

**LOW-INCOME HOUSING IN THE POST-APARTHEID  
ERA: TOWARDS A POLICY FRAMEWORK FOR THE  
FREE STATE**

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**Low-income housing in the post-apartheid era: Towards a policy framework  
for the Free State**

by

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## **Declaration**

I declare that this thesis submitted for the degree Philosophiae Doctor at the University of the Free State is my own, independent work and has not been submitted by me to any other university/faculty.

I furthermore cede copyright of the thesis in favour of the University of the Free State.

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December 2003

**TO CHARLENE**

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## LIST OF ACRONYMS

AIDS	: Acquired Immune Deficiency Syndrome
ANC	: African National Congress
CBO	: Community Based Organisation
CDE	: Centre for Development Enterprise
CSIR	: Centre for Scientific and Industrial Research
DFA	: Development Facilitation Act
FRD	: Foundation for Research and Development
GDP	: Gross Domestic Product
HIV	: Human Immunodeficiency Virus
HSRC	: Human Science Research Council
IDP	: Integrated Development Plan
IDT	: Independent Development Trust
LDC	: Less Developed Country
LDO	: Land Development Objective
MEC	: Member of the Executive Council
NGO	: Non-Governmental Organization
NHF	: National Housing Forum
NPE	: New Political Economy
NSPD	: National Spatial Development Perspective
RDP	: Reconstruction and Development Programme
SDI	: Spatial Development Initiative
UNCHS	: United Nations Centre for Human Settlements
UNDP	: United Nations Development Programme
VAT	: Value Added Tax

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## LIST OF ACRONYMS

AIDS	: Acquired Immune Deficiency Syndrome
ANC	: African National Congress
CBO	: Community Based Organisation
CDE	: Centre for Development Enterprise
CSIR	: Centre for Scientific and Industrial Research
DFA	: Development Facilitation Act
FRD	: Foundation for Research and Development
GDP	: Gross Domestic Product
HIV	: Human Immunodeficiency Virus
HSRC	: Human Science Research Council
IDP	: Integrated Development Plan
IDT	: Independent Development Trust
LDC	: Less Developed Country
LDO	: Land Development Objective
MEC	: Member of the Executive Council
NGO	: Non-Governmental Organization
NHF	: National Housing Forum
NPE	: New Political Economy
NSPD	: National Spatial Development Perspective
RDP	: Reconstruction and Development Programme
SDI	: Spatial Development Initiative
UNCHS	: United Nations Centre for Human Settlements
UNDP	: United Nations Development Programme
VAT	: Value Added Tax

## **CHAPTER ONE: SETTING THE SCENE**

### **1.1 THE RESEARCH PROBLEM**

The quality of housing usually represents one of the more visible dimensions of poverty and wealth. These highly visible dimensions of poverty and wealth contribute to housing being an emotional concept in poorer communities (Gilbert and Gugler, 1992). South Africa is no exception in this regard, as approximately 1,5 million households in the country reside in informal housing units and 4,5 million households do not have access to water on their stands or waterborne sanitation available (Statistics South Africa, 1998). Apartheid policies and the racial connotation of these policies had a marked impact on the development of the housing landscape in South Africa. Housing programmes under apartheid legislation were usually racially based and, since the withdrawal of government from direct housing delivery in the early 1980s, almost completely directed to the middle-class by means of the private sector (Hendler, 1991; Parnell, 1991; Soni, 1992). The withdrawal of the state from the housing environment resulted in limited opportunities to black low-income households since the 1980s. In addition to the above aspects, the location of projects and the allocation of housing funds were specifically targeted at former black townships (1950 – 1970), and, since the beginning of the 1970s, to former homeland areas (Wessels, 1989). In the process approximately 350 000 public rental housing units were constructed between 1950 and the mid-1970s in former black townships (Wessels, 1989). The motive behind this mass provision of housing in former black townships was to upgrade the former townships after which land expansion would be frozen and housing funding be redirected to homeland areas. For example, in the Free State capital of Bloemfontein, housing provision for the black population in Mangaung (the former black township of Bloemfontein) was terminated in 1968 and, since 1979, redirected to the two former homeland areas, namely Thaba 'Nchu and Botshabelo (Krige, 1991).

With the unbanning of the African National Congress (ANC) early in 1990 and the start of the transition to a full democracy, the housing crisis in so-called 'white' South Africa deepened as thousands of households started with informal land invasions in almost all major cities and towns in South Africa (Wolfson, 1991). At the same time, the urbanisation processes also normalised (at least in the Free State) as black people were no longer forced to reside in homeland areas

because it was possible for them to reside where they wanted to (Krige, 1995). In order to address the increasing housing problem discussed above, a number of initiatives were implemented which would later play important roles in the development of a post-apartheid low-income housing policy. The Independent Development Trust (IDT) provided funding through the apartheid government to service approximately 100 000 stands between 1992 and 1994 (IDT, 1992) and contributed significantly to policy-making in the period to follow. Meanwhile, the ANC developed its own policy on low-income housing within the Reconstruction and Development Programme (RDP) (ANC, 1994). Concurrently with the drafting of the RDP, the National Housing Forum (NHF) developed the new low-income housing policy for the country, which was largely accepted at the end of 1994 and to a large extent became the official White Paper on Housing (Tomlinson, 1998a). The Provincial and Local Governments were to become the main implementers of policy within the framework of the new low-income housing policy. The Department of Local Government and Housing in the Free State initially attempted to develop its own White Paper on Housing, which differed considerably from national policy. Due to the differences with national policy, the Free State Provincial Government was forced to abandon their White Paper.

Despite the existence of an extensive low-income housing policy at the national level, no strategy for low-income housing was in place for the Free State by December 2001 (Free State Provincial Housing Development Board, 2000)<sup>1</sup>. In fact, the Western Cape was the only province with such a framework between 1994 and 2001 (Western Cape Department of Local Government and Housing, 1996). Although, a Free State Housing Strategy is available in draft form (Urban Upgrading and Development Programme, 2001a) and a Multi-year Housing Development Plan has been developed (Free State Department of Local Government and Housing, 2000) mainly to secure national funding, low-income housing policy and strategic decision-making in the Free State between 1994 and 2001 was hampered by the lack of a coherent strategy (Free State Provincial Housing Development Board, 2000). The absence of a strategy for the Free State since 1994 has led to a number of operational problems and policy conflicts in the provincial context – some of which are also experienced at the national level. Some of the problems and conflicts are as follows:

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<sup>1</sup> It should be noted that the Free State Housing Strategy was accepted in June 2003.

- There is still no real policy directing the allocation of low-income housing subsidies amongst the various local municipalities and settlement categories in the Free State. Despite the existence of priority areas and the Housing Prioritisation Model, the implications of what is meant by priority areas are not explained. In fact, it seems as if a policy of regional neutrality is mostly being followed, as there are limited guidelines for the allocation of low-income housing investment (by means of subsidies). The question of regional allocation of subsidies has become even more important in the new dispensation of local authorities, which came into existence at the end of 2000. The new local municipal boundaries now include more than one urban settlement as well as the adjacent rural areas.
- The lack of such a strategy as far as the allocation of subsidies is concerned favoured small towns during the first eight years, which did not help to accommodate increasing urbanisation to the main urban centres in the Free State.
- The principle that all towns should receive subsidies contributed to the fact that small towns were in an advantaged position with regard to the allocation of subsidies, as proportionally small towns received more subsidies than their share of the Free State population.
- There is also no policy with regard to rural low-income housing and different sentiments with regard to the provision of low-income housing in former homeland areas are also visible.
- Despite exceptions, the Free State insisted on the construction of 40m<sup>2</sup> houses. Although the emphasis on housing size seems to be a noble initiative, it has led to a number of side-effects, such as, for example, hindering the delivery of low-income housing in larger urban areas where no formal sites were available or where land prices were too high. In order to ensure a 40m<sup>2</sup> house, these houses were constructed on already serviced erven. These services were usually subsidised by District Councils, which meant that double subsidisation was taking place (a subsidy from the District Council for the services as well as from the Department of Housing for the top structure). However, a large number of 40m<sup>2</sup> low-income housing units were also constructed with virtually no services available.
- It seems that the allocation of subsidies to the lower-income categories results in problems of financial sustainability to urban areas and local authorities.

The above problems can, and should, probably all be addressed within a low-income housing strategy for the Free State. Against the above background of problems created by the lack of a

provincial strategy for low-income housing the question that will guide the research in this thesis is: ‘*who* should receive *what* – and *where* – in terms of low-income housing delivery in the Free State?’

### **1.1.1 Research aim and objectives**

The aim of the research is to develop a low-income housing policy framework for the Free State with regard to ‘*who* should receive *what, where*’ that can guide the research problem as identified above. Therefore the study has the following objectives and is structured as follows (see also Figure 1.1):

- to analyse the evolution of low-income housing policy in Less Developed Countries (LDCs) since the Second World War and determine the external factors which have shaped the development of post-1990 housing policy in South Africa;
- to assess the development and content of South African low-income housing policy since 1990 against the background of the research problem;
- to explore low-income housing delivery and policy application in the Free State during the first eight years of post-apartheid low-income housing delivery (April 1994 – March 2002) in terms of *who* received *what* and *where* in the province, as well as where necessary, to compare it with other provinces and with South Africa on a national scale;
- to conceptualise the concept of the low-income housing problem (*who* and *what*) in the Free State and develop a framework against which the concept should be understood and which could influence future policy-making in the province;
- to discuss a suggested regional low-income housing investment framework (*where*) in the Free State by means of a literature overview and then to apply these principles by means of available data; and,
- to develop a coherent policy framework from the above assessments, that could guide the ‘*who, what* and *where*’ of low-income housing policy in the Free State.

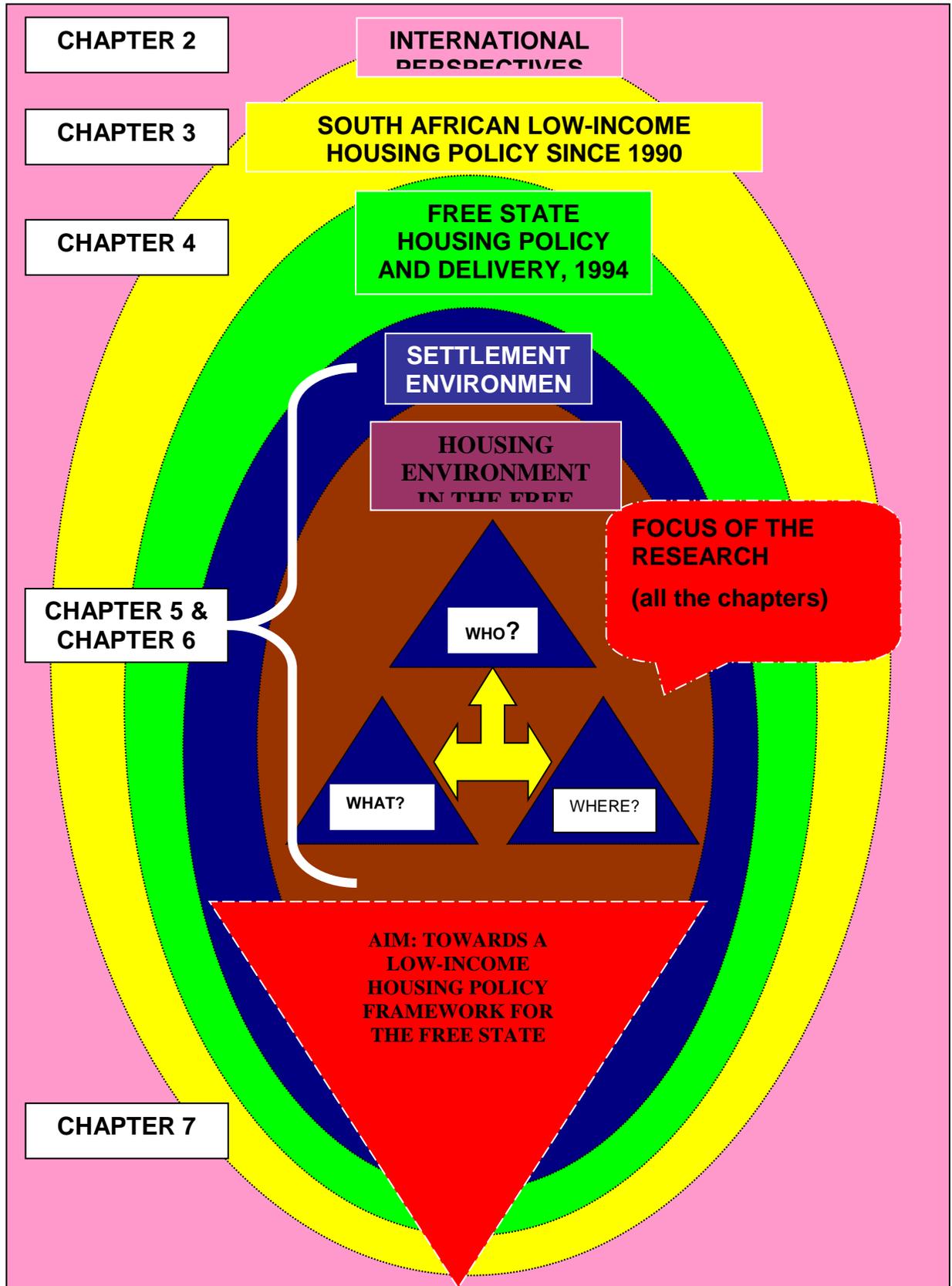


FIGURE 1.1: A diagrammatic representation of the study

### 1.1.2 Conceptualisation

In order to guide the analysis and for purposes of clarification, a number of key concepts will be defined. The purpose of defining these concepts is to clarify the context in which these concepts are applied in the study. Where necessary, some further clarification will be provided in the remainder of the text. The conceptualisation of terms will start off with defining ‘towards a policy framework’ and the term ‘low-income housing’. Secondly, the definitions of the ‘*who*’, ‘*what*’ and ‘*where*’ questions will be addressed. Other concepts that will be defined are infrastructure and service, top structure, ‘post-apartheid’, ‘low-income housing investment’, and the ‘low-income housing subsidy types’ currently in use.

In order to understand the concept *towards a policy framework* three aspects need to be clarified, namely, ‘*towards*’, ‘*policy*’ and the ‘*framework*’. The term ‘*policy*’ is defined by Dunn (1981: 46) in the following words: “... series of more or less related choices, including decisions not to act made by government bodies...”. However, the most important implication of the policy concept for this study is an explanation of the concept in conjunction with the concepts ‘*towards*’ and ‘*framework*’. The terms ‘*towards*’ and ‘*framework*’ should be seen against policy development as a process (Van Niekerk *et al.*, 2001). In addition to this opinion of policy as a process, Nagel (1980: 31) further maintains that “scholars analysing the policy-making process tend to emphasise the incremental nature”. Although the emphasis on policy as a process does not mean that policy and policy development cannot be viewed from other perspectives, this study emphasises that this thesis is the initial phase to policy development and that it provides a basis from where it is possible to develop and refine policy. In reality the basis of this thesis has contributed to the working paper for the Free State Housing Strategy (Urban Upgrading and Development Programme, 2001b), as well as the development of a Housing Strategy for the Free State (Urban Upgrading and Development Programme, 2001a). Therefore, in the policy context, this document should be seen as a broad policy document. Examples of policy frameworks within the South African policy development environment are the RDP (ANC, 1994), as well as the Urban Development Framework (Department of Housing, 1998). The formal title of the initial RDP document prepared by the ANC is ‘The Reconstruction and Development Programme: A Policy Framework’ (ANC, 1994). The appearance of the concept ‘*framework*’ in conjunction with ‘*policy*’ is therefore not new to the current South African policy environment.

This concept '*low-income housing*' is specifically utilised instead of the concept '*low-cost housing*'. The focus is thus on the end-beneficiaries who are low-income households rather than on the types of low-cost end products. In this thesis low-income will refer to households earning less than R3 500 per month. Nevertheless, it is also accepted that there is a relatively strong relationship between income and the type of housing product that can be delivered. With regard to the concept of '*housing*' the definition of Dewar (1993) will be utilised in this thesis. He defines '*housing*' as a process providing a household access to: shelter, services and infrastructure, employment opportunities, tenure, and facilities (schools, clinics, etc.). In this thesis I shall mainly refer to housing as access to shelter, infrastructure and services and employment opportunities. Housing tenure will not be addressed in detail, while access to facilities requires a study at the micro level. Chapter Two and more specifically Chapter Five of the thesis will suggest that housing is only one component of the larger settlement environment, and that the two concepts '*housing*' and '*settlement*' cannot be separated from each other (see Figure 1.1).

The concepts '*who, what and where*' are given prominence in the problem statement. However, in order to be able to use them in the remainder of the study, precise definitions will be needed. Current policy guidelines on low-income housing are clear with regard to who could become end-beneficiaries. Aspects such as household income, having dependants, age, not having existing property and South African citizenship are all mentioned in the policy (Republic of South Africa, 1994). However, in this study the '*who question*' will focus exclusively on the income levels of households that qualify for low-income housing subsidies (see Table 1.1).

TABLE 1.1: Aspects of *who*, *what* and *where* that will/will not be analysed in this study

<i>WHO</i>	<i>WHAT</i>	<i>WHERE</i>
<b>Aspects of <i>who</i> that form part of this study.</b>	<b>Aspects of <i>what</i> that form part of this study.</b>	<b>Aspects of <i>where</i> which form part of this study.</b>
<ul style="list-style-type: none"> <li>Income group</li> </ul>	<ul style="list-style-type: none"> <li>The desirability of subsidisation</li> <li>Type of subsidy</li> <li>Role of standards</li> <li>Size of the subsidy</li> <li>Size of top structure</li> <li>Size of the stand</li> <li>Level of services</li> </ul>	<ul style="list-style-type: none"> <li>The allocation of low-income housing investment amongst settlement categories (including rural areas) (see Section 1.3 where the study area is defined in more detail)</li> </ul>
<b>Aspects of <i>who</i> that do not form part of this study.</b>	<b>Aspects of <i>what</i> that do not form part of this study.</b>	<b>Aspects of <i>where</i> which do not form part of this study.</b>
<ul style="list-style-type: none"> <li>Age</li> <li>Number of dependants</li> <li>South African citizenship</li> <li>Existing property owner</li> </ul>	<ul style="list-style-type: none"> <li>Hostel upgrading</li> <li>Privatisation of rental housing</li> <li>Tenure</li> </ul>	<ul style="list-style-type: none"> <li>The location of low-income housing projects within an urban area and implications for the morphology of the apartheid city</li> </ul>

The main reason for focusing only on income is the fact that the income level of the end-beneficiary is probably the most important aspect that has an influence on the type of end-product (*what?*) and the regional location (*where?*), as well as the fact that it is closely related to the sustainability of settlements. The ‘*what question*’ should be seen in terms of the following aspects which are all applicable to this study: the desirability of subsidies, the influence of standards on the low-income housing product, the types of subsidies, the size of such subsidies, the role of housing standards, the sizes of low-income housing structures and stands, the levels of services that are provided. The essential part of the analysis of the ‘*what question*’ is the relationship between the factors at stake, and not necessarily the separate entities. The ‘*where question*’ refers specifically to the allocation of low-income housing investment or funding between settlement categories (including rural areas). In the course of the thesis the ‘*where question*’, as defined in terms of the allocation of low-income housing funds to different settlement categories will be referred to as the regional allocation of low-income housing funding. It should be noted that the ‘*where question*’ and the above terms that describe it, do not refer to the spatial allocation of low-income housing projects within urban areas, for example spatial infilling. A further prominent aspect that should be noted is that, although the three aspects will

be assessed separately, the relationships amongst the three are just as central to the study (also see Figure 1.1).

*Infrastructure* and *services* refer to those settlement items that are usually not visible in a housing or settlement development. Examples of infrastructure and services are water, sewerage, electricity, refuse removal, storm water drainage, roads and telecommunication lines. In this study specific focus will be on water, sewerage, electricity and refuse removal. The term '*top structure*' in this study will be used as an opposite to the term infrastructure. In this study it refers to the housing structure.

Although the opinion in some circles is that South Africa entered a transitional phase in April 1994, the term '*post-apartheid*' usually refers to the era after 27 April 1994, when the first democratic elections were held in South Africa. At the same time one needs to acknowledge that certain transformation trends were already visible since 1986. For the purposes of this study, within the low-income housing context, '*post-apartheid*' refers to the introduction of the New Housing Subsidy Scheme in January 1994, which preceded the democratic elections in April 1994. The empirical evidence (for reasons which I shall later reflect on) will focus only on the period 1994 to March 2002, with the main emphasis on 1994 to December 1998. However, the development of the strategy goes beyond 2002 and will be relevant to the current policy situation.

It should also be noted that when I refer to '*low-income housing investment*' in the South African context, this refers directly to subsidies allocated and utilised, and the financial amount of the subsidies invested by means of the New Housing Subsidy Scheme. As from Chapter Five, low-income housing investment will reflect on the total low-income housing environment in settlements in the Free State and will not only include housing subsidies. However, the shift in emphasis will be explained in more detail later on in the thesis. Project subsidies refer to subsidies made available in terms of a housing project - usually by developers or within the People's Housing Process. Project-based consolidation subsidies are available as a supplementary grant to the amount of 50% of the total subsidy amount per beneficiary on approved projects where only serviced stands were previously provided by the State or with State grants (including capital subsidies made available by the IDT). Individual subsidies are made available to

individual applicants outside the framework of a project. Institutional subsidies are subsidies for collective, social and rental housing, and are directed at institutions that supply such housing. The sizes of the subsidies generally differ in terms of the monthly income levels of households (see Chapter Three for a detailed analysis). There are also other low-income housing subsidies that are not addressed in this study, for example hostel-upgrading subsidies and subsidies to rural areas.

## **1.2 OVERVIEW OF LITERATURE**

A brief overview of the existing literature regarding low-income housing is essential to being able to identify gaps and to assess the relationship between housing research and geography. It might also provide further motivation for this study – especially from a geographical background. Numerous subject disciplines have conducted research related to housing, for example geographers, architects, sociologists, economists, planners, anthropologists, quantity surveyors, etc. (Ward, 1990). Despite the contribution of a wide range of disciplines, Ward and Maccolloo (1992) are of the opinion that the greatest impact of research on issues of low-income housing in LDCs occurred in the 1960s and 1970s. This direct influence of research on low-income housing policy was due mainly to the influence of an architect, John Turner, who played a vital role in changing the conventional wisdom of state rental housing to self-help housing (including site and services and *in situ* upgrading projects). It is also worthy to note how other architects have also played an enormous role in promoting the principle of people's participation in the housing process (Habracken, 1972; Hamdi, 1995).

Although the architectural profession dominated the initial research that impacted greatly on housing policy, the other disciplines also made their contributions especially since the 1970s. The mid-1970s and 1980s saw an emphasis on the evaluation of site and service projects. Geographers and/or planners who were prominent in this regard were Gilbert, Dewar, Potter and Pugh. However, despite the increasing volume of research, the majority of this research reflected on low-income housing policy in terms of the end-beneficiaries and the intended end product. Very few of these studies have ever linked the type of low-income housing investment with the regional component of investment.

Furthermore, despite these contributions in the 1970s and 1980s, Ward and Maccolloo (1992) argue that research in the field of low-income housing has shifted to the housing agencies, non-governmental organisations, individuals whose careers are dependent on housing praxis, and to environmental policy. Nientied and Van der Linden (1985: 318) echo this line of thinking when they comment that, when one looks at research on low-income housing worldwide, it is “painfully clear how wide the gap between theory and practice has become”. Mathey (1992b: 317) argues in the same vein: “This is not to say that theories about housing are irrelevant because governments are not interested. Rather, theory should not drift apart from practice and should recognise the state’s reaction to the real world”. The result of this gap was that, according to Ward and Maccolloo (1992), most studies were superficial and lacked depth. Ward and Maccolloo (1992) further argued that housing researchers and practitioners were not talking to each other and therefore housing researchers and practitioners had gone their separate ways. Thus, part of the overall motive of this study is also to close this gap between theory and practice.

Despite these international dilemmas, the sub-discipline of Urban Geography, the main area under which most of the housing research has been performed by South African geographers (geographers and town and regional planners are indicated by means of \*), has been one of the strongest disciplines within South African geography (McCarthy\*, 1992). McCarthy\* (1992: 138-139) further observes: “Much of the attraction of the field derives from its close relationship to the development of social and geographical theory, and its association with weighty political debates in the country”. The consequence was that low-income housing research during the 1980s was mostly linked to the relationship with apartheid planning (Mackay\*, 1996). This resulted in limited attention being devoted to other aspects of low-income housing that could inform policy, apart from research related to the spatial legacy of apartheid. The most significant contribution to black low-income housing in South Africa probably came from Morris (1981) in a book entitled ‘A history of Black Housing in South Africa’. The late 1980s saw the emergence of a number of articles and books that, in some way or other, reflected on aspects related to low-income housing for a post-apartheid South Africa. In this regard the *South African Geographical Journal*, (1989), Volume 71, focused explicitly on the relationship between international experience, low-income housing and urban-related aspects in South Africa (see Beavon\*, 1989; Rogerson\*, 1989a; 1989b; 1989c). Viewed against the political isolation of South Africa at that time, the articles

were welcome contributions to the development of post-apartheid policy. A few articles on international experience in the field of low-income housing continued to be published since the 1990s (Urban Foundation, 1993; Marais\*, 1995b; Pillay\*, 1995; Maccolloo\*, 1998; Gilbert\* and Crankshaw, 1999; Gilbert\*, 2000a). Tomlinson\* (1990) assessed post-apartheid urbanisation policies and emphasised the importance, to low-income housing, of available land. Other research during the early 1990s that reflected on issues of low-income housing (usually within the broader framework of urban policy) is that of Bernstein\* and Nell\* (1990), Boaden\* (1990), Bond\* (1990), Botes *et al.*\* (1991), Crankshaw and Hart\* (1991), Parnell\* (1991), Swilling *et al.* (1991), Smith\* (1992) and Dewar\* (1994). Although at a relatively slow rate, there has been an increasing volume of literature on aspects of low-income housing and assessments of low-income housing policy since 1994. The academic literature in the post-apartheid era with regard to low-income housing can be divided into at least six sub-themes: In the first place there are those publications focusing on case studies related to low-income housing (including informal settlements) (Marais\*, 1995a; Dewar\*, 1997; Marais\*, 1997; Napier, 1998; Mehlomakulu\* and Marais\*, 1999; Stephens and Rule\*, 1999; Cull 2001; Benit, 2002). Secondly, publications with regard to informal settlements (Huchzermeyer, 2001a; 2002a; 2002b; 2003a; Saff, 2001; Abott, 2002) and the informal rental market with specific reference to the policy implication have also been published (Gilbert\* *et al.*\*, 1997; Watson\* and McCarthy\*, 1998). Thirdly, housing finance also received some attention (Gilbert, 2000a; Baumann and Bolnick, 2001). As the right to housing is entrenched in the South African constitution, case studies on court cases and policy in this regard were also researched (De Vos, 2001; Liebenberg, 2001; Huchzermeyer, 2003b). In the fifth instance, a number of publications have further assessed post-apartheid low-income housing policy development and policy options (Lupton\* and Murphy, 1995; Goodlad, 1996; Mackay, 1996; Rust and Rubenstein, 1996; Tomlinson, 1998a; Lalloo, 1999; Jones and Datta, 2000; Huchzermeyer, 2001b; Van Rensburg *et al.*, 2001). The sixth group of articles that are steadily increasing focuses on the evaluation and monitoring of current low-income housing policy (Tomlinson, 1995a; 1995b; 1996, 1997a; 1997b; 1998a; 1998b; Crankshaw and Parnell\*, 1996; Bond\* and Tait, 1997; Centre for Development Enterprise – CDE, 1999; CSIR, 1999; Mackay, 1999; Marais\* and Krige\*, 1999; 2000; Bond, 2000; Hendler, 2000; Marais\* *et al.*, 2002; Mohlasedi and Nkado, 1999; Khan and Thring, 2003). At the same time the assessment of post-apartheid low-income housing policy is becoming a prominent topic at academic conferences

(Council for Scientific and Industrial research - CSIR, 2000b; University of the Witwatersrand, 2000). In addition to these documents and conference papers, the University of the Witwatersrand and the Isandla Institute co-sponsored a number of research papers with the aim of re-opening the housing debate (see Baumann, 2000; Built Environment Support Group, 2000; Engelbrecht, 2000; Gilbert, 2000b; Napier, 2000; National Labour and Economic Development Institute, 2000; Porteous and Naicker, 2000; Pottie, 2000; Royston and Ambert, 2000). Although the majority of these studies accept the dominant political economy, the works of Bond\* and Tait (1997) and Bond\* (2000) challenge the political economy in which policy is embedded and propose a more Marxist paradigm against which to assess policy.

It seems that although both Geography as a discipline and also geographers have been involved in low-income housing research in South Africa, it is also true that the impact of researchers on the location of public investment (including the low-income housing subsidy) has been limited since 1994. The few exceptions are the work of Crankshaw and Parnell\* (1996), CDE (1998), Marais\* and Krige\* (1999; 2000), Hendler (2000), May (2000), Cross (2001), Marais\*, *et al.* (2002) and Marais\* (2003). From the above literature overview it would seem as if two prominent research opportunities exist. Despite there being an increase in literature assessing post-apartheid policy on low-income housing and implementation, it is still being done on a relatively small scale – especially in academic journals. Linked to this argument there is, except for the critical evaluation of policy and delivery by Khan and Thring (2003) on a national scale, as yet no comprehensive study based on current delivery in a specific province. Secondly, the regional location of public funding within sectoral policies - such as low-income housing - is ignored in most assessments. It is this very relationship in provincial context between low-income housing policy and the location of public spending between settlement types that is central to this study and also to the development of a policy framework for the Free State.

### 1.3 DELIMITATION OF STUDY AREA

Although this study will commence with theoretical perspectives on low-income housing policy, both internationally and nationally, the applied part of the study will focus on the Free State Province of South Africa (see Figure 1.2). According to the 1996 census, the Free State province had a population of 2 689 558, which constituted 6,5% of the national population. Due to the slower population growth rate than the national average during 1991 - 1996 (0,3% against 1,5% - 2%) this percentage has dropped by 0,2% during this period. The impact of Human Immunodeficiency Virus (HIV) and Acquired Immune Deficiency Syndrome (AIDS) should also not be ignored, even if this is extremely difficult to determine in regional context. The settlement hierarchy for the Free State, as developed by Krige (1995), will be used as a basis for the analysis of regional allocation of low-income housing investment (Figure 1.2). According to the hierarchy of settlements, the Free State can be divided into the following settlement types: cities, regional towns, middle-order towns, small towns, peri-urban areas and rural areas. Table 1.2 provides an overview of the types of settlements, the settlements that formed part of the categories, and the number of people who resided in each in 1996 (for small towns see Figure 1.2). Although Krige (1995) has not categorised ex-homeland areas separately, the significance of low-income housing investment during the apartheid era in these settlements (Wessels, 1989) is such that I shall also use them as a distinct category when appropriate. The use of these categories by Krige (1995), as a method of analysis, further strengthens the geographical nature of the study.

TABLE 1.2: Population distribution in the Free State according to settlement type, 1996

<b>Criteria</b>	Cities	<b>Regional towns</b>	<b>Middle-order towns</b>	<b>Small towns</b>	<b>Peri-urban (QwaQwa)</b>	Rural	<b>Total</b>
<b>Population</b>	1 065 788	141 035	306 145	349 726	260 720	566 144	2 689 558
<b>Percentage</b>	39,6	5,2	11,4	13,0	9,8	21,0	100,0
<b>Percentage of urban</b>	57,2	7,6	16,4	18,8			100,0

<b>Free State Goldfields</b>	Bloemfontein Botshabelo Thaba 'Nchu Allanridge Hennenman Odendaalsrus Theunissen Virginia Welkom Sasolburg	Bethlehem Kroonstad	Bothaville Ficksburg Frankfort Harrismith Heilbron Ladybrand Parys Phuthaditjhaba Reitz Senekal Viljoenskroon	All other urban areas (57)	QwaQwa rural area	Thaba 'Nchu (rural) and commercial farms Including rural areas of Oppermans- gronde	

Sources: Krige, 1995; Statistics South Africa, 1998

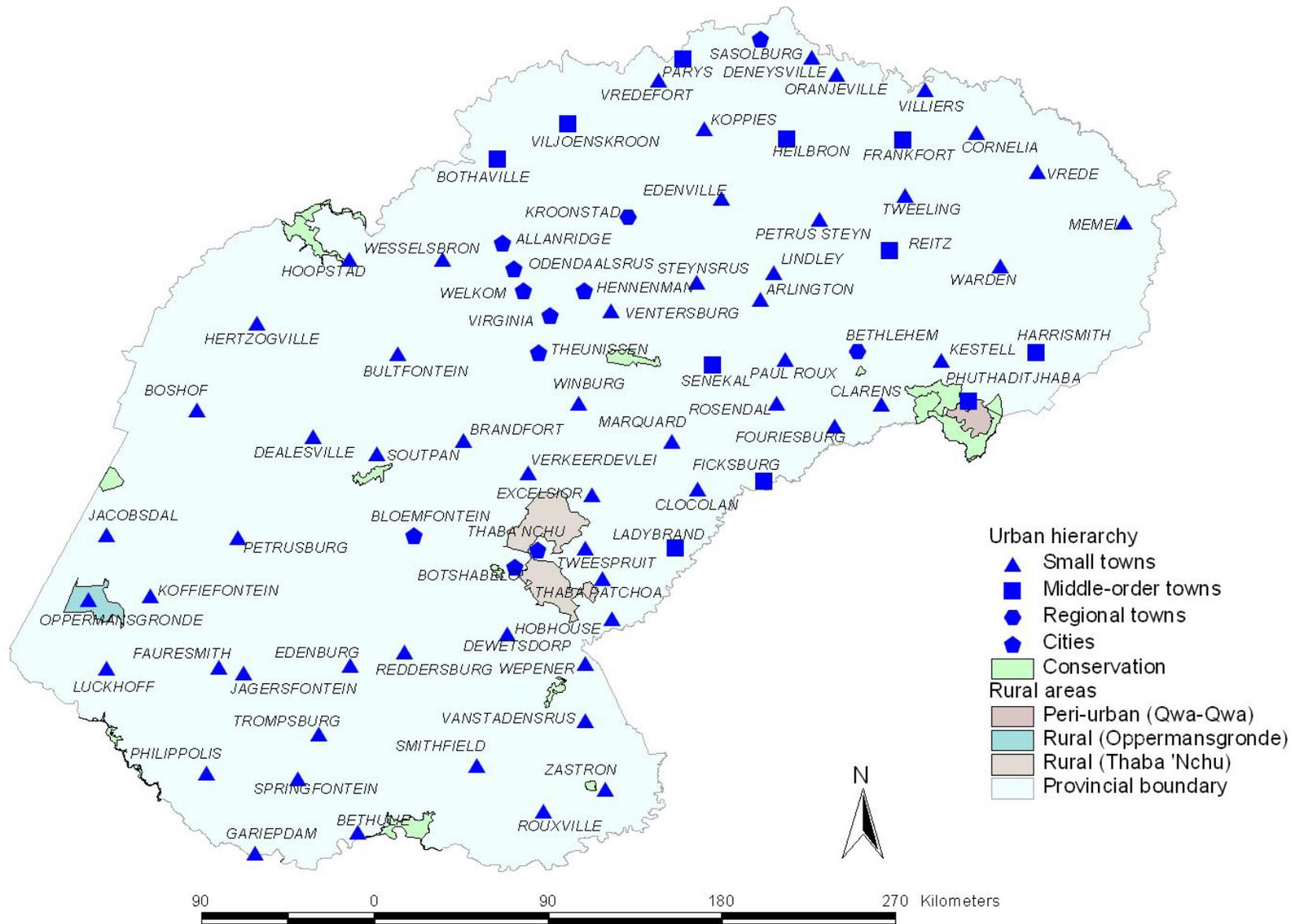


FIGURE 1.2: The settlement hierarchy in the Free State

#### **1.4 THEORETICAL ASSUMPTIONS, METHODOLOGY AND RESEARCH PROCEDURE**

It is accepted in this study that knowledge has a provisional, tentative and relative dimension. As such, it might be incoherent and contradictory, especially at the interface between theoretical perspectives and reality. However, at the same time, an attempt will be made not to fall into the trap of post-modern relativism. Furthermore, it is also accepted that the author's own Eurocentric stance will have an impact on the way in which he engages with the knowledge. Therefore, the 'researcher' will for the remainder of this study be rendered in the first person, as has become acceptable in academic writing over the past decade or two (Mauer, 1996; Mouton, 2001) thus emphasising my own, subjective involvement. The utilisation of the first person also reflects the fact that I do not see myself as an outside observer, but that I accept that my own preoccupations and beliefs will play an important role in the way in which I engage with information, literature and data. In addition to the above points, let me further emphasise that this thesis is not an attempt to provide a solution to the low-income housing challenge. However, the absence of such a modernised solution does not mean that there is no place for policy intervention. At the same time, it would also be valid to argue that there might be less or more effective policy frameworks available. It is ultimately the aim of this study to argue for the most effective policy framework, understanding that even the best policy intervention would probably not solve the low-income housing problem in a modernist fashion as many individuals and organisations that are involved in the low-income housing process might believe.

From the international literature (which will be analysed in more detail in Chapter Two) it seems that research on low-income housing and the development of low-income housing policy is strongly influenced by political-economic assumptions and paradigms. The two most prominent paradigms are the neo-Marxist political economy and the variants of World Bank neo-liberalism. My own perspective is that although neo-Marxist perspectives have probably provided a useful critique of capitalism, they have failed to provide an operational framework (see, for example, Mathey, 1992a). Neo-liberal capitalistic perspectives are also not beyond criticism. In certain instances the emphasis on neo-liberalism might lead to unacceptable inequalities (Cornia *et al.*, 1992) and is also potentially ignorant of social issues. In this thesis I do acknowledge that low-income housing should be viewed within the fiscal realities of a country and that the budget

limitation should be managed and focused on priority areas. Therefore, low-income housing delivery systems should aim to be affordable to both the government and the end-beneficiaries. There is probably no sense in providing low-income housing that the state cannot in the long term afford. Pugh (1991: 297) broadly summarises and echoes my perspective: “We neither have to tie ourselves to neo-Marxist theories of capitalism, imperialism, and dependency or to some thoughtless apologetics favouring World Bank neo-liberalism. We can take a pragmatic stance while holding to principles of efficiency, equality, and equity. To be pragmatic in these circumstances is to maintain an openness of mind” (see also Becker *et al.*, 1987). The pragmatic emphasis on efficiency, equality and equity followed by Pugh (1991) is also captured in the rise of the concept of urban management. Although, the concept of urban management is to some degree linked to the neo-liberal political economy (Post, 1997), or viewed by some as mere pragmatism, the urban management concept (adapted from business management) emphasises effectiveness and efficiency with the consideration of equality and equity implications on the social side (Clarke, 1991; Krige, 1999; Simone, 1999). Thus, these principles of efficiency and effectiveness linked with the social concerns embedded within the urban management concept will be fundamental to my approach in this study. However, despite adopting the concepts of efficiency and effectiveness within a social responsibility framework there still seems to be some conflict between a welfare approach (focusing on needs) and a more investment-related approach (focusing on economic growth). It is my intention in this thesis to indicate the conflicts and contradictions and to attempt to account for both approaches.

The methodology followed in this study consists of a number of methodological procedures (see Table 1.3). Firstly, literature overviews were conducted to analyse international policies on low-income housing in LDCs and also national and provincial low-income housing policy and delivery trends. The methodological procedures for the more empirical aspects in the research varied from information obtained from various state departments and the Free State Provincial Development Housing Board, to census data, information gained from interviews, a structured questionnaire completed by engineering companies with regard to 50% of the low-income housing units completed in the Free State by December 1998 and December 2001 (Annexure 1.1), an

TABLE 1.3: SUMMARY OF DATA COLLECTION AND DISSEMINATION OF RESEARCH RESULTS

CHAPTERS	DATA COLLECTION METHOD	PROCEDURE	DISSEMINATION OF FINDINGS
Chapter Two: The evolution of low-income housing policies in LDCs since 1950	<ul style="list-style-type: none"> <li>Literature search covering international trends of low-income housing policy in LDCs</li> </ul>	<ul style="list-style-type: none"> <li>Human Sciences Research Council (HSRC), Foundation for Research and Development (FRD) literature search</li> </ul>	<ul style="list-style-type: none"> <li>Marais and Krige, 1999</li> </ul>
Chapter Three: Low-income housing policy developments in South Africa since 1990: An analysis of policy process and content	<ul style="list-style-type: none"> <li>Analysis of literature since 1990 regarding low-income housing policy initiatives in South Africa</li> </ul>	<ul style="list-style-type: none"> <li>HSRC, FRD literature search and libraries</li> </ul>	<ul style="list-style-type: none"> <li>Marais and Krige, 1999</li> </ul>
Chapter Four: Low-income housing delivery in the Free State, 1994 – 2002: <i>Who received what where?</i>	<ul style="list-style-type: none"> <li>Low-income housing delivery statistics for the Free State and South Africa</li> <li>Questionnaire on low-income housing projects</li> <li>Employed database provided by Settlement Dynamics, 2002</li> </ul>	<ul style="list-style-type: none"> <li>Low-income housing delivery statistics</li> <li>Interviews</li> <li>Workshop results at various workshops</li> <li>Two conference presentations</li> <li>Consultation process during the development of the Working Paper for the Free State Housing Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Marais, 1999a; 1999b; 2003</li> <li>Marais and Krige, 2000</li> <li>Urban Upgrading and Development Programme, 2001b</li> <li>Marais <i>et al.</i>, 2002</li> </ul>
Chapter Five: Considering the low-income housing challenge in the Free State: Towards a policy framework	<ul style="list-style-type: none"> <li>Literature and census data</li> </ul>	<ul style="list-style-type: none"> <li>Workshop results</li> <li>Presentations at conferences</li> </ul>	<ul style="list-style-type: none"> <li>Marais, 2000a; 2000b</li> <li>Urban Upgrading and Development Programme, 2001b</li> <li>Marais and Botha, 2001</li> </ul>
Chapter Six: Considering the regional location of low-income housing in the Free State	<ul style="list-style-type: none"> <li>Literature, contracted research and census data</li> </ul>	<ul style="list-style-type: none"> <li>Involvement in the Botshabelo Investment Study</li> <li>Involvement in the Thaba 'Nchu Land Reform Research Project (TNLRRP)</li> <li>Involvement in the development of the Free State Housing Strategy</li> <li>Presentation at the Planning Institute for the Free State</li> </ul>	<ul style="list-style-type: none"> <li>Botshabelo Investment Study, 1996</li> <li>Marais, 1997; 1998; 2001a; 2001b</li> <li>Urban Upgrading and Development Programme, 2001a; 2001b</li> </ul>
Chapter Seven: Synthesis: Towards a low-income housing policy framework for the Free State		<ul style="list-style-type: none"> <li>Involvement in the development of the Free State Housing Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Urban Upgrading and Development Programme, 2001a</li> </ul>

assessment of figures for the delivery of low-income housing as published by Settlement Dynamics (1999; 2002), and numerous workshops and academic conferences at the provincial and the national level (see Table 1.3). I was also directly involved in the development of a low-

income housing strategy for the Free State, which ensured that the information that I gathered was thoroughly assessed during a policy development process. The Urban Upgrading and Development Programme document entitled *Towards a Housing Strategy for the Free State: A Working Paper*, and the *Draft Housing Strategy for the Free State*, were both compiled by me (Urban Upgrading Development Programme, 2001a; 2001b). The Free State Department of Local Government and Housing provided most of the information on the delivery of low-income housing up to March 2002. The information was also presented at various workshops, presentations and academic conferences where key persons in the field of low-income housing (locally, provincially and nationally) were given an opportunity to challenge me or provide their interpretation of the information. A number of academic articles (six directly related and two more peripheral) have also made it possible to test the research ideas with the academic community, while it is envisaged that two more articles might be published from this thesis. I decided to use 1996 census data as the main source of information for the period under consideration. The reason for this is that 2001 information has not yet been revealed in detail by November 2003. It should also be noted that although the municipal boundaries changed at the end of 2000, this has virtually no implications for this study which used urban settlements as the main geographical area and referred to rural areas in terms of commercial farms, peri-urban and Thaba 'Nchu rural.

