strategic Infrastructure Plan priorities, Municipal Infrastructure Grant funded projects, spatial planning with respect to land-use decisions, and sustainable human settlements projects.
- Integrate the WCSHSS approach to human settlements into Integrated Development Plans and, in particular, spatial development frameworks. These plans and frameworks should, in turn, be aligned with the Provincial Spatial Development Framework. To date, most spatial development frameworks have under-emphasize the need for mixed use and socially mixed neighbourhoods.
- Link human settlement planning to the promotion of robust local economies via the alignment of Micro-Economic Development Strategy initiatives, Local Economic Development plans and human settlement development.
- Plans and funding for energy supplies, waste management, water and sanitation services, and transportation should be aligned with the WCSHSS approach to sustainable resource use within human settlements. Particular attention must be paid to energy efficiency, renewable energy, waste

- recycling, recycling of sewage for productive re-use, and an emphasis on public transportation.
- Dovetail decision-making with respect to land-use, heritage, and environmental impact assessment in order to speed up those projects that have taken into account the WCSHSS approach.
- Ensure that the Social Capital Formation Strategy links up with the participatory processes that will be required to drive the establishment of sustainable human settlements.
- Ensure that all of the above are aligned with plans to maximise green spaces, biodiversity conservation and safe open spaces for recreation.

Disaster Management

Disaster management is a particularly important crosscutting function that needs to be emphasized. It is the statutory responsibility of the Provincial Disaster Management Centre to encourage risk avoidance behaviour by all organs of state, the private sector, non-governmental organisations, communities and individuals in the Province. It is therefore recommended that all role players as well as the municipal IDPs in the Province comply with the following:

- *Identify the disaster risk.* Conduct risk and vulnerability assessment that will contain all the potential hazards, identify the vulnerabilities of communities at risk and determine the actual probability of such an eventuality occurring.
- *Prepare risk reduction plans.* Implement risk reduction strategies through the implementation of prevention and mitigation plans.
- *Ensure preparedness, and response and recovery planning.* Hazards that cannot be prevented and/or mitigated should be addressed through the implementation of comprehensive disaster preparedness (contingency), response and recovery plans.

“...human settlement development is by definition a joint venture between the Provincial and local spheres of government”

Specific Actions to Achieve Objective 2:

- a. Establish a joint rental-housing forum with representatives from Provincial Government Departments and Municipalities to coordinate strategies and financing for rental housing projects.
- b. Together with the Social Housing Support Programme, develop a long-term funding framework to support the design and establishment of social housing projects, ideally as a component of wider mixed use and socially mixed developments.
- c. Together with municipalities, identify Provisional Restructuring Zones (PRZs), finalise Memorandums of Agreement, and target the various funding streams accordingly (in particular MIG funding and subsidies for WCSHSS projects).
- d. Use the various IGR forums to maximise co-ordination of strategies and funding for sustainable human settlements.
- e. Fast-track township establishment and rezoning approval processes, and investigate the possibility of the DLG&H becoming the clearing agency for township establishment applications or, alternatively, reaching a formal agreement with Department of Environmental Affairs and Development Planning that will result in a much more efficient coordination of land-use, heritage and environmental impact decision-making processes with those processes involved in housing

finance application approval.

- f. Establish a high level inter-ministerial body under the leadership of the Minister for Local Government and Housing to ensure effective inter-departmental coordination.
- g. Implement new guidelines for IDPs (inclusive of their spatial frameworks and local economic development strategies) that ensure that the WCSHSS approach is fully integrated into every IDP within the wider spatial framework set by the PSDF, the participatory and livelihood approach set by the Social Capital Formation Strategy, and the local economic development advocated by the MEDS. Furthermore, establish a mechanism for monitoring every IDP with respect to inclusion of the WCSHSS approach and conformity with the PSDF.
- h. Establish a Planning Forum to align planning for specific projects and programs.
- i. Together with municipalities, establish an agreed Province-wide set of criteria for sustainable human settlement development, including criteria that relate to appropriate location, urban design (mixed use, social mix, densities, living patterns), financing for affordability, green spaces, sustainable resource use (energy, waste, water, sanitation and transport), governance arrangements, and so forth.
- j. Ensure that every IDP has a Disaster Management section, and that these are coordinated with human settlement development strategies and projects.

Objective 3: Sustained municipal capacity building for delivery, including accreditation over time of those municipalities that have developed the capacity to carry out their housing mandate effectively and efficiently in accordance with the Breaking New Ground policy and the Western Cape Provincial Government's various Policy Frameworks.

The Western Cape Province has a geographically dispersed urban settlement pattern with considerable potential for growth in various secondary centres (for instance George/Knysna).

The PGDS, PSDF, MEDS and SIP documents all identify in different ways the potential for growth along five corridors:

- Breede River Valley
- Cape Town - Saldanha - Vredenburg
- Lower Olifants River
- Cape Town - Gauteng road / rail
- Overberg - Coast and Agulhas Plain

The success of these corridors will depend on the capacity of municipalities located along these corridors to take advantage of the incentives available to them.

Now that the capacity building of Municipalities is a key national priority, there are numerous support programmes in place, including Project Consolidate, the MIG programme's capacity building grant, the DBSA's national programme to support Project Consolidate, and the Western Cape Sustainable Human Settlement Strategy which includes assistance to build municipal capacity.

It follows that capacity building within municipalities is going to be a key ongoing priority for several years to come. To this end, the BNG framework recommends an accreditation process that must be linked to capacity building that will ensure that there is a clear audit of a given municipality's capacity to implement prior to the approval of applications and financial transfers.