Although I take responsibility for the analysis of the data, the accuracy of the data cannot always be vouched for. As for the information regarding the number of houses completed, I was dependent on the Free State Department of Local Government and Housing. Although the information received is probably close to 100% accurate, there might be some discrepancies because differences in information between documents were not uncommon. The information gained by means of the questionnaire to the consulting engineers could also contain a number of discrepancies. In the first place, a number of the projects were already completed in 1994/95, whereas the questionnaire was circulated for the first time during the latter part of 1998. The engineers who completed the questionnaire all accepted that some of the information might not be 100% correct. Secondly, there was virtually no means of verifying the information. However, I am of the opinion that possible deviation of data will not affect the basic trends. I nevertheless

decided not to make any adjustments to the figures as the main focus fell on determining trends rather than on precise data.

## **1.5 RESEARCH AGENDA**

In order to address the research problem in this thesis the following structure will be utilised: In **Chapter Two (The evolution of low-income housing policies in LDCs since 1950)** the evolution of low-income housing policies in LDCs since 1950 will be analysed. The initial focus in this chapter will be on the phase of government intervention in low-income housing between 1950 and 1970. This analysis of the period between 1950 and 1970 will be followed by an analysis of the thinking of JFC Turner and the impact he had on changing thinking on low-income housing. Turner was especially influential within World Bank circles and therefore the evolution of World Bank policy on low-income housing will also be addressed. Finally, the chapter will pay attention to the implications of the call for more sustainable settlements.

After an analysis of the international perspectives on low-income housing, **Chapter Three (Low-income housing policy developments in South Africa since 1990: An analysis of policy process and content)** places the emphasis on the evolution of low-income housing thought and policy in South Africa against the international background already set in Chapter Two. Since the early 1990s a number of policy proposals have been forwarded, each with its own assessment of *who* should receive *what*, and *where*, in terms of low-income housing. Although I shall not analyse all of the policy proposals, the following selection has been made: IDT, NHF, RDP, White Paper on Housing and post-White Paper developments as well a selected number of spatial policy documents will be discussed. In the process of assessing these documents I shall analyse relevant relationships between documents, as well as between the evolution of South African and international policy.

Taking into account the international and national policy background, **Chapter Four (Low-income housing delivery in the Free State, 1994 – 2002: Who received what where?)** assesses *who* received *what*, and *where*, in the Free State during the first eight years of post-apartheid delivery of low-income housing (1994 – March 2002). A specific decision was taken to assess

only the first eight years. The two main reasons for this decision are the fact that the first five years of post-apartheid delivery of low-income housing was an important concept within various policy documents and that policy was applied relatively homogenously during the first eight years, which makes it easy to compare. In this chapter implications of various policy approaches in the Free State to low-income housing delivery will be assessed. The main focus will be on the regional implications of an apparently neutral regional policy at the provincial level and the emphasis on housing size.

As Chapters Two, Three and Four analysed past policy and delivery of low-income housing, **Chapter Five (Considering the low-income housing challenge in the Free State: Towards a policy framework)** will be devoted to gaining a better understanding of the low-income housing problem in the Free State and to proposing a framework in terms of *who* should receive *what* in the Free State. The chapter will assess the problems related to defining low-income housing backlogs and will also suggest an alternative framework and its application. Specific attention will also be devoted to the structural dynamics of the low-income housing problem in the Free State.

The emphasis on policy development in Chapter Five is continued in **Chapter Six (Considering the regional location of low-income housing in the Free State)** where the emphasis will be on the assessment of aspects that should be considered in a regional investment framework for low-income housing in the Free State. Such a policy framework will be suggested against the background of the historical regional investment framework under apartheid, an overview of existing literature, the regional manifestation of low-income housing need, demographic trends and economic viability.

Finally, **Chapter Seven (Synthesis: Towards a low-income housing policy framework for the Free State)** attempts to conceptualise the main findings of the research in an integrated and coherent manner in order to provide a framework that can be used for further policy developments.

## **2. CHAPTER TWO: THE EVOLUTION OF LOW-INCOME HOUSING POLICIES IN LESS DEVELOPED COUNTRIES SINCE 1950**

Low-income housing policy in LDCs has changed dramatically since the Second World War. Between 1950 and 1970 most LDCs were involved in public sector construction of standardised houses. In the late 1960s and early 1970s the self-help school (to which JFC Turner was probably the major theoretical contributor) rose to prominence. The development of the self-help school resulted in the creation of the neo-Marxist critique of self-help housing and stimulated World Banking thinking and their involvement in low-income housing policy. Although the World Bank was not the sole external organisation to influence low-income housing policy in LDCs, the Bank was and is probably the most prominent one (Blitzer *et al.*, 1983) and it will therefore receive special attention in this chapter. Further justification for focusing on the World Bank is that a number of articles have related South African low-income housing policy to the influence of the World Bank (Bond and Tait, 1997; Tomlinson, 1998a; Watson and McCarthy, 1998). Influenced by the World Bank and other events, the 1990s saw an increasing emphasis on the concepts of sustainable settlements and whole sector housing development with implications for low-income housing policy (Tait, 1998). Therefore, although a number of theoretical paradigms have shaped the thinking pertaining to low-income housing, five seem to be of the utmost importance. These five important paradigms are: the public sector provision of low-income housing (with or without neo-Marxist influences); the self-help school; neo-Marxist perspectives; the neo-liberal approach of the World Bank, and the emphasis on sustainable settlements or whole sector development (see Figure 2.1 for an outline). This discussion of the evolution of low-income housing policy by means of these five paradigms in LDCs will therefore lead the way for an analysis of the evolution of post-apartheid South African low-income housing policy in Chapter Three.

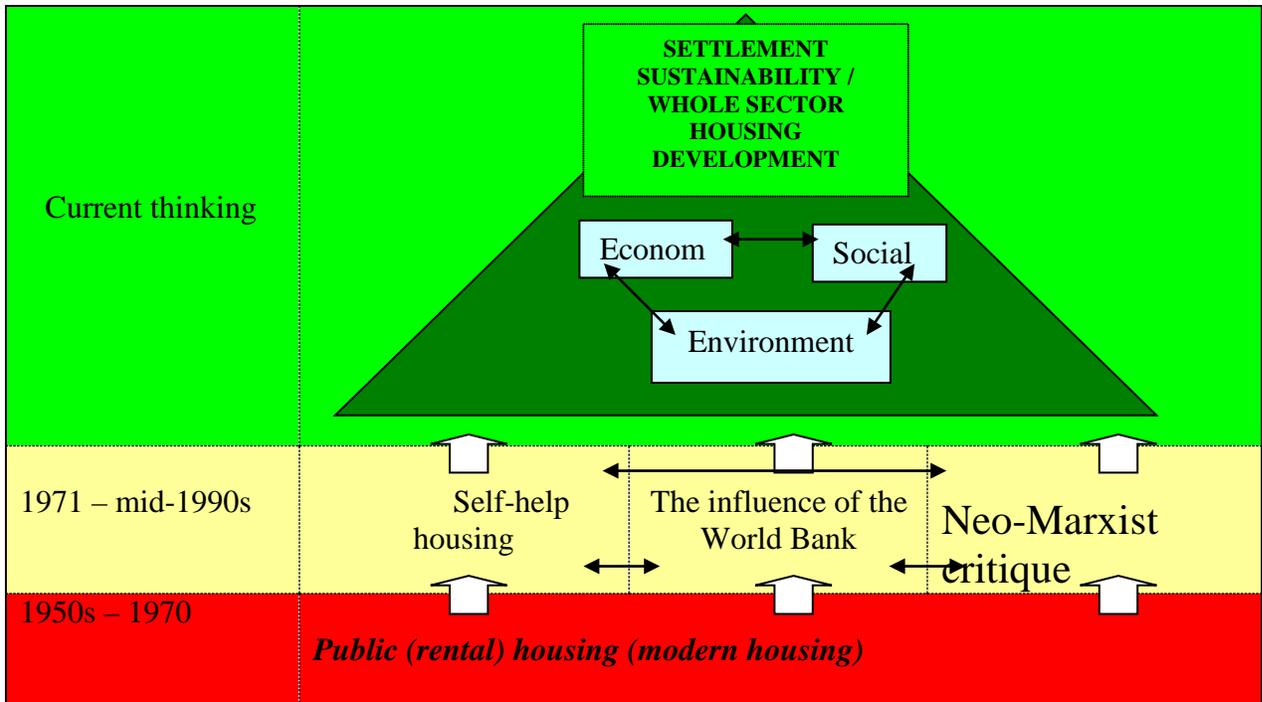


FIGURE 2.1: The international evolution of thinking on low-income housing since 1950

In the analysis of the evolution of low-income housing policy the underlying political economic assumptions of different approaches and theories, as well as the underlying assumptions that have influenced policy proposals, will receive attention. Specific reference will be made with regard to *who* the end-beneficiaries should be, *what* they should receive and *where* delivery of low-income housing should take place in terms of the different approaches. These underlying assumptions will also be compared to what has actually taken place in reality in terms of the ‘*who, what, and where*’ of low-income housing delivery in LDCs. This chapter will therefore be structured as follows: Firstly, the low-income housing policies in LDCs between 1950 and 1970 will be analysed. The analysis of the period up to 1970 will be followed by an analysis of the thoughts of JFC Turner and will include the neo-Marxist critique of the policy. Thirdly, the low-income housing policy of the World Bank will be analysed in three phases, namely the 1970s, 1980s and 1990s. This analysis of the World Bank policy approaches will be followed by an assessment of the sustainable settlement and the whole sector housing development paradigms, which have become important since the early 1990s and which are currently viewed conventional wisdom within low-income housing policy.

## **2.1 LOW-INCOME HOUSING POLICY IN LDCs DURING 1950 - 1970**

Although public sector provision of low-income housing did take place in selected countries before the Second World War, the end of the war saw a new wave of public sector involvement in low-income housing delivery. At the end of the Second World War most European countries embarked on the construction of low-income housing by the public sector in order to rectify the low-income housing problem created by, amongst others, the war (Goodchild, 1990; Devas, 1993). Public sector low-income housing construction and finance soon became conventional wisdom in the majority of the former colonies, despite a process of decolonisation (Marais, 1994). In this section attention will be devoted to the main characteristics of low-income housing delivery during this phase, criticism on public sector low-income housing provision, as well as a brief reflection on the exceptions.

Low-income housing policy in this phase displays four characteristics that are relevant to this study. The first characteristic reflects the political economic approach which regarded urban low-income housing mainly as the responsibility of the governments in the different countries. This emphasis on the role of government meant that most governments were actively involved in financing and building houses for people in urban areas (Stren, 1989; Wakely, 1989). At the same time, most donor agencies (including the World Bank) were not involved in low-income housing in urban areas (Gilbert and Gugler, 1992). In fact, according to Harris (1992), the major share of the World Bank investment went towards rural development.

The second characteristic was the belief that the low-income housing problem in LDCs should be solved by providing an end product of modern (mostly rental) standardised houses (Mayo and Gross, 1987; Gilbert, 1997). Wakely (1989: 196) summarises the delivery of low-income housing by means of standardised houses in the following words: “The products ... are typified by tenement blocks of minimal size flats, or individual single-storey dwellings of relatively high standard permanent construction with individual utility connections”. Houses that did not conform to the standards set by the authorities were not regarded as part of the legal low-income housing stock. In reality it meant that the majority of informal housing structures in urban areas were illegal and were consequently demolished, either to prevent people from migrating to the city or for urban renewal purposes to occur (Gilbert, 1997). Pugh (1997: 92) describes this

negative approach to informal settlements in the following words: “... and squatter settlements were generally regarded as something to be opposed, because of their association with insanitary conditions and a state of urban untidiness that disturbed some planning professionals”.

The third main characteristic was that, in some cases, standardised low-income housing policies coincided with residential segregation and closed city policies – especially in Southern Africa (Peil, 1976; Tipple, 1976; Jere, 1977; Kinuthia, 1993). Residential segregation and closed city policies meant that no long-term provision was made for new low-income migrants to the urban areas. The idea was to accommodate the existing number of people in urban areas only – mostly European or middle and higher income people (Jules-Rosette, 1988; Hardoy and Satterthwaite, 1997).

Fourthly, the majority of these houses were constructed in the major urban areas of the countries, with some selected construction in smaller areas to accommodate public officials.

By the end of the 1960s and early 1970s severe criticism emerged with regard to the provision of public sector rental housing in urban areas (Baross, 1983). The main points of criticism were that these standardised low-income housing structures were unable to meet the quantitative need for low-income housing (Turner, 1972; Ward, 1982; Soliman, 1985), did not meet the needs of low-income people (Turner, 1976; Gilbert and Gugler, 1992), did not reach the low-income population as most of the houses went to higher income groups (Rodell and Skinner, 1983; Hundsalz, 1991; Obudho, 1993), had too high building standards (Mayo and Gross, 1987; Gilbert and Gugler, 1992), were unaffordable to the lower-income groups (Mayo *et al.*, 1986; Hundsalz, 1991), were unaffordable to most governments as they were based on large subsidies (Urban Foundation, 1990; Gilbert and Gugler, 1992), were not well located (Gilbert, 1997; Potter and Lloyd-Evans, 1998), and some of these houses were unoccupied for long periods (Mayo *et al.*, 1986). In fact, the policy of building standardised rental houses resulted in an increase of informal settlements in certain countries.

The criticism against standardised low-income housing provided by the state was valid for most LDCs. However, there were exceptions. These exceptions were the low-income housing

programmes implemented by governments in Singapore, Hong Kong and Saudi Arabia (Gilbert and Gugler, 1992; Potter and Lloyd-Evans, 1998). In the case of Hong Kong, the public low-income housing programme was more focused on freeing land occupied by squatters for more lucrative development and not on fulfilling the needs of lower-income people (Dwyer, 1975; Yeh, 1990). Furthermore, the success in the city state Singapore and in Saudi Arabia, according to Hardoy and Satterthwaite (1997: 268), can be attributed to the following aspects:

- Singapore was able to sustain a high economic growth rate over a lengthy period. This high economic growth rate, coupled with the fact that there is virtually no rural hinterland and that in-migration was strictly controlled, made the public low-income housing programme more effective. The argument, therefore, is that if the high economic growth was present in a country with a relatively large rural hinterland, it would have attracted people in great numbers. It is therefore doubtful whether Singapore would have been able to sustain its low-income housing programme if the country had a large rural hinterland.
- The high economic growth rate in Singapore was accompanied by a low growth in the economically active population of the country. These two factors enabled most households to experience a sustained increase in real income, which in turn made it possible to spend more on low-income housing.
- The government owned large tracts of land which made it possible to develop low-income housing units without large land costs and in relatively close proximity to employment opportunities.
- In Saudi Arabia the success of the low-income housing programme was attributed to the large profits made by means of selling oil. The profits were used to construct houses for the population of the country.

The above discussion has provided an overview of the main characteristics of low-income housing policy in this era, an overview of most of the criticism against state-provided low-income housing policy, and a brief assessment of countries that were successful in providing their people with the necessary accommodation by means of standardised rental housing. The words of Potter and Lloyd-Evans (1998: 146) probably best summarise the delivery of low-income housing during this phase when they say: “Most authors are agreed about the lessons that are to be drawn from such examples. In a nutshell, apart from a few wealthy city states, most

Third World governments cannot afford high-technology, high-rise monumental responses to their low-income housing problems. But more significantly, nor can the mass of poor people in these countries”. Hence it was against the inability of state-driven low-income housing that the self-help school, led by Abrams, Mangin and Turner, developed its thinking during the 1960s.

## 2.2 AN OVERVIEW OF THE THINKING OF JFC TURNER

The contributions of Abrams (1964), Mangin (1967) and Turner (1976) were instrumental in changing low-income housing thought during the late 1960s and early 1970s. Their thinking became commonly known as self-help housing. However, one of the main problems with self-help housing is that of arriving at a definition (Mathey, 1997). In an attempt to arrive at a definition, Harms (1992) identifies three different forms of self-help, namely unaided self-help, state-supported self-help, and state-initiated self-help. According to Harms (1992) unaided self-help is often related to illegal land invasions, while state-supported self-help consists of government support to previously illegal settlements. State-initiated self-help programmes usually include site-and-services programmes and core low-income housing programmes which the state initiates.

Against this introductory background this section will firstly provide an overview of Turner’s ideas on low-income housing policy in LDCs – with special reference to the ‘*who, what, and where*’ of his thoughts regarding low-income housing. Although the principles of self-help later also became part of World Bank policy, it is important to analyse the basic principles before those of the World Bank. Later in this chapter attention will be paid to the differences between self-help housing as propagated by Turner and others, and that of the World Bank. Furthermore, it is important that in analysing Turner’s thinking, it should be borne in mind that his thoughts were developed against the background of the ‘failure’ of the public sector to provide housing in the majority of LDCs.

### 2.2.1 The low-income housing views of JFC Turner

Although JFC Turner was not the only contributor to thinking within the self-help school (see Bromley, 2003; Harris, 2003), his contributions are probably accorded most recognition as he theorised extensively on the matter (see, for example, Turner, 1976; 1978). Turner advanced

ideas like 'housing as a verb', 'housing as a process', 'dweller control', 'housing by people', 'freedom to build', the 'value of the house' and 'functionality of the house'. Turner's use of these concepts within the low-income housing environment will now be subjected to further scrutiny.

The first aspect to be highlighted is that Turner emphasised that the housing concept should be used as a verb, instead of a noun. With the emphasis on *housing as a verb*, Turner emphasised that housing should be viewed as a process. He argued that a shack is a house in process. Provided that the correct environment has been created, the house will be consolidated over time. He made these conclusions as he worked in informal settlements in Latin America and viewed the natural process of housing construction by low-income households. Gilbert and Gugler (1992: 118) reflect Turner's views when they state that "[I]n favourable circumstances, the poor could produce substantial, spacious, and reasonable serviced homes". Turner regards these favourable circumstances to include, amongst others, appropriate tenure, basic services, access to employment, and low-income housing finance.

Furthermore, Turner argued that a house should not be seen simply in terms of its physical characteristics. He argued that the importance of housing is not 'what it is' (the physical characteristics), but rather 'what it does' (in terms of what it represents to people who use it and what they consider its functional value to be). The physical characteristics of low-income housing structures are only one aspect amongst a number of other indicators that contribute to low-income housing. According to Turner, some of these functional aspects that play an important role in low-income housing include the access that low-income housing provides to employment, services, facilities and tenure.

Thirdly, Turner maintained that the value of the house to the user is of great importance. He distinguished between the 'oppressive house' and the 'supportive shack' in a case study (Turner, 1976). The household in the 'oppressive house' (which is a modern house with services provided by the government) was resettled there from an informal settlement. However, they had a business in the informal area that they were not allowed to continue and subsequently lost a major part of their income. Expenditure on their house had risen from approximately 5% in the

informal unit to  $\pm 55\%$  in the formal house. Turner's argument was that, despite the standardised building materials of the current house, the house was actually problematic to the household as it impacted negatively on (especially) the financial situation of the family. In contrast, the example of the 'supportive shack' he used provided people with access to the city as well as to job opportunities at low cost. According to Gilbert and Gugler (1992: 119), Turner's comparison was not to justify poor housing but rather to "demonstrate the futility of poor people living in shelter of high architectural standards when it does not match their needs and incomes".

Over time, due to a change in the housing needs of low-income people, as well as the different needs of people, Turner felt that governments and other large organisations were unable to address these needs. The main reason for the inability of large organisations to address the housing needs of low-income households is that these organisations usually have standardised procedures and products that do not adhere to the principles of variety and individual needs. Turner therefore emphasised the concept of freedom in the building environment. Yet, the concept 'freedom to build' did not imply that Turner was in favour of all people building their own houses; he emphasised that low-income individuals should be able to make decisions about their own housing (dweller control). He held that when the end-beneficiary was able to make decisions about the planning, construction and management of the house (irrespective of class), the housing problem would be addressed effectively. Furthermore, Turner argued that houses that are built where people have the freedom to build are often superior to those built by governments or major contractors. Turner was of the opinion that if you give individual families greater choice regarding the location and design of their houses, their houses will match their needs more closely.

Turner suggested a changed role for government in the low-income housing process. He argued that governments should provide those aspects which people cannot always provide for themselves (e.g. infrastructure). Governments should, according to Nientied and Van der Linden's (1985) assessment of Turner's perspectives, also provide and actively promote access to the elements of the housing process for the low-income user. These elements include, amongst others, the laws, land, building materials, tools, credit, know-how and land tenure.

In terms of the problem statement in this thesis, Turner argued that the focus should fall on the poorer sections of society and that low-income people should be allowed to construct their own dwellings – as was the natural way. As Turner worked mainly in urban settings and experienced the growth of urban informal settlements, his policy guidelines were focused on urban areas.

It should also be noted that Turner's perspectives changed over the years (Mathey, 1992a; 1992b; 1997). For example, he changed the concept of self-built to one of self-organised – people should be able to organise themselves in the building environment. He also clarified criticism which viewed his perspectives as meaning that governments should not be involved in the low-income housing process at all. There also appears to have been a shift from individual responsibility to community responsibility and community development in his writings (Turner, 1980). It is also important to note that the concept of self-help has changed dramatically since the early 1970s. The major change relates to self-help being used in a much wider sense than housing (Pugh, 1997).

### **2.2.2 An assessment of Turner's ideas**

The foregoing discussions have reflected Turner's ideas. His most significant contribution was probably that he changed the conventional wisdom of bulldozing informal settlements to one of accommodating informal settlements where possible within the settlement structure. The consequence was, according to Potter and Lloyd-Evans (1998: 148), "... that if left to themselves, low-income settlements improve gradually but progressively over time". According to Gilbert and Gugler (1992) the perspectives of Turner and others were also instrumental in showing that the reaction of poor people to their circumstances was rational, despite the causes of poverty being beyond their control. At the time Turner's perspectives played a vital role in changing the conventional wisdom of a 'culture of poverty' (that people are poor, will remain poor, and can hardly do anything positive with regard to their circumstances) to a climate tolerant of understanding that poorer households can make a significant contribution to their own living environment (Gilbert and Gugler, 1992; Potter and Lloyd-Evans, 1998).

Despite these positive contributions by Turner there were also more critical assessments of his ideas and work. Criticism came mainly from two sources. The first was from academic (mostly

neo-Marxist) perspectives, and the other from practitioners involved in programmes (Mathey, 1992b).

On a theoretical basis, Turner debated his ideas extensively with Rod Burgess (Burgess, 1977; 1978; 1982; 1985; 1987) who had a neo-Marxist perspective (see also Nientied and Van der Linden, 1985; Devas, 1993). Mathey (1997) summarises the major neo-Marxist criticism on self-help housing and the thinking of Turner thus:

- Self-help programmes, in principle, still serve the interests of capital accumulation through the effects of double exploitation. The argument is that self-help programmes prolong the working day as people need to build after hours or during weekends.
- It is a mechanism of disciplining the workforce by means of credit and work-time commitments.
- The fact that self-help housing leads to commodification. Commodification means that land and the self-built processes start to assume economic value.
- Turner took an individualistic view of the self-help process and ignored the socio-political context in which self-help housing takes place.
- Although Turner maintained that the self-help sector was able to generate its own resources without interference from capitalist relationships, this was, according to Burgess, a myth.

It does not lie within the scope of this thesis to elaborate further on this debate between self-help and neo-Marxist perspectives. Maybe the conclusion of Nientied and Van der Linden (1985), namely that there have never been ‘commonly recognised terms of reference’ in the Turner-Burgess debate, best summarises the extent of the debate. The lack of an agreed term of reference made it, according to Nientied and Van der Linden (1985), virtually impossible to compare the two ideological approaches as they start with different questions and refer to different principles. In addition to these differences, Pugh (1994: 175) further summarises the main problem with neo-Marxist housing theory as follows: “... although it provides useful critique of capitalist societies, it has no operational blueprint for managing a socialist economy and its housing sector”. In reality, socialist housing lacked sufficient resources, could generally not meet the quantitative demand, was mostly unable to reduce inequalities, and did scarcely achieve economic and organisational excellence (Pugh, 1994).

Other criticism on the work of Turner (outside the neo-Marxist perspective) comes from Dwyer (1975), Mathey (1992b), and Potter and Lloyd-Evans (1998), who argue that most of Turner's research was conducted in Latin America, and that Africa and Asia present a different reality. They argue that economic conditions in Latin America are more prosperous. Gilbert and Gugler (1992) and Potter and Lloyd-Evans (1998) further question the validity of Turner's assumption that people know what is best for them. Other criticism warns against the assumption that self-help might lead to the withdrawal of government from the low-income housing field (Mathey, 1997; Potter and Lloyd-Evans, 1998). In this regard Potter and Lloyd-Evans (1998: 151) also feel that "... if taken to extreme ideology, the ideology of self-help romanticises and rationalises mass poverty, and makes light of the lack of access to land and capital of the poor majority". A further point of criticism, according to Mathey (1992a), is that aided self-help projects might be used as a mechanism to pacify grass-roots opposition.

Despite much legitimate criticism of Turner's views on low-income housing, self-help is still practised illegally or as part of government policies. There can, however, be little doubt that Turner and others dramatically changed low-income housing policy. Turner also introduced a new perspective in respect of informal settlements and played a major role in putting a stop to the prior practice of demolishing informal settlements (Mathey, 1997). In essence Turner wished poorer people to be the beneficiaries of government action and he suggested that governments should provide only that which low-income households cannot provide for themselves in terms of housing. Although Turner did not comment on the regional dimension of low-income housing investment, one can probably safely assume that he would have wanted to see the bulk of investments being apportioned to those households and individuals most affected by urbanisation – in major urban areas.

### **2.3 THE LOW-INCOME HOUSING POLICY OF THE WORLD BANK, 1970s – 1990s**

Influenced by the ideas of Turner, the World Bank developed its own low-income housing policy and became one of the most prominent institutions to influence policies on low-income housing

in LDCs (Williams, 1984; Mathey, 1997). The World Bank was also influential in terms of other donor agencies, and Burgess (1992) maintains that most other donor and lending institutions usually followed the policy directions of the World Bank. It is possible to divide World Bank policy into three phases, namely the 1970s, the 1980s and the 1990s (World Bank, 1993).

### **2.3.1 Low-income housing policy during the 1970s**

As already mentioned, the early 1970s saw a dramatic change in low-income housing policy. The World Bank became actively involved in low-income housing projects in urban areas during a period in which numerous governments started to encounter accelerated urbanisation and concomitant housing problems. World Bank publications that spelled out policy guidelines for this period were *Urbanisation* (World Bank, 1972), *Sites-and-Services Projects* (World Bank, 1974) and *Housing* (World Bank, 1975); while *Housing: Enabling Markets to Work* (World Bank, 1993) also provides an overview of World Bank policy in retrospect.

Pugh (1991: 277) summarises World Bank policy during this phase in the following words: “The World Bank’s first phase theory was based upon neo-liberal political economy, with emphasis on individualism, free markets, and ‘user pays’ principles. State roles were seen as facilitative and limited, mainly expressed in providing infrastructure, utility services, and title to land”. The introduction of World Bank low-income housing policy during this phase was based on *affordability, cost-recovery, and replicability* by means of an experimental process of ‘learning by doing’ during a project-by-project approach (Pugh, 1991; 1992; World Bank, 1993). In subsequent paragraphs attention will be paid to these principles.

When one analyses the policy of the World Bank during this period, one needs to understand that the policy was a reaction to the public sector construction of houses in the previous phase. So, in order to achieve the principle of affordability, the World Bank operated from the assumption that conventional low-income housing was not possible measured against the limited resources available (from both the government and the individual household). The World Bank felt that 50% of households in developing countries could not afford permanently constructed houses (Pugh, 1991; 1992). According to Nientied and Van der Linden (1985) the housing deficit was

thus explained in terms of the market. The conclusion was then that there was a huge demand for housing, but that there were certain constraints on the supply side of the market.

The logical consequence of this analysis was that the costs on the supply side of the market had to be reduced. Aspects on the supply side which could be reduced were the cost of land, services, finance and labour. Therefore the World Bank suggested that the building of the housing structure should be left to the individual (no labour costs) or the private sector (Wakely, 1989; World Bank, 1993). Shifting the responsibility would ensure that housing would become more affordable to the individual and the government. This is why site-and-service schemes and *in situ* upgrading programmes were attractive alternatives. Affordability to respective governments would be achieved by not subsidising low-income housing and by involving the private sector (contractors as well as financial institutions). In other words, the burden of financing low-income housing had to be redirected to the private sector. The shift to private sector finance was in direct contrast to public housing and finance between 1950 and 1970. Increasing affordability also meant revisiting existing infrastructure, housing and town planning standards (Nientied and Van der Linden, 1985; Mayo and Gross, 1987). Pugh (1994: 163) confirms that “[H]ousing standards and methods of construction were to be set within affordability, using budget limits to define feasible standards rather than following professionally derived building standards to determine (excessive) budget levels”.

The emphasis on cost recovery of projects meant that they had to be under financial control to avoid burdening government budgets while the users were required to pay for what they received (Pugh, 1991; 1992). The World Bank now was of the opinion that the end-product of site-and-service schemes and *in situ* upgrading projects were making housing for low-income households affordable; the recipients of these programmes should bear the costs in order to ensure cost recovery. Cost recovery would also limit financial pressure on government subsidies.

According to the housing vision of the World Bank, affordability and cost recovery would ensure replicability, consequently enabling replicability of investment projects and eventually causing the elimination of squatter settlements (Pugh, 1991; 1994). Replicability would be achieved by

means of reducing costs as well as retaining a surplus on each project in order to finance other projects (Mayo and Gross, 1987).

The shift from public housing to site-and-service and *in situ* upgrading was, on the one hand, a pragmatic change in policy away from the inefficiencies of public sector housing and the inhuman policy of eradicating informal settlements and clearing slums. On the other hand, the shift away from state-driven housing reflected the specific capitalist political economy (neo-liberalism) that the World Bank had been promoting to modernise the world economy (Ayres, 1983; Schlyter, 1984; Pugh, 1991). What cannot be denied is that site-and-service made it possible to spread public resources more broadly among the population than had been the case with public sector housing provision in the previous era (Tym, 1984; Mayo and Gross, 1987). Mayo and Gross (1987: 301) summarise the ability of site and service projects to reach a larger percentage of poorer households in the following words: "... such projects represent a sharp break with pre-existing government shelter policies in that they attempt, in principle, to focus directly on lower-income groups and to deliver shelter and services with small or no subsidies". The World Bank, therefore, suggested that the end-product to low-income households be scaled down considerably from formal houses to site-and-service schemes and upgrading schemes. They argued that these policy proposals would reduce costs and reach poorer households.

Although the main aim of the policy direction was based on the affordability, cost-recovery and the notion of replicability (providing *more* poor people with *less*), the World Bank also reflected on some important regional considerations. However, there seemed to be somewhat of a dichotomy in World Bank policy in their guidelines on the issue of regional investment. On the one hand, the World Bank argued against the background of growing urbanisation for a bias towards low-income housing investment in large urban areas - as opposed to investment in rural areas and other urban categories (World Bank, 1972). In fact, there seemed to be sentiments that urbanisation was the quickest way of improving the income and access of people to social amenities. On the other hand, Pugh (1991; 1992) argued that one of the fears of the World Bank regarding conventional low-income housing was that it would promote *unnecessarily high levels of urbanisation* which would lead to a limitless extension of subsidies and financial pressure on governments. An analysis of financial assistance to settlement programmes by the World Bank

and other donor institutions provides proof that only major urban areas really received financial assistance. The emphasis of the World Bank on larger urban areas was confirmed by Nientied and Van der Linden (1985) and Van der Linden (1992), stating that site-and-service schemes and *in situ* upgrading projects were mainly focused on a limited number of projects, especially in major or capital cities of certain countries. Although the percentages of money spent per settlement categories in Latin America and Africa (see Table 2.1) relate not only to the World Bank, they are, however, the most prominent as the World Bank spent approximately 50% of the total amount reflected in Table 2.1 (Blitzer *et al.*, 1983).

TABLE 2.1: Percentage of money spent on settlements by major lending agencies per settlement type in Latin America and Africa, 1947 - 1979

Continent	National capitals and urban areas with more than 500 000 people	Urban areas with between 100 000 and 500 000 people	Urban areas with fewer than 100 000 people	Rural settlements	No information
Latin America (%)	60,6	11,9	1,4	1,0	25,1
Africa (%)	58,7	9,8	3,6	2,3	25,6

Source: Blitzer *et al.*, 1983

Although Table 2.1 indicates a relatively low percentage in rural settlement areas, one needs to understand that a relatively large percentage of lending went to agriculture and rural development (excluding settlements). Blitzer *et al.* (1983) estimated spending on agriculture and rural areas to be 26,7% of the total lending by the 15 agencies evaluated by them (including the World Bank).

The above analysis provided an overview of the policy of the World Bank on low-income housing during the 1970s. Attention was devoted to the influence of the World Bank in changing the end-product envisaged for low-income people from conventional low-income housing to site-and-services and *in situ* upgrading schemes in an attempt to reach lower-income households, as well as the urban bias reflected in World Bank policy.

### 2.3.2 Low-income housing policy during the 1980s

The major change during this phase was in terms of the political economic approach and not in terms of the envisaged end-beneficiaries or the type of end-product they should receive. However, the change in the political economy did have an impact on the latter two aspects. It is therefore important to reflect on the political economic changes. According to Pugh (1994), during this phase the global economic circumstances brought low-income housing policy into a closer relationship with macroeconomic policy (which led to low-income housing also being effected by structural adjustment), with development policy and with a widening social agenda in low-income housing. The emphasis on macroeconomic policy coincided with structural adjustment programmes and conditionality clauses that were attached to loan agreements since the 1980s (Mosley *et al.*, 1991; Mosley, 1992; Qureshi, 1992). In terms of policy objectives, it was decided to channel loan assistance through housing finance systems - in contrast to the project-by-project approach during the previous era (Buckley, 1988; Van der Linden, 1992; Pugh, 1994). Furthermore, some emphasis also fell on institutional building within financial institutions. The World Bank (1993: 53) summarises the basic policy applicable during this phase as follows: “Housing finance projects emphasising *interest rate reform* (to enhance resource mobilisation and improved mortgage instrumental design); *subsidy design*; and improved *institutional financial performance* of government agencies involved in direct provision of land, infrastructure and housing”. The specific housing sector objectives were to increase the participation of private institutions in mortgage lending; to increase resource mobilisation amongst low-income households; and, to address what was called real side-constraints on the low-income housing sector, for example land and building regulations (World Bank, 1993).

The emphasis on macroeconomics resulted in less money being spent on aspects related to low-income housing like infrastructure (Cornia *et al.*, 1992; Hardoy and Satterthwaite, 1997). It implied that, in certain instances, lower-income households were affected negatively by macroeconomic reforms (Pio, 1992). At the same time there was limited change with regard to the end-product as site-and-services, and *in situ* upgrading remained the most important vehicles for low-income housing delivery – although there were already indications of a shift to *in situ* upgrading (Burgess, 1992).

Satterthwaite (1997b) maintains that the majority of settlement lending by donor agencies (of which the World Bank is the most important) went to large cities. However, Van der Linden (1992) is of the opinion that the shift from the project-by-project approach to sectoral lending and broader urban programmes had the effect that low-income housing initiatives were also spread to secondary cities and small towns. However, no guidelines are available on World Bank thinking with regard to the distribution of their funds for settlement assistance.

During this phase World Bank policy changed from the project approach to the inclusion of low-income housing into the broader macroeconomic debate. In the process it meant less money spent on the poorer sections of the population while the regional emphasis seems to have remained with cities – despite a spread to smaller cities. The emphasis will now shift to the policies of the World Bank in the 1990s.

### **2.3.3 Low-income housing policy during the 1990s**

The low-income housing policy in this era is well documented in *Housing: Enabling markets to work* (World Bank, 1993). Furthermore, the World Bank's (1990) *Urban Policy and Economic Development: An Agenda for the 1990s* already initiated some of the ideas that later became World Bank low-income housing policy. The policies of the World Bank on low-income housing in this phase, according to Cameron (1992) and Pugh (1994; 1997), represented the inclusion of ideas from the United Nations Centre for Human Settlements (UNCHS) (UNCHS, 1987; United Nations, 1992) and the United Nations Development Programme (UNDP) (UNDP, 1991). For example, the UNCHS (1987) was the first to make mention of the concept of targeted subsidies. However, before giving a more detailed analysis of World Bank policy in the 1990s, a brief perspective will be provided on the political economic background to World Bank policies for the 1990s.

Low-income housing policy in this era developed as a result of criticism against policies on low-income housing in the previous phases. The main point of criticism was that the neo-liberal and macroeconomic policies of the World Bank did not reach the poor. In fact, there was evidence that the situation of these sectors of the population had deteriorated (Pio, 1992). However, the

evidence of negative impacts on the poorer sectors of the population did not mean that the World Bank had changed its basic neo-liberal position. In fact, Gilbert (1997) argues strongly that the policy approach in the 1990s reflected a greater reliance on the market.

In terms of the political economic approach to low-income housing in this era, Pugh (1994) describes it as being embodied in the New Political Economy (NPE) (also see Meier, 1991). The NPE was, according to Pugh (1994), a theory of political economy that was adapted from the earlier neo-liberalism. The NPE characteristics as they were manifested in World Bank policy, reflected, amongst others, the following characteristics.

Firstly, the concept of *enablement* was central to the NPE. According to Pugh (1994: 166), the concept is defined as a "... legislative, institutional, and financial framework whereby entrepreneurship in the private sector, in communities, and among individuals can effectively develop the urban housing sector". In the process, governments had to embark on an enabling role which was supposed to include appropriate policy-making, institutionally loaded reform, selective deregulation, and property rights. The emphasis on enablement would also ensure that the private sector and Community Based Organisations (CBOs) extended their roles in the low-income housing development process through, especially, local initiatives. In a certain sense the NPE was only an extension of the previous neo-liberal approaches whereby governments were advised not to engage directly in low-income housing provision, but to leave it to the private sector and the individual. On the other hand, the NPE also broadened the development of the low-income housing sector by linking it to the macroeconomy, medium-term economic development and urban development, as well as policy development (Pugh, 1994).

The second aspect was that it placed huge emphasis on building the *capacity* of both the *private* and *public* sector. The addition of public sector capacity building to the institutional building of private financial institutions during the 1980s is noteworthy. Furthermore, it also included an emphasis on policy development (Satterthwaite, 1997b).

Thirdly, the emphasis was also on *anti-poverty*, *social*, and *environmental* concerns (Pfeffermann, 1991). In a certain sense the emphasis on anti-poverty was in contrast to the emphasis of the World Bank on markets and neo-liberal policies in previous phases. In actual fact, the World Bank accepted that markets could fail and that governments had a social responsibility – even by means of subsidies. The environmental concern within settlement planning was further stressed at the United Nations Rio conference in 1992 (Pugh, 1997), as well

as during Habitat II in 1996. The social and poverty issues also included greater sensitivity towards gender issues and children (UNCHS, 1996a).

The above discussion focused on the political economic background of World Bank policy. The remainder of this section will concentrate on the operationalisation of World Bank policy for the 1990s. According to the World Bank (1993: 58), they learned the following main lessons from the previous phases, namely that:

- The macroeconomic and regulatory environment is important;
- The informal housing sector has a significant contribution to make;
- Projects have limited impact;
- Attention should continue to shift towards the housing sector as a whole;
- Emphasis should continue to shift from projects to institutional reform;
- A variety of approaches is needed; and
- Past emphasis on bank lending to the poor is important and should continue.