Building the capacity of municipalities to manage human settlement development will need to be closely tied to the process of clarifying the powers and legal obligations of municipalities with respect to human settlement development.

Given that human settlement development is not just about building houses but also includes key municipal functions such as land availability, bulk and internal infrastructure services, ongoing operation and maintenance, rating systems, bye-laws and governance, it follows that human settlement development is by definition a joint venture between the Provincial and local spheres of government. Equally, key powers such as approval of township applications, approval of EIAs, and approval of housing subsidies lie at the Provincial level. Nevertheless, to avoid the threat of unfunded mandates by ensuring that Provincial Government does not unload financial obligations onto municipalities, municipalities quite often tend to go too far by insisting that housing is not their responsibility.

The solution lies in a joint venture approach premised on an acceptance that the focus is human settlement development, not just housing.



Specific Actions to Achieve Objective 3:

- a. Establish an accreditation unit that is linked to the capacity building unit within the DLG&H. Make sure this unit makes it clear to municipalities which process to follow to obtain accreditation and what incentives there are for seeking accreditation.
- b. Extend and deepen capacity building programmes for municipalities targeting both officials and councillors, and focused on BNG and WCSHSS, and on the following: how to include WCSHSS into IDPs; housing as a Constitutional right and the importance of the incrementalist approach; integrating sustainable resource use (energy, waste, water, sanitation and transport); the various financing and institutional packages that are available; and how to plan and implement sustainable human settlement projects in specific localities.
- c. In line with the MOU between the Western Cape Provincial Government and the Western Cape

tertiary education sector, form partnerships with tertiary education institutions to package and deliver Province-wide capacity building programmes.

Objective 4: A functioning property market across both economies and an enabling environment for agents and institutions who want to design and implement sustainable human settlements in accordance with the WCSHSS approach.

This objective relates to the core focus of BNG and WCSHSS, which is to break down the dualistic housing market that has prevailed since 1994.

There is wide recognition from most provincial policy documents and strategies regarding the skewed operation of land and property markets and the effect of these in reinforcing inherited peri-urbanisation of the urban poor and the racialisation of land/property ownership patterns increasingly along rigid class lines.

A range of instruments and intervention processes will be required that not only locate poor households on high value (largely but not exclusively inner city) land, but also bring the private sector developers and financial institutions into a much more vibrant and potentially expansive market than has hitherto been the case. The implications of the WCSHSS for state land are far reaching, because the careful strategic deployment of state assets, state funding for subsidies and infrastructure, new institutions and regulations could combine to create an integrated housing market that works with, rather than against, the poor.

“Another mechanism to fund land acquisition is the use of revenue via land taxation...”

Specific Actions to Achieve Objective 4:

- a. Use new planning and development control instruments to restructure the market, with special reference to Spatial Development Frameworks (SDFs), Restructuring Zones (RZs), zoning frameworks (use and densities), urban edge instruments, IDPs, as well as heritage and environmental impact assessment guidelines.
- b. Ensure that human settlement projects are located to maximize local economic development in accordance with MEDS, SIP and PSDF guidelines that all strongly warn against the traditional approach of locating new developments on the urban peripheries.
- c. Strategically target public infrastructure investment and upgrading to promote densification along public transport nodes and routes.
- d. Capture value for reinvestment in pro-poor development from upmarket developments via a new set of interventions, including residential development permits, development levies, endowment/betterment, TDR, bonus zoning (density bonuses to promote densification), and inclusion of housing in middle and upper income developments that are affordable for poorer households in both the subsidy and GAP range.
- e. Uniform application of a free basic service policy with respect to water and energy on a household rather than per erf basis so that rental, cluster and upgrade areas can benefit.
- f. Accommodate informal registration systems in the Deeds registry system.
- g. Streamline and cheapen legal transactions for low-income households, in particular the cost of property transfers, Deeds Office registrations, and building plan approvals.

- h. Establish the legal and institutional framework for formalising and protecting the rights of backyard shack dwellers.
- i. Devise new financing approaches and packages to fund a massive increase in supply of affordable housing, including the mobilisation of private sector resources to match public sector investments – multi-sectoral partnerships, charters, financial incentives and penalties, incremental default rating, land and property sales.
- j. Engage in formal partnership with the micro-finance sector to generate innovative financing systems to support the WCSHSS.
- k. Pilot various models to facilitate learning, in particular how private sector financial institutions can collaborate with the micro-finance sector, development funders and local savings groups to significantly escalate the availability of low cost credit to poor households.
- l. Establish an information, education and communication facility regarding market and consumer rights.
- m. Explore various partnerships with the real estate development sector, non-profit housing companies, CBOs and NGOs with respect to pilots and areas targeted to become Restructuring Zones (including mechanisms to unlock stock in discount benefit schemes).
- n. In partnership with the tertiary education sector, set up a research capacity that will monitor land and property markets, including livelihood networks and the dynamics of informality, the dynamics of the informal housing market, the rental sector in backyards as well as in townships and shack settlements, and data from home loan disclosures.

Objective 5: The institutional arrangements and capabilities of the DLG&H and (where necessary) those of other Provincial Departments involved in implementation are built to effectively design and implement the new WCSHSS.

The DLG&H is responsible for the implementation of the WCSHSS. It will require extensive capacity for inter-departmental coordination, as well as for coordination between Provincial Government and the Municipalities, and effective project facilitation. Without Municipalities with capacity, the Provincial Government will not be able to implement the WCSHSS.