After reflecting on the lessons that have been learned, the World Bank (1993) identified seven emerging priorities for lending in the low-income housing sector. Three of these, namely the enhancement of low-income housing finance, the enhancement of the building industry, and institutional reform, have no direct impact on the problem being investigated in this thesis. The others have a more direct bearing and a brief overview of these will be provided.

- *Property rights development.* According to the World Bank there are specific economic benefits in developing property rights. They would support property right developments through “... cadastral surveys and the creation of mechanisms for issuing land documents on a large scale ...” (World Bank, 1993).
- *Rationalisation of subsidies.* According to the World Bank it would continue encouraging the elimination of subsidy programmes that create a fiscal burden without helping the poor. However, in terms of the shift towards addressing the social needs (in terms of the NPE) the World Bank favoured a targeted subsidy programme. According to the World Bank (1993: 65), “[S]uch targeted subsidy programs should target low-income households, be transparent, and be the most cost effective way of achieving the desired social goal”. The targeted subsidy should preferably be an infrastructure subsidy rather than a construction or building material

subsidy. The main reason for the emphasis on infrastructure is that the World Bank argued that the provision of infrastructure had a higher benefit/cost ratio, which resulted in better utilisation of public resources. Furthermore, the World Bank also maintained that subsidies should spread the benefits as broadly as possible, rather than only focus on a smaller number of households.

- *Infrastructure for residential land development.* Three basic policy proposals will guide the World Bank approach during this phase. The first is that large-scale trunk infrastructure will be actively promoted, which would include roads, public transport, water supply, sewerage, drainage networks, and electricity. The second proposal is for infrastructure upgrading in slums and squatter settlements. The upgrading of infrastructure in slums and informal settlements is regarded as being important as infrastructure upgrading tends, according to the World Bank (1993), to increase tenure security, which in turn results in an increase in the levels of domestic housing investment by the poor. With this strategy it is also possible to reach poorer people than is the case with conventional housing. In the third place, site-and-services service projects (the direct provision of sites) and core houses on serviced sites will be discouraged. However, when appropriate, the World Bank will support involvement by the private sector in such projects.
- *Regulatory reform.* According to the World Bank (1993) regulations usually impacts in three ways on low-income housing. Firstly, regulations might make low-income housing unaffordable. Secondly, regulations might restrict residential land supply, and lastly, regulations might create bureaucratic bottlenecks. Therefore the World Bank is eager to fund and assist in regulatory reform programmes based on the principles of affordable standards, compliance and squatter tolerance. However, the World Bank also acknowledges that upgrading of informal settlements and slums might possibly be in conflict with certain environmental criteria and that the situation should be carefully managed (World Bank, 1993).

In terms of *who* the end-beneficiaries should be, it is clear that the World Bank remains adamant that resources (including targeted subsidies) should be spread as wide as possible and should focus on the poor. At the same time there is also a recognition that some households might even be too poor to afford the basic level of services that could be provided. In order to be able to

ensure an affordable end-product, the World Bank will stick to its downscaling of the end-product to only infrastructure (not top structures or building materials) and tenure security.

It is possible to identify a change from a housing specific approach to a settlement approach or what Pugh (2001) calls ‘whole sector housing development’ approach during the above phases. This can be seen in the wide range of proposals that were proposed by the World Bank in 1993. However, the final shift to the ‘whole sector housing development’ approach came when the World Bank disbanded its housing division in the late 1990s (Pugh, 2001). The characteristics of ‘whole sector housing development’ will be discussed in more detail later in this chapter.

Regionally there seems to be an urban bias (even a big city bias) in World Bank policy. The World Bank (1993) argues that the high cost of land, infrastructure and building materials in cities, in comparison with such costs in rural areas, will ensure that the low-income housing challenge will be, in essence, an urban challenge for the foreseeable future. Harris (1992) is further of the opinion that the World Bank is one of the few donors or world financial institutions that have devoted adequate attention to urban finance in comparison with rural areas.

#### **2.3.4 An assessment of World Bank low-income housing policy**

It has already been noted earlier in this chapter that Turner influenced World Bank thinking. However, there are also fundamental differences between the thinking of the World Bank and that of Turner. The main difference is probably that the World Bank economised the thinking of Turner. Whereas Turner emphasised dweller control and satisfaction as motivation for site and services, the main motivation of the World Bank was that it was cheaper for both the beneficiary as well as the government.

Nientied and Van der Linden (1988) are of the opinion that very few countries have actually accepted site-and-services and *in situ* upgrading schemes as official low-income housing policy. However, there can be little doubt that the World Bank was instrumental in changing the thinking on low-income housing in many LDCs – mostly by means of project funding. Although site-and-services schemes and *in situ* upgrading programmes were able to reach lower-income people and spread public resources wider than was the case with conventional means, these

forms of low-income housing delivery were not beyond criticism. In fact, housing conditions of the poor in many major cities in LDCs have not improved a great deal (Hamdi, 1995). Whether another low-income housing delivery system would have resulted in an improvement is also questionable.

As already noted, the World Bank was instrumental in promoting site-and-services and *site-and-service* upgrading projects as policy options in LDCs. However, by the early 1980s a number of papers expressing a more critical attitude towards self-help housing and site-and-services – not necessarily only Marxist in analysis – emerged (Ward, 1982; Marcuse, 1992; Mathey, 1992a). Even the World Bank became critical of its own policy (Mayo and Gross, 1987). Some of the major criticisms were that cost recovery was low, replicability (which was World Bank policy) was not achieved, standards were too high, and projects were located on the periphery of cities (Mayo *et al.*, 1986; Mayo and Gross, 1987; Potter and Lloyd-Evans, 1998). In retrospect the World Bank (1993) argues that they have achieved affordability, but that their emphasis on cost recovery and replicability was less successful. The World Bank has also come under fire with regard to its neo-liberal political economic approach and, especially, the conditionality clauses. These conditionality clauses gave the World Bank the reputation of being a ‘bully’. The above sections have provided an overview of the evolution of World Bank policy from the 1970s to the 1990s (see Table 2.2).

In essence, World Bank policy was the practical side of what JFC Turner had suggested. However, a closer look at the theoretical views behind these policies will reveal considerable differences between the World Bank and Turner (Nientied and Van der Linden, 1985).

#### **2.4 WHOLE SECTOR HOUSING DEVELOPMENT AND THE NEED FOR SUSTAINABLE SETTLEMENTS: 1990 ONWARDS**

As already mentioned, there has been a shift towards a settlement approach to low-income housing development – whole sector housing development. At the same time, the early 1990s saw the increasing importance of the concept of sustainable settlements in favour of specific low-income housing policies. On the one hand it was a continuation of the ideas of the World Bank

(whole sector development) in that low-income housing should be viewed in the broader perspective of the economy and settlements, and, on the other hand, more emphasis should be put on environmental aspects within settlements. This change from specific low-income housing policies to sustainable settlements is probably best reflected in the book *From self-help housing to sustainable settlements: Capitalist development and urban planning in Lusaka, Zambia* (Tait, 1998).

However, Tait (1998) was not the only researcher who contributed to the debate, and the number of published works on sustainable settlements increased steadily since the early 1990s (see for example Mitlin and Satterthwaite, 1994; Amankwah-Ayeh, 1995; Satterthwaite, 1997a; Camagni *et al.*, 1998; Satterthwaite, 1999; Hall and Pfeifer, 2000). Although the World Bank in its policy approach incorporated some principles of urban sustainability, two major world events have contributed to more emphasis on the concept of sustainability in the settlement environment. The first was the 1992 Earth Summit in Rio de Janeiro. For the first time issues of settlement and

TABLE 2.2: A comparison of the low-income housing policy of the World Bank in different phases, namely the 1970s, the 1980s and the 1990s

Characteristic	1970s	1980s	1990s
<b>Political economy</b>	Neo-liberalism	Macroeconomic approach, which coincided with structural adjustment	New Political Economy
<b>Main objectives</b>	Affordability; cost recovery; replicability	Creates self-supporting financial institutions, reduce and restructure low-income housing subsidies	Creates a well-functioning housing sector that services the need of consumers, producers, financiers, and local and central government; and that enhances economic development, alleviates poverty and supports a sustainable environment
<b>Role of government</b>	Emphasis on government's direct provision of land, low-income housing and finance to facilitate	Government should not be involved	Government should play an enabling role to facilitate the provision of land and low-income housing by the private

	progressive development of housing		sector
<b>Policy and lending instruments</b>	Site-and-services projects	<i>In situ</i> upgrading and low-income housing finance projects	Low-income housing policy
<b>Main approach</b>	Project-by-project	Focusing on low-income housing finance	As part of settlement funding
<b>Subsidies</b>	No subsidies	No subsidies	Targeted subsidies
<b>Target group</b>	The poor	The poor	Realisation that the real poorest of the poor will not be able to afford any form of intervention
<b>Type of end-product envisaged</b>	Site-and-services	Site-and-services	Site-and-services
<b>Housing standards</b>	Should be scaled down	Should be scaled down	Should be scaled down
<b>Property rights</b>	Important	Important	Fundamental for the development of a property market
<b>Importance of informal housing</b>	Important	Important	Important
<b>Role of private sector</b>	Limited	Extremely important	Fundamental but in partnership with government structures
<b>Regional focus of low-income housing policy</b>	Major urban areas	Major urban areas with some support to smaller towns	Urban areas with emphasis on major urban areas

Source: World Bank, 1993 (adapted)

low-income housing were incorporated into the larger development, poverty and environmental issues (Pugh, 2001). The second event was the Habitat II conference organised by the UNCHS in 1996. Although I shall only address these two events, they were not the only events contributing to the debate (Walmsley and Botten, 1994). This section will be structured as follows: Firstly, the concept of sustainable settlement will be discussed, followed with analyses of Earth Summit and Habitat II in terms of the problem statement of this study. Finally, an

assessment will be made of the value of the debate on sustainable settlements for low-income housing policy.

#### **2.4.1 Towards sustainable settlements**

Central to discussing sustainable settlements is the question as to what sustainability is or whether settlements can be sustainable. This question of settlement sustainability has been debated considerably in the literature (see for example Van den Berg, 1991; Van Pelt, 1994; Satterthwaite, 1999). It is not the purpose of this section to contribute to this debate on whether settlements can be sustainable. However, the explanation by Camagni *et al.* (1998) with regard to sustainable settlements needs more attention. First of all, sustainability does not refer exclusively to the physical environmental (Rees, 1999). Camagni *et al.* (1998) argue that three environments exist within a settlement, namely the social, economic and physical/built environment. It is furthermore argued that these environments interact with each other with positive and negative impacts (see Table 2.3).

According to Camagni *et al.* (1998) it is possible to view the interaction between the different environments in two possible ways, namely from a static or a dynamic perspective. They then argue that according to the static perspective sustainability refers to a situation where the environments interact in such a way that the sum of all the positive impacts resulting from the interaction is greater than the negative impacts caused by the interaction. Settlement managers should therefore strive towards enhancing the positive interactions and avoiding or limiting the negative interactions.

TABLE 2.3: Positive and negative external effects in the interaction between the economic, social and physical environments

Positive / negative	Interaction between economic and physical environments	Interaction between economic and social environments	Interaction between social and physical environments
<b>Positive external effects</b>	<ul style="list-style-type: none"> <li>• Efficient energy consumption</li> <li>• Efficient use of non-renewable natural resources</li> <li>• Economies of scale in the use of urban environmental amenities</li> </ul>	<ul style="list-style-type: none"> <li>• Accessibility to qualified housing</li> <li>• Accessibility to qualified jobs</li> <li>• Accessibility to social amenities, social contacts, education and health facilities</li> <li>• Diversification of options</li> </ul>	<ul style="list-style-type: none"> <li>• Green areas for social amenities</li> <li>• Residential facilities in green areas</li> <li>• Accessibility of urban environmental amenities</li> </ul>
<b>Negative external effects</b>	<ul style="list-style-type: none"> <li>• Depletion of natural resources</li> <li>• Intensive energy consumption</li> <li>• Water pollution</li> <li>• Air pollution</li> <li>• Depletion of green areas</li> <li>• Traffic congestion</li> <li>• Noise</li> </ul>	<ul style="list-style-type: none"> <li>• Forced suburbanisation due to high urban rents</li> <li>• Social friction in the labour market</li> <li>• New poverties</li> </ul>	<ul style="list-style-type: none"> <li>• Urban health problem</li> <li>• Depletion of historical buildings</li> <li>• Loss of cultural heritage</li> </ul>

Source: Camagni *et al.*, 1998

The dynamic perspective, according to Camagni *et al.* (1998), refers to urban sustainability as a process where there is a balanced co-evolution of the three environments. This co-evolution, however, depends on the possibility to integrate and transform the regulatory principles governing the environments. However, this idealistic principle of balanced co-evolution is complex. In reality decisions are made that favour the one environment above the other. Settlement sustainability therefore seems to refer to a trade-off between economic, social and physical environment decisions. Therefore Camagni *et al.* (1998) set three basic principles:

- Pure short-term profitability principles should evolve into a long-term allocative efficiency, which guarantees a (good) market incorporating the full social cost in the market place.
- An environmental equity principle should be developed, guaranteeing intra- and intergenerational fairness.

- A distributive efficiency is called for, which requires operating through redistributive mechanisms in order to secure social stability, fair access to education and health services.

This section has attempted to lay down the foundation with regard to sustainability in the settlement environment. It seems as if the degree of sustainability refers to the way in which the interaction between the different environments is first of all acknowledged and secondly managed. For low-income housing this probably has the implication that any intended intervention or lack of such intervention will have an impact on the other environments. These interactions between the different components of the settlement environment constitute the core of what Pugh (2001) refers to as *whole sector housing development*.

#### **2.4.2 The Rio de Janeiro Conference and Local Agenda 21**

The 1992 United Nations Earth Summit held in Rio de Janeiro was attended by approximately 30 000 people. The conference aimed at gaining political support for numerous environmental dilemmas faced by the world. A number of international treaties were signed. Of these Agenda 21 was probably the most significant (Walmsley and Botten, 1994). Article 28 of Agenda 21 argues that “[B]ecause so many of the problems and solutions being addressed by Agenda 21 have their roots in local activities, the participation and cooperation of local authorities will be a determining factor in fulfilling its objectives” (Agenda 21, 1992: 1). Each local authority (and especially those related to urban areas) is then requested to draw up a plan in consultation with their local communities in order to manage their areas within the broad framework created by the sustainability concept. Although a number of cities and countries have responded positively to this commitment to local sustainable plans at the Rio conference (Salman, 1996; Mecer and Jotkowitz, 2000), response from the developing world has been limited. The main reasons are the lack of both capacity and funds to develop such an agenda at the local level. The main aspects of the Earth Summit (1992) were confirmed at the World Summit on Sustainable Development in Johannesburg (2002).

#### **2.4.3 Habitat II**

The first international conference on human settlements (Habitat I) was held in Vancouver in 1976 and led to the Vancouver Declaration on Human Settlements and the Vancouver Action

Plan (UNCHS, 1976). Habitat II held in Istanbul in 1996 (twenty years after the Vancouver conference) led to the Istanbul Declaration on Human Settlements and the Habitat Agenda. Habitat II managed to bring together a large number of people from different countries and different spheres of life. The conference was attended by, amongst others, settlement practitioners, community activists, policy advisors and academics. Although this broad range of attendees probably posed a major advantage, it was also one of the main disadvantages as it led to consensus on a number of issues on which consensus was not possible. The result was numerous contradictions in the content of the Habitat Agenda.

The purpose of Habitat II was to address two themes of ‘global importance’, namely ‘adequate shelter for all’ and ‘sustainable human settlements in an urbanising world’ (UNCHS, 1996a). What is ‘adequate shelter’? The UNCHS (1996a: 3) describes it in the following words: “Adequate shelter means more than a roof over one’s head. It also means adequate privacy, adequate space, physical accessibility; adequate security; security of tenure; structural stability and durability; adequate lighting, heating and ventilation; adequate infrastructure, such as water-supply, sanitation and waste management facilities; suitable environmental quality and health related factors; and adequate and accessible location with regard to work and basic facilities: all of which should be available at an affordable cost”. In terms of the delivery of low-income housing, a wide variety of mechanisms are proposed, depending on need and situation. These vary from home ownership to rental, and from site-and-service to formal housing units. In paragraph 70 (b) the Habitat Agenda states that priorities should be established for the allocation of natural, human, technical and financial resources (UNCHS, 1996a). The establishing of these priorities in terms of *who* should benefit and *what* they should receive will be vital, as very few countries have the financial means of providing all needy households with what they require.

The emphasis on sustainable settlements also reflects the same attributes as those discussed earlier in this section. However, the inclusion of the term ‘urbanising world’ reflects the importance of sustainability in areas of increasing urbanisation. In terms of who should receive special attention from programmes, mention is made of those living in absolute poverty, women, as well as vulnerable and disadvantaged groups (UNCHS, 1996a).

Habitat II also comments on proposals for a regional framework for settlement investment. Three aspects need to be mentioned. The first is the overwhelming emphasis from Habitat II that “the future of the earth will be heavily determined by the quality of life in the cities” (Cohen, 1996: 21). Secondly, the earlier comment of setting priorities can also be applicable in terms of the regional issue addressed in this study. The emphasis on priorities means that not only do priorities need to be set in terms of the type of investment and *who* will be focused upon, but also in terms of *where* development should take place. Thirdly, it is mentioned that where appropriate, a balanced settlement structure should be promoted.

#### **2.4.4 Assessing the value of the sustainable settlement debate and whole sector housing development for low-income housing policy**

How important is the concept of sustainable settlements for low-income housing policy? Before a number of positive remarks can be made, a few critical comments are necessary. In the first place, it seems as if the concept of sustainable settlements is sometimes used without the understanding that settlements can hardly be sustainable. Furthermore, the components of settlement sustainability (social, economic, environmental) are generally used as complementary aspects. In reality there is tension between these components, which is usually ignored at these world summits (Cohen, 1996). The other point of criticism, according to Cohen (1996), is that most discussions on the topic of sustainability at world summits are still sectorally based. The following quote of Cohen (1996: 21) reflects on the sectorally bias, as well as on the fact that the components of sustainability are inherently in conflict with each other: “Housing experts talked about housing without focusing sufficiently on social or environmental dimensions; environmentalists did not refer to the financial or economic costs of environmental management; social activists did not place the dilemmas of communities against the broader problems of mobilisation of financial resources ....”. Against this background it does not seem as if the different components of sustainability have been successfully linked.

On the more positive side, the sustainable settlement debate has brought greater emphasis and understanding of the dilemma of development, the environment, settlements and people (Pugh, 2001). Secondly, despite still being handicapped by sectoral analyses, it probably also contributed towards a more integrated way of assessing settlement problems. In the process, the

concepts of integration and holistic thinking have been sold effectively to the international community. Other concepts that are closely related to the concept of sustainability and that have received attention, are partnerships and long-term vision. The world summits have probably also created networks that can be successfully utilised in settlements globally.

The concept of sustainability does have implications for the problem statement of this thesis. Firstly, it seems that low-income housing should be viewed in terms of the broader context of the settlement and not as a separate entity. Secondly, broadly stated, it probably has a bearing on funds for low-income housing - inasmuch as such funds limit the costs to the physical environment and create a settlement environment which is conducive to the creation of economic opportunity and social well-being.

This section provided a brief overview of the evolution of the concept of sustainable settlements, which have developed rapidly since the early 1990s. The concept was explained in broad terms and the impact of the 1992 Earth Summit (Local Agenda 21) and of Habitat II was discussed. Finally, an assessment of the importance of the concept was conducted. Despite the positive and negative aspects related to the concept, I am of the opinion that the concept will become one of the central themes in low-income housing policy in future.

## **2.5 CONCLUSION**

This chapter has attempted to provide an overview of low-income housing policy between 1950 - 1970, of the ideas of Turner on low-income housing, as well as of the evolution of World Bank low-income housing policy between 1970 and the mid-1990s. Furthermore, the changing emphasis from low-income housing policy to sustainable settlements during the 1990s was also emphasised. Although the concepts of sustainable settlements are still vague, loaded with World Bank semantics, and filled with tension between the different components thereof, it has brought a new dimension to viewing the low-income housing problem. In terms of this study, the sustainable settlement debate has placed more emphasis on the sustainability profile (with regard to social, economic/financial issues, and environmental aspects) of end-beneficiaries and end-products, as well as *where* investment will or should take place.

In most cases explicit guidelines are provided in respect of *whom* low-income housing and settlement investment should be focusing upon and *what* type of low-income housing investment is required. In fact, in terms of the type of low-income housing to be provided, the emphasis falls on as wide as possible variety. However, the same types of guidelines do not exist with regard to the locational aspects of low-income housing and settlement investment. In the following chapter the focus will shift to the development of South African low-income housing policy. The aim will be to indicate certain relationships between international trends and the current South African low-income housing policy.

### **CHAPTER THREE: LOW-INCOME HOUSING POLICY DEVELOPMENTS IN SOUTH AFRICA SINCE 1990: AN ANALYSIS OF POLICY PROCESS AND CONTENT**

The evolution of and theoretical assumptions underlying low-income housing policy in LDCs since the 1950s, were analysed in Chapter Two. In the present chapter it will be argued that the international trends have influenced the content and development of low-income housing policy in South Africa since 1990. South Africa was in a position to learn from the vast experience elsewhere, especially other LDCs, and to convey valuable lessons applicable to the South African housing policy. It is especially the influence of the World Bank which is visible in South African policy (Tomlinson, 1998a; Watson and McCarthy, 1998). However, it should also be stated that there are visible differences between the South African low-income housing experience and policy since 1990 and international trends.

There seems to be some disagreement about who the architects of post-apartheid low-income housing are (Mackay, 1996). Goodlad (1996) relates it to the work of the NHF, as well as the ANC's RDP. Spiegel *et al.* (1996) and Tomlinson (1998a) also emphasise the role the IDT played. The IDT financed the servicing of approximately 100 000 stands in the era between 1990 and 1994 and was one of the first major urban investment schemes related to housing for the poor with public sector money in the so-called 'white' South Africa. The IDT's capital subsidy scheme was, however, the brainchild of the Urban Foundation's Urban Policy Unit (Adler and Oelofse, 1996; Pikholtz, 1997), which had been exposed to international trends (as discussed in Chapter Two).

Against this broad background on the development of housing policy since 1990, this chapter has the objective of analysing the following policy documents and/or institutions, with special reference to their respective visions with regard to the '*who, what and where*' of housing delivery, and, where relevant, to indicate international and cross-policy approaches and influences on the development of the final policy:

- The IDT;

- The NHF;
- The RDP;
- The White Paper on Housing (which includes the Housing Act) and policy developments since the publishing of the White Paper in 1994 (which also includes reference to the new draft housing strategy released in 2000); and
- Other spatial/regional legislation. As housing is integrated into various other pieces of legislation (e.g. land), it is important to consider this legislation especially with regard to the spatial/regional dimension in this research.

### **3.1 THE ROLE OF THE IDT IN LOW-INCOME HOUSING POLICY**

The South African government established the IDT in 1990 to promote development through an independent agency. The independent status of the IDT became significant as the state apparatus had limited legitimacy in the broader community which was not represented in government. At the same time, housing initiatives for lower-income households in the so-called ‘white’ South Africa were virtually absent by the beginning of 1990. In terms of housing and settlement development, the IDT planned the servicing of 113 344 urban sites by means of a once-off targeted subsidy of R7 500 (Dison, 1993), which made it the largest housing delivery initiative by a Non-Governmental Organisation (NGO) worldwide (Adler and Oelofse, 1996). Though site-and-service projects had been part of the housing strategies of the apartheid government (especially to accommodate displaced urbanisation in the previous homelands, but later also in ‘white’ South Africa), the introduction of the IDT’s capital subsidy scheme in 1990 initiated a major change in approaching the housing problem. Not only did it introduce a subsidy for the lower end of the market, but the change in approach also included greater emphasis on community involvement, the development process and empowerment of local communities (aspects of housing that are not addressed in detail in this thesis). This subsidy was only available to households with a monthly household income of less than R1 000 (Marais, 1994). In addition to the income criteria, the IDT viewed the site-and-service intervention as the start of a development process in helping communities to initiate further housing developments.

As already mentioned, the end-product according to the IDT was a serviced site that also provided the end-beneficiary with land ownership. However, the level of these services also differed among projects. Although the IDT did not rule out the possibility of the provision of a formal housing structure by means of state funding at a later stage in the development of the project, the initial focus and funding were on the provision of infrastructure – therefore promoting the concept of incremental development, which is central to the thinking of both Turner and the World Bank. The vision of the IDT was to provide the basic level of services to a relatively large number of households and make it affordable for the end-beneficiary by subsidising the servicing of the site.

An important consideration within the IDT was the regional allocation of funds for the improvement of settlements. In contrast to housing finance under apartheid planning, the majority of projects were located in so-called ‘white’ South Africa. Only ten (9,3%) of 107 projects country-wide were allocated to former homeland areas (Palmer Development Group, 2000). Projects in the Free State were located in Bloemfontein (as opposed to Botshabelo), Bethlehem (as opposed to QwaQwa), Welkom, Sasolburg and Ladybrand. This location of IDT projects represents a dramatic shift in housing finance from former homeland areas to areas of population growth resulting from increasing urbanisation.

Evaluation of the IDT approach ranged from relatively positive evaluations (Marais, 1994; McCarthy *et al.*, 1995; Botes *et al.*, 1996; Marais and Krige, 1997; Pikholtz, 1997; Mrawu, 1998; Van Rensburg, 1998; Botes, 1999) to far more critical perspectives (Adler and Oelofse, 1996). The more critical perspectives emphasised that the IDT was not providing houses, and criticised the emphasis on ownership, a lack of participation in certain projects and a lack of flexibility regarding the end-product (Adler and Oelofse, 1996). Furthermore, site-and-service projects were viewed by a number of prominent leaders as a sub-standard form of housing delivery that should not take place in a post-apartheid era. However, despite this criticism, the IDT had managed to reach poorer sections of the population by means of the targeted subsidy, while at the same time not providing conventional housing. Also, the IDT probably introduced a pioneering phase towards a more community-driven housing delivery system, and it was probably a breakthrough regarding approaches towards housing delivery for the lower-income households.

The concepts and ideas of the IDT display correlation with the views of Turner and with those of the World Bank analysed in Chapter Two. The emphasis on ownership and the provision of basic services - and not the housing structure - correlate with Turner's preconditions for housing investment by the owners and also the fact that he viewed housing development as a process. The World Bank's latest ideas are seen in the provision of ownership and the utilisation of the targeted subsidy *per se*, as well as the utilisation of the subsidy for infrastructure only. The targeted subsidy, according to the World Bank, was also supposed to increase affordability to the individual household and also to the state, as it was a once-off investment that would not have a long-term impact on state coffers. The regional location of investment to urbanising areas also correlates with the ideas of the World Bank. It should also be noted that the concept of settlement sustainability, which has gained more prominence internationally, has been limited in IDT thinking and practise.

The largest contribution by the IDT to post-apartheid policy has probably been the fact that it paved the way for the acceptance of the concept of a targeted subsidy in the final White Paper, as negotiated by the NHF. However, the utilisation of such a subsidy for infrastructure only would be contested vigorously at the NHF as well as during a post-White Paper period, whilst the regional emphasis on the location of projects in areas with high urbanisation rates by the IDT was virtually forgotten.

### **3.2 THE ROLE OF THE NHF IN LOW-INCOME HOUSING POLICY**

It is against the background of this debate on the effectiveness of the IDT and its site-and-service strategy that the NHF was formed. Tomlinson (1998a: 138) summarises the growing conflict around the nature of the end-product of the South African housing policy, when she states that "... those representing the urban poor, ... rejected this approach as simply the servicing of shack settlements - 'toilets in the veld' - rather than providing a decently located genuine mass-housing programme. Hence, conflicting views on how to address the housing crisis had fully emerged at the time of the NHF launch".

The work of the NHF (established in 1992) was vital in the development of policy on low-income housing in post-apartheid South Africa (see Rust and Rubenstein, 1996). The NHF consisted of various private sector institutions including business, the building industry, financial institutions, as well as community organisations (Tomlinson, 1998a), and attempted to be as inclusive as possible (Nell *et al.*, 1996). However, the South African apartheid government was not comfortable to co-operate (Rust, 1996). Despite the unwillingness of the government of the day, a number of interpersonal relationships developed between the representatives of different institutions who were instrumental in the development of housing policy (Rust, 1996). These interpersonal relationships are important to note, as the agreements reached by the NHF would later on be questioned by a number of people who were not part of the NHF process.

The IDT probably paved the way for some form of subsidy to be acceptable, while a number of existing housing subsidy systems were also functioning. However, there was legitimate criticism in that the existing government subsidy systems (excluding the IDT subsidy) were not aimed at reaching lower-income households but were mainly focused on public servants (Tomlinson, 1998a). Against this issue of affordability to the end-beneficiary, the main issue was not whether subsidies were to be part of a new housing policy, but what amount this should be and what type of subsidy should be available, as well as what type of end-product it should provide to the end-beneficiary. Initially a number of representatives argued for a subsidy in the vicinity of R30 000, as well as the provision of mass rental accommodation and rental subsidies. Rental accommodation was supported by some construction businesses from the private sector, as it would reduce the risk because the state would act as developer (Tomlinson, 1998a). At the same time a debate took place against the background of what was affordable in terms of the fiscal realities of the country (Kentridge, 1996; Tomlinson, 1998a). It was soon realised that too few people would be reached through rental accommodation or a subsidy of R30 000 – especially if a target of one million houses within five years was vital. The relatively unsuccessful international experience with regard to rental accommodation provided by governments (as already outlined in Chapter Two) also played a role in the non-acceptance of this form of housing delivery. Finally, the subsidy was determined by assuming that the proportion of the housing allocation in the South African national budget would be raised from 1,8% in 1992 to 5% by the year 1999. The available amount of resources that would be released over a period of five years by such an

assumption was then divided by one million. It would then be possible to provide one million houses during the first five years with a subsidy of R12 500 (for households earning less than R800 per month). Households with an income of more than R800 per month would receive a smaller subsidy. According to Adler and Oelofse (1996) the acceptance of this subsidy scheme (targeted subsidy) was an important breakthrough. It initiated assistance to low-income households in South Africa, as it was estimated that up to 40% of all South African households could have a joint monthly income of less than R800 per month (Brügge, 1996).

What type of end-product would the subsidy amount of R12 500 provide to the end-beneficiary? In the first place it would provide the end-beneficiary with a title deed. Furthermore, according to Tomlinson (1998a), it would be possible for the end-beneficiary, depending on the amount of the subsidy related to the income of the household and the availability of additional funds, to receive one of the following products:

- a serviced site;
- a serviced site with a rudimentary structure;
- the *in situ* upgrading of a settlement; and
- a portion of the cost for either a house or a flat.

The capital subsidy scheme, as developed by the NHF, largely became the low-income housing policy for the envisaged end-product of the new government in 1994. Goodlad (1996) argues that the subsidy arrangements represented a victory for those who favoured an approach of incremental upgrading with regard to informal settlements. Adler and Oelofse (1996) and Tomlinson (1998a) confirm this incremental approach by stating that the policy is a victory for the 'width'-over-'depth' (more-for-less) approach. Furthermore, Brügge (1996) maintains that the housing policy developed by the NHF - and which became the policy of the post-apartheid government - represented a shift from housing as a physical structure to housing in a holistic living environment. However, it would be this policy decision of 'width' over 'depth' which would become a major bone of contention during the post-1994 period.

Although the NHF acknowledged the impact of apartheid on the spatial patterns of urban settlement of South Africa (Abrahams and Rantete, 1996), virtually no guidelines were provided

for future regional investment. For example, no guidelines were given on how to deal with the ex-homeland urban settlement in relation to the urban areas in the former so-called 'white' South Africa, as well as between the different categories of urban settlements in South Africa. There have been some proposals with regard to rural housing (Rubenstein *et al.*, 1996), but these have to date mostly been vague.

The NHF laid the foundation for South African post-apartheid housing policy. It made a tremendous contribution by formally shifting the focus of subsidies to lower-income people (an aspect initiated by the IDT). As was the case with the IDT, the emphasis on the targeted subsidy and ownership is evidence of the influence of World Bank thinking. However, the fact that the subsidy could also be utilised for the top structure was not in line with the proposals of the World Bank and also deviated from IDT practice. The relative importance of budgetary constraints in determining the size of the subsidy also reflects the neo-liberal approach of the World Bank to the development of housing policy. As was the case with the IDT, the concept of housing within the 'sustainable settlement environment' does not feature prominently. Limited attention was paid to the regional arrangements with regard to where housing delivery should take place. Concurrently with the NHF process, the ANC developed its own policy guidelines (amongst others, on housing) for the 1994 elections. The next section will devote attention to policy guidelines with regard to housing and the RDP.

### **3.3 THE ROLE OF THE RDP IN DEVELOPING A LOW-INCOME HOUSING POLICY**

The RDP in its final form was released in early 1994 (ANC, 1994). The RDP resulted from an extensive consultation process with people at grassroots level from as far back as the late 1980s (Leroke, 1996). It was also later published as a White Paper of the Government of National Unity (Turok, 1995). It is important to note that the RDP document should be seen as a reaction to apartheid planning with specific emphasis on reducing the inequalities, while one should also bear in mind that it was finalised at the same time as the NHF process. Chapter Two of the RDP focuses on meeting basic needs, while also devoting attention, amongst others, to housing. The

remainder of this section will focus on the '*who, what and where*' of housing as expressed by the RDP.

The RDP envisaged that low-income people should be the recipients of the housing policy being proposed. However, no definition is provided of the concept of low-income people. The phrase 'providing land and housing to all' is also commonly used (ANC, 1994: 14).

The housing end-product (*what*) that was proposed by the RDP was a result of the manner in which housing backlog was defined. The RDP identified housing backlog in South Africa in the following words: "The lack of adequate housing and basic services in urban townships and rural settlements today has reached crisis proportions. The urban housing backlog in 1990 was conservatively estimated at 1,3 million units. Including hostels and rural areas, the backlog rises to approximately three million units. To this should be added an estimated 200 000 new households each year" (ANC, 1994: 22). This definition of the problem led to the proposal that a minimum of one million low-cost houses had to be constructed over five years. The period of five years referred to the first term in office of the post-apartheid government.

From the above it seems as if the RDP envisaged formal houses (*what*) as the end-product. This emphasis on a formal house is further enforced with the emphasis on housing standards. The ANC (1994: 23) comments as follows: "As a minimum, all houses must provide protection from the weather, a durable structure, and reasonable living space and privacy. A house must include sanitary facilities, storm-water drainage, a household energy supply, and convenient access to clean water. Moreover, it must provide for secure tenure in a variety of forms". The emphasis on these standards might be in contrast to the principle of affordability. Higher standards, as the World Bank warns (see Chapter Two), are usually directly linked to increased public spending. The document also mentions the concept of subsidies, but apart from stating that these should be targeted at the poor, it is vague. Furthermore, the RDP proposes that "sufficient affordable rental housing stock should be provided to low-income earners who choose this option" (ANC, 1994: 24). This is stated against the background of the theoretical principle of ensuring a variety of options. The fact that various tenure options should be available is also mentioned a few times.

In general (including its policy proposals on housing) the RDP has been criticised for its general vagueness (Van Zyl, 1994; Turok, 1995) and the fact that the financial implications were not always calculated (Godsell, 1994). According to Van Zyl (1994) the RDP is not clear with regard to who the end-beneficiaries of the different programmes should be. In some cases the document mentions that it should be the poor, while in others it refers to 'all our people'. In contrast to the findings and proposals of the NHF and IDT practice, the RDP had a vision of a standardised house. Tomlinson (1998a: 139) articulates the emphasis on a standardised house in the following words: "In line with its view that 'housing is a right', the ANC in its RDP describes a minimum housing standard - not simply a serviced site - and proposed that the cost of such a housing option would be borne through a government subsidy, blended with a loan from private sector resources *vis-à-vis* (to be established) national housing bank". In addition, Van Zyl (1994) argues that the basic needs envisaged by the RDP were much higher than those of the Basic Needs Approach (see Van Wiegel, 1986).

The RDP makes limited mention of the regional distribution of housing (*where*). The document mentions that viable communities (by means of housing) should be established close to places of economic opportunities (ANC, 1994). However, no reference is made to uneconomic settlements created by apartheid and how they should be approached or what role an urban hierarchy should play. Furthermore, in contrast to the principle of proximity to economic opportunities, the provision of rural housing (which includes farm worker housing) is explicitly emphasised. The ANC (1994: 26) states: "Rural people have specific concerns around housing, such as tenure forms on trust land; inadequate or non-existent bulk infrastructure; farm workers housed on farms; the legacy of apartheid removals and resettlements; access to land and land claim procedures and process".

In respect of housing the RDP represents structural undertones that also largely correlate with emphasis on public sector housing provision in other parts of the world (between 1950 and 1970). The RDP housing vision is that everybody should reside in formal dwellings according to the standards set by the document. The emphasis on standards is in contrast to the views of the World Bank and Turner, and the fact that state housing will be provided to end-beneficiaries is also in conflict with the ideas of Turner. Affordability both to the end-beneficiaries and to

government was not assessed as the World Bank would suggest or as was the case at the NHF. Furthermore, only limited guidelines on *where* the delivery of housing should take place are mentioned in the document, and certain contradictions in respect of the location of housing subsidies are apparent. Although the RDP has a specific section focusing on the environment, the concept of sustainability is again not very prominent. The compilation of the RDP and the process of the NHF were completed more or less simultaneously. There seem to be major differences between the housing proposals in the RDP and actual NHF housing policy. The RDP used as its point of departure the need of low-income people, while the NHF also had to account for the actual amount of money available. This inherent conflict between need on the one side and available resources on the other would remain an area of conflict in housing policy in the 1990s. As the different debates and policy approaches proposed by the IDT, NHF and RDP shaped post-apartheid housing policy and the continuous debates in this regard, emphasis will finally be shifted to the White Paper on Housing.

### 3.4

POST

The South African White Paper on Housing was published in 1994 (Republic of South Africa, 1994). It resulted mainly from the NHF process. Where the NHF policy development process was part of the transitional phase, the White Paper represented the housing policy of the post-apartheid government. As could be expected there was immediate tension between the structuralist undertones in the RDP and the neo-liberal reflections of the NHF proposals. This conflict resulted in a new debate developing around the NHF process and especially the size of the subsidy and the accompanying end-product. This section will provide some overview of this debate and evaluate the White Paper in terms of its vision with regard to the '*who, what and where*' of housing investment as envisaged by the New Housing Subsidy Scheme. The White Paper was followed by the Housing Act of 1997 (Republic of South Africa, 1997), but, as the Act reflects and institutionalises the main ideas of the White Paper, the emphasis will fall rather on the policy approach in the White Paper. Since the initial policy proposals in the White Paper, a number of alterations have also occurred. An attempt to revisit the existing housing policy has led to the Draft Housing Strategy for the New Millennium (Department of Housing, 2000). Both

the alterations, as well as the main strategic changes with regard to the *'who, what and where'* being investigated in this thesis, will be analysed.

### **3.4.1 Policy makers in the Government of National Unity and the White Paper on Housing**

When the Government of National Unity came into power in April 1994, the policy proposals of the NHF was available and had to be institutionalised. The late Mr Joe Slovo, former leader of the South African Communist Party, was appointed Minister of Housing after the general elections in 1994. Although his appointment was a surprise, the appointment of Mr Billy Cobbett as Director General of the Department of Housing was expected, as he had played an important role during the NHF process. However, the fact that Slovo had not been part of the NHF, added to the fact that he had had a socialist background, resulted in the first conflict between Slovo and the policy proposals of the NHF. Initial comments by Slovo reflected negatively on the work of the NHF. For example, Slovo commented as follows in *Housing in Southern Africa* (1994: 5): "It is a well-known fact that we are going to break away from the site-and-service schemes of the past; and that we want homes, not shacks". In order to break away from site-and-service schemes the subsidy level proposed by the NHF had to be enlarged drastically. His critical comments resulted in the subsidy in the White Paper being raised from the initial R12 500 as suggested by the NHF to R15 000 for the lowest income category. However, it was not long before he realised that providing all South Africans with formal houses was probably an unrealistic dream which neither the government nor the end-beneficiaries could afford.

The contradictions between what Slovo stood for and the policy he finally supported are summarised by Mackay (1996: 144) in the following words: "The second aspect was the way in which politicians, such as Joe Slovo, the first Housing Minister, who have for many years espoused Marxist and collectivist solutions to issues of housing policy and delivery, were willing to support policies which had private finance, community decision-making and individual fiscal responsibility at their core. Policy was much more influenced by 'liberal' business and professionally dominated think tanks than political dogma". Mr Joe Slovo witnessed the Botshabelo Housing Accord in 1994 and released the White Paper on Housing. However, he

passed away in January 1995 and Sanki Mthembu-Mahanyele succeeded him. Against this political background, an assessment of the content of the White Paper might be relevant.

### **3.4.2 The White Paper on Housing**

The White Paper on Housing, as mainly developed by the NHF, was adopted by the Cabinet on 7 December 1994 and released in early 1995. The preamble to the White Paper stated that housing the nation was one of the greatest challenges that the Government of National Unity would face. Despite a number of differences between the RDP and the White Paper, the White Paper did not reject the overall view of the RDP. The coherency between the two documents is clear from the following comment: “The RDP sets out a clear vision for housing in the future. It is therefore imperative that future housing policy and strategy be developed in accordance with this vision and guideline” (Republic of South Africa, 1994: 23).

It is noteworthy that the second main section of the White Paper focused on the fiscal realities of South Africa. An analysis of the housing problem in South Africa was conducted only after an assessment of the fiscal realities. The emphasis on the fiscal reality was an indication of the fact that the type of end-product was directly linked to what was affordable in terms of the country’s fiscal realities and that the World Bank neo-liberal approach was fundamental in developing policy – as already argued during the NHF analysis. Although the aligning of the White Paper with the RDP has been indicated, this emphasis on the fiscal realities in the White Paper differed fundamentally from the RDP, in which housing need was a critical point of departure.