In addition, the DLG&H will review its own institutional structure, decision-making processes, competencies and organisational culture in light of the implication of the WCSHSS, and assist other departments if requested to do so.

Specific Actions to Achieve Objective 5:

- a. Strengthen and extend the existing capacity building programme for municipalities.
- b. Build the internal capacity of the DLG&H via a new 4-day capacity building programme that has two objectives: to build management and leadership skills that are appropriate for development practice and networked governance; and to build up an understanding of the WCSHSS via classroom-based discussion learning via case studies of comparative experiences.
- c. Thoroughly review and – where necessary – re-align and restructure the DLG&H so that it is appropriately configured and skilled to implement the WCSHSS, paying particular attention to decision-making processes, subsidy approval procedures, and the competencies of staff at different levels.
- d. Establish within the office of the Head of Department a Special Liaison Officer (SLO) who does not have a specific portfolio and is therefore free to respond to complaints from developers, CBOs and local governments about delays in the approval process.

- e. Formalize a capacity building strategy for these and other departments, based on mutual agreements with other Provincial Departments implicated in the implementation of the WCSHSS.

Objective 6: State land and other resources are used for spatial restructuring, with direct and indirect benefits for the poor.

Outwardly sprawling, low-density residential development leads to inefficient and unsustainable settlement patterns. The PSDF suggests that urban settlements be restructured in order to break down the spatial barriers created by apartheid and make them more convenient and pleasant to live in, while creating economic opportunities close (within walking distance) to where people live.

Such a strategy will entail revisions of local Spatial Development Frameworks to indicate how settlements should be restructured to bring outward sprawl to an end. Furthermore, the current practice of ad hoc approvals by engineering departments for new township applications on the peripheries will need to cease.

Restructuring will require the use of a number of strategies, namely heritage conservation, socio-economic integration, the use of publicly owned land, and densification. Studies in South Africa and elsewhere have identified 100 people per hectare (25 dwelling units per hectare gross) as the minimum threshold where good supportive neighbourhood facilities, public transport services and walking become convenient. Higher densities of between 35 and 45 dwelling units per hectare are preferable. Urban quality also tends to be higher at these densities although this is also a factor of urban design. This figure of 100 people (24 dwelling units) per hectare can be used as a benchmark to analyse the state of urban settlements in the Province.



Spatial Development Frameworks and other spatial planning tools need to make provision for housing in appropriate locations. Thus, the location of land to address housing needs should be strongly linked to the urban structure and the SDF to guide the form, nature and direction of urban growth. This is also important for the protection of the environment and optimising economic

opportunity. Housing represents an economic infrastructure investment that should be prioritised in areas where there is economic opportunity both within particular municipal areas, and – as per the PSDF – between municipal areas at the Provincial level.

Housing provision in appropriate locations needs to be linked to the “banking” of suitably located land. A land fund that can be used by municipalities to immediately purchase and “bank” suitable land for housing that is aligned with the long term land use plan of the local authority and the Province must be created. Another mechanism to fund land acquisition is the use of revenue via land taxation or through capturing revenue via development levies. In addition, DLG&H must acquire appropriate private property through land swaps and the allocation of land use rights and expropriation.

“...a new level of inter-departmental and inter-sphere cooperation and coordination”

In order to develop an inventory of state land and assets and earmark suitable sites and buildings, an audit of all parastatal and state-owned land in the Province must be conducted to categorise it by type, quality and appropriateness for residential use. This should be captured on GIS.

DLG&H must create an overall register of available and suitable land and buildings in the Western Cape. The (Cape Town) City Housing Plan recommends the formulation of a well-integrated Land Development Plan to compare suitability criteria of land for housing.

In order to complement transport subsidies, the Provincial Government should consider subsidizing the purchase of land for housing which could prove a cheaper option for government than increasing distances between home and work thus raising the cost of transport which is already heavily subsidized. Provincial Government must also ensure that where state land is sold on the market, it must be aligned with the long term land use plan and a percentage of the proceeds should be used to cross-subsidise lower income housing elsewhere. Proceeds from such sales should be kept in a dedicated special account for the funding of lower income housing.

The DLG&H must review and re-align legislative, policy and institutional frameworks to fast-track availability and affordability of well-located land for sustainable human settlements. Information contained in the land and buildings register must be used to develop a rapid land release programme to facilitate the release of well-located land from national, provincial and local governments, as well as parastatals. The City Housing Plan suggests that the state should release strategic inner-city sites for housing purposes.

Provincial Government must institute a two-year moratorium on the sale of all state owned land or until the land policy is reconciled with the *Breaking New Ground strategy* and the Western Cape Sustainable Human Settlement Strategy and a mechanism is put in place so that the DLG&H has the right of first refusal prior to the sale of all state-owned land and buildings. The housing backlog in the Western Cape is considerable and continues to grow. This is a result of migration, population growth, lack of resources, lack of capacity, and lack of coordination with other programmes such as the MIG. Being located at the edges further impoverishes the poor and does not serve all market segments. Addressing these issues from a locality perspective will be significant in achieving sustainable human settlements according to the Strategic Infrastructure Plan.

In terms of the Integrated Transport Plan an important link needs to be made between the public transport system and associated infrastructures (bus/train stations and the public land around these facilities) which are critical urban settlement structuring elements where densities and mixed use can be promoted. These agglomeration advantages will only happen if the linkages are clearly made between the Strategic Development Framework, the principles that inform the emphasis placed by *Breaking New Ground* on the transport/infrastructure/densification nexus, and the PGDS's focus on economic participation, enterprise development and employment creation. If these linkages are ignored, the goal of socio-spatial restructuring and better functioning land markets for the poor will not be achieved.