The White Paper defines housing as “... a variety of processes through which habitable, stable, and sustainable public and private residential environments are created for viable households and communities” (Republic of South Africa, 1994: 18). According to the White Paper it acknowledges that the environment within which a house is situated is as important as the house itself in satisfying the needs and requirements of the occupants. For the first time in the development of South African housing policy since the early 1990s the presence of the concepts ‘sustainable’ and ‘housing environment’ show that the international emphasis on sustainable settlements (discussed in Chapter Two) is also considered within the South African housing policy.

The White Paper estimated that in 1995, the housing backlog was 1,5 million units. The estimation was done in a more structuralistic manner, which was associated more with the way in which housing backlogs had been defined during the phase of mass rental housing provided by

the state between 1950 and 1970. The housing backlog was described in the following words: “The consequences of this backlog is physically reflected in overcrowding, squatter settlements, and increasing land invasions in urban areas, and generally by the poor access to services in rural areas. Socially and politically, this backlog gives daily impetus to individual and communal insecurity and frustration, and contributes significantly to the high levels of criminality and instability prevalent in many communities in South Africa. Coupled with housing shortfall are:

- an estimated 720 000 inappropriate serviced sites in the urban areas that will require upgrading to meet minimum standards of accommodation;
- a large number of rural houses that lack access to basic services (especially in former homelands); and
- approximately 450 000 people living in existing hostel accommodation that requires upgrading” (Republic of South Africa, 1994: 9).

In order to address the housing problem as identified, the White Paper states the following national housing vision: “Government strives for the establishment of viable, socially, and economically integrated communities, situated in areas allowing convenient access to economic opportunities as well as health, educational, and social amenities, within which all of South Africa’s people will have access *on a progressive* basis, to:

- a permanent residential structure with secure tenure, ensuring privacy and providing adequate protection against the elements; and
- portable water, adequate sanitary facilities including waste disposal and domestic electricity supply” (Republic of South Africa, 1994: 19) (italics inserted).

It is important to note from the above housing vision that the concept of incrementalism (from Turner and the World Bank), as well as settlement viability, which is in turn related to settlement sustainability, show that South African housing policy was influenced by the international trends.

In order to achieve the above vision the goal of Government was to increase the housing share of the State budget from 1,8% in 1992 to 5% by the year 1999. This increase on housing expenditure would enable Government to increase housing delivery on a sustainable basis to a peak level of 338 000 units per annum within a five-year period in order to reach the target of one million houses in five years.

Against this background on how the White Paper assessed the housing problem, viewed the housing vision, and set its goals, the remainder of this section will attempt to analyse the ‘*who*, *what* and *where*’ of housing policy as set out in the White Paper. The identification of possible end-beneficiaries was performed in the same categories as motivated by the NHF. The concept of a subsidy to the poorer end of the market also corresponded with the IDT approach, although the IDT focused only on those households earning less than R1 000 per month. The major difference was that the maximum amount of the housing subsidy was raised to R15 000 (see Table 3.1). The main reason was that the new policy makers wished to increase the potential of the end-product which could be delivered, which probably reflects Mr Slovo’s need to provide an improved home to people.

TABLE 3.1: Subsidy per income group according to the White Paper on Housing, 1994

Joint spouse monthly income (R)	Subsidy (R)*
0 - 800	15 000
801 - 1 500	12 500
1 501 - 2 500	9 500
2 501 - 3 500	5 000

\* Adjustable by 15% at the discretion of the relevant Provincial Housing Development Board, for locational, topographical or geo-technical reasons

Source: Republic of South Africa, 1994

The subsidy per income category was determined by an analysis of the income of South Africans - already analysed during the NHF period (see Table 3.2).

TABLE 3.2: Projected monthly household income distribution figures in South Africa, 1994

Income category (R)	Percentage	Number of households in millions
0 – 800	39,7	3,30
801 – 1 500	29,0	2,41
1 501 – 2 500	11,8	0,98
2 501 – 3 500	5,6	0,46
>3 500	13,9	1,15
Total	100,0	8,30

Source: Republic of South Africa, 1994

As already mentioned, the focus of the new housing subsidy scheme, according to the above table was on the poor – in terms of the approach of the World Bank it would be a targeted subsidy to the poor. The White Paper identified affordability to both government and individual households as the most important constraint. The issue of affordability is stated against the background that housing had to compete with other national priorities such as health, education and job creation. The White Paper then concluded that the policy implication with regard to the problem of affordability was to focus available resources on the poorest sectors of the population.

The amount of subsidy that an end-beneficiary would receive was dependent on the joint spouse income in the household (see Table 3.1). The aim of government was to “... provide security of tenure and access to basic services as well as possibly a rudimentary starter formal structure to the poorest of the poor” (Republic of South Africa, 1994: 40). As can be seen from this quote, a

cornerstone of the subsidy was that it be linked to security of tenure (an important World Bank concept), but the White Paper rejected the idea that ownership was more important than other forms of secure tenure (Republic of South Africa, 1994). Despite the insistence on secure tenure, the subsidy amount of R15 000 (or less, in cases of larger incomes) could be used for the same possibilities as set out by the NHF:

- a serviced site;
- a serviced site with a rudimentary structure;
- used for the *in situ* upgrading of a settlement; and
- a portion of the cost of either a house or a flat.

Despite initial reservations from Mr Slovo, site-and-service and *in situ* upgrading were possibilities offered by the White Paper. Furthermore, in contrast to the RDP, the White Paper made provision for an incremental approach to housing delivery (Turner's idea) without too much emphasis on standards (World Bank thinking). It is also clear that the financial consequences of the policy were determined - something which had already been performed by the NHF and which is emphasised by the neo-liberal approach of the World Bank. The acceptance of the principle of financial viability in the White Paper is visible in the following statement: "Given the constraints imposed by the need for fiscal discipline, it is clear that the state will not, in the foreseeable future be able to provide levels of subsidisation at the lower end of the market which are sufficient to cover the costs of delivering a formal house to every South African in need of housing. It is, therefore, central to the government's approach for the provision of housing to utilise a combination of subsidies within the fiscal abilities of the state to those most in need and least able to contribute to the cost of their own housing and, through various mechanisms, the mobilisation of individual savings as well as private / non-state credit in order to supplement subsidy assistance provided by the State" (Republic of South Africa, 1994: 31). The most important aspect with regard to the end-product was that the type of end-product to be delivered according to the White Paper was dependent, not only on a government subsidy, but also on individual investment and access to credit from financial institutions.

In contrast to the RDP, the White Paper also recognised the danger of an emphasis on standards: "There are always cost implications for setting standards. As a general rule it should be stated

that the higher or more restricted the standard, the higher the cost to the community as a whole” (Republic of South Africa, 1994: 58). The assessment by some researchers (see, for example, Tomlinson, 1998a) that the housing policy was a victory of width over depth was somewhat overshadowed by the provision of consolidation subsidies (consolidation subsidies were used mainly to upgrade site-and-service schemes which had been funded by the IDT). If there was a will to increase the width, the subsidy amount could have been smaller and no consolidation subsidies would be necessary. However, as has already been seen there was immense pressure for more depth at various stages of the policy development, which probably justifies the assessment of a victory for width over depth.

Although the White Paper mentions the spatial structure of South African human settlements, it focused mainly on the spatial structure based on race and class within these settlements. Limited reference is made with regard to the regional allocation (*where*) of housing funds at the provincial level. In one of the few directions in respect of the regional allocation of housing funds, the White Paper states that Government “... strives for the establishment of viable, socially and economically integrated communities, *situated in areas allowing convenient access to economic opportunities as well as health, educational and social amenities...*” (Republic of South Africa, 1994: 19) (italics inserted). Although interpretations of the above quote might differ, there does seem to be an indication that the allocation of housing funds should be influenced by the availability of employment opportunities. Despite this direction, the issue of priorities in the allocation of subsidies was decentralised, with limited guidelines, to provincial structures. A further conflicting aspect is that, according to the White Paper, all households (depending on income) would receive a housing subsidy. Such an assumption that everybody (depending on income) would receive a subsidy presupposes that sufficient resources would be available. This is in conflict with the earlier emphasis on fiscal discipline. Furthermore, it is interesting that emphasis is laid on rural housing. The emphasis on broadening the housing strategy to include rural areas is reflected in the following words: “State housing policy and strategy should achieve a balance in emphasis between urban and rural and take cognisance of the particular characteristics and requirements of rural communities” (Republic of South Africa, 1994: 32). Limited attention is, however, devoted to what is meant by the term *balance*.

As already mentioned, a number of researchers also make mention of the influence of World Bank policy on the South African policy (Tomlinson, 1998a; Watson and McCarthy, 1998). Reference in the White Paper to concepts like enablement, progressive housing (incrementalism), lowering of standards, and targeted subsidies, as well as the emphasis on formal land tenure, reflect the influence of the World Bank. The concept of progressive housing (incrementalism) was also fundamental to the thinking of Turner. The main difference was that the World Bank does not approve of the use of targeted subsidies for housing structures or building material (only meant for infrastructure) and virtually no reference was made to the regional allocation of housing funds. In a certain sense the White Paper (as negotiated at the NHF) was a compromise between the ideas utilised by the IDT (site and service) and those in the RDP (state-provided housing of high standard as indicated earlier). Since the acceptance of the White Paper on Housing, pressure began to mount to increase the amount of the subsidy and, therefore, increase the size of the final housing structure. The following section will investigate these pressures.

### **3.4.3 Post-White Paper policy developments**

A number of post-White Paper policy debates and other developments occurred after the acceptance of the policy. The first major challenge to the size of the subsidy came from the newly elected Members of Executive Councils (MECs) in the provinces (Lewis, 1995c; Mackay, 1996; Tomlinson, 1998a). They argued that the electorate had been promised proper houses (according to the RDP) and that the subsidy of R15 000 would not be sufficient to ensure a proper house. According to Tomlinson (1998a) the challenging of the size of the housing subsidy meant that the consensus which had been reached at the NHF was being challenged. As these MECs were not part of the NHF process, they did not feel bound to accept the policy guidelines as developed during the negotiations. The MEC in the Free State was also amongst the group of MECs who challenged national policy – this aspect will be analysed in more detail within the context of the Free State in Chapter Four.

The second major development was the appointment of Ms Sanki Mthembu-Mahanyele as Minister of Housing after Mr Joe Slovo had passed away. In a certain sense she also challenged existing policy. Bond and Tait (1997) quote her as saying that she had inherited a policy of ‘toilets in the veld’ with which she was not comfortable. However, she had virtually no

alternative but to accept the policy of the White Paper, and, after a visit to India in 1996 where she witnessed the people's housing process, she vigorously supported the existing policy.

In terms of the real policy, five important policy changes took place between 1994 and March 2002. The first was the removal of the ceiling of a R65 000 house as a prerequisite for a subsidy. The impact of the removal of this ceiling was that a better type of end-product could be built for better-off households who were eligible for a subsidy. The second change was that Value Added Tax (VAT) was no longer applicable to housing projects where subsidies were used. The exclusion of VAT was an effort to increase the size of the end-product, but at the same time it probably impacted negatively on state resources. The third change was the phasing-out of the R12 500 subsidy to those households who earned between R801 and R1 500. This merging of the income categories below R1 500 per month came into practice in mid-1998. The merger resulted from difficulty experienced by people in the income group of R800–R1 500 per month to gain access to credit from financial institutions. In addition, the merger implied that a larger percentage of people could now gain access to the full subsidy of R15 000, which would place further constraints on the state and reduce the responsibility of the individual households and the private sector (a more in-depth analysis of the practical situation will be conducted in Chapter Four). The fourth major change came in October 1998 when the Minister of Housing announced that the housing subsidy would be raised by R1 000 in all the categories. This was a third attempt to combat the inflation and to ensure that a 'proper' house was delivered. Finally, the norms and standards of the Department of Housing as distributed at the end of 1998 stated that the minimum size of a house should be 30m<sup>2</sup> (Department of Housing, 2000). The setting of the minimum housing size was in contrast to the initial White Paper where no norms and standards were set.

Due to the slow pace of housing delivery during 1994 and 1995, a Ministerial Task Team was established to investigate the problem (Ministerial Task Team on Housing, 1996). One of their proposals was that Government should become involved in building rental accommodation on a large scale in order to improve the rate of delivery. However, despite this recommendation to invest in state rental housing, no real practical implementation has taken place.

Housing policy and policy documents discussed in this section achieved consensus on the *who* of low-income housing delivery. However, disputes are apparent with regard to the *what*, while virtually no guidelines exist on *where* housing delivery should take place. Despite numerous efforts to enlarge the type of end-product, it was clear, as Tomlinson (1998a: 140) stated, that “[T]he ‘magical’ four-roomed house that politicians had promised to the electorate in the run-up to the election was simply not going to be possible given the level the subsidy was set at ...”. However, at the same time, it seems as if the fiscal realities embedded in the White Paper (as a result of the NHF process) had also come under severe pressure in an attempt to construct the magical four-roomed house. Further emphasis on the relationship between the fiscal realities and the housing product was also present in housing policy in the Free State, which will be discussed in Chapter Four.

#### **3.4.4 The Draft Housing Strategy for the New Millennium**

Against the background of continuous development of policy, the Department of Housing released the Draft Housing Strategy for the New Millennium early in 2000 (Department of Housing, 2000). As the Draft Housing Strategy for the New Millennium document is still in draft format and no radical changes are being proposed to the current subsidy system, no extensive analysis of the content will be conducted. However, there are a few important areas where shifts in emphasis need to be noted.

In the first place, and in line with the international trend of sustainable settlements, the draft strategy emphasises the importance of sustainability in housing within the settlement environment. The importance of housing within Integrated Development Plans (IDPs) is also stressed. The aligning with the IDP process should take place within Multi-Year Housing Development Plans or IDPs at both local and provincial levels. These plans should, amongst others, also indicate the regional priorities at provincial and local levels.

Secondly, against the above background, specific emphasis is placed on informal settlement upgrading while the utilisation of the institutional subsidy and the people’s housing process are also supported. The emphasis on the upgrading of informal settlements is important in terms of *who* the end-beneficiaries are, as well as in terms of *where* housing investment should be directed

regionally. End-beneficiaries are, for the first time, not determined solely by income criteria. The settlement status (informal settlements) is also considered to be important. If informal settlement upgrading is to become an important component of future policy, it should also have a regional implication as funds will have to be allocated to areas of scaled urbanisation. The emphasis on the utilisation of the institutional subsidy probably also reflects the need for the construction of more quality dwellings, while the people's housing process has been known for the construction of larger homes.

### **3.5 OTHER RELEVANT SPATIAL LEGISLATION**

Up to this point it was argued that priorities for regional development in policy documents on post-apartheid housing were vague. One of the main problems in this regard was probably that the housing policy had been developed prior to the democratic transition and the development of other policy frameworks which should be adhered to. As already mentioned in Chapter One it is possible to distinguish between spatial aspects within a regional or settlement focus. Although this thesis has focused exclusively on the regional aspects, it is more complex when policy is assessed. Some policy documents focus exclusively on one of the two aspects while other documents have implications for both the regional and settlement focus. This section will attempt to analyse briefly the most important spatial policy frameworks in terms of whether they focus on spatial issues within settlements or on regional aspects.

#### **3.5.1 Development Facilitation Act (DFA)**

The DFA was passed by government in 1995 (Republic of South Africa, 1995). Donaldson and Marais (2002) view the DFA as the most important piece of legislation on spatial issues to be passed by parliament since 1994. The DFA also requires local municipalities to draft Land Development Objectives (LDOs). Amongst the principles set out by the DFA with regard to land development in Chapter One are that they should promote integrated land development in rural and urban areas in support of each other; promote the availability of residential and employment opportunities in close proximity to or integrated with each other; optimise the use of existing resources including such resources related to agriculture, land, minerals, bulk infrastructure, roads, transportation, and social facilities; contribute to the correction of the historically distorted

spatial pattern of settlements in the Republic; and optimise the use of existing infrastructure in excess of current needs. Although, the majority of principles are developed at the local level, the mentioning of distorted settlement patterns goes beyond debates on urban level and touches the sensitive issue of former homeland areas and dispersed apartheid settlements (for example Botshabelo in the Free State).

It should also be mentioned that some of the above principles might be in contrast to each other. For example, in some of these areas there might be an existing bulk infrastructure which could be utilised in the future development of these areas. However, the utilisation of this infrastructure will neither help to correct historically distorted settlement patterns nor ensure that land development takes place in close proximity to employment opportunities. In this regard the CSIR (1999) proposed that the principles of the DFA should be re-ordered, rewritten, reworded and expanded to make them clearer and more useful. Furthermore, the CDE (1998) and May and Rogerson (2000) both argue that the integration requested by the DFA and the Local Government Act is mainly at the local level and does not necessarily help to enhance integration at the provincial government level. Furthermore, as Bernstein (1998) rightfully points out, the majority of these LDOs are need-driven and will not necessarily result in ‘good’ spatial investment on a national or provincial scale.

### **3.5.2 Urban Development Framework and Rural Development Framework**

The Urban Development Strategy was released by the Government of National Unity in 1995 and two years later the comments received on the strategy were formalised in an Urban Development Framework (Donaldson and Marais, 2002). The implementation of the programme focused on four key programmes:

- Integrating the city;
- Improving housing and infrastructure;
  
- Promoting urban economic development; and
- Creating institutions for delivery (Department of Housing, 1997b).

Criticism against the Urban Development Strategy came from Bond *et al.* (1996) and the CDE (1996). The most relevant criticism came from the CDE (1996), which questioned the Urban Development Framework / Strategy as it did not relate to the regional issues of urban hierarchy – an aspect central to the problem statement in this thesis. So, despite being fairly specific of issues at the micro level, the regional dimension at the meso (provincial) or macro (country) level was only addressed to a limited degree. The Rural Development Framework by the Department of Land Affairs (1997), the counter policy framework to the Urban Development Framework did not assist in this regard either. However, it is acknowledged that a far more integrated urban and rural approach should be followed.

### **3.5.3 Development Corridors and Spatial Development Initiatives (SDIs)**

Harrison *et al.* (1997) define a development corridor as concentrations of public and private sector investments along transport routes which usually also include higher density residential areas. Jourdan (1998: 718) defines SDIs as “targeted interventions by central government for helping unlock economic potential and facilitate new investment and job creation in a localised area or region”. Considering the definitions of corridors and SDIs above, it seems that in terms of spatial planning two aspects should be noted: Firstly, that there should be integration between such developments and housing delivery and secondly that there should be a far greater level of integration between what the private and public sectors do.

### **3.5.4 Local government policy frameworks**

The White Paper on Local Government which was released in 1998 has set the tone for the local government transition since 1999 (Republic of South Africa, 1998). One of the main pieces of legislation from this White Paper is the Local Government Municipal Systems Act (Republic of South Africa, 2000). Three aspects relevant to the spatial issue in this thesis should be mentioned. Firstly, the White Paper lays emphasis on the relationship between urban and rural. Secondly, it argues that municipalities should become involved in SDIs, and finally, that they require IDPs for each municipality. From a housing perspective one should take note that housing would be an important consideration in most IDPs.

### **3.5.5 Green Paper on Development and Planning**

The Green Paper on Development and Planning was released during 1999. One of the recommendations of the Green Paper is that each province should develop its own spatial plan. The main reason for such a spatial or regional plan is to “... accomplish a greater convergence among sectors and spheres of government and decision-making about where public investment should take place” (Department of Land Affairs, 1999: 36). According to the Green Paper, such a spatial development framework should at least consist of the identification of settlements with unique qualities which require special attention on a provincial scale; settlements with significant growth potential which may be released through provincial investment; the spatial implication of provincial sectoral policies and the testing of the implications of these against other policies and imperatives, including spatial imperatives of the DFA principles.

### **3.5.6 Regional policy frameworks: concluding comments**

The policy frameworks and legislation discussed above provided more specific guidelines to the spatial and regional dimensions than to specific policies related to housing. However, two specific aspects should be mentioned. Although most of these policy frameworks are explicit with regard to the micro level, very little is said about the regional dimension (meso level at provincial level). Also, despite the existence of some policy guidelines with regard to the regional dimension of *where* public investment (housing delivery) should take place, it seems, in practice, as if these principles are open to interpretation, and, that they have been interpreted differently by different departments. It is therefore understandable that the CSIR (1999) identifies conflict between the existing views of need versus the ideal location viewed from a regional planning perspective. Although the recent emphasis on integrated development planning through IDPs and LDOs should be applauded, there is also some criticism levelled against it. The CDE (1998) and May and Rogerson (2000) justifiably caution that this integration is mainly at the local level and that it

does not necessarily help to integrate the activities of national and provincial departments. Furthermore, most of these LDOs and IDPs are usually limited to need-driven statements and are not strategically oriented.

### 3.6 CONCLUSION

This chapter focused on policy initiatives in South Africa since the early 1990s, with special attention being devoted to the '*who, what and where*' of housing policy initiatives, and, to a lesser extent, other spatial policy frameworks which could have an impact on housing delivery (see Table 3.3 for a summary of housing policy initiatives). A number of comments have also been made with regard to the apparent similarities between World Bank and South African housing policies, as well as international influences. These similarities can be found in the incremental nature of the policies, the emphasis on enablement, security of tenure, incremental approach and targeted subsidies, as well as the so-called neo-liberal political economy. However, there also seem to be differences. The World Bank does not approve of subsidies for top structures or the subsidisation of building material, while the regional allocation of subsidies to areas of urbanisation according to the World Bank is not yet part of the South African policy.

The policy documents that were analysed all seem to be in general agreement that end-beneficiaries of housing policy should be low-income households. Low-income households are relatively well-defined in terms of income in most policy guidelines except for the RDP. The major point of dispute in policy documents has been with regard to the type of end-product that should be delivered with the available money. The conflict of 'more to less' or 'less to more' will remain part of the ongoing debate on housing policy in South Africa. The arguments differ from preference for site-and-service, supported by the IDT, to a 'proper' house according to the RDP, and something in between from the NHF and the White Paper on Housing. Despite some guidelines policy frameworks on housing and other related topics, the regional dimension of

TABLE 3.3: A COMPARISON OF THE MAIN LOW-INCOME HOUSING POLICIES AND INITIATIVES IN SOUTH AFRICA  
SINCE 1990

Policy / Institution	Who	What	Where	International linkage
IDT	<ul style="list-style-type: none"> <li>&lt; R1 000 household income per month</li> </ul>	<ul style="list-style-type: none"> <li>R7 500</li> <li>Site-and-service</li> </ul>	<ul style="list-style-type: none"> <li>Core urban areas</li> </ul>	<ul style="list-style-type: none"> <li>Targeted at the poor (World Bank)</li> <li>Only site-and-services (infrastructure) (World Bank and Turner)</li> <li>Housing as a process - incrementalism (Turner)</li> </ul>
NHF	<ul style="list-style-type: none"> <li>&lt; R800 household income per month</li> <li>Also other alternatives up to an income of R3 500 per month</li> </ul>	<ul style="list-style-type: none"> <li>R5 000 - R12 500 depending on the income of the household</li> <li>Mainly a serviced site with starter home</li> </ul>	<ul style="list-style-type: none"> <li>Limited attention</li> </ul>	<ul style="list-style-type: none"> <li>Targeted at the poor (World Bank)</li> <li>Fiscal realities are important (World Bank)</li> <li>Infrastructure and top structure (as opposed to the World Bank)</li> </ul>
RDP	<ul style="list-style-type: none"> <li>The poor (but vague in definition)</li> </ul>	<ul style="list-style-type: none"> <li>Refers to a subsidised house</li> </ul>	<ul style="list-style-type: none"> <li>Limited attention</li> </ul>	<ul style="list-style-type: none"> <li>Emphasises standardised houses (correspond with state housing and is in contrast to the World Bank)</li> <li>Subsidy system could be more than a targeted subsidy (corresponds to state involvement in housing)</li> </ul>
White Paper	<ul style="list-style-type: none"> <li>&lt; R800 household income per month</li> <li>Also other alternatives up to an income of R3 500 per month</li> </ul>	<ul style="list-style-type: none"> <li>R5 000 - R15 000 depending on the income of the household</li> <li>Mainly a serviced site with starter home</li> </ul>	<ul style="list-style-type: none"> <li>Limited attention</li> </ul>	<ul style="list-style-type: none"> <li>Targeted subsidy</li> <li>Within fiscal realities</li> <li>Incremental</li> <li>Infrastructure and top structure (as opposed to the infrastructure-only approach by the World Bank)</li> </ul>

housing investment has mostly been vague. The Free State has emphasised housing size. The various side-effects of this emphasis and housing delivery in general will be analysed in Chapter Four when the actual delivery trends will be analysed.

## **CHAPTER FOUR: LOW-INCOME HOUSING DELIVERY IN THE FREE STATE, 1994 - 2002: WHO RECEIVED WHAT WHERE?**

Chapter Two provided an overview of the underlying assumptions with regard to housing policies in LDCs since the Second World War, and how that shaped the '*who, what and where*' of housing policy. Specific emphasis was also placed on the policy of the World Bank. Chapter Three assessed the evolution of South African housing policy since 1990 and how different policy documents have addressed the issues of '*who, what and where*'. Specific reference was made to the similarities and differences between South African housing policy and international trends. In this chapter the emphasis will shift from policy analysis to an assessment of delivery in the Free State.

This chapter aims at analysing housing delivery in the Free State between January 1994 and March 2002 (the first eight years of post-apartheid housing delivery). It should be noted that the first projects had already been approved in early 1994. Specific emphasis will be placed on the period 1994 - 1998. The decision to perform an assessment of the first eight years with an emphasis on the first five years is based on two arguments. In the first place the first five years were very important to the government as the target of one million housing units was set. Secondly, the first eight years represents a period of more or less the same policy approach, which makes it easy to compare delivery at different locations. The implementation of the required savings in April 2002 earmarked a considerable shift in policy, while the subsidy was also raised considerably at that stage, thus making comparable research more difficult. The focus will be on '*who, received what, where*' in the Free State. There will be specific emphasis on the four settlement categories already identified in Chapter One and represented in Figure 1.2. This assessment for the period 1994 – 1998 will be performed by means of an analysis of the following subsidy types under the new housing policy, namely, project, consolidation, individual and institutional, as well as subsidies provided by the Department of Land Affairs for housing purposes. For the period 1999 – 2002 broader differences and trends will be identified. The figures related to housing for each of the settlement categories will be compared with the share of the percentage of the population in each of the settlement categories in the Free State. Although population figures are not necessarily the only criteria against which delivery figures

may be evaluated, it is, at this stage, regarded as an important consideration – especially against the background where the national budget is dispersed to provinces in terms mainly of their pro-rata population percentages.

The chapter is structured as follows (see Figure 4.1). At the outset, housing policy in the Free State is discussed. This broad discussion of policy will provide the background for the in-depth analysis of delivery since 1994. Then, before performing an analysis of housing delivery in the Free State, a brief comparison of housing delivery in the Free State in relation to other provinces will be made. This is done in order that delivery in the Free State can be understood within the national context. The assessment of the Free State in the national context will next be followed by an assessment of the regional location of housing delivery in the Free State (*where*). Although starting off with an assessment of the regional location is somewhat contradictory to the methodology followed thus far (usually the *who* and *what* were discussed first), an assessment of the regional location of housing delivery will provide better insight into the aspects of *who* and *what*. I shall draw a distinction between the settlement categories in the Free State, namely cities, regional towns, middle-order towns, small towns and rural areas, and, where necessary, reference will be made to former homeland areas. An analysis of the income levels of end-beneficiaries per settlement type will follow in order to analyse the *who* part of the question. The focus in this section will be on how settlement types have influenced types of end-beneficiaries (in terms of income) who have received subsidies. Finally, an assessment will be made of the type of product (*what*) that end-beneficiaries have received. In this section comparisons will also be made with other provinces. Although the regional location will focus mainly on the settlement hierarchy as already explained, special reference to former homeland areas will be made in this section. The main reasons for this approach are that historical housing investment emphasised these areas rather than areas in so-called ‘white’ South Africa. Any housing strategy should, in respect of the location of subsidies, make special reference to former homeland areas, as the spatial legacy of apartheid planning will still be with us for decades to come.

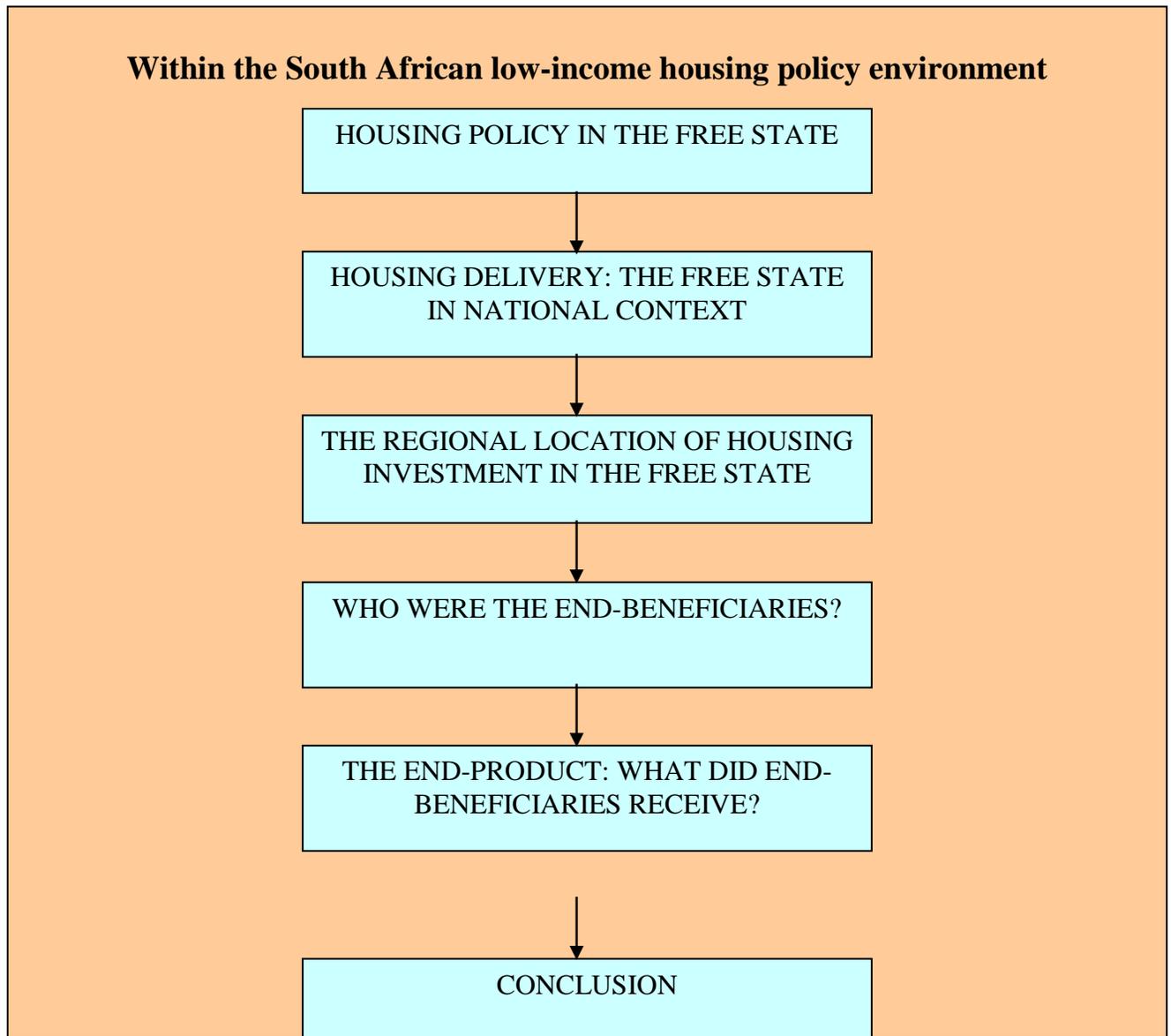


FIGURE 4.1: Outline of Chapter Four

#### **4.1 HOUSING POLICY IN THE FREE STATE**

The development and application of housing policy in the Free State can be divided into four specific phases, namely, the initial phase (1994 – 1998), the development of provincial housing development plans (1999 - 2000), the development of a Free State Housing Strategy (2000 -2003), as well as the development of a housing prioritisation

model for the allocation of housing subsidies (2002). Each of these will be discussed in more detail.

#### **4.1.1 The period after 1994**

Despite the presence of a national housing policy, the actual implementation of the policy was the responsibility of each provincial government. It was not long before several MECs started to challenge the national housing policy for its inability to provide decent housing (Goodlad, 1996; Tomlinson, 1998a). This conflict between the national department and the MECs occurred despite claims in the White Paper that it was the result of consensus within provincial structures (Republic of South Africa, 1994). As some of the MECs were not part of the NHF process, they did not feel bound by the agreements that had been reached and they were dissatisfied with the fact that they would not be able to deliver 'proper' houses to people (Mackay, 1996; Rubenstein and Shubane, 1996; Tomlinson, 1998a). This conflict between the MECs and the National Minister is thus summarised by Adler and Oelofse (1996: 134): "Perhaps the most critical constraint to housing delivery has been the ambiguous commitment to housing policy within housing ministries nationally and provincially. Incremental housing is central to published policy, and the subsidy amount is based on the assumption that government cannot pay more and citizens should contribute to their own housing. However, newly-elected members at national and provincial levels have publicly denounced both these elements of the policy. In general their motivation has been that they were not part to the development of the original White Paper, and that they were not elected to provide 'toilets in the veld' - a reference to incremental site-and-service schemes".

The Free State was one of the provinces that was uncomfortable with the national housing policy and it even went as far as to draw up its own Housing White Paper in 1994 (Free State Department of Local Government and Housing, 1995). Although the formal White Paper in the Free State was later abandoned (due to pressure from the national government claiming that a White Paper already existed), it laid the foundation for the implementation of housing policy in the Free State because the fundamentals of the Free State White Paper remained in the policy approach in the Free State. It is against this background of the conflict between the Free State and the National Ministry that an

analysis of housing policy in the Free State with specific reference to the issues of '*who*, *what*, and *where*' will be conducted.

It should also be mentioned that the Free State province had three Housing MECs between 1994 and 1998 (Mr Vax Mayekiso, Ms Ouma Motsumi and Mr Benny Kotsoane), while the fourth (Mr Lechesa Tsenoli) was appointed during 1999. However, the basic policy guidelines in the Free State policy did not change much. The Free State Draft White Paper on Housing was released on 3 March 1995 (Free State Department of Local Government and Housing, 1995). Although it never became a formal policy document and was eventually withdrawn, a number of aspects mentioned in the document remained policy in the province and thus need to be analysed. The Free State Draft White Paper on Housing assumes that 80% of the population in the Free State have an income of less than R1 500 per month. Although no specific reference is made of *whom* the end-beneficiaries should be, one can assume that the document intends to focus on the households with a monthly income of less than R1 500 and that this document in general accepts the guidelines. Unlike the White Paper on Housing, the Free State White Paper categorically stated that the concept of site-and-services was not acceptable (Lewis, 1995a). This document stated that “[If] we are to build the family as the core of our society and the unit around which the future of the country is to be built, the only place where this can happen is within the confines and security of a ‘real home’ - not a squatter shack” (Free State Department of Local Government and Housing, 1995: 4). A ‘real home’ is described as a house of at least 40m<sup>2</sup> which is subdivided into rooms. Mayekiso (1995) emphasised the fact that houses should be built in which people could raise their children and have a decent standard of living which made life worthwhile. According to him the incremental strategy did not cater for a decent standard of living. Mayekiso (1995: 9) further said: “Units built in the Free State must be durable and provide protection from the elements, afford the inhabitants with reasonable living space and privacy, have full sanitation facilities, access to clean water and energy, have adequate storm water drainage, and have security of tenure”.

Mention is also made of rental accommodation for those who cannot afford a home. However, no real detail is provided on what is implied by rental housing. The emphasis on houses of 40m<sup>2</sup> has an interesting history. The first MEC for Housing initially envisaged a minimum standard of between 48m<sup>2</sup> and 52m<sup>2</sup> (Mayekiso, 1994). According

to Lewis (1995a) the argument for quality housing would, according to the abandoned White Paper in the Free State, ensure that value for money be given to the individual and would stimulate economic processes. Motsumi (1996: 10) added to this emphasis on housing quality, saying: "... the Free State Provincial Government is intended (*sic*) on providing homes of a high quality and ensuring long-term value on money spent now". Mr Job Pretorius, the first chairperson of the Free State Provincial Housing Development Board, echoed the same sentiments when he stated that starter homes were not acceptable as the Board wished to provide homes and not just houses (Pretorius, 1994: 8).

The Free State White Paper on Housing makes no reference to the regional allocation of housing within the Free State. However, since 1994 three distinct methods of regional allocation of housing funds were utilised. The first was an *ad hoc* method that was dependent on the applications received. This *ad hoc* method was basically driven by a need for delivery and the individual attractiveness of applications within the policy guidelines in the Free State. The second phase represents a more specific method of allocation that rated towns on a socio-economic basis between 0,5 and 2,5 (0,5 for a very low economic base and 2,5 for a high economic base) (Pretorius, 1995). This formula was then applied between 1995 and 1997 to allocate housing funds. This method was the result of an attempt by the first chairperson of the Free State Housing Development Board to find an equitable mechanism to distribute subsidies in the province. However, at the same time, it meant that each urban settlement would receive some subsidy. During the third phase subsidies were allocated to those towns/cities that had not received any previous allocations, as well as to areas selected by the Housing MEC. Mayekiso (1994) argued for delivery to both urban and rural populations. Mayekiso's successor, Motsumi (1996: 10), had the same point of view that subsidies should be spread, but did not include the rural areas: "No community in the Free State should be left behind in development and this will ensure that the housing needs of all towns in the Free State will be met over a period of time".

A more in-depth analysis of the allocation of housing subsidies per settlement type and its impact on the regional delivery of houses in the Free State will be provided in Section

4.3. It seems as if, despite the second attempt to allocate subsidies in the Free State, allocation policy was handled on an *ad hoc* basis with the underlying assumption that all settlement types were more or less similar and that no priorities were necessary. As already mentioned in Chapter One, no housing strategy existed in the Free State for addressing the focus areas of this thesis, as well as for a broader range of issues.

It was explained earlier in this section that the Free State deviated from the national norms with regard to the size of the housing unit, although both the national and the provincial governments aimed at reaching the poor. It seems that, as the policy developed, the more pressure was placed on the principle of providing a larger end-product. Even though the South African policy already deviated from that of the World Bank in respect of providing a top structure, the Free State further emphasised the size of the top structure. With regard to the regional allocation of subsidies, some guiding principles did initially exist.

#### **4.1.2 Integrated Provincial Housing Development Plans**

As from 2001 all provinces are required to have Integrated Provincial Housing Development Plans. The Housing Act (1997) requires provinces to provide the National Department of Housing with multi-year Housing Development Plans for the respective provinces. According to the CSIR (2000c: 13) the development of Provincial Housing Development Plans has the following objectives:

- a strategic approach to housing that ultimately leads to a regional rationale and sustainable housing development;
- addresses future urban growth needs;
- generates funds to address housing needs; and
- integrate planning, both horizontally and vertically.

Despite the strategic nature of the above objectives, the regional question of *where* housing development in a province should be made seems to be central to the objectives.

These regional aspects are taken further when the CSIR (2000c) states that apart from the objectives set above, multi-year Housing Development Plans are also required to be aligned with Provincial Growth and Development Strategies, Provincial Spatial Development Frameworks, SDIs and Provincial Environmental Implementation Plans. Nine key growth areas are identified in the Free State Provincial Housing Development Plan: Bloemfontein, Botshabelo, Thaba 'Nchu, Goldfields, Sasolburg, Kroonstad, Bethlehem, Harrismith and QwaQwa. However, the document does not spell out specifically what the implication of the above acknowledgement is.

#### **4.1.3 The Free State Housing Strategy**

The Free State Housing Strategy was developed as a result of the need, identified at the Free State Housing Lekgotla in 2000, for such a strategy. However, a brief reflection on the strategy will be important. The strategy has thirteen key performance areas. Of these thirteen key performance areas three seem to be extremely important for this study, namely, norms and standards, subsidy targeting with regard to income, and subsidy allocation to municipalities.

In terms of norms and standards, the Free State Housing Strategy retains the minimum housing size of 40m<sup>2</sup>, but accepts that where greenfield development takes place, it could be reduced to 36m<sup>2</sup>. It foresees that, where this is not financially viable, other infrastructure subsidies should be used. In fact, it calls for a larger degree of integration between funds for housing and infrastructure. With regard to income groups, the strategy suggests that more attention should be paid to income groups between R1 501 and R3 500 per month. When considering the allocation of subsidies between municipalities, the strategy suggests that a formula should be developed to guide this in a more accountable manner. As the strategy was only accepted by mid 2003 it is not yet possible to assess the implications thereof.

#### **4.1.4 The Free State Housing Prioritisation Model**

Because it was identified as a need in the Free State Housing Strategy the Department of Local Government and Housing was in the process of developing a model to prioritise

housing investment (Free State Department of Local Government and Housing, 2002b). The aim of this model is to guide the allocation of housing subsidies to the various municipalities. The following criteria and weights allocated to them were used in this model:

- Economic factors (30%). Basic points were given as follows: Growth Zone (8); Tourist or mining town (7); Industrial town (6); Agricultural town and Administrative Headquarters (5); and others (2);
- Performance on previous projects (10%);
- Housing need defined as the % houses needed relative to the total population (15%);
- Previous subsidy allocated (5%);
- Planned and survey stands available (5%);
- Serviced sites available (5%);
- Level of payment of service (10%);
- Community involvement (5%);
- Technical and management capacity (10%); and
- Progress with the LDO and IDP process (5%).

Although such a model was a step in the right direction, it is far too complicated and open to various interpretations. As I shall argue later in this chapter, the lack of such a guide has resulted in economic factors guiding the process. Three comments should be made at this stage. Firstly, one of the problems the task team had was a lack of comparable data. As municipalities were requested to provide the basic statistics, most of these were highly inflated. Secondly, the criteria for comparing the dimensions of economic growth were extremely debateable. For example, in reality Mohokare municipality with Zastron as its main urban centre received full marks for economic potential. The other two municipalities that received full marks were Mangaung (Bloemfontein) and Matjhabeng (Welkom). Surely, as I shall indicate in Chapter Six, the economic potential of Zastron and Bloemfontein cannot be the same. Thirdly, defining housing need as the percentage of houses that are needed relative to the total households - without stating the real numbers - is problematic. It is possible for a small town to have a need of 50% which

comprises only 500 households. Compare this with a bigger urban area where the need is only 20%, but where this percentage represents 10 000 households. This approach has surely resulted in a bias towards smaller urban areas in the Free State. As this prioritisation model was accepted only at the end of 2002, it is impossible to assess its impact in the Free State at the time of study. However, the outcome of the criteria of the housing prioritisation model differs somewhat from the nine growth areas identified in the Provincial Housing Development Plan. In Chapter Six an attempt will be made to develop criteria and indicators which address some of the above concerns.

#### 4.2 HOUSING DELIVERY: THE FREE STATE IN A NATIONAL CONTEXT

An overview of delivery at a national level will provide a broad overview for analysing housing delivery in the Free State since 1994 (see Table 4.1). Three specific time slots are compared in this table, namely 1996, 1998 and March 2002. However, it should immediately be stated that limited information exists and that there are discrepancies in data which might impact on the accuracy of the information. For example, no information exists at the national level for houses constructed by means of individual subsidies. Furthermore, when the figures for delivery are assessed, it should be taken into account that the Free State has received 6,3% of the housing funding by 2002.

TABLE 4.1: A comparison of houses completed in the Free State and South Africa, 1994–March 2002

Subsidy types	Free State			South Africa		
	Completed			Completed		
	1994 - 1996	1994 - 1998	1994 – 2002**	1994 - 1996	1994 - 1998	1994 – 2002**
<b>Project subsidies* (n)</b>	5 160	18 118	50 000	90 498	308 213	900 000
<b>Percentage of national figure</b>	5,7	5,9	5,6	100,0	100,0	100,0
<b>Consolidation subsidies (n)</b>	1 139	5 906	7 300	29 513	38 822	70 000
<b>Percentage of national figure</b>	3,9	15,2	10,4	100,0	100,0	100,0
<b>Institutional subsidies (n)</b>	0	81	8 000	13	5 752	50 000
<b>Percentage of national figure</b>	0,0	1,4	1,6	100,0	100,0	100,0
<b>TOTAL (excluding individual subsidies) (n)</b>	6 299	24 105	65 300	120 024	352 787	1 020 000

<b>Percentage of national figure</b>	5,2	6,8	6,3	100,0	100,0	100,0
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\* Also include 1 000 subsidies from the Department of Land Affairs to off-farm housing for farm labourers

\*\* Estimates

Sources: Department of Housing, 1997a; 1999; 2002; Free State Department of Local Government and Housing, 1998; 2002a

Project subsidies seem to be the most important subsidy mechanism as 85,7% of the completed houses in the Free State were made possible by means of project subsidies at the end of the 2001/2002 financial year (excluding the estimates on individual subsidies). With the emphasis on project subsidies in mind, an in-depth analysis of trends with regard to project subsidies might be important. In terms of delivery the Free State has delivered 5,9% of the houses on a national scale at the end of 1998, which is marginally higher than the 5,7% in 1996. However, the percentage for March 2002 is at 5,6% of national delivery, which is slightly lower than at the end of 1998.

The number of consolidation subsidies increased from 3,9% of the national figures in 1996 to 15,2% of national figures in 1998, but has decreased again to 10,4% by March 2002. The decrease in delivery was probably the result of the approval of top structures for ex-IDT serviced sites only (Bloemfontein, Bethlehem, Sasolburg and Welkom).

No precise figures exist as to the number of individual subsidies. It is estimated that the number of housing units completed in this way could be between 5 000 and 10 000 units. However, as comparative figures for South Africa do not exist, these were not included in the table. In respect of individual subsidies, the main problem is that it seems impossible to trace delivery rates by means of these subsidies. Although it is possible to determine the rate of approvals it would seem that the Department of Local Government and Housing in the Free State is unable to account for whether housing units were constructed for those approved subsidies. In practice these subsidies had been paid to conveyancers who had to pay the subsidy to the relevant developer or financial institution. It was within this process where money was paid to conveyancers that it became impossible to account for houses constructed by means of individual subsidies. Despite this problem of monitoring the individual subsidies, it should be acknowledged that the actual delivery in the Free State is probably between 3 000 and 5 000 more due to houses having been

constructed under the individual subsidies. However, as already stated, it is impossible to verify this figure accurately.

This inability to account for the individual subsidies is also evident from the annual report of the Department of Housing at the national level. Here, too, the Department was unable to provide figures for houses constructed by means of individual subsidies. The decrease in the number of approvals in the Free State in relation to the national situation can probably be attributed to the fact that it is impossible to account for the houses constructed by individual subsidies.

In terms of institutional subsidies the progress has been slow both in the Free State and at the national level. Only 800 institutional subsidies had been completed in the Free State by 2002. The nature of the institutional subsidy does not always lend itself to application in the Free State where only Bloemfontein and Welkom have Central Business Districts of note and as it is strongly linked to the regeneration of existing housing stock and inner-city regeneration.

#### **4.3 THE REGIONAL LOCATION OF HOUSING INVESTMENT IN THE FREE STATE**

As already mentioned in Section 4.1, a number of policy approaches have been in place in the Free State with regard to the regional location of housing investment to the different settlement categories. The regional allocation of subsidies in the Free State was usually determined by a three-way process. In the first instance, the Department of Local Government and Housing allocated subsidies to settlements. Within this initial allocation a developer then had to submit a tender. Tenders were then awarded, which implied that the initial allocations were either partially or fully utilised with the approval of a tender. Finally, houses were then constructed for subsidies approved. In this section attention will be devoted to the allocation of subsidies, approval of subsidies and completion of houses per urban settlement category. The other forms of subsidy did not necessarily follow the same phases of allocation, approval and delivery. The initial allocation phase

usually did not materialise, and one was left with the approval and delivery phases. Consolidation subsidies were already linked to the existing IDT stands, while institutional and individual subsidies were dependent on initiatives from developers, local councils and conveyancers. As no predetermined allocation was made for consolidation, institutional and individual subsidies, the following section on the allocation of subsidies will deal only with project-based subsidies. The detailed assessment will be made for the period 1994 - 1998, followed by the identification of changing trends since 1999.

#### 4.3.1 Subsidy allocation per settlement category, 1994 - 1998

In respect of project subsidies it is possible to distinguish between four different allocation periods for housing investment in the Free State (see Table 4.2). The first one is the *ad hoc* allocation of subsidies (1994) by the Provincial Housing Development Board, which was based on a first come, first served basis. The premier housing allocation (1995) also took place with no real rationale. In 1995 the Provincial Housing Development Board made allocations to the majority of urban settlements in the Free State for the period 1995 to 1997 (see Table 4.2). This allocation was based on an assessment of the economic potential of each urban area in the Free State according to a scale of economic opportunity between 0,5 and 2,5 (see Section 4.1.1). In addition, the policy approach was to provide each of the 80 urban settlements with a number of subsidies during the first five years.

TABLE 4.2: The allocation of project subsidies in the Free State per settlement type, 1994 –1999\*

Settlement categories	Percentage of the urban population (1996)	1994 allocation	Premier housing allocation (1995)	1995 – 1997 allocation	1998 – 1999 allocation **
<b>CITIES</b>	57,2	1 600	550	16 100	2 100
Percentage of Total		48	26	44	54
<b>REGIONAL TOWNS</b>	7,6	300	200	1 800	0
Percentage of Total		9	9	5	0
<b>MIDDLE-ORDER TOWNS</b>	16,4	900	600	7 900	1 300
Percentage of Total		27	29	22	33

<b>SMALL TOWNS</b>	18,8	500	750	10 450	520
Percentage of Total		16	36	29	13
<b>FORMER HOMELANDS***</b>	10,2	0	0	2 500	1 500
Percentage of Total		0	0	7	38
<b>TOTAL</b>	-	3 300	2 100	36 250	3 920

\* No total is calculated for the different settlement categories as it does not make statistical sense to add the 1995 – 1997 allocation to 1998 – 1999 allocations. The main reason for this approach being that not all the subsidies allocated between 1995 and 1998 were utilised, which meant that a new process was initiated in 1998.

\*\* The low levels of allocation in 1998 – 1999 can be attributed mainly to the fact that the Free State did not request their full allocation from the national government due to the lack of available stands

\*\*\* Totals for homeland areas are already included in the settlement categories

Source: Free State Provincial Housing Development Board, 1999

The allocation figure varied between twenty and 3 000 subsidies allocated to a specific settlement in a specific year or period of years. Bearing this allocation in mind, developers were able to apply for housing funds for each urban area, after which the application would be approved or turned down. Of the 36 250 subsidies allocated in this manner (1995-1997), 44% were allocated to cities, 5% to regional towns, 22% to middle-order towns and 29% to small towns. Former homeland areas received 7% of the subsidies. The allocation for 1998/99 was made to areas that had not previously received subsidies or that had performed extremely well, and these areas were rewarded with additional subsidies. The low levels of subsidy allocations to former homeland areas had been reversed in this period, with 38% of the subsidies being allocated to these areas.

From Table 4.2 it would seem that the percentage of housing subsidies allocated to cities is less than the percentage of the urban population residing in cities. In contrast to this situation, the percentage of housing subsidies allocated to small towns and middle-order towns exceeds the percentage of the urban population in these two categories. The only settlement category where there is some form of correlation between the percentage of the urban population and the percentage of subsidies allocated, is the regional town category. The approach to policy in the Free State, i.e. of spreading the subsidies to as many urban areas as possible, is probably the main reason for the trend with regard to the allocation of subsidies.

### 4.3.2 Subsidies approved per settlement category, 1994 - 1998

The approval of subsidies was the responsibility of the Free State Housing Development Board. The approval of subsidies was dependent on a proposal by a developer. In this section attention will be devoted to the regional location of subsidies in terms of their approvals. A distinction will again be made between the different subsidy mechanisms, namely project, consolidation, individual and institutional subsidies.

#### 4.3.2.1 Project subsidies

The percentage of subsidies approved by the Provincial Housing Development Board by the end of 1998 for each urban category when compared to the percentage of population in each urban category is reflected in Figure 4.2.

By the end of 1998, 24 517 subsidies had been approved (including 1 000 off-farm subsidies to Bothaville by the Department of Land Affairs). It should be mentioned that during this period a number of subsidies which had been approved or allocated, were later cancelled. Some of the reasons for the cancellation of approved or allocated subsidies were a lack of progress with

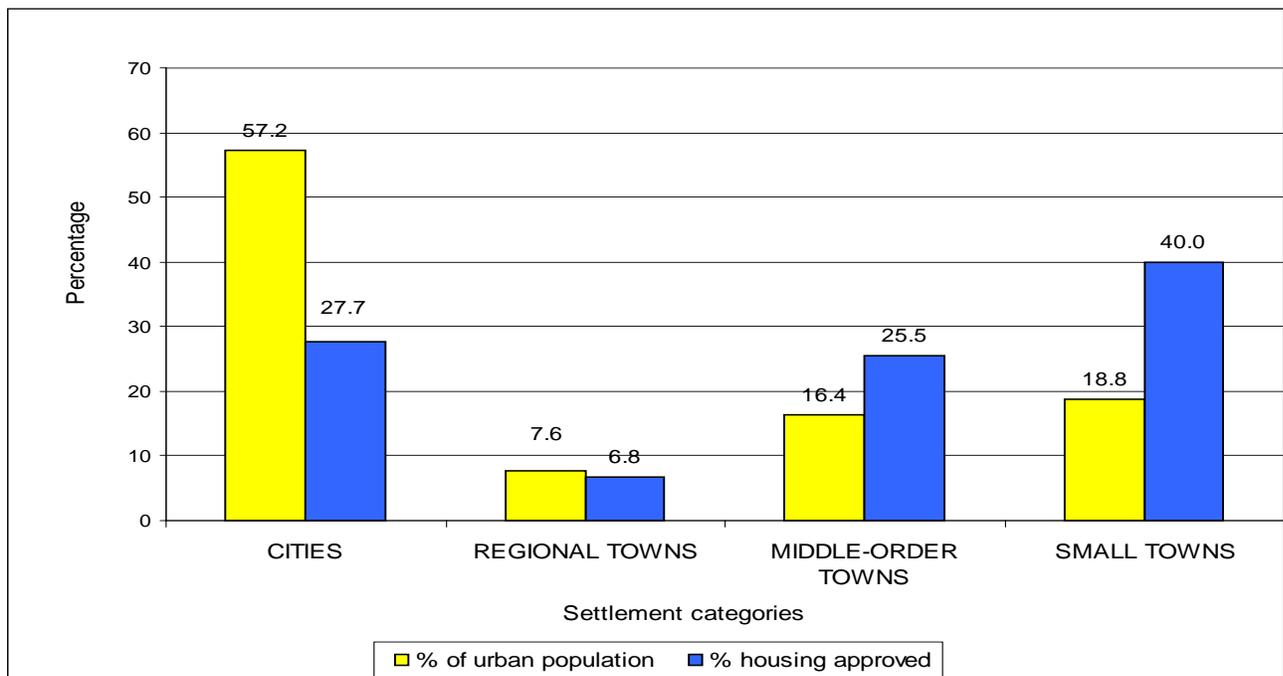


FIGURE 4.2: Subsidies approved in the Free State by means of project subsidies per urban category (1994 - 1998) in comparison with the percentage of urban population of each urban category (1996)

specific projects due to, amongst others, political rivalry, and administrative problems with regard to property rights, capacity and construction as well as the inability to comply with the 40m<sup>2</sup> standard.

Further, as will be argued in this section, the emphasis on houses of 40m<sup>2</sup> and the general emphasis on standards also played an important role in this regard. The gap between the approved subsidies and the proportion of the population in cities was larger than the gap between the population and the allocated subsidies. At the same time, the percentage of approved subsidies in relation to the percentage of urban population in small towns increased from the allocation phase to the approval phase. It therefore seems that it was relatively difficult to approve subsidies to cities during the first five years. The emphasis on 40m<sup>2</sup> and also the relatively higher land prices were important factors contributing to the lack of approvals in cities. In order to approve subsidies for houses of 40m<sup>2</sup> to a settlement the availability of already planned stands at relatively low cost was a prerequisite. The main reasons were that a large amount of the subsidy had to be allocated to the planning process, and land costs made it impossible to adhere to the criterion of 40m<sup>2</sup>. On the other hand, approvals in small and middle-order towns were easier, as land prices were lower and planned stands were available – especially in the Southern Free State (Marais and Krige, 1999). Project approvals to former homeland areas also reflect a steady decline from the initial allocation. The main problem in these areas was related to tenure as the land usually belonged to the national government.

Some of the contributing factors to the relatively slow delivery in cities will be discussed in more detail when the actual delivery per settlement category is discussed. Attention will first be devoted to the approval of other subsidy categories.

#### ***4.3.2.2 Consolidation subsidies***

The approval of consolidation subsidies was predetermined by the locations of ex-IDT site-and-service projects. These linkages with the IDT implied that Bloemfontein and Welkom (the two major cities in the Free State) received 4 036 and 2 513 subsidies respectively (or 85,5%), while 1 109 subsidies (or 14,5%) were approved for Bethlehem, which is categorised as a regional town. The allocation of these subsidies reflects a specific decision by the IDT in the Free State to invest in the major urban areas which form the backbone of the economy of the province (in contrast to delivery under apartheid which focused mainly on ex-homeland areas, for example QwaQwa, Botshabelo and Thaba 'Nchu).

#### ***4.3.2.3 Individual and institutional subsidies***

Approximately 5 500 individual subsidies had been approved by December 1998. Of the approved number of individual subsidies, cities received 32,1%, regional towns 6,1%, middle-order towns 25,5% and small towns 36,4%. Although differences exist with regard to the regional location of approved individual subsidies, the figures confirm that the major cities in the Free State did not receive their fair share of individual housing subsidies in relation to the population size. The majority of the subsidies once again went to small towns, as was the case with project subsidies.

By the end of 1998 the only institutional subsidies to be approved in the Free State were approved for Welkom (600 in total). This allocation to Welkom implied that the 600 institutional subsidies in the Free State were approved for a city, while no other settlement category has received any institutional subsidies.

### **4.3.3 Houses completed per settlement type, 1994 - 1998**

The completion and the hand-over of houses to the end-beneficiaries is the final landmark of the housing delivery process. However, as will be evident from the analysis of completed houses, the number of completed houses differed dramatically from those actually approved per settlement.

#### ***4.3.3.1 Project subsidies***

The allocation and approval of subsidies clearly indicate that, in terms of policy and implementation, the major urban areas did not receive adequate attention. This bias towards small and middle-order towns is also evident from the actual delivery figures (see Figure 4.3).

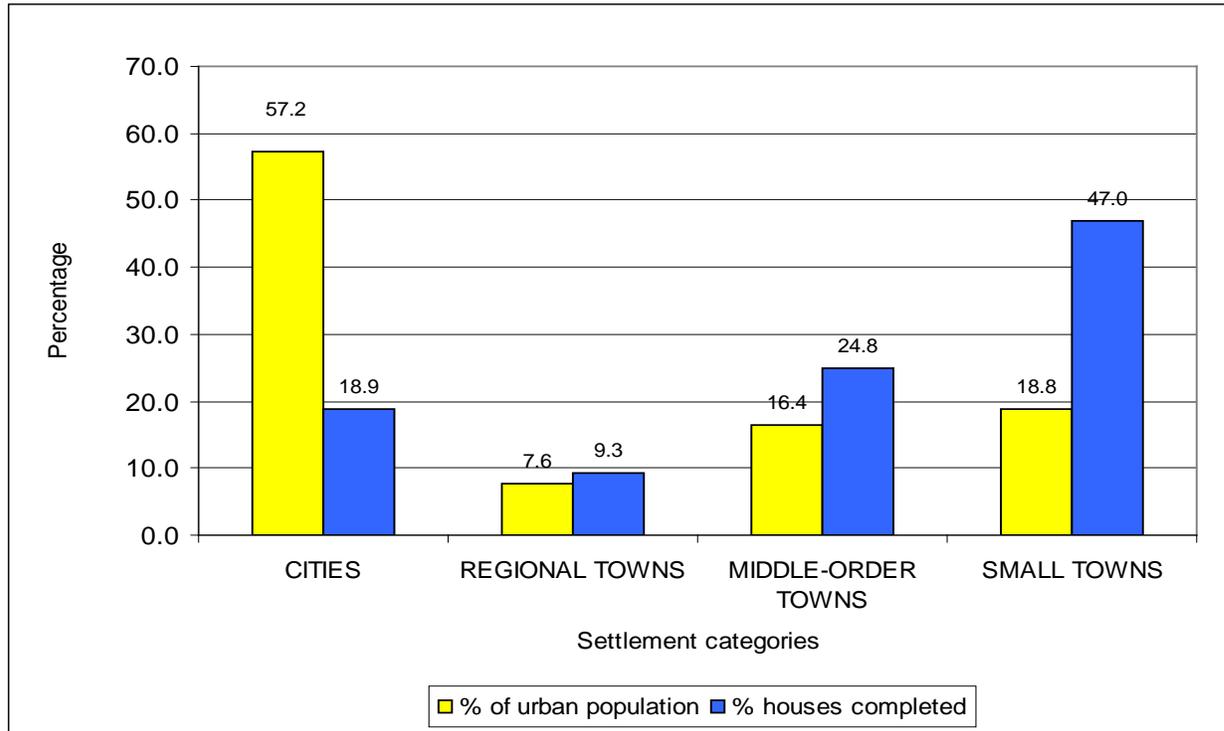


FIGURE 4.3: Houses completed in the Free State by means of project subsidies per urban category type (1994 - 1998) in comparison with the percentage of urban population per urban category (1996)

In total approximately 18 000 houses had been completed by December 1998. Of those completed, 18,9% were completed in cities, 9,3% in regional towns, 24,8% in regional towns and 47,0% in small towns. Interestingly enough, only 0,1% of the total houses constructed in the Free State by the end of 1998 were constructed in former homeland areas. The gap between the population size in the cities and the actual delivery of houses is even bigger than that between the population size and the allocation or approval of subsidies. At the same time, delivery in middle-order towns and small towns is considerably higher than their populations - taken as a percentage of the total population - would suggest. Some of the reasons for these phenomena are:

- In terms of allocation and approval of subsidies, the policy already revealed a bias towards small and middle-order towns. All towns received some housing subsidies during the first five years.
- Political rivalry, especially in Bloemfontein, hampered effective development. Although small towns did not escape political tension, it was probably easier to facilitate the problems in smaller towns.
- The construction of housing units of 40m<sup>2</sup> was dependent on a planned and in some instances a serviced stand. The result was that in areas of lower land prices, and, with available planned stands, it was much easier to deliver housing. Land prices and the prices of serviced stands in cities are considerably higher than in the middle-order and small towns, which made it difficult to deliver housing in the cities. With the emphasis on houses of 40m<sup>2</sup>, the higher price of land in cities made it difficult to build houses of this size. For example, in Bloemfontein land prices ranged between R10/m<sup>2</sup> and R20/m<sup>2</sup>, which effectively implies that a planned (and sometime serviced) stand of 300m<sup>2</sup> would cost up to R6 000. The high land prices and lack of serviced sites made it difficult to construct a house of 40m<sup>2</sup> in the cities (especially Bloemfontein). In contrast to this scenario, a number of smaller towns made stands available free of charge for housing developments. Free stands increased the possibility of constructing a house of 40m<sup>2</sup>, but did not necessarily contribute to the financial sustainability of the local authorities. Providing the housing subsidy on a stand that had already received a subsidy for the installation of infrastructure also led to double subsidisation, which was in conflict with the White Paper on Housing. The

fact that the subsidies were used on existing stands will also hamper delivery in the future, as the number of serviced stands in the Free State is not available on the same scale.

- The pre-1999 District Councils played an important role in the provision of infrastructure – especially in the twenty small towns under the jurisdiction of the previous Bloemfontein Area District Council (Marais & Krige, 1997). The availability of planned and, in this case, serviced stands immediately expedited the process of constructing houses in these towns. In Bloemfontein, for example, a limited number of serviced sites were available which implied that the subsidy also had to cover the infrastructure. The lack of stands made it impossible to construct a house of 40m<sup>2</sup> and owing to the fact that this was not possible, it restricted the delivery of housing.
- The low rate of delivery in ex-homeland areas is also evident, as only 78 houses had been built in Thaba 'Nchu by the end of 1998, while no houses had been constructed in Botshabelo and QwaQwa. The lack of delivery in these areas was due mainly to problems related to land tenure. In most cases the land in the former homeland areas belonged to national government, which had an impact on transferring the land to the individual.

Introducing an uniform standard like 40m<sup>2</sup> (mostly on planned stands with some form of services available) resulted in a limited number of houses being constructed in areas where the circumstances differed from the norm in the Free State (for example in Bloemfontein). The problem is that inflexible norms assume similar conditions everywhere and do not acknowledge that regional differences generally occur.

#### ***4.3.3.2 Consolidation subsidies***

The construction of houses with the aid of consolidation subsidies seems to have made good progress. In Bloemfontein (Freedom Square), 3 656 houses (90,1%) of a total of 4 036 approved subsidies had been completed by the end of 1998. In Welkom, where a people's housing process was followed, 1 597 houses (63,5%) of the total of 2 513 approved subsidies had been constructed by December 1998. In Bethlehem 653 houses

had been completed. This number of consolidation subsidies amounted to 58,9% of the total approved number. It seems as if the construction of housing units by means of consolidation subsidies contributed to a higher level of delivery in the cities in the Free State. However, as already mentioned, these higher levels of delivery should be viewed against the background of a specific decision by the IDT to locate in the larger urban centres in the Free State.

#### ***4.3.3.3 Individual and institutional subsidies***

No figures were available regarding the number of individual subsidies utilised to construct houses. In fact, it seems as if an administrative method does not exist to determine whether a house was constructed by means of an individual subsidy. In terms of the institutional subsidies 81 units had been completed in Welkom by the end of 1998.

#### ***4.3.3.4 Rural housing***

By 1998 no housing unit had yet been delivered in rural areas of the Free State. However, the lack of rural housing delivery does not mean that no improvement was made in terms of the housing and living environment. Rural Thaba 'Nchu, for example, had been provided with water on each site. The problem with this type of provision outside the housing subsidy is that the subsidy involved in the provision of the service is not recorded against the name of the end-beneficiary. The fact that the subsidy outside the housing subsidy is not recorded might result in double subsidisation as the housing subsidy might be used on top of the infrastructure subsidy.

The second important aspect that one should take cognisance of is the construction of 1 000 houses for families of farm labourers in the Bothaville district in the town of Bothaville (Urban Upgrading Development Programme, 2000). This provision of off-farm housing to farm workers was seen as a pilot project aimed at providing farm workers with houses, services and security of tenure in the nearest urban area. The project was financed by the Department of Land Affairs in order to address the tenure problems of farm labourers. Although the assessment of the project was fairly favourable, reservations were raised with regard to the failure of the project to contribute

to spatial infilling and integrated development (Urban Upgrading Development Programme, 2000). Further research needs to be conducted on this delivery of off-farm housing to farm workers in order to assess the feasibility of such an approach in future. At the same time, the Department of Land Affairs has indicated that it is highly unlikely that it will fund any more such projects. The two main reasons for not continuing with this approach are a lack of funds and the fact that the department would like to invest in the improvement of on-site (on-farm) tenure.

#### ***4.3.3.5 Total housing investment***

Up to this point the analysis made a distinction between the different subsidy groups and how these subsidy groups were allocated to different settlement categories. However, the different subsidy groups were not calculated to one total figure for each settlement category. Furthermore, within the different subsidies different subsidy sizes were present. Therefore it might be important to calculate the total fiscal investment per settlement category for the Free State. The total housing investment in terms of subsidies approved in the Free State by the end of 1998 was R533,4 million (which included approvals of all subsidy types). Of this amount 32,6% was approved for cities, 7,2% for regional towns, 24,9% for middle-order towns and 35,2% for small towns (see Figure 4.4). Former homeland areas received only 0,01% of the total housing investment.

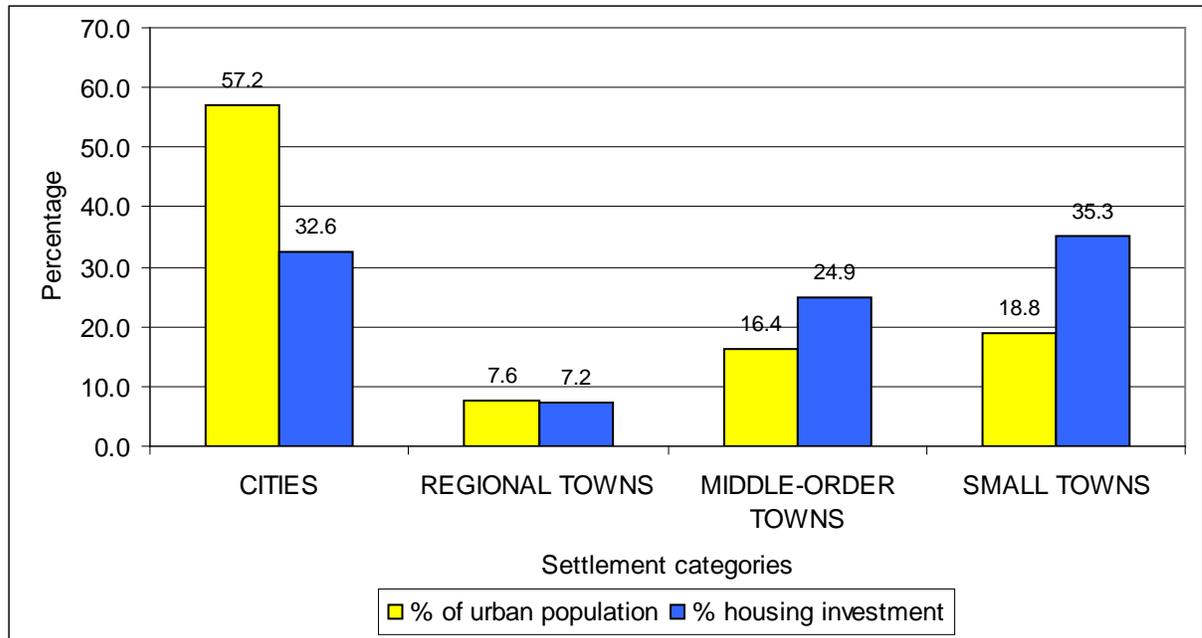


FIGURE 4.4: Total housing investment (1994 – 1998) per urban category in comparison with the percentage of urban population per urban category (1996) in the Free State

The representation in Figure 4.4 confirms the basic argument that cities in the Free State have, in relation to their population, not received their share of housing when compared with middle-order and small towns. However, the percentage of investment in cities is higher than the percentage of project subsidies that were delivered, which means that some of the other subsidy categories have actually helped to lessen the difference between percentage of investment/subsidies and the percentage of urban population.

It was argued in this section that the basic approach towards allocation and approval of subsidies in the Free State has favoured small towns. This bias towards smaller urban areas was further enforced in practice, where it was more difficult to deliver housing in the cities than in the small towns – the reasons being, amongst others, the emphasis in policy on houses of 40m<sup>2</sup>, higher land prices and the rate of urbanisation especially in Bloemfontein. It also seems that, unlike the suggestions in the relevant literature, that there should be some relationship between urbanisation and the utilisation of housing funds there was, in fact, virtually no such relationship in the Free State up to 1998. It is

especially Bloemfontein with its high levels of urbanisation which did not deliver the number of houses one would have expected. This tension between strategically ideal location in terms of regional planning on the one hand, and need on the other (see CSIR, 1999) - which also seems to be present in the Free State Province - will be analysed in more detail in Chapter Six.

#### 4.3.4 Completed houses, 1999 – 2002

The above section gave an overview of the situation between 1994 and 1998. In this section a brief overview of the trends between 1999 and March 2002 will be provided (see Figure 4.5).

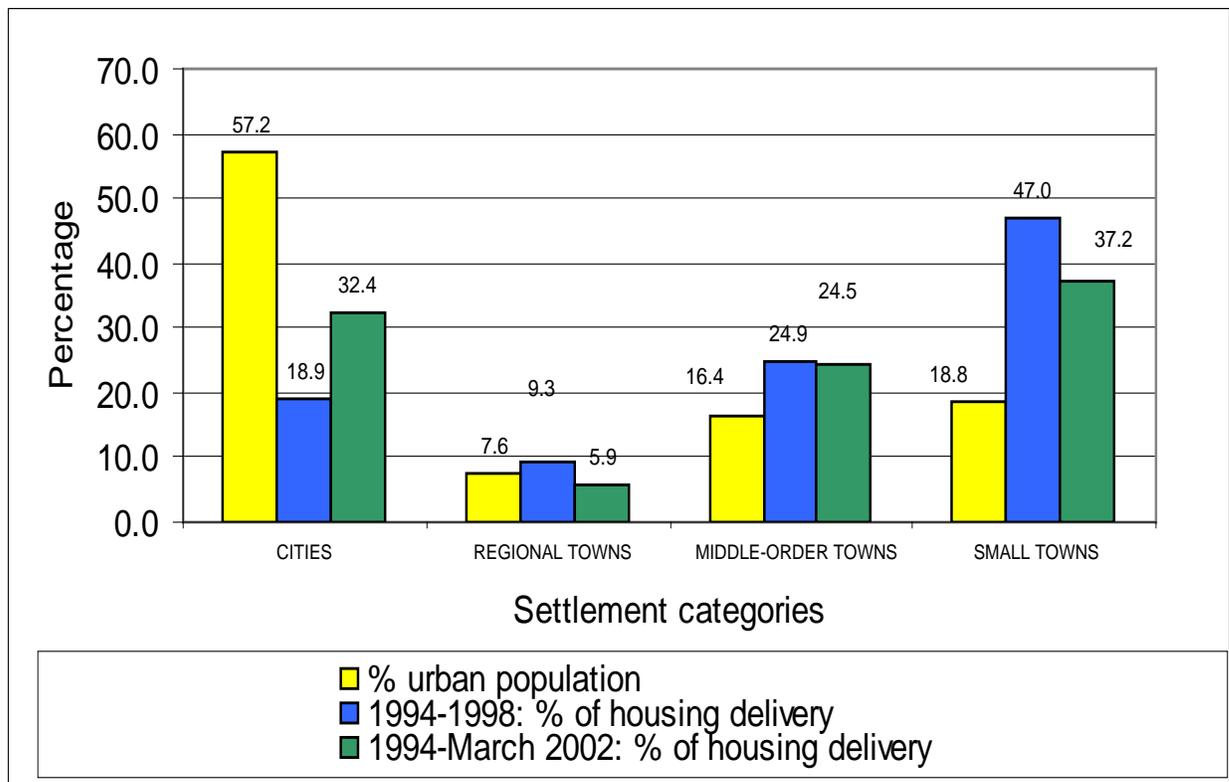


FIGURE 4.5: A comparison of the share of urban population and the share of housing delivery per urban category in the Free State for the periods 1994 - 1998 and 1994 – March 2002

The following relevant trends are significant from Figure 4.5:

- The share of housing delivery in cities increased from 18,9% of the provincial

share for the period 1994 – 1998, to 32,4% for the period 1994 - 2002. However, this was still considerably lower than the share of population in cities.

- At the same time, the share of housing delivery in small towns decreased from 47,0% to 37,2% for the two periods under consideration.
- The share of delivery in regional towns also decreased, while in middle-order towns it stayed the same, though still remaining higher than the share of the population in these settlement types.

The main reason for the increase in the share of the delivery in the cities was the increase in delivery in Bloemfontein, where the municipality financed most of the services to stands. Land was also donated for the housing process. Although this had a positive influence in terms of delivery, it had a negative impact on municipal finances in these municipalities. In Welkom no municipal finances were available, while in Bloemfontein the municipality was hesitant to continue the practice. The other method used to finance projects in the urban areas was by means of requiring deposits from beneficiaries. Marais and Wessels (2001) have also indicated that such an approach would fast-track delivery but would probably result in households earning less than R800 per month being barred from receiving housing subsidies. Furthermore, the alternative to ensure delivery in Welkom was to use the institutional subsidy in the normal project subsidy manner. The advantage was that the full subsidy was obtained for all households with incomes below R3 500. This ensured that households who could contribute extensively to their housing were reached as beneficiaries, while the full subsidy to construct the unit of 40m<sup>2</sup> was also obtained (Marais and Wessels, 2001). The emphasis on homeland areas increased during this period. The number of houses delivered in former homeland areas increased to approximately 3 500 (nearly 5% of housing delivery in the Free State) by the end of March 2002.

#### **4.4 WHO WERE THE END-BENEFICIARIES?**

The international literature, as well as the guidelines on South African housing policy, all suggests that housing delivery should be focused on the poorer households. This

emphasis on the targeting of the subsidy to poorer households was the main contributing factor to a subsidy format that provided a higher subsidy to lower income people (see Chapter Three). However, the World Bank (1993) warns that in certain instances the most basic attempt to improve the housing situation of some households will not be affordable. In this section attention will be focused on the income levels of the end-beneficiaries in order to determine the efficiency of the targeting process. In addition to the income levels the section will also look at differences between different settlement types in the Free State. The aim of linking income levels of end-beneficiaries to settlement categories is to determine in which urban category targeting was the most efficient and what the consequences of well-targeted subsidies were (see Table 4.3).

TABLE 4.3: Project and individual subsidies approved per income group in the Free State when compared to the national distribution of income of households with an income of R3 500 per month or less by 1998\*

	R0 - R800		R801 - R1 500		R1 501 - R2 500		R2 501 - R3 500	
<b>National distribution of income for households earning an income of R 3 500 per month or less (%)</b>	46,1		33,7		13,7		6,5	
<b>INCOME DISTRIBUTION OF END-BENEFICIARIES (APPROVED SUBSIDIES) (%)</b>	<b>Project</b>	<b>Ind.**</b>	<b>Project</b>	<b>Ind.</b>	<b>Project</b>	<b>Ind.</b>	<b>Project</b>	<b>Ind.</b>
<b>Free State</b>	84,7	65,7	11,2	12,7	3,8	15,9	0,3	5,7
<b>Cities</b>	69,2	29,9	19,3	13,9	11,0	41,5	0,5	14,7
<b>Regional towns</b>	75,0	79,7	21,9	9,0	2,5	6,3	0,6	5,0
<b>Middle-order towns</b>	96,5	78,0	3,0	15,6	0,5	5,4	0,03	1,0
<b>Small towns</b>	90,5	86,3	8,5	10,3	0,8	2,3	0,2	1,1

\* These percentages exclude the subsidies approved during 1998 that combined the R0 - R800 and R801 - R1 500 income categories

\*\* Ind. = Individual subsidies.

Sources: Republic of South Africa, 1994; Free State Provincial Housing Development Board, 1999

The first aspect that is evident from Table 4.3 is that a higher percentage of project subsidies went to the poorer segments of the population than one would expect from the normal distribution of people earning less than R800 per month (84,7% versus 46,1%). Although the same trends are visible for the individual subsidies, they are not so pronounced, as it seems as if more individual than project-based subsidies were credit-linked (if the assumption is made that those subsidies in the income category between R1 501 and R2 500 per month are credit-linked). In the cities the subsidies to the higher income bands (R1 500 – R3 500 income bands) were more prominent than in small and middle-order towns. Possible reasons for the above trends are:

- A large percentage of the actual housing delivery in cities occurred on the Free State Goldfields with people employed in the mining industry as end-beneficiaries (Institute for Housing in the Free State, 1997). The linking of the housing subsidy with the Goldfields means that the income of mine workers makes it possible to gain access through financial institutions. In general, the cities might have a

larger market for credit-linked subsidies than the smaller urban areas. This larger market probably explains the relatively high percentage of subsidies to end-beneficiaries earning more than R1 500 per month in the cities.

- The relatively high percentage of people within the income bracket of R800 – R1 500 that received subsidies in the regional towns can be ascribed to the fact that the major development in Bethlehem was conducted by the ex-parastatal, the QwaQwa Housing Development Corporation, which later became the Free State Development Corporation. The Free State Development Corporation also provided credit to those who did not qualify for the R15 000 subsidy.
- The emphasis on houses of 40m<sup>2</sup>, as well as the limited access to credit in middle-order and small towns, also contributed to the fact that the income category of R801 – R1 500 per month was basically neglected in these two urban categories. It was impossible to construct a house of 40m<sup>2</sup> with R12 500. The limited access to credit resulted in developers choosing end-beneficiaries with incomes of R800 per month and less.

The number of housing subsidies allocated to beneficiaries in the R0 – R1 500 (after the merging of the R0 – R800 and R801 – R1 500 income categories) income group increased since 1998. In the 1999/2000 financial year, 97% of subsidies were allocated in this income band, while the figure for 2000/2001 was 98,7% (CSIR, 2000a).

It therefore seems as if the targeting of subsidies has been very good. It could, however, be argued that it has neglected the other categories of the households earning below R3 500 and focused on the category earning below R800 and later R1 500 per month. Reaching the poorer households would probably be applauded by the international literature on low-income housing as well as by the South African policy makers (see Chapters Two and Three). However, does the delivery of houses in an unbalanced way to the poorer segments of the population contribute to financially sustainable settlements and housing maintenance? Can you provide the majority of funding to the lower-income brackets and then still expect your local government structures to be financially sustainable? If the low levels of financial sustainability of local governments in the Free

State are considered, it seems as if providing the poorer income bands with housing will not be helpful in the process of ensuring sustainable local government finance. The CSIR (1999) has also identified this potential tension between well-targeted subsidies and cost-recovery for services.

#### **4.5 THE END-PRODUCT: WHAT DID END-BENEFICIARIES RECEIVE?**

In the preceding sections of this chapter attention was devoted to the regional location of housing investment and the type of end-beneficiaries in terms of income categories. In this section the emphasis will shift to the type of end-product that the end-beneficiaries have received. As already mentioned the Free State insisted on a housing standard of 40m<sup>2</sup>, despite opposing suggestions from international experience and from the South African White Paper on Housing. Two specific aspects will be addressed, namely the housing size and site size, as well as the service levels provided to houses. Attention will also be devoted to the relationship between housing and stand size, service levels and the subsidy size. Attention will firstly be devoted to the period between 1994 and 1998. This will be followed with an assessment of the period up to March 2002. The data in this section was collected by means of a questionnaire circulated amongst the main consulting engineering firms in the Free State and also information obtained from the Housing Monitor (Settlement Dynamics, 1999; 2002). Furthermore, the data mainly reflect on project-linked subsidies, although other forms of subsidy will also be referred to. The main reason for the emphasis on project subsidies is the relatively large number of houses (approximately 85%) that have been delivered by means of project subsidies. It is – with the exception of individual subsidies (for which no information regarding delivery exists) – the only subsidy mechanism that has been providing houses in all of the four settlement categories in the Free State.

##### **4.5.1 House and stand sizes, 1994 - 1998**

Against the background of the emphasis on a minimum housing size of 40m<sup>2</sup>, an assessment will be conducted of the size of houses delivered in the Free State. At the same time a guideline of at least 250m<sup>2</sup> was in place for the size of a stand in the

province. In the remainder of this section I shall analyse the different house and site sizes in the Free State in comparison with those of other provinces (see Table 4.4).