“...the focus shifts from quantities of housing units to considering the qualities of neighbourhoods”

Co-ordinating the use of state land and human settlement development will require a new level of inter-departmental and inter-sphere cooperation and coordination within an IGR framework. In order for the Public Works Departments at National and Provincial Government level to work together with the DLG&H and Municipal Housing Departments, a Memorandum of Understanding might be required that consolidates political harmonisation at the highest levels.

Specific Actions to Achieve Objective 6:

- a. Identify 25 parcels of well located publicly owned urban land across the Province, which can be designated as WCSHSS “lead projects”. These “lead projects” will be targeted for significant investments from the major funds at national level (e.g. MIG/Treasury’s Neighbourhood Development Programme), and at Provincial and municipal levels. They need not be single large portions; they could be smaller inter-linked tracts developed simultaneously. The majority, but not all, the beneficiaries must qualify for housing subsidies (including GAP housing). The projects must demonstrate social integration and sustainable resource use, and they must be completed in three years from date of approval by the municipality. Project champions must be appointed to implement each project. A set of criteria derived from the “six senses” should be developed to identify these “lead projects”, and the current raft of “lead projects” may need to be reviewed to ensure they conform to the criteria.
- b. Working closely with the Department of Transport and Public Works, establish a policy, and – if necessary – a legislative framework to prevent the indiscriminate sale of land owned by Provincial Government departments and municipalities by stipulating a clear set of criteria that must be adhered to if a given piece of land must be sold for whatever reason.
- c. Prepare an inventory of all publicly owned land in the Province, together with a set of criteria to identify those most appropriate for development as sustainable human settlements. The criteria must take into account location, geotechnical conditions, access to transport, proximity to major infrastructure services, sustainable resource use, zoning, availability, plus other factors where necessary.
- d. Develop and implement a land banking programme, including a “land fund” that can be accessed by municipalities to rapidly purchase and “bank” suitable land for housing that is aligned with their respective long-term land use plans.
- e. Develop an MOU with parastatals regarding the transfer of strategically well-located land and buildings for pro-poor development.
- f. Align the WCSHSS for utilising state land for pro-poor residential development with the White

Paper on the Management of Provincial Property and the PFMA.

- g. In addition to the 25 “lead projects” already described, a project management approach is required to identify specific parcels of public land for development over the medium to long term, and then to secure these for pro-poor residential development via MOUs.
- h. Monitor all transfers of public land to inform long-term planning and investment decisions.
- i. Reach agreement between the three spheres of Government and between departments to identify and release land for rental housing, including the identification of privately owned land that may need to be acquired for this purpose.
- j. Review and re-align legislative, policy, fiscal and institutional structures and processes in order to fast-track the release of well located land for rental housing.

Objective 7: A new pact is consolidated between Government and organised civil society to build up over time the trust, reciprocity and development practices required to imagine, design and implement vibrant sustainable neighbourhoods.

The shift from the building of housing to the creation of sustainable human settlements means recognising that development of sustainable communities hinges on the building of social capital; hence the stated purpose of this strategy: *through housing interventions an environment is created which allows the citizenry to constructively engage with the state in order to access a wide range of facilities and benefits.*

Social capital refers to institutions, relationships and norms that shape the quality and quantity of social interactions within a society.



Societies characterised by dense networks of overlapping civil society organisations also tend to be more socially cohesive because active participation in these organisations tends to build trust, reciprocity and understanding across individual family and narrow group boundaries. Connectedness between people enables collective action for mutual benefit. In poor communities, cultural associations, religious groups and organisations that facilitate the pooling of scarce financial

resources (stokvels, for instance) are the most common and the most significant. Strengthening social capital assists local economic development because of the importance of trust, reciprocity and loyalty in vibrant and expanding business networks.

The Province's vision of *A Home for All* requires that the social capital networks within the province embrace all its people, not just certain groups, and therefore its interest is in strengthening "bridging" capital (bringing together people across different social divides), and "linking" capital (the vertical alliances such as between government and civil society, or organised labour and organised business). The *Social Capital Formation Strategy (SCFS)* begins to acknowledge that Government needs to see civil society and other stakeholders as people who can help them achieve their mission, rather than as obstacles, interferers or people to be feared. According to the SCFS, Government needs to abandon any idea that it knows best and instead work with and build on the strengths and knowledge of communities.

The *Social Capital Formation Strategy* suggests that the processes listed below will support social capital formation:

- Social capital will develop via the building of more integrated human settlements where the focus shifts from quantities of housing units to considering the qualities of neighbourhoods. This includes consideration of how geographic location and the provision of opportunities for social interaction contribute to the creation of quality human settlements. A good example would be the establishment within every neighbourhood of open-air food markets where farmers can sell directly to the consumers. These markets are highly social spaces, and they make it possible for small farmers to make higher margins and for consumers to purchase cheaper and better quality food.
- Mixed-use neighbourhoods will be promoted as a means of ensuring that areas are people friendly and safe by night. To promote bridging and linking capital, Province will encourage mixed-income neighbourhoods, and neighbourhoods where newer immigrants and those who have lived longer in the Province can learn to live and work together.
- Security of tenure and rights to inheritance of the housing unit/dwelling, and a range of options such as affordable rental housing. Tenure security for women and children is threatened with respect to customary law if a spouse dies. DLGH is committed to distributing templates for wills and title deeds to protect parties from disinheritance.
- It is recognised that effective participation in the imagining, design, construction and ongoing operation of sustainable human settlements can contribute significantly to empowerment, skills development, and social cohesion. It is for this reason that there is ongoing support for partnerships such as the People's Housing Process (PHP) and the various CBOs and NGOs that have the skills, know-how and capacity to drive a PHP process. The result may be slower delivery of the physical assets, but a faster process of community formation and empowerment. Also PHP processes in more unique and interesting neighbourhoods than contractor built housing.
- The location of housing projects that exacerbate urban sprawl is environmentally unsustainable and promotes poverty for those who end up far from economic opportunities and social amenities. Therefore DLGH will promote higher density settlements closer to opportunities and services. This will serve to undermine racial segregation. Furthermore, poor people will be able to spend less time commuting and more time with family and community, spend less on transport and use their scarce funds for the well-being of household members.