**TABLE 4.4: SIZES OF HOUSES DELIVERED PER PROVINCE, 1994 – 1998**

Province	Houses smaller than 20m <sup>2</sup>		Houses: 20m <sup>2</sup> – 29,9m <sup>2</sup>		Houses: 30m <sup>2</sup> – 39,9m <sup>2</sup>		Houses: 40m <sup>2</sup>		Houses bigger than 40m <sup>2</sup>	
	(n)	%	(n)	%	(n)	%	(n)	%	(n)	%
Free State	0	0,0	0	0,0	959	9,0	8 623	80,6	1 119	10,4
Eastern Cape	1 074	10,7	4 923	48,9	3 369	33,5	0	0,0	704	7,0
Gauteng	800	2,9	1 675	6,2	13 740	50,6	9 441	34,8	3 147	11,6
Kwazulu-Natal	1 507	15,6	5 495	60,0	1 783	18,5	203	2,1	658	6,8
Mpumalanga	0	0,0	4 566	50,0	3 693	40,5	0	0	871	9,5
Northern Cape	200	9,0	1 080	48,8	424	19,2	508	23,0	0	0,0
Northern Province	1 585	17,5	1 500	16,6	4 194	46,3	777	8,6	1 000	11,0
North West	2 308	30,6	3 196	42,3	0	0,0	2 050	27,1	0	0,0
Western Cape	930	5,6	13 185	78,7	1 029	6,2	243	1,5	1 339	8,0
<b>TOTAL</b>	<b>8 404</b>	<b>8,2</b>	<b>35 620</b>	<b>34,6</b>	<b>29 191</b>	<b>28,4</b>	<b>21 845</b>	<b>21,2</b>	<b>7 830</b>	<b>7,6</b>

Sources: Figures for the Free State: From questionnaires  
 Figures for other provinces: Settlement Dynamics, 1999

Upon comparing the housing sizes in the above table, it becomes evident that the Free State has the largest percentage of houses in the categories 40m<sup>2</sup> or bigger (91%). This percentage of housing units bigger than 40m<sup>2</sup> in the Free State is far more than the 46,4% of houses in Gauteng, which were 40m<sup>2</sup> or larger, as well as the national average of 28,8%. In the instances where houses smaller than 40m<sup>2</sup> were constructed, this was usually the result of an individual community request, for example, to have a smaller housing unit, but with access to sanitation. The bigger houses have also furnished the opportunity of providing more rooms in the houses (see Figure 4.6).

From Figure 4.6 it seems as if the Free State has the highest percentage of houses with three rooms or more. The 43% of housing projects that have three rooms or more are much higher than the national average of 19%. The larger percentage of housing units that have been recorded in the Free State is a result of the bigger housing units which were constructed due to the emphasis on 40m<sup>2</sup>.

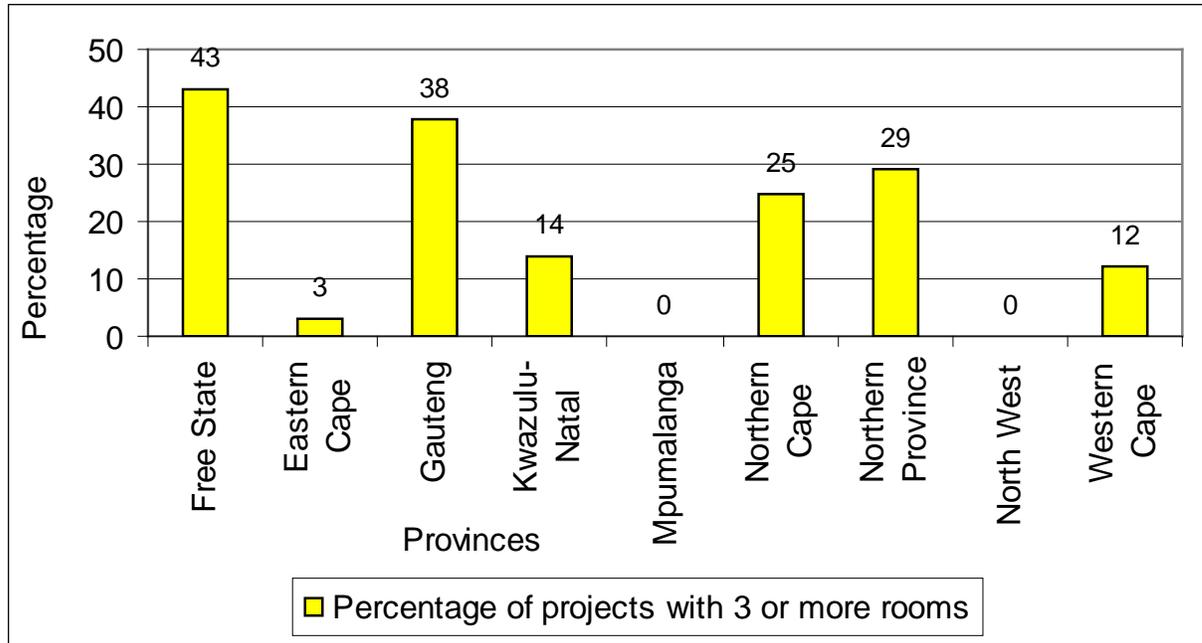


FIGURE 4.6: The percentage of housing projects with three or more rooms per province, 1994 - 1998 (Source: Settlement Dynamics, 1999)

A number of contributing factors assisted the Free State in constructing the largest housing units on average (including the most number of rooms on average) of all provinces. Firstly, the standard of 40m<sup>2</sup> in itself played a significant role. However, it was possible to construct 40m<sup>2</sup> housing units because by the end of 1998, according to the survey, 79% of the housing units were constructed on existing planned stands. Between 1999 and March 2002 91% of housing developments have taken place on existing planned stands. The utilisation of the subsidy on existing stands meant that the subsidy did not have to pay for planning and surveying costs. Of the 79% of developments on stands 83% were developments on stands that were already occupied and 17% on planned stands that had not been occupied. The low levels of greenfields developments due to the emphasis on the housing size of 40m<sup>2</sup> had a negative impact on the way in which the housing subsidy was utilised to accommodate newcomers to the urban areas – an aspect managed differently in Gauteng (see Engelbrecht, 2003).

A second factor that contributed to the construction of housing units of 40m<sup>2</sup> is the availability of land at lower than cost price. Although it was not possible to compare land prices with those of other provinces, interesting patterns are visible in the information on

the Free State. Approximately 16% of stands were sold by local authorities for less than R50, while 62,5% were sold for less than R1 000. If existing services available on these stands are taken into account, it seems as if a relatively large degree of double subsidisation took place. In other words, the end-beneficiaries received two subsidies – one from the local authority (selling the stand below market value) and one from the housing subsidy. This double subsidisation was once in conflict with the principle of width which was central to the development of housing policy in South Africa (see Chapter Three). It is also significant that the only sites that sold for more than R1 500 were in cities. The higher land prices in cities further confirm the earlier comments that higher land prices in cities (especially in Bloemfontein) have hampered housing developments regarding the scale of delivery.

Thirdly, the double subsidisation between funds for housing and infrastructure is also a prominent reason why the Free State managed to construct housing units of 40m<sup>2</sup> and more. Double subsidisation made it possible to access a subsidy for infrastructure from one specific fund and then to utilise the housing subsidy exclusively for the housing structure. It should be noted that double subsidisation should, according to the White Paper on Housing, not take place. The White Paper on Housing states: “Government will not introduce hidden subsidies over and above the basic capital subsidies being made available to the end-user. It is argued as essential that financial equity with regard to all types of state assistance should apply throughout the Republic” (Republic of South Africa, 1994: 40).

A fourth factor that has influenced housing size is the utilisation of self-help – known in South Africa as the people’s housing process. Although the data from these projects in the Free State was not covered in the survey, significantly bigger housing units were constructed by means of the so-called people’s housing process. The main reason for the larger housing size in the people’s housing process is that labour cost is not always included because the individual households themselves are usually involved in the construction of the housing units. Furthermore, the fact that such a process allows the individual household to build with second-hand materials also improves the possibility of

constructing bigger housing units in comparison with a developer-driven process. The construction of larger housing units by means of the people's housing process was noted by other research in the Free State (Urban Upgrading and Development Programme, 2000; Marais *et al.*, 2003).

Concerning stand sizes, site sizes in the Free State were considerably bigger than those in other provinces or than the averages for South Africa. The Free State had the largest percentage of sites bigger than 300m<sup>2</sup> (77,8%). In comparison, the average percentage of sites bigger than 300m<sup>2</sup> for low-income housing developments in South Africa was 43%. No other province had a higher percentage of stands bigger than 300m<sup>2</sup> (Settlement Dynamics, 1999). This emphasis on the size of the sites has negative consequences on the unit prices per stand if the service levels are to be upgraded. However, in the Free State the implications of these costs will only be felt once an effort to upgrade the infrastructure is initiated. The other dilemma that arises is that of equity (also see CSIR 1999). For example, what will happen if no further serviced stands are available and it is impossible to construct a house of 40m<sup>2</sup> as infrastructure also needs to be provided and the normal planning process needs to be followed? Surely smaller units will need to be constructed.

From the above discussions it seems that the emphasis on housing units of 40m<sup>2</sup> in the Free State has resulted in the Free State constructing (on average) the largest housing units on the largest stands in the country. However, the emphasis on housing size in the Free State has in turn resulted in only a small number of developments being greenfield developments (to accommodate urbanisation and the upgrading of informal housing units) and also a large degree of double subsidisation between the housing subsidy and other funds at the local or the provincial level. This emphasis on housing size has also had an impact on the level of services provided to the housing units. Emphasis will therefore now be shifted to the level of services that accompanied housing developments.

#### **4.5.2 Service levels attached to housing developments, 1994 - 1998**

In the above discussions on the type of development as well as the sizes of stands and houses, it was clear that the Free State has actually provided bigger houses on larger stands than the average for the country or for most other provinces. As the majority of the subsidy in the Free State was utilised for constructing the superstructure, the following questions could be asked with regard to infrastructure:

- How did the emphasis on the superstructure influence the level of services provided to the end-beneficiaries of housing projects?
- How do the service levels of the housing projects in the Free State compare with those of the other provinces?
- What are the differences regarding provision of services amongst the settlement categories within the Free State?

An analysis of two aspects of service provision, namely the provision of water and sanitation reveals that the service levels with regard to these two aspects are lower than the average for South Africa (see Table 4.5). No reference is made to electricity as electricity was not always provided by means of the subsidy.

**TABLE 4.5: A comparison of the main attributes of infrastructure provision to housing units delivered in the Free State and South Africa, 1994 – 1998**

Criteria	South Africa (excluding the Free State)	Free State
Percentage of projects with water articulation in the house	63,6	37,1
Percentage of projects with water articulation outside the house	34,1	62,9
Percentage of projects with communal water access	2,3	0,0
Percentage of projects with conventional water-borne sewerage (inside or outside the house)	79,6	67,5
Percentage of projects with bucket system	4,7	25,0
Percentage of projects with pit latrines	7,8	0,0
Percentage of projects with no form of sanitation	0,0	7,5

Source: Settlement Dynamics, 1999

The Free State is the province with housing projects that have the lowest percentage of water provision in the house (37,1%). The average for housing projects in South Africa is 63,6%, while it is only in the Limpopo Province where it seems as if a lower percentage of internal water articulation exists. In terms of sanitation it seems as if the Free State also has lower standards than the other provinces. In housing projects in the Free State 67,5% of the houses do have waterborne sewerage (inside or outside the house). However, the average for South Africa is 79,6% of all projects while it is only in the Northern Province where the percentage for waterborne sewerage is lower than that of the Free State. Furthermore, the 25% of housing projects in which the bucket system still exists, and also the 7,5% of projects where virtually no sanitation facilities are available are both higher figures than those of any other province or than the combined averages for South Africa. In such cases the inhabitants will have their own pit latrine system in place – usually a pit latrine developed by themselves. The provision of electricity was a high priority in most projects. According to the sample survey, approximately 90% of the housing constructed in the Free State had access to electricity. For those housing units that did not have access to electricity, the provision of electricity was in the planning stage and they would have access within the next six months.

In the Free State the information that was derived from the questionnaire suggests that the levels of services in cities have been higher than those in the other settlement categories. The main reason for the infrastructure standards is probably the fact that a large percentage of housing developments in the cities were credit-linked, which released more funds from the financial sector and made it possible to construct a house of at least 40m<sup>2</sup> and to provide infrastructure.

It conclusion it therefore seems that the emphasis on housing units of 40m<sup>2</sup> in the Free State has led to lower levels of infrastructure being provided to housing units constructed by the subsidy. This is the result of a large percentage of housing units that were constructed on existing stands (usually with some level of services available). Furthermore, the subsidy was virtually never used for the upgrading or connection of those existing services. Such utilisation of the majority of the subsidy for the top

structure is against the guidelines provided in the White Paper on Housing which suggests that it should be utilised for both the top structure and infrastructure (as discussed in Chapter Three).

#### 4.5.3 Housing size and infrastructure, 1999 - 2002

The above sections have already indicated that the emphasis on a housing size of 40m<sup>2</sup> impacted negatively on the level of infrastructure provided to households between 1994 and 1998 by means of the housing subsidy. This section attempts to provide an overview of the changes between 1994 and March 2002 (see Table 4.6).

TABLE 4.6: The comparative relationship between housing size and infrastructure levels in the Free State and South Africa for the periods 1994 – 1998 and 1994 – 2002

Criteria	South Africa (excluding the Free State) (1994 - 1998)	Free State (1994 - 1998)	South Africa (excluding the Free State) (1994 - 1998)	Free State (1994 - 2002)
Percentage of houses larger than 40m <sup>2</sup>	28,8	91,0	28,5	87,5
Percentage of projects with houses containing three or more rooms	46,8	94,3	36,4	56,5
Percentage of projects with internal water articulation	63,6	37,1	54,2	32,0
Percentage of projects with external water access	34,1	62,9	40,6	52,0
Percentage of projects with communal water access	2,3	0,0	4,4	16,0
Percentage of projects with conventional water-borne sewerage	79,6	67,5	74,3	50,0
Percentage of projects with a bucket system	4,7	25,0	16,1	45,5

Percentage of projects with pit latrines	7,8	0,0		
Percentage of projects with no form of sanitation	0,0	7,5		

Source: Settlement Dynamics, 1999; 2002

The above table indicates that the number of housing units bigger than 40m<sup>2</sup> constructed in both the Free State and in South Africa did not vary significantly during the two periods under consideration. However, there was a significant decrease in the number of housing units with three or more rooms. The significance of this is that, in general, the housing size remained the same but the number of rooms decreased considerably. With the impact of inflation, the value of the final product had to be made smaller. However, the size of the house was inviolable.

The same trends are visible in the relationship between housing size and infrastructure provision. The percentage of projects with internal water articulation in both the Free State and South Africa decreased considerably during the two periods under consideration. At the same time, the number of projects with access to an external water supply and also those with a communal water supply increased. A significant increase in the latter two forms of water supply is evident in the Free State.

#### 4.6 CONCLUSION

In this chapter an overview was provided of ‘*who received what, where*’ in the Free State between 1994 and 1998. In the Free State three basic approaches were followed in respect of the above issues. Firstly, the focus was on the lowest income groups; secondly, the minimum housing size of 40m<sup>2</sup> was emphasised; and thirdly, the subsidies were spread over all urban settlements (with some recognition of settlement hierarchy) (see Table 4.7). The Free State also deviated from national policy in the sense that double subsidisation was the norm, resulting in larger top structures. Where the national

policy deviated from the World Bank in the sense that top structure funding was part of the subsidy amount, the Free State further deviated by emphasising the stand size.

Despite some guidelines the Free State had no comprehensive housing and settlement strategy by March 2002<sup>2</sup>. Taking into account the lack of a housing strategy, the aim of the study is to formulate policy guidelines for a policy framework in the Free State to address the issue of ‘*who* should receive *what*’ in the Free State. Although some guidelines in terms of the *who* and *what* part of the problem were addressed in the Free State, the assessment indicated that the way in which it was conducted created various problems and side-effects. It thus creates the possibility of rethinking these policy approaches. The development of such a policy framework should start off by investigating the nature of the housing problem in order to advise policy on *who* should get *what*. Perhaps the greatest problem was the lack of a comprehensive regional strategy (integrated with other departments and funding options) to manage the regional allocation of housing subsidies. In my opinion, a comprehensive regional strategy for housing (and other funds) is

TABLE 4.7: A summary of the impact of the main policy approaches in the Free State and their impact on the settlement environment, 1994–2002

<b>WHO</b>	<b>WHAT</b>	<b>WHERE</b>
Policy: Focus on income, dwellers earning less than R800 per month	Policy: The emphasis on 40m <sup>2</sup> houses	Policy: Spread subsidies over all the urban settlements (some limited recognition being given to the settlement hierarchy)
<u>Consequences</u>		
Impacts negatively upon financial sustainability of settlements.	Services are neglected in favour of a bigger top structure. This has major environmental and public health consequences.	Cities do not receive their share of the subsidies compared with their share of the population.
Possible to construct 40m <sup>2</sup> houses because the full subsidy is accessed (first	Results in double subsidisation (for example, the District Council / Municipalities provides the services and	It does not contribute to futuristic planning in terms of demographic trends that

<sup>2</sup> In the meantime a strategy has been developed and was accepted by June 2003. However, no operational plan exists.

R15 000 and later R16 000).	the housing subsidy for the top structure).	will increasingly be directed at the major urban areas.
	Due to the lack of infrastructure, as well as the increasing urbanisation, housing projects in cities are very slow to get off the ground, mainly because it is impossible to construct a 40m <sup>2</sup> house if the funds for the infrastructure also need to come from the subsidy and only a limited number of planned stands are available in the cities.	It results in the development of housing in settlements that have limited economic potential.
	Developers ensure that they receive the highest possible subsidy per person (those earning less than R800 / R1 500 per month). This has a negative impact on settlement sustainability.	It does not necessarily take the historical patterns of housing investment under apartheid into consideration which have favoured former homeland areas
	Leads to problems of equity. Some people receive houses with infrastructure, while others are not provided with infrastructure.	Housing investment is not integrated with other forms of settlement investment, for example infrastructure, clinics and schools
	Results in most developments taking place on existing stands in order to save planning and surveying costs. No informal settlement upgrading takes place.	
	Leads to depth over width	
	Leads to deposit route – poor excluded (Welkom)	
	Municipality also subsidises (more pressure on municipal finance)	
	Use the institutional subsidy in a project subsidy way (Welkom)	

vital for the sustainability of settlement and housing investment. In the following two chapters the strategic aspects will be addressed. Chapter Five will focus on the questions of ‘*who and what*’, while Chapter Six will analyse possibilities with regard to a regional investment framework for the Free State.

## CHAPTER FIVE: CONSIDERING THE LOW-INCOME HOUSING CHALLENGE IN THE FREE STATE: TOWARDS A POLICY FRAMEWORK

*“I am told that our housing deficit amounts to some 10 000 units per year and that we will have to build about 4 000 houses just to keep up with the housing backlog. However, each day, as the sun sets in my country, every person has a home to go to. So where is the housing shortage?” (as quoted in Laquian, 1983: 149).*

In Chapter Two and Chapter Three the evolution of housing policy internationally and in South Africa was set out and the issues of ‘*who*, *what* and *where*’ were addressed. Against this international and national background Chapter Four assessed the interrelationship between *who* received *what* and *where* in the Free State, in terms of housing subsidies between 1994 and 1998. With the discussions in all the preceding chapters in mind, Chapter Five will focus specifically on the *who* and *what* questions of the problem statement in this study, in order to develop a framework against which the housing challenge within the Free State context can be understood. In Chapter Six the *where* question will be assessed. As has already been seen in Chapter Four, the Provincial Government and Housing Directorate of the Free State emphasised the size of the top structure, as well as the size of the stand on which development had to take place. In Chapter Four a number of implications of the emphasis on housing and stand standards have already been highlighted. However, the emphasis on size is also based on two fundamental assumptions about the housing challenge: The emphasis on the size of the top structure is based on an assumption that the housing challenge is mainly a challenge to construct housing structures (not a holistic definition which includes for example infrastructure). The second assumption is that housing is a final product (and not a process) which can be delivered to people.

From the above two assumptions in the approach of the Free State to the housing challenge, it would seem that it is important to understand what the housing challenge is and how to define it. However, this is not an easy task. Hamdi (1995) succinctly argues with regard to what the housing challenge is: “The answers will vary according to how the problems are perceived, which in turn will vary according to who provides the definition” of the housing challenge.

Despite the problems in defining the housing challenge, the UNCHS (2000) acknowledges that a framework for the definition of the housing problem/challenge is urgently needed. Furthermore, such a framework for defining the housing challenge is of the utmost importance, as the choice of definition determines *who* will be enumerated and *who* will receive financial or other support (Peressini *et al.*, 1995). The UNCHS (2000) stresses that answers need to be found with regard to the number of people who need housing assistance, *who* they are, and why they are in this situation. Against this background of the problems associated with defining the housing challenge, as well as the necessity of having some kind of framework that could guide public spending, the aim of the present chapter is to develop a framework against which the housing challenge (*who* should receive *what*) in the Free State can be assessed. Therefore, the chapter is structured in the following manner (see Figure 5.1):

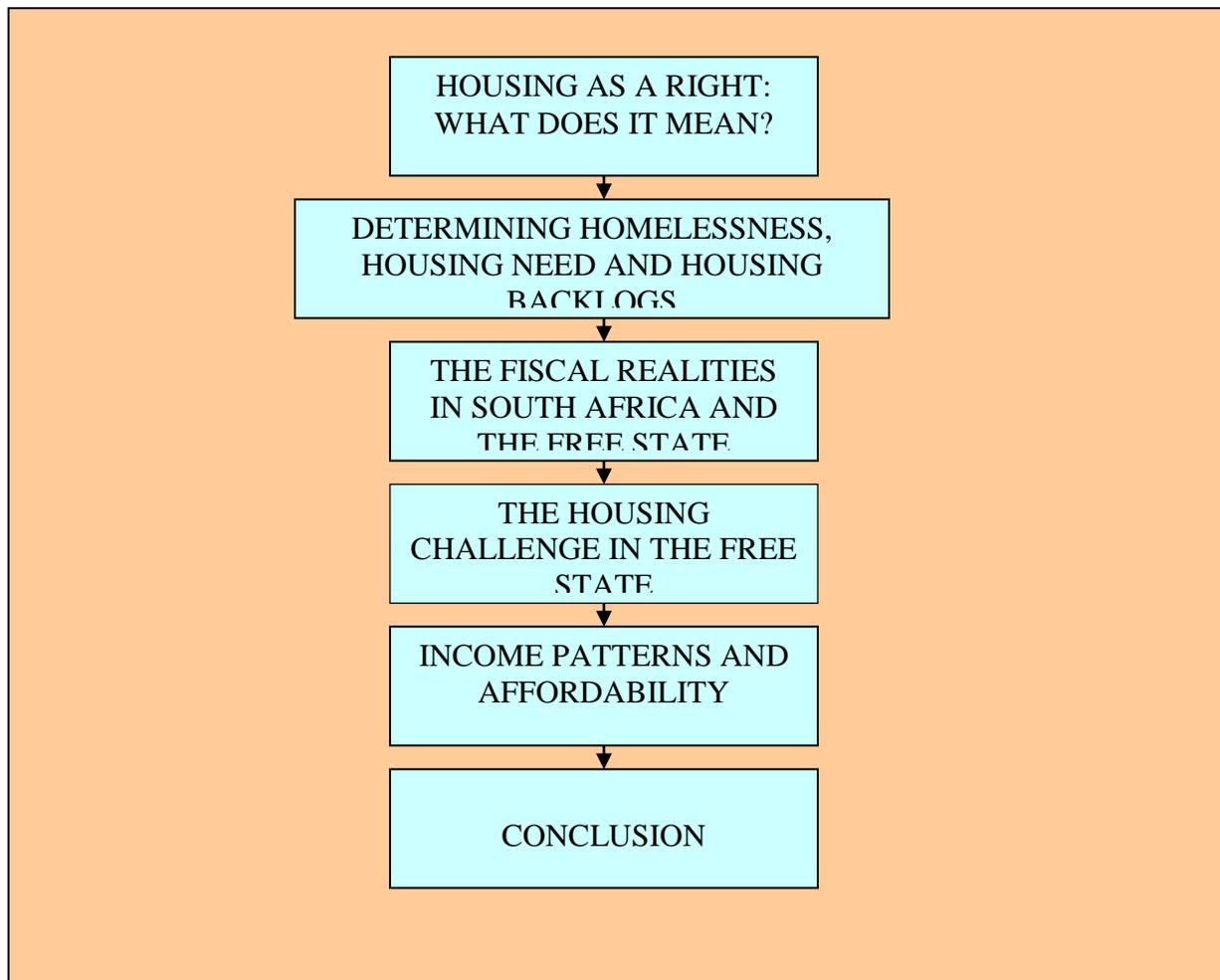


FIGURE 5.1: Outline of Chapter Five

It will begin by accessing the implications of ‘housing as a right’; secondly, an attempt will be made to motivate a framework by means of which it would be possible to analyse the housing challenge; from the theoretical framework, an attempt will be made to apply the most important aspects to the Free State; therefore, the framework will be followed by an assessment of the fiscal realities in South Africa and the possible subsidies which could be provided in the Free State; in the fourth place, the dynamics of the housing challenge in the Free State will be assessed, followed by an analysis of the levels of housing affordability for low-income dwellers; finally, a number of conclusions will be drawn regarding a framework against which the housing challenge could be understood.

## **5.1 HOUSING AS A RIGHT: WHAT DOES IT MEAN?**

The concepts of the housing challenge (homelessness, housing need, housing backlogs) cannot be separated from the debate around the concept of housing as a right. At first sight, the concept of housing as a right might leave the impression that government should provide housing units to all households who are not adequately housed. In order to gain an understanding of the consequences of the commitment to housing as a right, this section will start with a broad historical perspective.

This right to housing was recognised for the first time as a human right in Article 25(1) of the Universal Declaration of Human Rights in 1948 (Leckie, 1990). It also became part of a number of international declarations after 1948. The most prominent of these declarations was probably the Vancouver Declaration on Human Settlements in 1976 (Habitat I) (UNCHS, 1976). Added to the prominence of housing as a right in the Vancouver Declaration, the UNCHS (1996a) mentions that the constitutions of 53 countries acknowledge the right to housing. With the acceptance of an interim constitution in South Africa, the right to housing was also acknowledged and later included in the final constitution (Republic of South Africa, 1996).

The problem, however, is what the right to housing actually means. Kok and Gelderblom (1994: 99) have the following to say: “The right to housing is very complex and subject to frequent

disputes as to its meaning (e.g. what is the definition of ‘an adequate house’) and implications (with regard to, for example, the issue of the availability of resources and questions of affordability)”. It should also be recognised that the Habitat I emphasis on housing as a basic human right should be viewed against the demolition of informal settlements in some less developed countries during the 1950s and 1960s.

In general, it would seem as if the right to housing does not mean that governments are supposed to construct houses for the entire population (Leckie, 1990; Kok and Gelderblom, 1994). It has more of a bearing on the state not acting in a way which will undermine the opportunity of households to gain access to housing. For example, making laws or regulations which undermine access to housing will not be in the spirit of the right to housing. In terms of established informal settlements, it would probably have the implication that one may not remove informal settlers without providing alternative accommodation and without meeting all of the legal requirements. The Constitution of the Republic of South Africa (1996: 12-13) prominently supports these two arguments when stating, in addition to the right to housing, that “[T]he state must take reasonable legislative and other measures within available resources, to achieve the progressive realisation of this right” and that “[N]o one may be evicted from their home, or have their home demolished, without an order of court after considering all relevant circumstances. No legislation may permit arbitrary evictions”.

Despite, different opinions with regard to the meaning of the concept of ‘housing as a right’, the discussion above, as well as the South African Constitution, emphasises that the concept should be seen against the background of financial limitations and also people’s right to construct informal housing units within the framework of the law. However, despite the importance of the acknowledgement of the right to housing internationally, the UNCHS (1996b) maintains that only a few countries actively support this right. Furthermore, it could be asked whether the emphasis on housing units of 40m<sup>2</sup> in the Free State (see Chapter Four) did not bar inhabitants in the cities from the housing subsidy. Having set this background of the right to housing, it is now possible to proceed towards a framework for determining the housing challenge.

## **5.2 DETERMINING HOMELESSNESS, HOUSING NEED, AND HOUSING BACKLOGS**

The UNCHS has already identified the lack of a global definition of homelessness (UNCHS, 1996b; 2000). One of the main problems is that most of the available statistics on homelessness are relevant to the context of Europe and United States of America (UNCHS, 2000). It is, therefore, also not surprising to find that the majority of theoretical research has been conducted in these two parts of the world (see, for example, Neale, 1997). This section will start off by dealing with the problem of defining housing backlogs; this will be followed by assessments of the categories of the housing challenge; important structural factors to be taken into account will be outlined; an attempt will then be made to provide a theoretical framework within which the housing challenge can be stated; and finally the practical implications will be stated.

### **5.2.1 The problem of definition**

South Africa's housing need and backlog, as well as the apparent degree of homelessness, are frequently quoted in the media (Nwajah, 2000) and also in research and policy papers (De Vos, 1987; De Loor Report, 1992; Department of Housing, 2000; Urban Upgrading and Development Programme, 2001b). By contrast, the World Bank (1993) states that housing problems/challenges are usually ill-defined. The World Bank (1993: 13) articulates this problem in the following words: "In most developing countries, housing production has provided rudimentary shelter for growing urban populations. The vast majority of people are housed and, despite the very real problems of homelessness in some cities, the percentage of people without any kind of shelter is typically small". Laquian (1983: 149) adds to this suggestion that homelessness is virtually non-existent in most countries, when quoting a government official in a developing country "I am told that our housing deficit amounts to some 10 000 units per year and that we will have to build about 4 000 houses just to keep up with the housing backlog. However, each day, as the sun sets in my country, every person has a home to go to. So where is the housing shortage?" To a large degree the definition of the housing problem is closely linked to what individuals and organisations would like the world to believe the housing challenge is. Peter Ward, in the preface to the book by Turner (1976), *Housing by People*, writes: "The moment that housing, a universal human activity, becomes defined a problem, a housing problems industry is born, with an army of experts, bureaucrats and researchers, whose

existence is a guarantee that the problem won't go away". Furthermore, Hamdi (1995) argues that the housing problem is usually misunderstood and that experts in the field have led governments to believe that there is a problem.

Those who use the concept of a housing backlog usually do not attempt to define these concepts in more detail in order to clarify the context in which they are used. On the other hand, those who do not want to accept that housing and settlement conditions are not always 'adequate' seem to turn a blind eye to reality. Against this background, the UNCHS initiated a process to develop a global definition of homelessness (UNCHS, 2000). However, before analysing the attempt by the UNCHS, it is important to assess the problems associated with defining housing backlogs.

One of the main problems with such a definition is that housing backlogs are commonly defined in terms of single parameters. It seems as if the single most important parameter in these definitions usually refers to the physical structure of the houses (the unit) – usually informal housing structures in informal settlements. With such a definition being the most common definition, a number of researchers argue that the calculation of housing backlogs has limited value (Laquian, 1983; Mayo *et al.*, 1986; Turner, 1988; Tomlinson, 1990; Kok and Gelderblom, 1994; Stout, 1997). The authors argue that efforts to determine the housing backlog of a country are usually based on a number of assumptions. These backlog estimates, working from a narrow definition of the housing, usually assume a specific household size and ignore existing housing arrangements such as informal houses, backyard shacks and lodgers as part of the existing housing stock. Furthermore, the very nature of determining the housing backlog usually also assumes that every household is entitled to a house which is then usually defined in a modernised manner (a finished housing unit) – something which only a small percentage of households can probably afford. This modernised definition of the housing backlog seems to be the result of defining housing in terms of product instead of process (Laquian, 1983). This emphasis on housing as a product usually leads to ignoring the need for land and services in these assessments of the housing backlog. Furthermore, it also does not take cognisance of the possibility for households to improve their own housing situation over time. From international experience, it seems that once a country commits itself to a definition of a dwelling unit, this

becomes an exercise in playing with numbers which inevitably results in frustration as the goals set in terms of the backlog are usually unattainable (Laquian, 1983). Laquian (1983: 150) summarises the problem excellently: “If what is lacking in so-called ‘sub-standard housing is often ‘legal tenure, services, or both’ then what may be the real need in housing can be sometimes defined by tenure and services, not by the physical structure called dwelling units. If what people are already living in are taken as acceptable dwellings which can be ‘improved’ by the introduction of better services, then a housing strategy might involve provision of services and not so many housing shells”. Laquian is supported by Nientied and van der Linden (1985) in his argument that popular demand by people in informal settlements is usually for services and not for formal housing units. Two other aspects that are usually neglected in assessments of the housing backlog are the inclusion of a realistic assessment of either the available financial resources or the ability and willingness of people to pay for their housing (Mayo, *et al.*, 1986).

This section has indicated that determining the housing backlog is a complex exercise with a number of pitfalls. The challenge is to develop a framework which takes the multiple facets of the housing challenge into consideration. Despite the problems associated with determining the housing backlog and homelessness, an assessment and understanding of what the challenge is, is equally important, as this will give an indication of priority areas within the housing challenge.

### **5.2.2 Defining homelessness**

Over the past couple of decades the definition of the concept ‘homelessness’ has changed. The initial definition of the homeless concept referred only to people without shelter, carrying their possessions with them and sleeping, for example, on the street (UNCHS, 2000). The main problem with this initial definition of homelessness is that people could be sleeping in public shelters on a regular basis and would, therefore, not be homeless. This problem was captured by the inclusion of people, in the USA, India, and France, sleeping in public institutions (UNCHS, 2000). In Canada the definition of homelessness also includes those people who are at high risk of becoming homeless (Peressini *et al.*, 1995). It is against the background of this range and variance of existing definitions that the UNCHS has proposed a new framework by which one could categorise different forms of homelessness.

The UNCHS proposes the concept of houselessness as a substitute for the concept of homelessness (UNCHS, 2000). The main reason is that homeless is a controversial term which is not only restricted to the housing situation. According to UNCHS (2000) it is possible to distinguish between two main categories of the concept of ‘houseless’, namely being physically houseless and having inadequate shelter (see Figure 5.2). Physical houselessness can be subdivided into sleeping without any shelter (sleeping rough) or residing in public/welfare shelters. Inadequate shelter can in turn again be subdivided into sub-standard housing, concealed houselessness, and risk of houselessness.

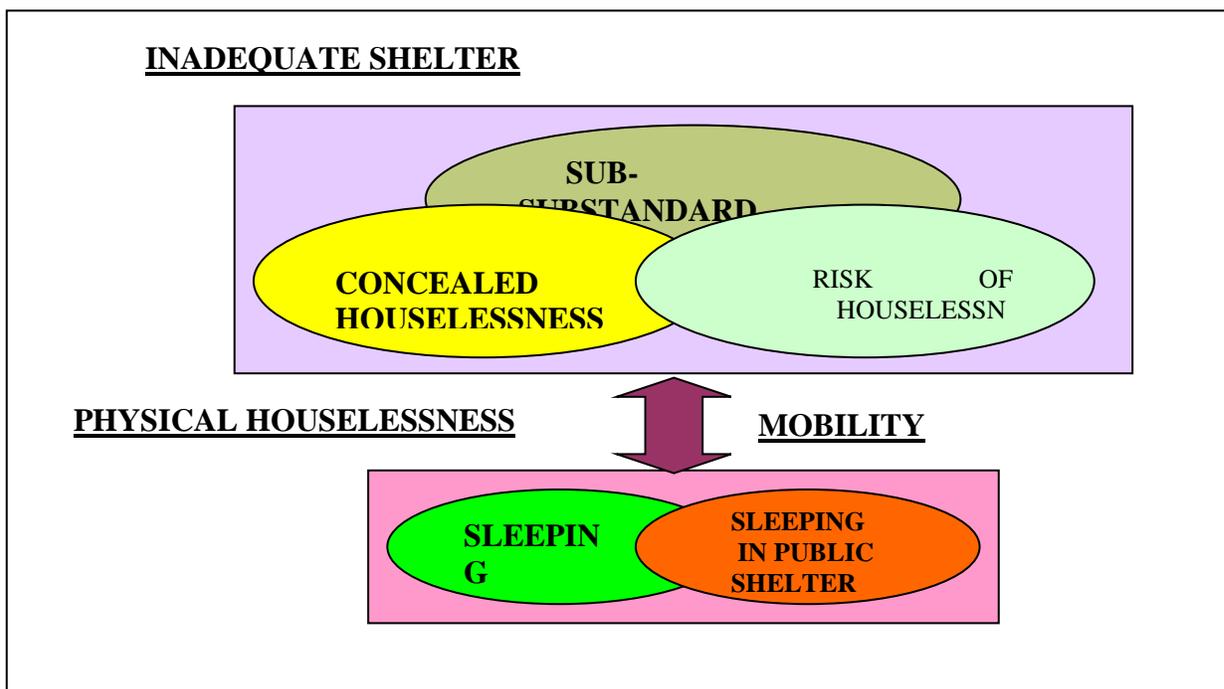


FIGURE 5.2: A schematic representation of houselessness (Source: UNCHS, 2000)

*Concealed houselessness* refers to people who live with family members or friends because they cannot afford shelter for themselves. The category *risk of houselessness* refers to people living under the threat of becoming houseless. They are, for example, people facing possible eviction or people whose lease might expire with no alternative shelter available. The last sub-category of inadequate shelter, **substandard housing**, is more difficult to define. Housing units which fall within these categories are usually inadequate as they do not comply with the human right of housing without, for example, health hazards. However, it should be acknowledged immediately that the definition of what would be sub-standard is highly controversial and culturally, socially,

and regionally bound. It is important to note that the three categories of inadequate shelter overlap, but none include any of the others as a whole. The UNCHS (2000) has also listed a number of aspects as examples of sub-standard housing which will be discussed later.

The value of the above framework as proposed by the UNCHS is that it tries to accommodate the wide range of aspects which relate to the housing challenge. The major problem from a developing world perspective is that the majority of people in these parts of the world reside in inadequate shelter (sub-standard housing; concealed houselessness; risk of houselessness), rather than being physically houseless. The result is that a framework of priorities needs to be set in terms of the forms of inadequate shelter. Prioritising these aspects results in a dispute between the relative importance of better shelter, services, health benefits, the environment, land and tenure to mention but a few. Secondly, understandably this framework, being based on statistics, does not account for people's perceptions of their housing situation. Furthermore, the framework does not, for example, take into consideration the distance between place of employment and the place of residence. When one considers the distorted urbanisation patterns of South Africa, this relationship between place of employment and place of residence becomes extremely important in South Africa.

### **5.2.3 Structural aspects contributing to houselessness**

Although different societies have different definitions, a number of structural and personal aspects have played a major role in contributing to the situation. According to the UNCHS (2000) and UNCHS (1996a) the role of age, gender, family status, children, health (including HIV/AIDS and other sexually transmitted diseases), employment, economic status, and victims of disasters should be investigated. A number of studies worldwide have started to devote attention to some of the above aspects. Gender issues are probably at the top of the list (see, for example, Moser and Peake, 1987; Dandekar 1993). The role of poverty, unemployment, and changing labour markets have also been investigated (UNCHS, 1996b), while some research has also focused on street children (Petal, 1990). The possible impact of HIV/AIDS needs some further discussion as South Africa has an exceptionally high incidence of HIV/AIDS (Whiteside and Sunter, 2000). The question is: what will the implication for housing policy and in this case the construction of a framework for the definition of the housing challenge be? Tomlinson

(2000) maintains that the HIV/AIDS pandemic will change the housing needs of people in South Africa and will therefore also impact on how the housing challenge is viewed. Tomlinson (2000) argues that policy needs to be rethought because HIV/AIDS will lead to lower family incomes and less time available to assist in constructing housing units. Furthermore, it will result in lower population growth rates which will mean that housing planners will no longer necessarily have to account for high population growth. The declining population growth again means that, in certain instances, more emphasis could be placed on quality rather than quantity. Tomlinson (2000) even argues that it should result in a move away from the enabling approach towards more direct provision of housing. Although I cannot necessarily agree with Tomlinson as regards a more direct government provision of housing, the implications of a slowing down of population growth due to the impact of HIV should be taken into account – and will be touched upon again in Chapter Six. However, the possible implications of HIV/AIDS are difficult to determine due to the absence of reliable statistics and research on the topic. Therefore it is only possible to debate the probable impact of HIV/AIDS on housing at a more conceptual level.

#### **5.2.4 Towards a framework for determining priorities in sub-standard housing**

Despite the existence of a framework within which houselessness can be understood, there is virtually no guideline with regard to how the different aspects of sub-standard housing should be viewed. The suggestion of the UNCHS (1996a) (Habitat II) that priorities should be set in terms of the type of housing investment that is necessary, serves to emphasise the need to set priorities.

##### ***5.2.4.1 Housing conditions***

The physical condition of the existing housing stock has long been recognised as probably the most important factor in determining whether housing is acceptable or not. According to Fordham *et al.* (1998), the term ‘house condition’ refers exclusively to the physical nature of the house and not to the relationship between the house and the household occupying it. A number of physical conditions which matter can be listed (see Table 5.1). However, it should immediately be recognised that while it is possible to measure some of the indicators, others are totally subjective and culturally bound.