The DLG&H will actively facilitate the promotion of sustainable neighbourhoods that provide

the necessary public spaces and community hubs to allow for healthy interaction and recreation. Housing options will also be developed that cater for those with special needs, including single mothers, people with disabilities, and older persons. Treasury will increasingly base its departmental allocations on the extent to which departmental budget inputs reflect a contribution to social capital formation in their different programmes.

The greatest challenge that faces many CBOs and NGOs is that they have found it difficult to make the transition from a rights-based protest mode to a post-apartheid developmental mode that requires a different mind-set and strategy.

However, those who have survived into the second decade of democracy are those who have managed to routinize daily organising practices, and who have focussed on the build-up of local leaders who can negotiate deals with authorities and deliver their constituencies into the implementation of these agreements. In other words, without giving up the traditional protest methods, these are the movements that have learnt from the trade unions that incremental negotiated gains supported by a mass base is essential for sustaining organisational coherence and a sense of political power over long periods of time. This is also where the incorporation of micro-finance methods is useful because it provides a focus for daily organising and relationship building within communities that are wracked by the daily threat of external and internal violence.

“...many CBOs and NGOs... have found it difficult to make the transition from a rights-based protest mode to a post-apartheid developmental mode”

There are dense networks of CBOs active in all communities in the Western Cape across the socio-economic spectrum. Although most of these networks reflect the ethnic and racial character of the communities created by the apartheid spatial pattern, they play a vital role as intermediaries and voices for all communities. There are even signs of co-operation and coalitioning across historical social divides in formations such as the Coalition of the Urban Poor (CUP). However, there are several well-organised networks of CBOs (or social movements) that have developed sophisticated methods for empowering poor communities to actively participate in the design and development of homes and settlements. These include the Federation of the Urban Poor (FEDUP), Poor People's Movement (PPM), Habitat for Humanity, SA Homeless Federation (which is the Cape-based group that remained outside FEDUP), certain civic structures affiliated to SANCO, independent stand alone squatter committees, coalitions of SMMEs (often in partnership with private consultants), networks of micro-finance institutions, and NGO-led (often externally funded) local land and housing groups. Some or all of these formations are clearly well positioned to partner with Government for the implementation of the WCSHSS.

Specific Actions to Achieve Objective 7:

- a. Call a Western Cape Provincial Summit to formalize via an MOU a development pact between the Provincial Government and those CBOs and social movements that have the will and capacity to collaboratively design and implement human settlement projects. To qualify for participation in this pact, these formations must demonstrate that they can mobilize and manage savings and loans, negotiate agreements, gather information required for community action planning,

manage finances, facilitate housing subsidy applications and disbursements, and manage and store building materials. The emphasis is less on representation and more on capacity to organise community resources for development projects.

- b. Make available a fund that can be used by the civil formations that are part of the above mentioned pact to train and sustain grassroots community organisers who will be accountable for making happen the various community action planning and savings strategies that will be required.
- c. Working within the constraints of the PFMA, establish mechanisms for fast-tracking the transfer of subsidies to accredited CBO- and NGO-based development finance institutions.
- d. Establish an orientation and education programme for DLG&H and municipal staff to build up an understanding of community-based development practice.
- e. Require that all subsidised human settlement developments utilise participatory planning (spatial, land use, design) and construction methodologies. To this end, develop a protocol with a supporting manual that defines the minimum standard required for community participation in all subsidised housing projects.
- f. Develop a consumer education programme for all beneficiaries of subsidised housing.
- g. Develop a clear allocations policy for the Province and ensure the revision of waiting lists and allocations processes is credible and transparent.

Objective 8: The Western Cape's towns and cities become global leaders in sustainable resource use by making sure that all new buildings, infrastructure and open spaces are planned in accordance with ecological design principles, and that owners of existing buildings (in particular public sector owners) respond to incentives to retrofit their buildings in accordance with these principles.

It should be clear from the problem statement that the increasingly scarce and therefore costly services (water supplies, energy and waste removal) are the factors that could prevent the realisation of the goal of the WCSHSS, if nothing changes in the way these services are delivered.

These underlying resource use issues have been highlighted elsewhere in various Provincial policy and strategy documents, in particular the PSDF and, more importantly, the SDIP. Indeed, the SDIP provides the point of departure towards achieving this objective (Objective 8), when read together with the PSDF, PGDS and the SIP.

Restructuring the city and preparing it for the end of the oil age, a much hotter climate as global warming becomes a reality, highly constrained water supplies, rapidly escalating grid electricity costs, fished out seas, degrading soils and increasingly limited landfill space is going to become a national priority for all developing countries, but increasingly for the Western Cape which is currently balancing on a knife-edge. Many developing countries – such as Brazil and China – are already tackling these challenges. Key city- and Province-wide initiatives could include:

- prevention of urban sprawl and the protection of high value agricultural land via hard urban edge policies;
- strict measures to prevent air pollution, in particular by ensuring that petrol/diesel is replaced with biofuels in the road transport sector (as has taken place in Delhi);
- subsidies for energy efficiency – following the example of the German Government after the Christian Democrats came to power, direct Government subsidies will be required to finance the conversion of buildings and, like in many US states, Japan and Germany, provision of subsidies for



installing solar PV systems (via panels or solar roof tiles) will be necessary for the first few years, after which subsidies get phased out as an economy of scale is built up;

- a return of commerce to the “high street” as the spinal cord of community building, which means malls are actively discouraged because they are car-centred and are highly inefficient from an energy point of view;
- using solar, wind, wave and biomass at a fraction of the cost of nuclear power to meet up to 50% of the Western Cape's energy needs over the long term – the result will be energy security, lower costs and the emergence of a vast new energy economy driven by thousands of employment intensive inter-connected small and medium businesses;
- massive concerted efforts to clean up the river and wetland systems and extend the natural green open spaces – the city of Seoul, for example, ripped out the main highway running through the centre of the city and returned it to what it used to be, namely a beautiful river;
- the development and passing of a set of Green Bye-laws that build on the Green Building Guidelines formulated and circulated by the City of Cape Town;
- transition to a zero waste system by implementing processes that recycle and re-use all solid and liquid wastes. (Useable products from these wastes include biogas, compost, water, and a wide range of materials such as plastics, paper, metals, building materials, and so forth). This, in turn, triggers new value chains and employment-creating businesses; and
- massive investments in public transport via integrated bus-rail-taxi systems.

Many of the above interventions are fundable via the normal infrastructure investment programmes to extend treatment plants, energy generation, water supply, public transport, roads/storm water drainage and waste management sites. All that is required is that the technical consultants are appropriately briefed to develop the correct specifications. The end result will be greater efficiency at lower operating costs.

More specifically, the DLG&H will work with the municipalities to develop and promulgate what the City of Cape Town calls “Green Building Guidelines” which could eventually be incorporated into a set of bye-laws that will govern the approval of rezoning applications and the approval of building plans for all houses and buildings (not just subsidized housing). Like elsewhere in the world where this has been done, these byelaws could over time result in the following outcomes:

Reduced energy consumption by up to 75% for the average grid-connected household or business via:

- correct north-south orientations, proper insulation, adequate roof overhangs, effective ventilation, installation of energy saving devices (e.g. low energy globes), and solar hot water heating systems;
- the use of more sustainable building materials and systems, including reduced cement content, thermal mass content, roof overhangs, correct location and sizing of windows, etc;
- maximum use of renewable energy, such as on-site grid-connected solar, biomass, wind or hydro power, or the inclusion of investment of a portion of the infrastructure cost in off-site wind generation.

Zero waste:

- elimination of 90% of the waste that goes to landfill via separation at source, neighbourhood-based waste recycling depots managed by entrepreneurs, composting of organic waste streams, launching campaigns to discourage supermarkets from using too much packaging;
- the creation of new businesses and jobs engaged in waste recycling, in particular with respect to plastics, paper, and metals;
- support for informal waste pickers across residential areas and on landfill sites.

Investments in sustainable transportation to cut oil imports by 50% and improve air quality by:

- locating residential areas and places of employment in close proximity or mixed together in mixed use areas;
- promoting the rapid large-scale transition to public transport (integrated rail-bus-taxi);
- increased use of non-fossil fuels made from biomass (forest products, citrus waste), on condition the feedstock is not a primary foodstuff. Quite a few towns and cities around the world have identified a date by which time they want no oil to be sold or consumed within their areas.

Sustainable construction materials to reduce cement content and the use of toxic materials and enhance the use of locally supplied materials via:

- the use of alternatives to fired brick and cement such as recycled bricks, adobe brick (clay, sand, straw), cob (clay and wattle), sandbags, straw bale, hemp, baked lime, neo-lite (SABS approved brick made from waste paper pulp and fly-ash from power stations);
- elimination of materials responsible for indoor pollution and unhealthy toxic effects, especially widely used paints and PVC piping;
- sourcing materials such as hardwoods, building sand, reed and stone from sources that can prove sustainable practices (e.g. a Forest Stewardship Council certificate for imported hardwoods).

Supply 25% of household food requirements via neighbourhood-level “farmer-to-fork” markets, which will:

- stimulate the growth of local farming businesses and employment by making it possible for farmers to sell directly to consumers, thus improving their margins and lowering the prices paid by consumers;
- support – together with education and technology advice – the gradual spread of organic farming practices that will reduce the dependence on food production on oil-based chemical inputs;
- improve health levels, including the boosting of immune systems which is so important for those with HIV/AIDS;

- contribute to the revitalisation of the biological productivity of our soils and enhance biodiversity.

Reduce water consumption by 45% for the average household and business by:

- providing a dual water supply, with only potable water used for drinking, washing and kitchen use, and a grey water supply for toilet flushing and irrigation;
- neighbourhood-level sewage treatment and re-use (via biogas digesters, vertically integrated wetlands, etc), connected to the neighbourhood-level composting and solid waste (including building rubble) recycling depot;
- compulsory rainwater harvesting;
- compulsory water saving devices;
- total and permanent ban on the use of potable water supply for garden irrigation.