TABLE 5.1: Aspects of poor housing conditions

Aspects of sub-standard housing	Question to determine the degree to which the housing unit is sub-standard
Shelter	<ul style="list-style-type: none"> <li>• Is the dwelling in disrepair?</li> <li>• Is the dwelling structurally stable?</li> <li>• Does it provide physical security against the elements?</li> <li>• Does it allow for privacy?</li> <li>• Is there enough space?</li> </ul>
Water	<ul style="list-style-type: none"> <li>• Does the dwelling/stand have adequate access to water?</li> <li>• Does the dwelling have access to waterborne sanitation facilities?</li> </ul>
Sanitation	<ul style="list-style-type: none"> <li>• Is adequate sanitation available?</li> </ul>
Energy	<ul style="list-style-type: none"> <li>• Does the dwelling have adequate provision of lighting and heating?</li> </ul>
Stormwater drainage	<ul style="list-style-type: none"> <li>• Is there a draining system in place?</li> </ul>
Refuse removal	<ul style="list-style-type: none"> <li>• Is there a waste management system in place?</li> </ul>
The environment	<ul style="list-style-type: none"> <li>• Is there suitable environmental quality?</li> </ul>
Health	<ul style="list-style-type: none"> <li>• Are there health risks involved?</li> </ul>
Tenure / land	<ul style="list-style-type: none"> <li>• Is there security of tenure?</li> <li>• Is land available for future housing provision?</li> </ul>
Cost	<ul style="list-style-type: none"> <li>• Are there unreasonable housing costs?</li> </ul>

Sources: United Kingdom Department of the Environment, 1993; UNCHS, 2000

Despite the fact that the aspects mentioned and questions asked provided a better understanding of the complexity of sub-standard housing, they do not seem to assist in prioritising the different aspects. In order to be able to develop a framework within which it is possible to develop priorities, some understanding of the consequences of poor housing conditions seems necessary.

#### ***5.2.4.2 The impact of sub-standard housing conditions***

From the available literature it seems that it would be possible to distinguish between five different types of consequences resulting from sub-standard housing conditions, namely, impact on health, impact on the environment, economic impacts, impact on the personal lives of the inhabitants, and aspects inhibiting people from investing in their own housing situation. The emphasis, since the 1990s (see Chapter Two), on sustainability seems here again to come out strongly. The impact of sub-standard housing on each of these aspects is summarised in Table 5.2.

TABLE 5.2: The impact of sub-standard housing on the environment, human health and the personal lives of inhabitants

Type of housing/settlement challenge	Negative consequences
Inadequate access to shelter	<ul style="list-style-type: none"> <li>• Results in exposure to heat, cold, noise, and invasion by dust, rain, insects, and rodents (UNCHS, 1996b).</li> <li>• Inadequate space leads to respiratory infectious diseases, pneumonia, and tuberculosis (Bond, 1999).</li> </ul>
Inadequate access to water	<ul style="list-style-type: none"> <li>• Decrease in life expectancy and increase in underweight children (Potter and Lloyd-Evans, 1998).</li> <li>• Increased cholera and diarrhoea cases (Cubbit, 1995; World Health Organisation, 1999).</li> </ul>
Inadequate access to sanitation	<ul style="list-style-type: none"> <li>• Increase in cholera (UNCHS, 1996b; World Health Organisation, 1999).</li> <li>• Unhealthy environment (UNCHS, 1996b).</li> <li>• Impact on the physical environment (Bond, 1999).</li> <li>• Negative impact on the physical environment (UNCHS, 1996b).</li> </ul>
Inadequate access to energy	<ul style="list-style-type: none"> <li>• Leads to indoor air pollution (UNCHS, 1996b).</li> <li>• Inhibits small business development (Bond, 1999).</li> </ul>
Inadequate access to stormwater drainage	<ul style="list-style-type: none"> <li>• Vulnerable to floods (Bond, 1999)</li> </ul>
Inadequate access to waste removal	<ul style="list-style-type: none"> <li>• Potential increase in diseases (UNCHS, 1996b)</li> <li>• Negative impact on the physical environment (UNCHS, 1996b)</li> </ul>
Inadequate access to tenure/land	<ul style="list-style-type: none"> <li>• Households are not willing to invest in upgrading their housing units</li> </ul>
Unreasonable housing cost	<ul style="list-style-type: none"> <li>• Households cannot afford the services and this impacts negatively of the sustainability of housing and settlements</li> </ul>

The interesting aspect which is not reflected in the table is that a number of the infectious diseases which result from inadequate provision of housing were thought to be under control 25 years ago (World Health Organisation, 1999). However, a large number of new diseases have emerged, in addition to the old diseases which have re-emerged (Garret, 1996). Although the World Health Organisation (1999) recognises that there has been a major decline in health services, as well as other contributing factors, the inadequate provision of **water** and **sanitation** as well as increasing urbanisation are viewed as the main contributing factors. It should immediately be noted that the emphasis is on services, not housing in terms of shelter. In

addition, the provision of adequate water and sanitation has major benefits for women and children (Bond, 1999; World Health Organisation, 1999).

The literature seems to suggest that the priority investment area in poor neighbourhoods should focus on infrastructure as such infrastructure has a large impact on health. Higher levels of infrastructure also lessen the impact on the direct physical environment and decrease spending on public health care (Bond, 1999). The advantages of providing infrastructure are in direct conflict with the approach the Free State province has adopted in emphasising the top structure and thus neglecting the infrastructure (see Chapter 4).

#### **5.2.4.3 Housing need**

Defining 'housing need' is somewhat more complex than defining 'housing condition'. According to Fordham *et al.* (1998) the term can refer to either 'suitable housing' or 'affordable housing'. What is, however, important about the concept of sub-standard housing is now related to the individual and his/her perceptions and financial means. Cultural and societal values are two important factors which impact on what people think they need (Fordham *et al.*, 1998). Fordham *et al.* (1998: 12) articulate the idea: "... the value judgement involved in defining 'overcrowding' and 'insanitary' effectively sets a minimum standard for a decent life".

The distribution of income and wealth are important factors in determining housing need as they might suggest that there are a certain percentage of households which can solve their housing needs, because they have the financial means. However, it might also be possible that poor households cannot even afford or sustain the cheapest housing option available (Wahlroos, 1999). Laquian (1983: 102) summarises this possibility that even the cheapest housing option might be beyond the reach of some households: "A commonly accepted notion is that basic housing policy should be designed for that segment of the population that is neither too poor to afford some form of housing package, nor too rich to require the concessional conditions offered". As we have already seen in Chapter Four, the allocation of housing subsidies in the Free State has favoured the lower income groups with a bearing on the financial sustainability of local authorities and the ability of households to maintain their dwelling units. It, therefore, seems that it is firstly important to identify the households who can afford to solve their housing

need. Secondly, one also needs to identify those households who cannot afford any type of housing intervention and, thirdly, the households who can afford (in different categories) some form of housing intervention.

#### ***5.2.4.4 Assessing the implications***

From the above analysis it seems that housing is much more than just shelter or the physical structure. At the same time one needs to acknowledge that any statement on a housing backlog needs to take into account all of these factors (as discussed). Even then, one needs to acknowledge that there are aspects of the housing challenge which are impossible to account for in terms of statistics. The unreliability of housing statistics raises the following aspects with regard to how one should/could define the housing backlog in South Africa and the Free State.

Is there a housing challenge in South Africa or the Free State? According to Dickenson *et al.* (1996) and Hardoy and Satterthwaite (1997) it has become the norm that more than 30% of an entire city's population might live in houses and neighbourhoods that have developed illegally (informally). If this is accepted, the percentage of 17,9% of urban households in the Free State residing in informal dwelling units does not seem to be abnormal (Statistics South Africa, 1998). Is everybody who resides in informal settlements part of the housing challenge? For example, are all slums and squatter areas sub-standard? Laquian (1983) argues that there is substantial evidence that there are houses of good quality in informal settlements, while there are also houses which are sub-standard in formal settlement areas. At the same time, it is possible that people in informal settlements might be able to afford better housing without government assistance.

Can one prioritise aspects of the housing challenge? For example, which is the most important aspect of housing – services, shelter, tenure (land), amenities, or access to employment? As already argued, it seems that for a large percentage of households in informal settlements access to tenure and services seems to be more important than access to shelter. The limited value of shelter also leaves a number of other questions. For example, how does one treat backyard shacks, or account for aspects of circular migration which influence the way one could look at the housing challenge.

From the above discussion it is probably safe to conclude that the concept of housing needs and the perceptions surrounding housing needs, housing backlogs, and homelessness are all relative. At the same time it should also be acknowledged that, in order to be able to plan effectively, some framework for the housing situation should exist. Also, one needs to acknowledge that if the challenge is so diverse, no single housing strategy would be likely to solve the situation. In fact, both Turner (1988) and Mills (1993) question whether there actually is a solution.

### **5.3 THE FISCAL REALITIES IN SOUTH AFRICA AND THE FREE STATE**

In the above discussions, the problems, limitations, and usefulness of determining the nature of the housing challenge were assessed. One of the aspects mentioned was the financial capacity of the state to resolve the challenge. Before analysing the nature of the housing challenge in the Free State, an assessment of the fiscal limitations is vital.

One of the fundamental assumptions stated in the previous section is that a housing policy framework should accept the fiscal realities of a particular country. It is accepted that a country with the development profile of South Africa should spend approximately 5% of its national budget on housing – as argued by the NHF and analysed in Chapter Three. Although South Africa has not managed to raise the spending levels to 5%, they increased from 1,8% in 1993 to 4,2% in 1999/2000. In order to understand the fiscal realities and to assess the implications for the Free State, this section will firstly provide an overview of the growth of the housing budget since 1994 (see Figure 5.3). This financial overview will be followed by an analysis of the amount available for subsidised housing in the Free State.

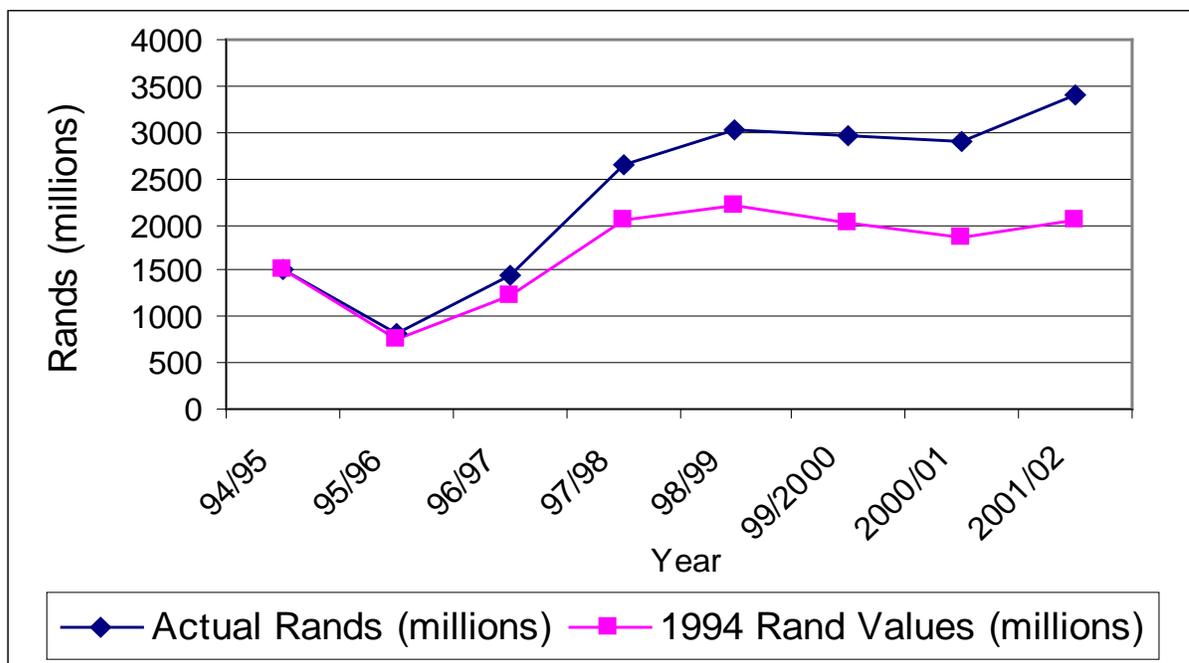


FIGURE 5.3: The South African housing budget, 1994/1995 – 2001/2002 (Source: Housing in Southern Africa, 1999: 44)

Despite an initial increase, the budget allocated to housing has stabilised since the 1997/1998 financial year. The question now is how many subsidies the national allocation could provide to the Free State. Table 5.3 attempts to assess the number of subsidies available to the Free State based on the fact that the Free State has approximately 6,5% of the South African population.

TABLE 5.3: Subsidies available in South Africa and the Free State, 1999/2000 – 2001/2002

Year	Number of R16 000 subsidies available on a national scale	Estimated number of subsidies available for the Free State (R16 000 subsidies)
1999/2000	186 000	12 090
2000/2001	169 000	10 985
2001/2002	184 000	11 960

Source: Housing in Southern Africa, 1999: 44

From Table 5.3 it seems as if the Free State had approximately 35 000 subsidies (R16 000 per subsidy) available for the period 1999/2000 – 2001/2002 or approximately 12 000 per annum. It is, however, possible to increase the number of subsidies by reducing the amount of the subsidy

and making it credit linked. Bearing these realities in mind, the question is: What is the extent of the housing challenge in Free State?

#### **5.4 THE HOUSING CHALLENGE IN THE FREE STATE**

In Section 5.2, inadequate housing was divided into concealed houselessness, risk of houselessness and sub-standard housing. The emphasis in the remainder of Section 5.2 fell on sub-standard housing. The reason for that was that sub-standard housing is probably the most important part of the housing challenge in the Free State. This does not mean that concealed houselessness and risk of houselessness do not exist. It is virtually impossible to determine from statistics the risk for houselessness as it is something which can only be determined by means of an in-depth investigation into a specific settlement. Where relevant, reference will be made to concealed houselessness. Therefore, the focus in the assessment of the Free State will be on sub-standard housing. Although it is impossible to assess all the aspects (due to a lack of information), attention will be devoted to the following: physical housing condition, access to water, access to sanitation, access to energy, and refuse removal. The implications for land and land tenure will be assessed in an integrated manner. The discussion of these physical aspects will be followed by an assessment of aspects of affordability in the effect of low-income on the attributes of settlements. It is important to note that the total figures for the different tables in this Chapter and Chapter Six do not always correspond. The figures for the different tables were received from the database of Statistics South Africa (1998). However, the differences are not so marked that they will cause any problems for the statistical analysis conducted in this section.

##### **5.4.1 Physical housing conditions**

Although an assessment of housing conditions should stretch beyond the physical nature of housing units it may be a good starting point. Table 5.4 provides an overview of the types of housing units.

TABLE 5.4: The physical nature of housing units in the Free State in comparison with the rest of South Africa, 1996

Type of house	Housing units in Free State (n)	Free State (%)	SA (%)
House on separate stand	328 804	52,7	47,7
Traditional dwelling	63 982	10,3	18,2
<b>FLAT IN BLOCK OF FLATS</b>	13 654	2,2	5,1
Town/cluster/semi-detached house	12 641	2,0	4,2
Unit in retirement village	1 935	0,3	0,5
House/flat/room in backyard	25 812	4,1	5,3
Informal dwelling / shack in backyard	50 705	8,1	4,5
Informal dwelling/shack elsewhere	112 167	17,9	11,6
Room/flat let on shared property	7 755	1,2	1,5
Caravan / tent	798	0,1	0,2
None / homeless	167	0,001	0,03
Unspecified / other	7 099	1,1	1,2
<b>Total</b>	<b>625 519</b>	<b>100,0</b>	<b>100,0</b>

Source: Statistics South Africa, 1998

From Table 5.4 it would seem that homeless households are almost non-existent. Only 0,001% of households fall into the homeless category. However, one needs to acknowledge that by the way in which a census is structured, probably makes it difficult to reach all homeless people. These statistics seem to confirm certain viewpoints to the effect that there is no housing problem. However, before such a simplistic conclusion is reached, it is important to gain an understanding of the factors that influence the physical nature of housing structures in the Free State.

The relatively high percentage of households in the Free State who reside in informal housing units on separate stands is significant (17,9%). The existence of informal settlements is probably the dimension which most visibly reflects the housing challenge in South Africa. The Free State seems to have a higher percentage of households which reside in informal housing units than that which is the average in South Africa (11,6%). On the other side of the scale, the Free State also has a higher than average percentage of formal housing units. The number of households that reside in informal housing units in backyards in the Free State are also more than the average percentage for South Africa. One could probably attribute these trends to the lower-than-average levels of traditional housing resulting from the higher levels of urbanisation

in the Free State (69,3% versus 52% at the national level in 1996). Although backyard shacks could play a positive role in increasing settlement densities, and should not necessarily be seen as part of the housing challenge (Gilbert, *et al.*, 1997), they are also in some cases examples of concealed houselessness. This concealed houselessness lies in the fact that, if land is not made available for new housing developments this form of housing usually increases.

Bearing in mind the above assessment of the housing problem, it will also be important to assess the attributes of the households residing in informal housing units. Although, this section will only touch on a selective number of attributes, they are nevertheless worth mentioning. From the available statistics it seems as if gender plays an important role. Thus, female-headed households seem more likely to occupy informal housing units. The figures from the 1996 census indicate that 19,9% of female-headed households reside in informal housing units compared with 16,9% of male-headed households. The same trend is also visible in terms of backyard shacks, as 9,4% of female households reside in this type of housing unit compared with 7,4% of male-headed households. The converse also seems to be true, as there are more male-headed households in formal houses than female-headed households.

Interesting trends in terms of age structure are also visible from the data. It also seems, from the statistics, as if informal dwellings in backyards, as well as other informal dwellings, are occupied by younger households (see Figure 5.4).

The occupation of informal housing units by younger households can be attributed to a number of possibilities. Firstly, one needs to acknowledge that the large-scale public housing programmes which provided formal housing during the 1960s, might mean that the heads of such households could be older than those in the new housing stock provided within the last decade. Another interpretation is that the above figure could be an indication that people have actually consolidated their housing structures over time and that the older people might have had more time to upgrade. Furthermore, it is probably also an indication of the lack of housing provision opportunities to the growing population of South Africa - an aspect already identified by Botes *et al.* (1991).

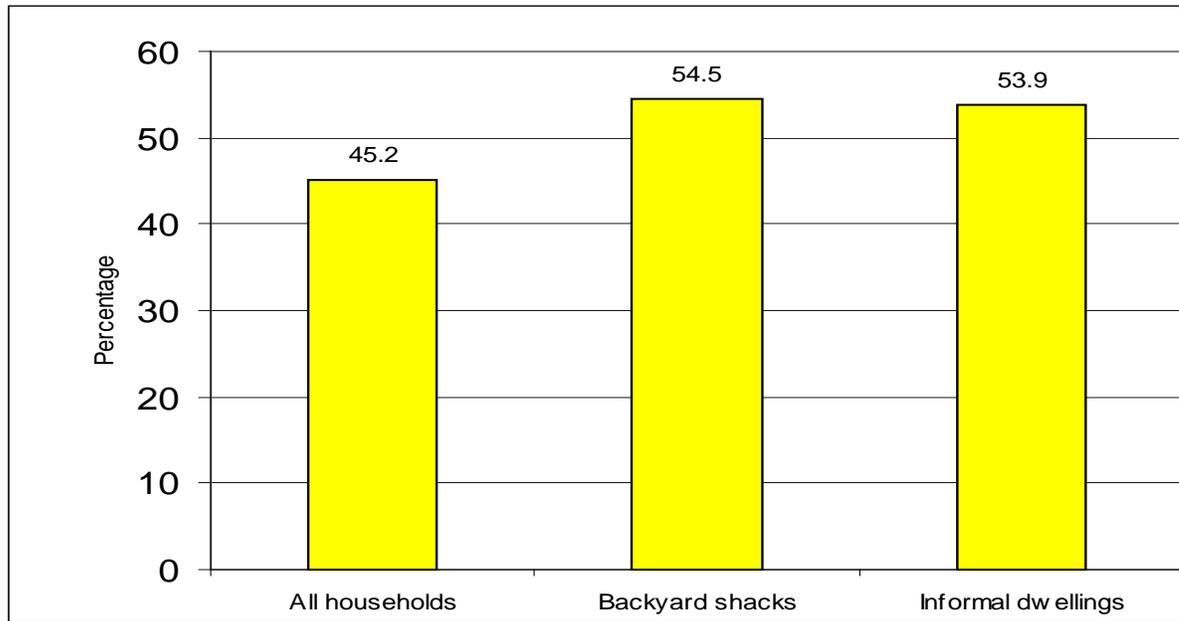


FIGURE 5.4: The percentage of heads of households younger than 35 years for all households, households living in backyard shacks, and households in informal dwelling units in the Free State, 1996 (Source: Statistics South Africa, 1998)

A third dimension has become apparent in the Free State in that a larger percentage of families with migrant workers live in informal housing units than households which do not have migrant workers. For example, 24,5% of migrant worker families reside in informal housing units in the Free State. This percentage for households with migrant workers residing in informal housing units is therefore markedly higher than the average of 17,9% in the Free State. The same trend is also visible with regard to backyard shacks, as the average for the Free State is 8,1%, while the average for households with a migrant worker is 11,0%. A possible reason for the higher percentage of migrant workers in backyard shacks is that households have two houses to maintain and that they do not want to invest in both. The presence of a second home is especially prevalent in the Western Cape (Gilbert *et al.*, 1997). The fact that a migrant worker, as well as a specific household, resides in an informal settlement, might also be an indication of possible future mobility. Therefore, housing investment will probably not be a high priority. The implication for policy might be that not all informal housing units should be viewed as part of the housing challenge, as, for some households, this form of housing is only temporary.

This analysis of the situation in the Free State further underscores the argument mentioned earlier in this chapter, namely that using the physical feature of a housing unit might only provide a limited basis whence to develop a framework for assessing the concept of a housing backlog. Secondly, if it is accepted that approximately 112 000 households (those in informal settlements elsewhere) are in need of housing assistance, then the need exceeds the availability of funds (approximately 35 000 subsidies for the period 1999/2000 – 2001/2002). Thirdly, the housing need in terms of demographic attributes clearly indicates that informal housing units tend to be residence to women-headed households and to young households, as well households that are linked to migrant workers. Although, the statistics on the type of housing units provide a fairly good idea of the housing challenge, it also seems that an actual assessment of the housing problem is far more complex. The focus will now shift to some of the other variables which should be considered.

#### **5.4.2 Access to water**

One aspect which should certainly be added to the issue of housing structure is the availability of water. In this section attention will be devoted to the access to water per household in the Free State. As already seen earlier in this chapter, access to safe water has major health benefits as well as benefits to the physical environment. Furthermore, if the availability of water could be linked to the type of housing unit it is also possible to estimate the number of informal dwellings in informal settlements. An estimate of the number of households residing in informal housing settlements is important for two reasons. First of all, it probably gives an indication of the most severe settlement scenario. Secondly, considering the absence of informal settlement upgrading by means of the housing subsidy (see Chapter Four) it has a bearing on the way the housing subsidy is utilised. Such an estimate can be made on the assumption that the first service provided to informal settlements is usually access to a public tap. Therefore, if the number of people in informal housing units with access to a public tap is taken the number of households in informal housing settlements can be estimated. Such an estimate should, however, also take into account that a limited number of houses in these informal settlements might be formalised – meaning that the actual number might be marginally more. Table 5.5 reflects the level of water services available to the households in the Free State.

TABLE 5.5: Method of water supply per household in the Free State, 1996

Type of connection to main water supply per household	Free State (n)	Free State (%)	South Africa (%)
Piped water in dwelling	251 055	40,2	43,9
Piped water on site or in yard	187 214	30,0	16,5
Public tap	149 488	23,8	19,5
Water carrier/tanker	4 768	0,8	1,2
Borehole/rain water tank/well	20 536	3,3	4,9
Dam/river/stream/spring	5 479	0,9	12,3
Unspecified/other	6 471	1,0	1,7
Total	625 011	100,0	100,0

Source: Statistics South Africa, 1998

From Table 5.5 it seems that approximately 70% of households in the Free State have water inside their houses or on the stand, while 23,8% or nearly 150 000 households are dependent on a communal tap for access to water. Most of these households are probably located in the former homeland areas such as Qwaqwa, Thaba 'Nchu and Botshabelo. No indication is provided regarding the distance to the communal tap. Although the Free State has a smaller percentage of households with piped water in the dwelling than the average for South Africa, the province also has a smaller percentage of households dependent on dams, rivers, streams, and springs – a phenomenon which is considerably more common in a rural province like Kwazulu-Natal. These four sources of water, as well as a water carrier, tanker, borehole, rainwater from a tank and well, probably refer to rural areas. It is difficult to determine the quality of water provided in this manner. In terms of the first three categories in the table the large number of people dependent on communal taps is probably that area which raises the most concern. In order to gain a broader understanding of the situation, the method of water provision is linked to the type of housing unit (see Figure 5.5).

With reference to water provision to the four different housing types in Figure 5.5, it is evident that informal dwellings and traditional dwellings have the highest percentage of access to public taps (45,5% and 47,8% respectively). The high percentage of traditional units with a communal tap can be related to the rural nature of most of these dwellings. Furthermore, it seems that

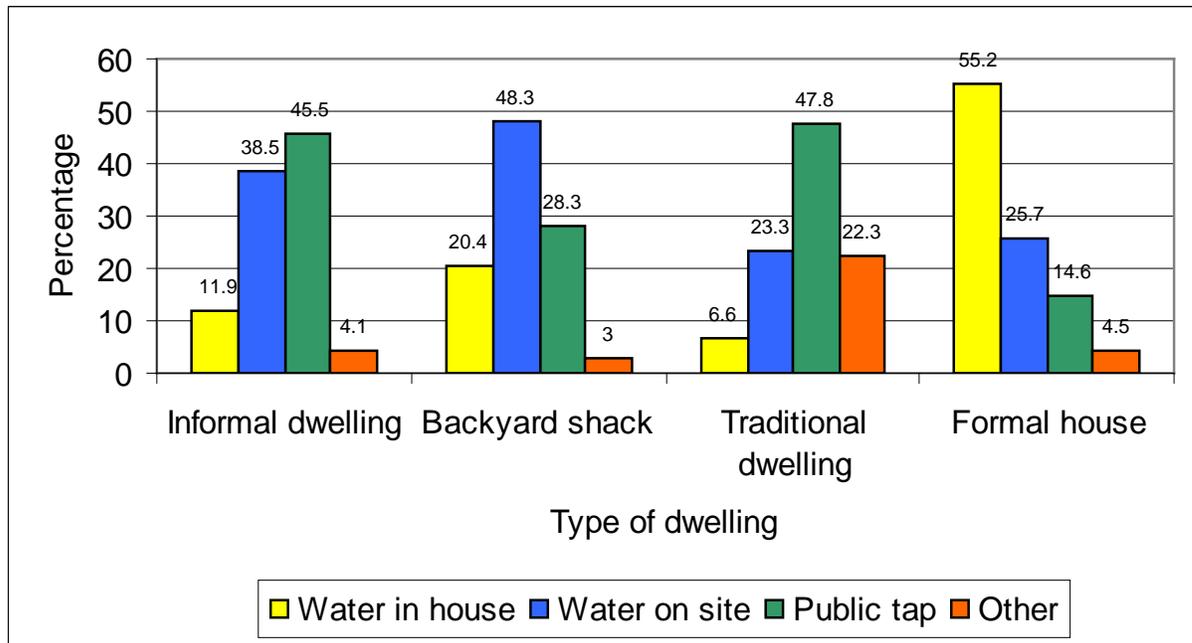


FIGURE 5.5: The method of water provision per type of dwelling unit in the Free State, 1996 (Source: Statistics South Africa, 1998)

14,6% of households residing in formal housing units, access water by means of a public tap. The same contradiction holds true for informal housing units, where nearly 50% of these households have water neither on their stands nor in their houses. Therefore, it may be concluded that although there is a relationship between an informal housing unit and water from a communal tap, a large number of households in formal housing units access their water supply from communal taps.

Furthermore, it has been mentioned earlier in this section that those informal housing units which have public or no access to water might provide an indication of the number of households residing in informal housing units. Considering the statistics that approximately 50% of all informal housing units do not have access to water in their housing units or on the stand, it would mean that approximately 56 000 households in the Free State reside in informal settlements without services.

The following question now arises. What is the priority in terms of the housing and settlement environment - a formal house with a public tap for access to water or an informal house with water on the stand? The evidence earlier in this chapter suggests that the lack of infrastructure

(in this case water) has more serious consequences for health and the environment. Prioritising infrastructural aspects such as water is also in line with the emphasis on sustainable settlements (emphasised in Chapter Two), as well as World Bank thinking (see Chapter Two). However, such a priority is in conflict with the approach followed in the Free State where infrastructure was neglected in favour of the top structure. In fact, the policy in the Free State has resulted in houses being built on planned stands with services while *in situ* upgrading and greenfield developments have been neglected (see Chapter Four). Although water is one of the more important infrastructural aspects, an assessment of the other aspects is also important. Therefore, the emphasis will now shift to the availability of sanitation.

### 5.4.3 Access to sanitation

Access to sanitation has already been outlined in the earlier sections of this chapter as an important aspect to be considered in respect of the current housing conditions. Like water, the availability of sanitation also has health benefits, as well as advantages in terms of impact on the environment. The possible negative impact on the environment due to low levels of sanitation is probably bigger than the absence of water. This is so because as pit systems usually have a negative impact on groundwater while the absence of an appropriate system usually has negative health impacts (Bond, 1999). Table 5.6 reflects on the access to sanitation in the Free State in comparison with the national figures.

TABLE 5.6: Access to sanitation in the Free State in comparison with South Africa, 1996

Type of sanitation system for housing units	Free State (n)	Free State (%)	South Africa (%)
Flush or chemical toilet	282 116	45,1	50,3
Pit latrine*	157 183	25,1	32,2
Bucket latrine	128 890	20,6	4,6
None	55 018	8,9	12,3
Unspecified / other	1 804	0,3	0,6
Total	625 011	100,0	100,0

\* Although it is possible to distinguish between a pit latrine constructed by the households and a ventilated pit latrine, the census data does not make this distinction.

Source: Statistics South Africa, 1998

In terms of access to flush and chemical toilets, Table 5.6 reveals that the percentage in the Free State is approximately 5% less than the national average. The percentage of households with

access to bucket latrines in the Free State is considerably higher than that of South Africa while pit latrines are somewhat lower than the national average. In general, it seems as if the access to sanitation is somewhat lower than at the national level. Bearing in mind that the Free State has this lower level of sanitation, it is further alarming that the existing delivery has neglected infrastructure in favour of the top structures (see Chapter Four).

Considering the relationship between access to sanitation and the type of housing unit, it seems that the lowest levels of access to flush sanitation are recorded in informal and traditional dwellings (see Figure 5.6).

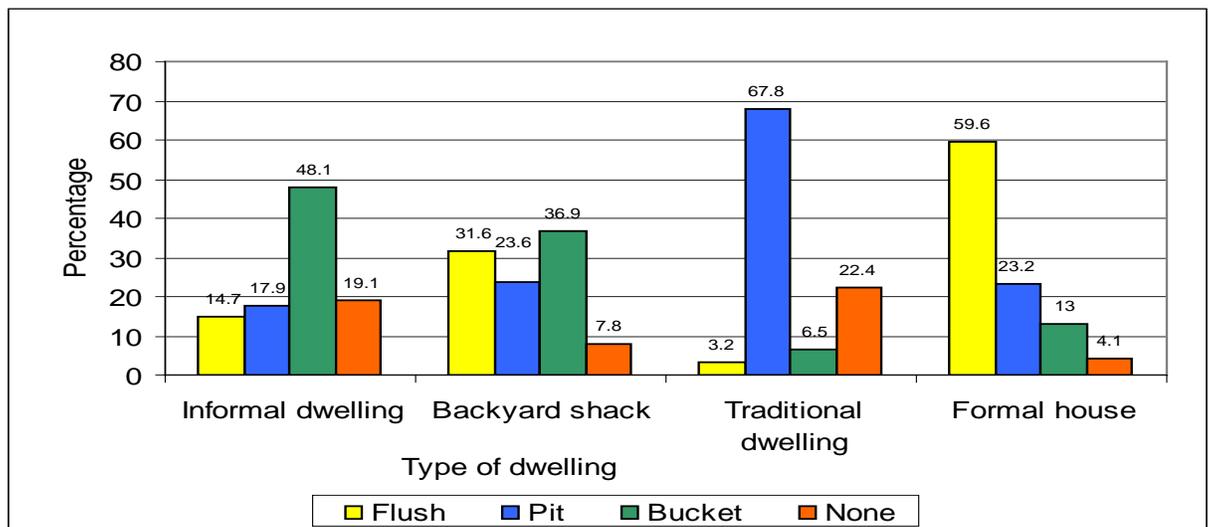


FIGURE 5.6: The type of sanitation for informal dwellings, backyard shacks, traditional dwellings, and formal houses in the Free State, 1996 (Source: Statistics South Africa, 1998)

It is further evident from Figure 5.6 that traditional dwellings also have a relatively high percentage of access to pit latrines (67,8%) and this probably reflects the nature of rural sanitation. The highest percentage of access to flush toilets is to be found in formal housing units (59,6%). However, the relatively high percentage of formal housing units with pit (23,2%), bucket (13%), or no sanitation whatever (4,1%), is also noteworthy. This once again confirms that formal housing units cannot simply be seen as not being part of the problem. At the same time there are also 14,7% of the informal housing units which do have flush

sanitation. Once again specific priorities need to be determined. Will the focus be on formal housing units without sanitation, or on informal housing units with proper sanitation? Furthermore, the relative importance of the fact that traditional dwellings have poor access to sanitation also needs to be determined. As the traditional dwellings are mainly based in rural areas, this has a regional implication in terms of urban *versus* rural priorities and will be assessed in greater detail in Chapter Six.

Again, the statistics indicate the complex nature of the problem and also suggest that the regional location of housing will also affect the way in which to address the situation – for example differences in priorities between urban and rural areas (see Chapter Six).

#### **5.4.4 Access to energy**

As already noted the access to energy could have important environmental and health advantages and is an important component to consider when an assessment of the housing challenge is conducted. Although the access to energy will not be assessed in terms of the housing types, it is nevertheless important in considering the housing problem in order to understand the broader picture. However, assessing the access to energy is somewhat complicated. The census figures make distinctions in terms of access to, and the utilisation of, different energy sources for lighting, heating, and cooking. Yet, it is assumed in this section that an assessment of access to lighting does provide an indication of those households with access to electricity. This is assumed as the utilisation of energy for lighting is the highest.

By comparison, 58,1% of the households on a national level utilise electricity for lighting compared to 58% in the Free State. However, the utilisation of electricity for heating and cooking in the Free State is less than the national level. Nationally, 46,4% and 47,4% of households use electricity for heating and cooking respectively, in comparison with 39% and 42% in the Free State. It is also interesting to note that, when lighting, cooking and heating is compared more households use electricity for lighting, less for cooking and even less for heating. This decrease in the use of electricity is probably due to the expense of electricity. It also suggests that providing electricity will not necessarily reduce the quantity of wood and coal used to heat and cook as the latter might be both cheaper and more acceptable. It can be

concluded that 58% of the households in the Free State have access to electricity, but 19% fewer households use it for heating compared to lighting. These trends with regard to electricity further emphasise the need to move away from sectoral analyses to understanding the implications of sustainable development.

#### 5.4.5 Refuse removal

As indicated in Section 5.2, refuse removal has a major effect on the settlement environment. However, the main reason in considering access to refuse removal is to get a more precise overview of informal settlements. The assumption here is that those informal housing units where no refuse removal takes place reflect to a large extent the existence of informal housing settlements where land is invaded and where the municipality cannot keep track of the resulting urban sprawl. Because the refuse lands in streams the lack of refuse removal has especially health and environmental consequences. Despite the fact that a household might manage its own refuse dump effectively, the reality is that effective management of an own refuse dump takes place only in a limited number of cases. Table 5.7 compares the situation in the Free State with the national situation.

TABLE 5.7: Access to refuse removal in the Free State in comparison with South Africa, 1996

Access to refuse removal	Free State (n)	Free State (%)	South Africa (%)
Removed by Local Authority at least once a week	377 378	61,0	52,2
Removed by Local Authority less often	25 688	4,2	2,3
Communal refuse dump	26 745	4,3	3,2
Own refuse dump	153 419	24,8	32,7
No refuse dump	35 121	5,7	9,6
Total	618 350	100,0	100,0

Source: Statistics South Africa, 1998

In terms of refuse removal as reflected in Table 5.7 above, 61% of the households in the Free State have refuse removed at least once a week compared to 52,2% at the national level. It also seems that there is a higher percentage of households at the national level with no refuse removal, or with their own refuse dump. It will also be worthwhile to compare the type of housing units which have access to refuse removal (see Figure 5.7).

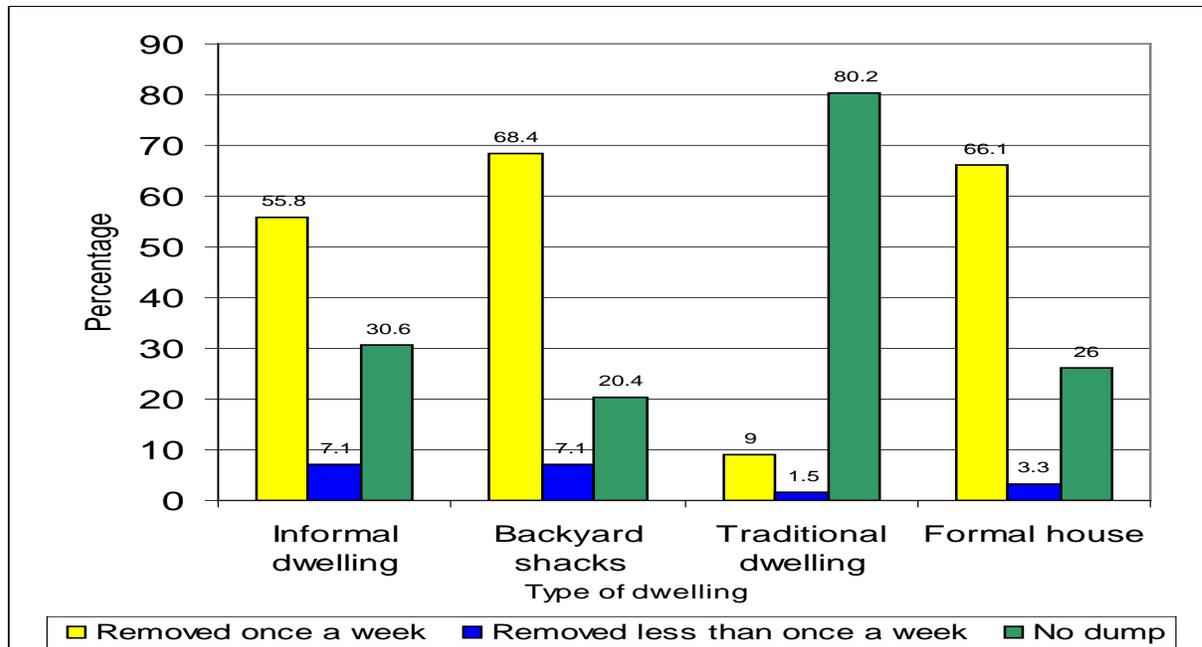


FIGURE 5.7: A comparison of the availability of refuse removal in informal dwellings, backyard shacks, traditional dwellings and formal housing units in the Free State, 1996 (Source: Statistics South Africa, 1998)

Once again, the highest percentage for lack of refuse removal is closely linked to traditional dwellings in rural areas where approximately 80% of the households have no access to refuse removal. Of the remainder of housing types it is the informal dwelling units which seem to have the biggest problems in respect of refuse removal. Although the regional importance of the problem will be discussed in Chapter Six, the possible environmental impact of the problem is highly dependent on the density of these settlements (Camagni *et al.*, 1998). The denser the settlements with the informal or traditional dwelling units, the higher the health and environmental risk. It is interesting to note that backyard dwellings seem to be in a better position in terms of refuse removal than formal housing units. This further reiterates the fact that one cannot simply assume that a backyard shack is part of the problem.

The above aspects have all indicated some of the problems of inadequate housing in the Free State. They have also provided an overview of the dynamics of the housing challenge in the Free State in relation to that at the national level. This assessment of inadequate housing in the Free State further emphasises the complex nature of the concept.

## 5.5 INCOME PATTERNS AND AFFORDABILITY

The above sections analysed the nature and dynamics of the housing challenge. However, the question of housing need which arises from a lack of financial means has, thus far, not been assessed. Assessing income patterns has two conflicting aims. In the first place, such an assessment would probably provide an overview of the need to subsidise as it will indicate those households which would find it very difficult to contribute financially towards their housing. However, at the same time, it might also be an indication of households which might not even be able to afford to receive a subsidy, as they would not be able to contribute to ensure financially sustainable settlements by paying for their service fees and land tax. Table 5.8 provides an overview of the situation in the Free State.

TABLE 5.8: Monthly household income in the Free State, 1996

<b>Income</b>	<b>No income</b>	<b>R1 – R 1 500</b>	<b>R1 501 – R3 000</b>	<b>More than R3 000</b>	<b>Total</b>
<b>Number of households</b>	70 579	350 112	52 510	110 310	583 511
<b>Percentage</b>	12,1	60,0	9,0	18,9	100,0
<b>Cumulative percentage</b>	12,1	72,1	81,1	100,0	100,0

Source: Statistics South Africa, 1998

Although the impact of socio-economic networks is not reflected in the data, it is evident from Table 5.8 that an extremely high percentage of households will need some housing assistance. According to Table 5.8, 12,1% of all households have no income, while 72,1% have an income of less than R1 500 per month. It can probably be assumed that of those households with no income, a large percentage would be unable to pay land tax and service fees. It is more difficult to make such assumptions with regard to the remainder of the population. Table 5.9 assesses the influence of income on the housing problem.

TABLE 5.9: The impact of household income (earning less than R1 500 per month) on the aspects of inadequate housing in the Free State, 1996

<b>Attributes of households earning less than R1 500 per month</b>	<b>Number earning less than R 1 500</b>	<b>Total number of households per category</b>	<b>Percentage of total number of households earning less than R1 500</b>
Households in informal dwellings	61 467	121 118	54,8
Households with public water tap access	84 740	149 557	58,7
Households with no sanitation access	35 561	54 961	64,5
Households with no electricity access	155 769	264 770	58,8
Households with no refuse removal	120 721	215 631	55,9

Source: Statistics South Africa, 1998

Before any conclusions can be drawn, it should be emphasised that, in the above table, the differences in terms of the impact of income on the aspects of the settlement and housing challenges are not extreme. However, it should be noted that the impact on income seems to be the lowest for the type of housing unit (something which the households themselves can do something about) and the highest for a form of sanitation (something the households cannot, from a technical point of view, provide for themselves). The most prominent conclusion which can be drawn from the data is that income is not the only aspect which determines the type of housing units. However, the lack of income probably has a greater impact on the level of access to services.