“... improve health levels, including the boosting of immune systems”

Biodiversity enhancement:

- encouragement of investment in the planting of indigenous communal and private gardens, including large numbers of trees
- creation of a network of indigenously planted public and semi-public spaces
- rejuvenation of the soils via organic farming
- skills development in biodiversity, and home care
- integrating plants, trees and shrubs into the design of houses and buildings (in particular on the windward sides) to absorb heat and filter the air

Specific Actions to Achieve Objective 8:

- a. Set up a Provincial Task Team to evaluate the City of Cape Town’s Green Building Guidelines with a view to turning them into a set of Provincial Regulations and eventually municipal byelaws.
- b. Facilitate alignment between the technical specifications for infrastructure planning that flow from the SIP and PSDF and the project-level designs for the projects that will be funded by the MIG, Treasury’s Neighbourhood Development Programme, DBSA and Municipal Engineering Services Departments.
- c. Working with municipalities, NGOs, CBOs, researchers and consultants, develop ideal-type ecologically housing units for different locales (including alternative building materials), using the templates in this regard already developed by the City of Cape Town’s Green Buildings initiative.
- d. Investigate the option of a “renewable energy bulk infrastructure charge” on all new developments, payable to the West Coast wind farms for the construction of additional wind generation.
- e. Convene a Province-wide task team to investigate what is required to fast-track a solid and liquid waste recycling system, building on many of the best practices that are already in place in the Province.
- f. Appoint a facilitator to facilitate – via a series of dialogues between farmers, market operators and consumer groups – a value-chain analysis of food supplies into the urban areas. The objective is to determine which interventions could enhance and reinforce the emerging “farmer-to-fork” markets in the towns and cities.



IMPLEMENTATION FRAMEWORK

9. IMPLEMENTATION FRAMEWORK

This document maps out a strategy that proceeds logically from the problem statement, through to the goal, purpose, objectives and specific actions to achieve the objectives.

A detailed Implementation Programme for each objective will be required, with milestones, budgets, leadership and accountabilities. This is a wide-ranging strategy that operates across a series of fronts each with its own dynamics and challenges. It would therefore not be advisable to assume that it can all be activated simultaneously.

The Provincial Government and the partners are responsible for the implementation of the Strategy. A common strategy neither could, nor should, challenge the fundamental principle that the Community “through the Provincial Government is leading this process”. Notwithstanding, each partner will face specific questions and challenges in the implementation process, related to regional and/or local situations and conditions, which can be resolved only by that particular partner.

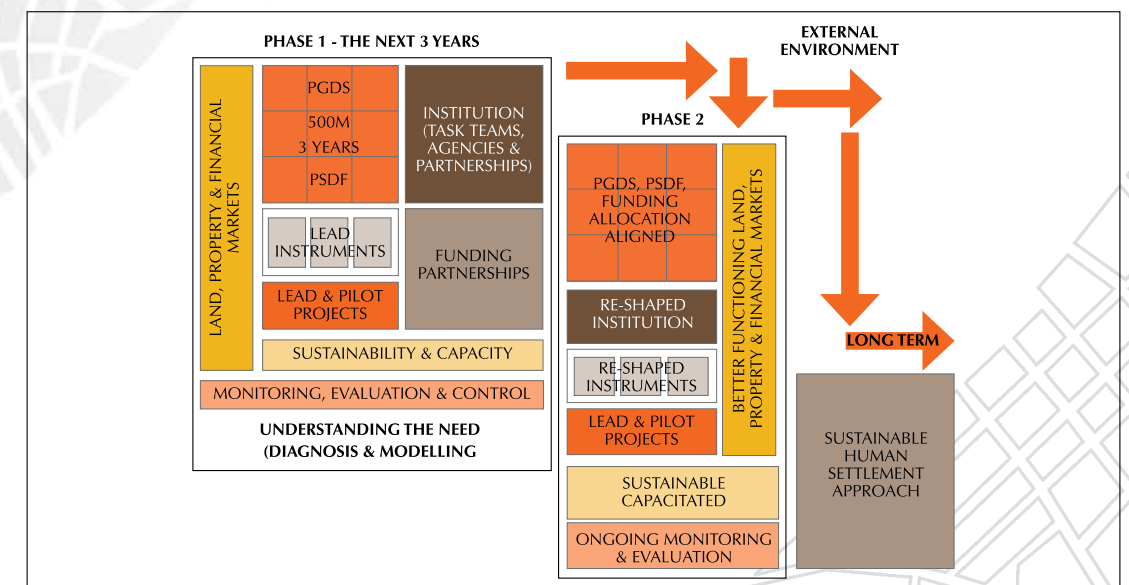
The Strategy envisages a nine-year planning horizon that is modular based, and divided into three phases.

Phase 1 (short term) coinciding with the beginning of the current Medium Term Expenditure Framework (MTEF). In brief, this involves gearing up the institutional capacity to implement the strategy, and developing a more sophisticated understanding of the instruments and their assemblage through a series of lead and pilot projects, as the funding has already been committed.

Phase 2 will see a reshaped institution that is able to package funding allocation and mainstream the implementation of the strategy with confidence, thus leading to the final phase where a new practice has been established. In practice the implementation plan deals with the first two phases.

Phase 3 provides the roll out framework to facilitate the creative use of instruments and programme monitoring.

The following diagram explains the rollout of the phases:



Below are eight Key Activities required for commencing the implementation of the WCSHSS. The Key Activities are described here in summary, and are elaborated in detail in a separate internal implementation plan.

Key Activity 1: Create an enabling environment for implementing the Western Cape Sustainable Human Settlement Strategy internally and externally.

Specifically, this will entail the following:

- Policy decision. The WCSHSS needs to be approved by the Provincial Cabinet and launched by the MEC for Local Government and Housing.
- Formulate a communication and marketing strategy to raise awareness and popularise the strategy. This will, in turn, shape the implementation programmes.
- Support teams. Establish support teams for each of the eight Objectives, with the primary mandate to design the implementation programme for each Objective – the Specific Actions under each Objective will be the point of departure for the implementation programmes that each support team must design.
- Build capacity for implementation. A dedicated capacity building programme must be formulated for Provincial and Local Government officials, as well as CBOs and private sector operators.

Key Activity 2: Identify at least 25 lead projects, and appoint project champions to drive them.

- These projects must span the range of locales and contexts. The project champions, together with key strategic DLG&H staff should be brought together in a learning forum that meets monthly to share knowledge, information and



strategic insights. Project champions must be given a wide mandate covering all aspects of what is required to implement an integrated project that cross-cuts departmental boundaries.

Key Activity 3: Develop technical and process designs for project implementation.

Specifically, this will entail the following:

- Guidance on the analysis of pressures and impacts, with special reference to pilots and lead projects. This will include learning from pilot and lead projects; guidelines for assessing pressures and impacts; capacity building with respect to what does and does not work; and a package of technical housing instruments for application in specific contexts.
- Development of guidelines for monitoring particular precincts, with particular reference to land-use; development potential, pressures and impacts; and aesthetic qualities.
- Strategic use of land and resources for spatial restructuring, including the incorporation of an analysis of the economic potential and sustainable resource use impact of particular portions of land with respect to human settlement development. A key outcome will be the development of a Guidance Document for how to analyse the economic potential and sustainable resource use implications of a particular area or portion of land.
- Interventions to improve the functioning of property and financial markets. This will be the focus of the support team for Objective 4. It will need to include: a review of land-use regulation and management; the piloting of new financial models; mechanisms to capture the surplus generated at the upper end of the property market; measures for fast-tracking social, rental and gap housing; the stimulation of mixed income neighbourhoods; the development of partnerships; and a range of support mechanisms with respect to backyard dwellers, micro-finance, and so on.
- Understanding and assembling innovative housing instruments and policies. These include: special needs housing, appropriate measures for high and low growth potential areas; funding for land acquisition and disposal; people's housing process guidelines; rental housing instruments; and approaches to rural hamlets/agri-villages/on-farm housing.
- Promotion of rental housing. This includes a wide range of activities to develop institutional models, policy frameworks, regulatory instruments and funding mechanisms to design and construct rental housing.

“...implement an integrated project that cross-cuts departmental boundaries”

Key Activity 4: Planning and Budget Alignment.

- Municipal, private sector, NGO and CBO stakeholders require maximum certainty as to how subsidies will work (application procedure) and the types of projects that will be prioritised. This will be finalised, documented and communicated.
- Embedding the WCSHSS within the IGR framework, iKapa strategies and IDPs. This will be the focus of the support team for Objective 2.
- Horizontal and vertical alignment for implementation using the IGR framework. Again, the support team for Objective 2 will attend to this.
- Developing financial models and mechanisms for implementation. After political approval of the WCSHSS, a special task team will need to be mandated to develop appropriate financial

models to realise the policy objectives. This will include: criteria to guide funding allocations to municipalities; funding approaches that link investments in infrastructure, public facilities, land and top structures; a range of funding mechanisms appropriate to specific interventions (in situ upgrades, backyards, greenfields, rental, social housing, gap housing, inner city, etc); and new municipal financing models.

Key Activity 5: Research and Information Management Diagnosis and Modelling.

- Develop research and databases. This will involve a new approach to data and information collecting and reporting that will provide decision-makers with evidence-based analysis of socio-economic needs, success (and failure) cases; areas in need of intervention; and evaluations of specific interventions.
- Develop a shared Geographical Information System (GIS) for tracking and representing in spatial form the key driving forces, pressures, status, impacts and responses within and across localities.
- Develop tools for information management and sharing, including a website that will provide the platform and portal for open access to data and information collected as the WCSHSS is implemented.



Key Activity 6: Application, testing and validation.

- Integrated testing of the various guidance documents that will be developed by the eight programme support teams, with a view to making sure that they are appropriately aligned.
- Set up a monitoring and evaluation system for the implementation of the overall WCSHSS, based on standardized routines and procedures.

Key Activity 7: Savings-Based Housing Delivery.

- Set a date for a Western Cape Provincial Summit where Provincial Government and Municipalities

will formalise a pact with organised civil society with respect to mounting a savings-based people's housing process aimed at meeting the shelter and service needs of the poorest households.

Key Activity 8: Sustainable Resource Use.

- Set up the Programme Support Team for Objective eight and make sure it includes Provincial Government representatives, representatives from municipalities, NGOs and key experts. Focus this team on the task of drafting and finalizing a draft Green Building Bye-law that can be used to approve all building plans for residential, non-residential and infrastructure projects.



ACKNOWLEDGEMENT

We would like to thank the following for their invaluable contributions in developing the Western Cape Sustainable Human Settlement Strategy:

Human Settlement Reference Group
Mr. Ahmedi Vawda, special advisor on Housing
Prof Mark Swilling, Sustainability Institute
Mr. Emanuel Sotomi, Chief Director and team
Support teams, Department of Local Government and Housing
Consulting Teams and inputs by a range of
planning and housing specialists.

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