## **5.6 CONCLUSION**

In the opening paragraph, the aim of the chapter was set as determining the profile of an end-beneficiary, as well as what such an end-beneficiary should receive. With this aim in mind, the chapter assessed the implications of housing as a right, the problems associated with defining housing backlogs, and theoretical discussions on the dynamics of inadequate housing. The point was made that the provision of adequate infrastructure is probably the most important part of housing, as it has a larger impact on the progress of human health and the quality of the physical environment. This section was followed by an assessment of the financial constraints in South Africa and the Free State, an in-depth analysis of the dynamics of the housing challenge in the Free State and also an assessment of affordability. The following conclusions are central in determining the type of approach needed to address the aim set for this chapter:

- The housing challenge is complex and multifaceted. Some of the aspects entailed in the housing challenge are not measurable.
- The complexity of the housing challenge also suggests that the Free State does not have a housing challenge *per se*. The problem that exists is rather more of a settlement dilemma than an exclusively housing problem. The question whether the current sectoral-based housing subsidy should be linked to individuals or to settlements therefore pushes to the fore. In this regard, I would like to agree with Hamdi (1995) that sectoral-based housing policies will not necessarily help to address the housing challenge. A much more flexible system, by means of which it will be possible for the local government to determine the priorities of settlements, is surely needed.
- The manner in which the housing challenge was addressed in the Free State (see Chapter Four) emphasising the construction of houses of 40m<sup>2</sup>, does not acknowledge the dimensions of the problem discussed in this chapter. The Free State housing policy has, in actual fact, in most instances only addressed one aspect of the settlement dilemma, namely the need for standardised shelter. A settlement approach to the housing dilemma would also enable local settlements to directly address specific needs.
- The emphasis on the size of the housing structure in the Free State has negatively impacted on the levels of infrastructure provision (see Chapter Four). This emphasis, at the cost of infrastructure provision, seems to make no sense from a public health point of view as proposed by the World Health Organisation (1999).
- Priorities need to be set with regard to the type of investment needed as the problem outstrips the financial means to address it. There is simply no quick-fix solution: The question is what type of investment - in terms of infrastructure and in terms of the balance between infrastructure and the top structure - is a priority.
- In terms of housing need, the statistics reveal a major need in rural areas where the majority of traditional housing units are. However, as I shall debate in the next chapter, the question could be asked whether housing need should be the only determining factor for the regional allocation of housing and settlement funds.
- Specific guidelines are necessary to distinguish between urban and rural need.

The above discussion emphasised the sectoral way of thinking if the housing challenge were merely addressed in terms of housing indicators. It is my opinion that more emphasis should be placed on the aspects of settlement management and settlement sustainability in order to gain a broader understanding of the challenges and the approach in which to address them. Figure 5.8 provides an overview of the way in which the housing problem was assessed in this chapter.

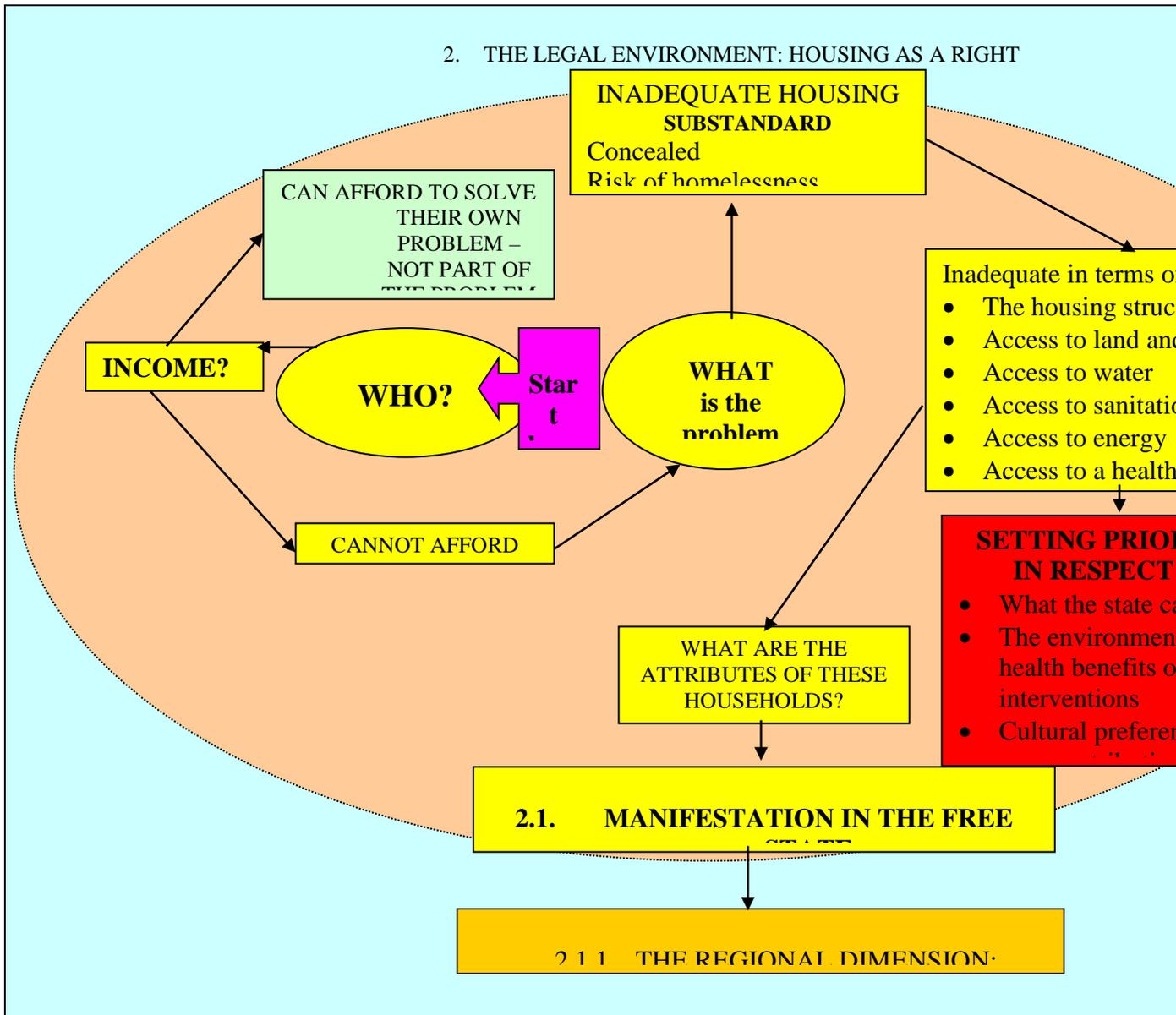


FIGURE 5.8: An overview of the housing problem as assessed in Chapter Five

## CHAPTER SIX: CONSIDERING THE REGIONAL LOCATION OF LOW-INCOME HOUSING IN THE FREE STATE

*“... is it enough for the new government simply to improve the housing conditions of these disadvantaged groups when their poverty is caused by their lack of access to urban jobs” (Crankshaw and Parnell, 1996: 234).*

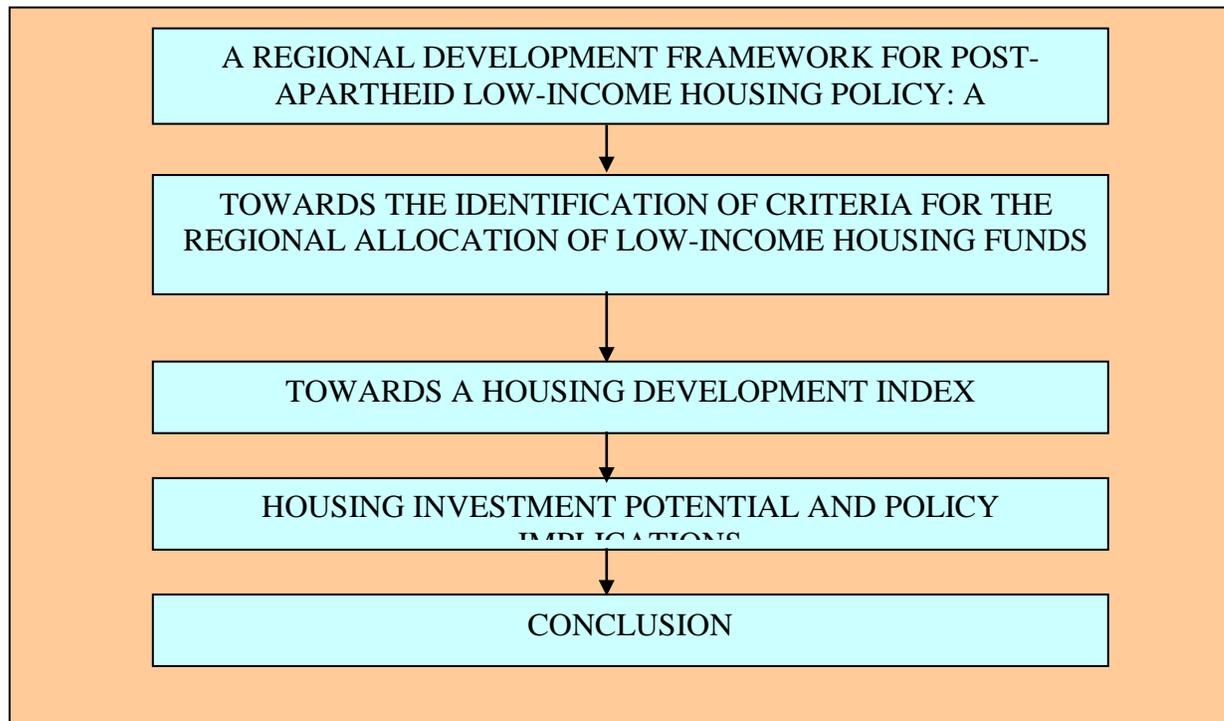
The previous chapter assessed the questions *who* and *what* posed in this thesis. These two questions can, however, not be separated from the regional location of investment in low-income housing. In fact, housing need has specific regional attributes to be accounted for. At the same time, it was indicated that the aspect of location, as far as it concerns low-income housing investment, has been handled either vaguely or neglected totally by international and post-1990 policies in South Africa (see Chapter Three). Despite this apparent neutrality on regional matters regarding the delivery of low-income housing, it was argued in Chapter Four that, in reality, the allocation, approval and delivery of subsidies for low-income housing favoured small towns (especially during the first five years) while neglecting bigger cities in the Free State. Considering the limited guidelines to guide the allocation of housing investment at the regional level, as well as the realities of regional allocation explained in Chapter Four, it is pivotal to develop a framework, which could guide the regional allocation of investment in low-income housing.

With regard to the delivery of low-income housing in the North West Province, Lewis (1995b: 4) argues, “We are determined that houses are to be built in the right places”. The same sentiments have also been noted by other researchers with regard to the importance of a regional framework for the investment of public spending. (UNCHS, 1987; CDE, 1996; Crankshaw and Parnell, 1996; Bernstein, 1998; May and Rogerson, 2000; Cross, 2001). At the same time, some guidelines have also been published by the Government in terms of the National Spatial Development Perspective (NSDP) – although this is not yet formal government policy (Republic of South Africa, 2003). However, limited research has been done on the regional impact of public policies, as well as the criteria and frameworks to guide such a strategy. In other words, according to which criteria are the ‘right places’ to be determined? Most frameworks for

regional development and regional development plans in LDCs focus on the stimulation of economic activities (see, for example, Doan, 1995). This usually has the effect that they neglect sectoral social investment (e.g., housing) from the public sector. On the other hand, the European Union focuses very much on those areas in need, for example, regions whose development is lagging behind, areas in industrial decline, areas with high levels of unemployment, areas which are threatened by changing economic patterns, vulnerable areas with low socio-economic development levels and areas with low population density (European Union, 1996). The question therefore is: Which criteria should guide the location of low-income housing investment in a particular area? The CDE (1996: 94) asks the same question regarding infrastructure (and this could also be applicable to housing) in the following words: “How will central government money for infrastructure be channelled into the cities/towns, and what are the criteria on which limited resources will be allocated?”

Two contrasting aspects could determine the regional allocation of funds for low-income housing. In the first instance, a welfare approach, where housing need is the essential indicator, would lead to low-income housing investment in areas of the greatest need. In contrast to this welfare approach, an approach that is more oriented towards investment will lead to low-income housing investment in areas where it could have synergy or support funding by the private sector. As this study is embedded in the framework of the urban management paradigm, I shall attempt to put forward a framework which takes into account principles from both these two opposing frameworks, as well as demographic and urbanisation trends. Furthermore, this housing investment framework might differ considerably from investments by departments such as Social Development and Labour (skills development) where need might be a more important consideration – an argument also supported in the NSDP (Republic of South Africa, 2003).

In order to reach the above-mentioned aim, the chapter unfolds as follows (see Figure 6.1): Firstly, the chapter will consider existing literature with regard to the regional allocation of development funding. Secondly, possible criteria for the regional allocation of funds for low-income housing are identified. The suggested framework is then, thirdly, applied by means of a housing development index. Finally, the housing potential and policy implications are assessed.



**FIGURE 6.1: Outline of Chapter Six**

## 6.1 A REGIONAL DEVELOPMENT FRAMEWORK FOR POST-APARTHEID LOW-INCOME HOUSING POLICY

Despite the inherently regional dimensions of apartheid planning (Christopher, 1994) and a great deal of emphasis on spatial and regionally-related processes and plans such as IDPs, LDOs and Regional Development Initiatives during the post-1994 era, research on regional planning since 1994 has received only limited attention. Furthermore, the NSDP also mentions that very few government departments have paid attention to this dimension (Republic of South Africa, 2003). This is strange, considering the apartheid history as well as efforts in this regard in other parts of the world (Republic of South Africa, 2003) - specifically the European Union (European Union, 1994). In the Free State this has not yet resulted in a comprehensive regional plan for the province. Of the available work, that of the CDE (1996), Crankshaw and Parnell (1996), Kitchin (1997), Bernstein (1998), Marais and Krige (1999; 2000), May and Rogerson (2000), and Cross

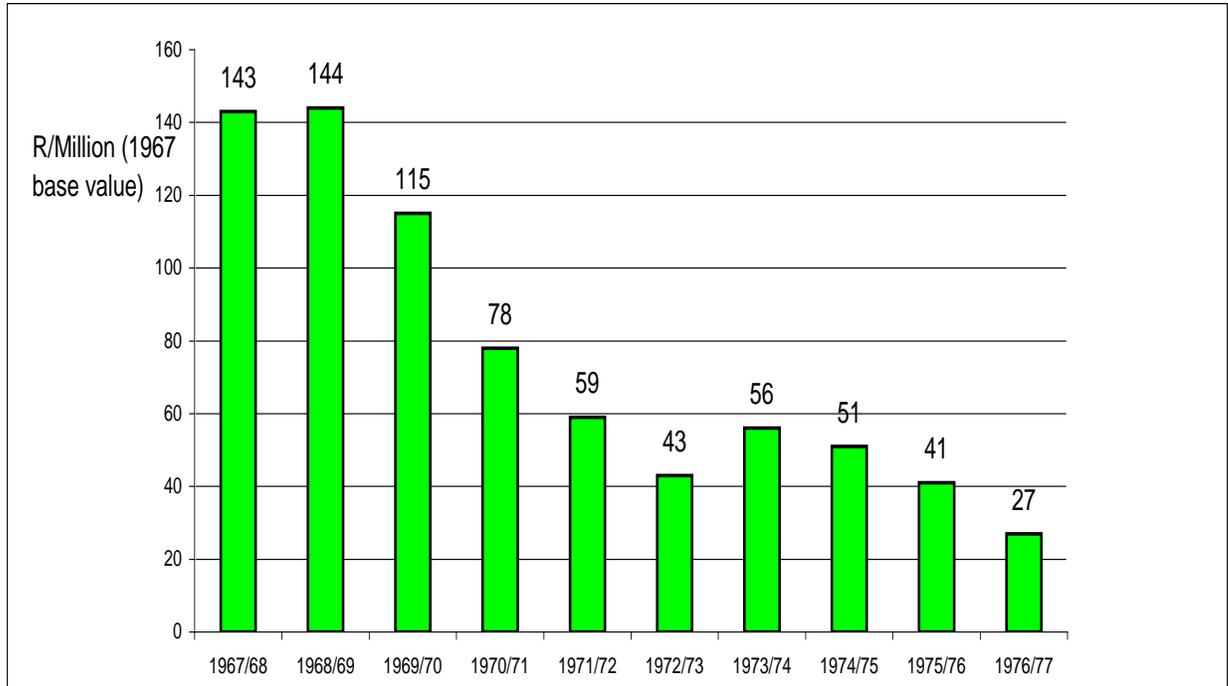
(2001) are the most recent in this regard. The above-mentioned papers all consider a number of principles that could guide a framework for regional housing development which could be applicable to the Free State. This section starts off with a brief overview of the historical regional focus of housing delivery in South Africa. In the remainder of this section, principles from the above-mentioned literature will be analysed starting by stating the need for an integrated framework for regional development.

#### 6.1.1 Regional low-income housing investment, 1960 - 1990

The provision of low-income housing in South Africa (especially for black people) cannot be seen in isolation from the apartheid history and the regional heritage created by apartheid planning. A number of studies have directly or indirectly referred to this heritage (Morris, 1981; Wessels, 1989; Krige, 1991; Christopher, 1994; Marais, 1997; Tomlinson and Krige, 1997). It should be noted that this section is by no means an attempt to provide a comprehensive overview of housing policy under apartheid. The focus is rather on conceptualising arguments, which will follow later in this Chapter.

The delivery of low-income housing under apartheid is linked to policies of influx control and homeland development. The main aim of apartheid planning was to ensure a white majority in the so-called 'white South Africa' (Krige, 1989). To ensure that this policy approach succeeded, investment in low-income housing was geared towards assisting this notion. In this regard, rented low-income housing provided by the state (of which approximately 350 000 units were constructed between 1950 and the early 1970s) was mainly a mechanism to modernise townships (Wessels, 1989). The freezing of township boundaries and the channelling of urbanisation to homeland areas usually followed this modernisation process (see Krige, 1991, for the situation in Bloemfontein). For the homeland policies to succeed, investment in low-income housing had to be redirected to homelands. This meant that, since the late 1960s, government spending declined drastically in areas outside the homelands – from approximately R143 million in 1967 to approximately R27 million ten years later (Wessels, 1989) (see Figure 6.2). In fact, by 1993 the National Government (excluding homeland governments) spent only 1,8% of the South African

budget on housing (Rust and Rubenstein, 1996). Since 1986, with the abolition of influx control, this process slowly ‘normalised’ from a specific approach of channelling funding for black housing to homelands to one of channelling it to areas in so-called ‘white South Africa’. In fact, as was indicated in Chapter Three, the capital subsidy of the IDT was probably the first attempt to bring low-income housing to the poor in so-called ‘white’ South Africa.



**FIGURE 6.2: Declining state expenditure on black housing outside the homelands, 1967 - 1977 (Source: Wessels, 1989)**

This specific regional legacy of low-income housing funding, which was directed away from the core economic areas in ‘white’ South Africa to so-called ‘black’ South Africa, should be taken into consideration when the regional framework for post-apartheid investment is discussed. Since the mid-1960s, investment in low-income housing focused virtually exclusively on the former homelands - at the expense of core urban areas. At the same time the historical patterns also suggest that careful consideration should be given to low-income housing investment in an area where the economic potential is limited. Although former homeland areas, in terms of the urban hierarchy of the Free State, were included in the hierarchy by Krige (1995), special mention will be made of the situation in the former homeland areas when specific criteria are

discussed. Such a reference to former homeland areas is, in my opinion, of essence due to their historical importance discussed above.

### **6.1.2 The need for an integrated framework for regional development at the provincial level**

Although some policy guidelines exist with regard to regional planning (especially at settlement level, but also in terms of Regional Development Initiatives), a number of research reports note the lack of a post-apartheid framework for regional development at the provincial and the national levels and within line departments. For example, Kitchen (1997) found that limited co-ordination existed with regard to regional and development planning and that some government departments had limited or no framework at all for regional planning. According to May and Rogerson (2000), a framework for a regional policy (at the provincial and the local level) should focus on the occurrence of growth and decline in the space economy. Its aim should be to guide investment in infrastructure and shelter programmes at the national and the provincial level. However, despite the politically dominated framework for regional development under apartheid, there are only limited regional indications at the provincial level in the current policy. Furthermore, Crankshaw and Parnell (1996) and the CDE (1998) rightfully argue that government is already intervening regionally, purely by virtue of the fact that its allocation of bus subsidies, low-income housing subsidies and money for the development of infrastructure are made for certain areas. In this regard it is hard to differ from the CDE (1998: 26) when it states that, “[A]t the very least, what seems to be required is an open and informed debate about alternative approaches to the *where* of development. This will probably boil down to establishing priorities in the context of limited resources. When decisions have to be taken about public investments, such as where to build roads, where to lay water pipelines or where to place a regional hospital for example, hard choices will have to be made”. Furthermore, the NSDP notes that spatial planning initiatives are common internationally and it identifies five reasons for developing regional guidelines for public investment (Republic of South Africa, 2003):

- Current budget constraints mean that some form of rationing in allocation of funds to infrastructure and development programmes does take place;
- As rationing does take place, choices are either explicitly or implicitly made;
- Currently there are no spatial criteria in use for determining public spending patterns;

- Funding usually goes to those communities that attract most of the attention; and
- There is a lack of co-ordination between line departments.

Therefore, it is of the utmost importance that some form of regional framework should be developed for a post-apartheid South Africa, for each province and specifically for the Free State province with which this study deals. The question therefore is for the principles that should guide such a framework. In the remaining sub-sections of this section, an attempt will be made to analyse the various principles from the existing literature. The principles that will be discussed from the available literature are demographic (urbanisation) trends (linked to economic potential), settlement hierarchy (linked to economic potential) and the choice of people.

### **6.1.3 Demographic trends and economic potential as guiding principle**

Two aspects that are frequently mentioned with regard to the location of state investment are the possible guiding role of urbanisation (demographic trends) and economic growth (World Bank, 1993; CDE, 1996; Bernstein, 1998; May, 2000; Republic of South Africa, 2003). In terms of economic potential, the NSDP notes: “Government spending on fixed investment ..., should therefore be focused on localities of economic growth and/or economic potential...” (Republic of South Africa, 2003: 22). At the same time urbanisation trends are usually an indication both of the perceived economic potential of an urban area and of the fact that a specific relationship exists between these two aspects (Republic of South Africa, 2003). Against this background, the CDE (1998: 26) states the following: “The need for a national study of urbanisation and migration must therefore be emphasised”. According to the CDE (1998) there is little accurate information on the rate, scale or patterns of migration and urbanisation in South Africa. The impact of HIV/AIDS makes an accurate assessment even more difficult. The fact that, in 1996, South Africa was only just more than 50% formally urbanised (Statistics South Africa, 1998) - the functional urbanisation rate is probably as high as 65% - is an important demographic indicator as future urbanisation will still take place. Therefore, there seems to be an urgent need to determine areas of future population growth in order to ensure the accurate and efficient allocation of resources (including funds for low-income housing. Against this background there can be little doubt that a better understanding of the urbanisation process and demographic trends in South Africa will

have important consequences for the location of investment in, for example, social and physical infrastructure and low-income housing. As already stated, the problem is that, to date, limited research has been done on post-apartheid population movements. The most prominent exceptions are the CDE (1995), Krige (1995) and Cross (2001). The following questions can be asked with regard to urbanisation patterns related to the settlement hierarchy:

- What is the actual growth rate of these settlement categories and specific settlements?
- Where is the scale of urbanisation the most alarming?
- Which urban areas still have rural hinterlands with large numbers of potential urban migrants?

For any planning exercise the demographic trends are important (Mfono, 2000). In South Africa and the Free State where, historically, urbanisation was channelled away from the main urban centres, an understanding and analysis will be vital in order to gain some insight into future population growth areas and economic potential. An attempt will be made to do this for the Free State later in this Chapter.

#### **6.1.4 The possible role of settlement hierarchy**

The possible role of settlement hierarchy in determining the preference for investment is closely related to urbanisation trends. It has been argued earlier in this chapter (also in Chapter Four) that Government is already intervening regionally despite propagating a neutral regional policy for the period under investigation in this study. In certain instances the regional distribution of subsidies is intended government policy. However, the way in which the low-income housing subsidy is structured, as well as the emphasis on top structure standards, also contributes to the patterns of regional distribution of low-income housing subsidies. This conclusion from Chapter Four is also supported by Crankshaw and Parnell (1996) who maintain that existing policy on low-income housing, through the allocation of subsidies for rural housing, contributes to the strengthening of the existing distorted black urbanisation. Furthermore, simply assuming that everybody in need of housing will receive a low-income housing subsidy does not account for the fact that the need may be bigger or smaller in certain locations (settlements). Neither does it account for the fact that insufficient resources exist to provide everybody in need with the

magical subsidy (see Chapter Five). Against this background, the question pertains to the role that location (place) should play in such a framework for a regional policy. How should the different settlement categories be treated? What should the investment attitude be towards ex-homeland or rural areas? The CDE (1996) and Bernstein (1998) argue that the role of central government with regard to the different urban hierarchies will differ between the different forms of urban hierarchy and that it should be more thoroughly investigated. In addition, Bernstein (1998: 301) states that the “[C]urrent policy discussion in South Africa... ignores the problems of smaller places and underplays the challenges and possibilities facing larger cities”. The important implication of this sentiment is probably that different settlement types (including former homeland areas) need different approaches to address problems in specific settlement categories. The CDE (1998: 25) states the problem more simply within the context of the Free State: “Thus a serious policy issue is how much developmental attention Botshabelo should receive relative to, say, the townships of Bloemfontein and Winburg, or those small towns such as Dewetsdorp or Hobhouse”. The above literature, I am arguing, has put forward a case for regional distribution of low-income housing subsidies based on the settlement hierarchy. The following three main arguments can be advanced:

Firstly, from the literature it would seem that the economic viability of a city or town is an important aspect to consider before public investments are made (CDE, 1998). The principle is to be careful so as not to make public investments (low-income housing subsidies) in areas with limited economic opportunity. There seems to be overwhelming evidence in South Africa, as well as internationally, that putting people in places and then attempting to generate economic activity in that place is an ineffective strategy (Urban Foundation, 1990; CDE, 1995; Storper, 1997). The CDE (1998: 22) thus underlines the principle: “An important policy principle arising out of extensive international and painful South African experience in the post-World War Two era is that settlements must follow economic principles, and not *vice versa*”. The CDE (1998) further feels that locations with competitive advantages, economies of scale and agglomeration should be prioritised for public investment.

Secondly, coupled with the argument of economic sustainability, the CDE (1998) and the NSDP (Republic of South Africa, 2003) also suggest that there should be some synergy between

investment by the public and private sectors. Two main questions exist in this regard: Firstly, does the private sector see a specific location as an attractive place for investment? Secondly, and probably more importantly, what type of investment by the private sector will follow the initial public sector investment?

The third argument is that the impact of investment at a certain location should be considered. The CDE (1998) uses the concept of return on investment. This concept also includes the social benefits or returns per unit of public investment. In the process of such a public investment people should end up being better off and not worse off than before. The CDE (1998) has found that, in general, it costs approximately 10% more to provide engineering services to areas of displaced urbanisation (former homelands) than in normal towns. This assumption is probably also, in general, true for rural areas. Thus, fewer people would be reached by the same amount of investment in these areas.

If one is to apply the above principles, one doubts whether low-income housing investment in ex-homeland areas, small towns, and rural areas of the Free State will be an effective policy. There seems to be a bias towards cities or larger urban areas in the approach. This biased approach towards cities is further reflected in the following statement by the CDE (1998: 27): “For the country to achieve a more equitable and efficient system of cities and towns, we have to pay more attention to ‘getting the cities right’. The national importance of doing that is self-evident when we consider that some 80% of the Gross Domestic Product (GDP) is produced in cities and towns”. Except for the fact that cities generate such a large percentage of GDP, the historical legacy in terms of the provision of housing and infrastructure which have both resulted in a large degree of informal settlement sprawl should also support the above argument.

In a more balanced approach May and Rogerson (2000) argue that there is conflict between rural areas and cities. They argue that the high cost of providing services to rural communities with limited economic opportunity results in a tension between the goal of fiscal discipline and that of decreasing poverty and inequality. However, May and Rogerson (2000) are in agreement with the CDE when they argue that well-intentioned government programmes that seek to reduce poverty should not strengthen the assets of the poor in places inherited from apartheid. The

consequences of this would be that the poor would have little choice other than to continue with the harsh commuter and migrant systems created by apartheid. It, therefore, seems that the improvement of the conditions of low-income housing and settlement in these ex-homeland areas and most rural areas will have limited impact if the poverty results from a lack of access to urban employment.

Thus, it is extremely relevant to ask where the former homeland areas fit into the urban hierarchy of the regional framework. The CDE (1998: 21) conclude their assessment of the future investment potential of former homeland areas (displaced areas) as follows:

- Displaced urbanisation raises the question of the costs and benefits of state investment in alternative locations in a very tangible manner, with current practices in many such places giving rise to the issue of whether ‘good money is being thrown after bad’;
- People in displaced urban areas are citizens deserving proper treatment – they should for example, enjoy basic services, which many at present do not;
- However, new large-scale public investments in such areas hardly seem priorities, given more logical locational alternatives;
- Also, current implicit state subsidisation of displaced urban areas (such as transport subsidies or higher than usual service subsidies) now seem largely unnecessary; and
- Finally, the issue of alternative targets for state resources raises questions of where the best long-term returns on state and private investment will be achieved and, ultimately, which regional development framework should be adopted for post-apartheid South Africa.

Although the above principles were quoted directly in relation to former homeland areas, some of the principles are also applicable to other rural areas and smaller urban categories. As already mentioned in the introduction to the chapter, the conflict between a welfare approach of providing assistance to those in need and an approach that is more focused on investment so as to steer investment to areas of optimal economic benefit seems to be evident. In this section, the economic advantages of investments in larger urban areas were assessed. However, these economic advantages might also be in direct conflict with the choice of the people in terms of where they would like to reside and the responsibility of the state to its citizens.

### **6.1.5 The choice of people to reside in a certain location**

An argument that is commonly used is that public interest should determine investment, together with the fact that, in some instances, people prefer to reside in certain locations. Such an argument is in direct conflict with the two principles discussed above. The preference of location should then automatically ensure that state investment should take place in the specific location. However, settlement landscape in South Africa has been influenced, to a large extent, by apartheid planning (Christopher, 1994), while it was also indicated earlier in this Chapter that housing investment favoured former homeland areas. However, there also seems to be a large percentage of people who would like to remain residing in the former homeland areas. For example, the Botshabelo Investment Study (1996) has found a major commitment among people in Botshabelo towards the city – despite a relatively high exodus of people (see also Krige, 1996). It therefore seems that local sentiments are sometimes in conflict with the broader public interest. However, the CDE (1998) argues that if Government responds to the wishes of people in this regard by, for example, continuing to subsidise long-distance transport, it would be inequitable. The reason for this is that it would favour such an area (former homeland area) above other equally needy ones, such as informal settlements in cities (CDE, 1998). Although popular demand should not be ignored, it must also be balanced with the existing national needs. May and Rogerson (2000) contribute to this debate by saying that regionally targeted policies should be coupled with wider policy frameworks in order to address the total need. Therefore, it cannot be determined solely by the choice of people in a particular location. Although people's choice of location cannot be ignored, the two other principles of settlement - hierarchy and urbanisation - might stand in direct contrast to the choice of the people involved.

### **6.1.6 Literature overview: a synthesis**

This section started off by arguing that the regional framework for public investment, in general, seems to be vague and then attempted to analyse the principles for a framework for regional investment from the available literature. Aspects that were assessed are urbanisation trends (closely linked to economic aspects), the role of settlement hierarchy (closely linked to economic development potential) and people's choice. However, it should immediately be acknowledged that some conflict exists between these three principles. Despite the choice of some people to reside in certain locations, the economic

viability of an area might not be high and large percentages of people might be leaving the area for areas of greater economic activity. In addition to these criteria, the ability to deliver should probably also be rewarded. Therefore, developing principles for the regional distribution of subsidies for low-income housing in the Free State will be a complex balancing of the people's need, their choices, their location in relation to economic efficiency and development, and demographic indicators. These principles will be applied to the Free State later in this chapter.

## **6.2 TOWARDS THE IDENTIFICATION OF CRITERIA FOR THE REGIONAL ALLOCATION OF LOW-INCOME HOUSING FUNDS**

The sections above attempted to provide a literature overview of possible criteria for the regional allocation of low-income housing subsidies. In Chapters Two, Three and Four various international perspectives were assessed together with policy guidelines based on the South African and Free State experience. Table 6.1 attempts to identify these criteria and suggests whether it is empirically possible to test them in the context of the Free State.

From Table 6.1 it seems that the following criteria are worthwhile and possible to discuss in more detail:

- The regional distribution of housing need;
- The settlement hierarchy and function;
- The future role of urbanisation (demographic trends);
- The economic potential of an area;
- Addressing the legacy of apartheid planning; and
- Integration with economic development efforts and private sector investment.

TABLE 6.1: Criteria for the regional allocation of low-income housing investment

Criteria for regional allocation of subsidies	Reference to in this thesis.	Consideration for using	Potential to monitor
The regional distribution of low-income housing need	Chapter Five; Chapter Four (Model for the prioritisation of housing)	Yes.	Yes, guideline indicators already provided in Chapter 5
Focus on larger settlement types (settlement hierarchy and/or type should play a role). Consider the unique qualities of settlement hierarchy.	Chapter Two (World Bank); Chapter Six (Literature overview)	Yes.	Population size can be used. Settlement hierarchy has already been used as framework for analysis.
Fast growing areas/urbanisation	Chapter Two (Turner and World Bank); Chapter Three (IDT); Chapter Six (Literature overview)	Yes	Focus mainly on urbanisation patterns. Indicators exist.
Economic potential of an area/economic growth	Chapter Three (RDP, DFA, White Paper on Housing, IDT); Chapter Four (housing prioritisation model); Chapter Six (Literature overview)	Yes	A number of indicators are available.
People's choice on the location of their residence	Chapter Six (Literature overview)	An extremely relative criterion	Limited indicators to assist in this regard; Urbanisation and migration patterns are sometimes and indication of these preferences.
Address legacy of apartheid settlement patterns.	Chapter Three (Housing White Paper, DFA); Chapter Six (Literature overview)	Yes	Could be used as an argument in an integrated manner.
Integrated with economic development, private sector investment and other developments	Chapter Three (SDIs and development corridors, Urban Development Framework, DFA); Chapter Six (Literature overview)	Yes	Could be used as an argument in an integrated manner.
Past delivery since 1994	Chapter Four (Housing Prioritisation Model)	Could be used	This chapter assumes equal delivery between settlements since 1994
Available and serviced stands	Chapter Four (Housing Prioritisation Model)	Could be used	However, these criteria assume that you only build on existing stands and they neglect green-field developments.
Degree of community involvement in a settlement	Chapter Four (Housing Prioritisation Model)	Could be used	Difficult to set criteria for; Beyond the framework of this study
The technical managerial capacity in a municipality	Chapter Four (Housing Prioritisation Model)	Could be used	Difficult to set criteria for; Beyond the framework of this study
Progress made with the IDP in a settlement	Chapter Four (Housing Prioritisation Model)	Could be used	Beyond the framework of this study

Considering the selected criteria above, a couple of comments can be made:

- The following criteria can be tested by means of empirical data: Housing need, economic potential and demographic trends. This will be the case in Section 6.3 when each of these criteria will be assessed by means of a number of indicators.
- It is not always possible to measure the other criteria. However, they could be used as a means of analysis.

In respect of the criteria that were excluded, the following comments can be made:

- Although some of these indicators could be used (for example, previous delivery and IDP progress), the assessment in this chapter assumes, for the sake of argument, that past delivery (1994 - March 2002) has taken place equally between various settlement types.
- The other indicators have been assessed as less useful, for example, availability of serviced/planned stands. Some indicators have been assessed as not really relevant to the regional perspective followed in this study. Some others were found difficult to develop indicators for in this regard (community involvement or technical capacity).

In the remainder of the chapter attention will now shift to an empirical assessment of the criteria identified above.

### **6.3 TOWARDS A HOUSING DEVELOPMENT INDEX**

In the above sections, a literature overview was conducted in respect of aspects that could play a role in determining the *where* of low-income housing development. This was followed by a summary of the criteria identified in the earlier chapters of this thesis. This section aims at applying the different criteria for investment viability to the Free State context. The criteria are the regional dimension of the housing problem (as assessed in Chapter Five), demographic trends and economic trends (see Figure 6.3). At the same time the settlement hierarchy, as well as urban and rural differences, will be used in an integrated manner. The arguments identified will simultaneously be tested against the empirical results. The arguments of the apartheid legacy and integration with public and private investments will also be taken into account.



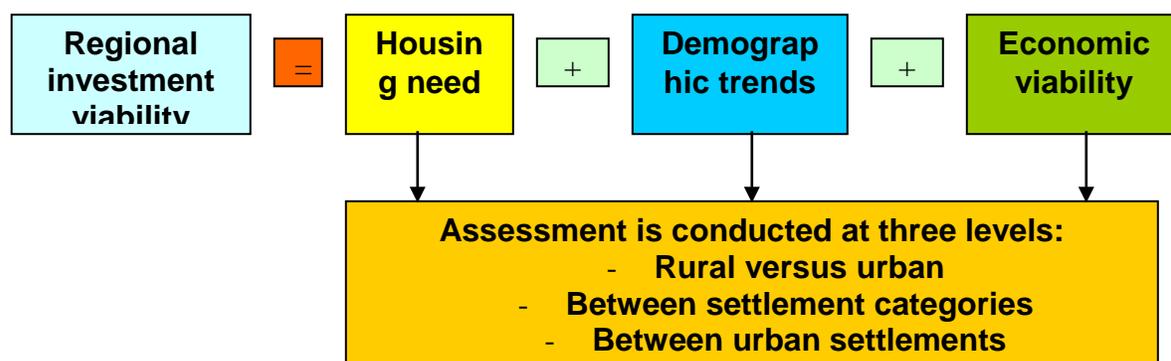


FIGURE 6.3: An overview of the criteria to be used to determine the viability of housing investment

### 6.3.1 Methodological overview

The comparison of sets of socio-economic data in comparing countries (Ul Haq, 1999) and between various urban areas (Carley, 1983) is not new. Carley (1983) is also of the opinion that such assessments have in the past contributed to resource decision-making, although it should be used cautiously. The HSRC (1998) has also used this method extensively to assess access to service in various provinces – including the Free State. Although literature in general cautions against the over simplification of such a methodology, it seems to be a common methodology in directing public funds (Carley, 1983). The methodology for this assessment is, as outlined above, based on indicators for housing need, demographic trends and economic viability. The assessment is conducted at three levels, namely a comparison between urban and rural areas, a comparison between the four urban settlement categories and a comparison of all the urban settlements in the Free State. Not all the indicators are used at all the levels. However, all the indicators will be used during the comparison of all the urban areas. The following indicators will be used for each of the criteria used above:

#### Housing need

The following indicators will be used (see Annexure 6.1a):

- The number of households residing in informal housing units;
- The percentage of households residing in informal housing units;

- The number of households with access to water by means of a public tap;
- The percentage of households with access to water by means of a public tap;
- The number of households with no access to sanitation;
- The percentage of households with no access to sanitation;
- The number of households with no access to electricity;
- The percentage of households with no access to electricity;
- The number of households with no refuse removal or that use their own refuse removal system;
- The percentage of households with no refuse removal or the percentage of households that use their own refuse removal;
- The number of households with an income of less than R1 500 per month; and
- The percentage of households with an income of less than R1 500 per month.

All of these indicators have been motivated extensively in Chapter Five and they each represent the worst scenarios with regard to the settlement environment. A specific distinction is made between the number of households and the percentage of households within an indicator. This distinction is important to find a balance between percentage and scale and is vital in the comparison between various urban settlements. High percentages do not necessarily mean that it is a problem at scale. For example, 10% of informal housing units could represent 500 households in the one location and 5 000 in another. The biggest problem from a housing point of view is surely the 5 000 units. For each indicator eight intervals will be developed equally between the lowest and the highest figure and each interval will receive a code of between one and eight (see Annexures 6.1b and 6.1c). It should be mentioned that this coding of urban settlements is done relative to one another. These codes for each of the twelve indicators will be added together and housing need for each urban area will, relative to one another, be ranked as follows (see Annexure 6.1.d):

- Areas of high housing need;
- Areas of above average housing need;
- Areas of below average housing need; and
- Areas of low housing need.

### Demographic trends:

The following demographic indicators will be used (see Annexure 6.2a):

- The number of households present in 1996. This indicator is important so as to differentiate between the scale of various populations.
- The annual population growth of the relevant magisterial districts between 1985 and 1996. By means of this indicator an attempt is made to understand population dynamics in a broader sense than just growth in urban areas. Where more than one urban area was located within a given municipal area, the population growth rate was proportionally adjusted between the urban areas.
- The annual growth of the urban population between 1991 and 1996. This indicator focuses specifically on the annual growth rate between 1991 and 1996.
- The population increase between 1991 and 1996. This indicator provides the scale of population growth for the given period.

For each indicator eight intervals will be developed equally between the lowest and the highest figure and each interval will receive a code between one and eight (see Annexures 6.2b and 6.2c). These codes for each of the four indicators will be added together and demographic trends will be ranked. Once again the results of the totals for each of the urban areas will, relative to one another, be divided into four categories (see Annexure 6.2d):

- Areas with high demographic trends;
- Areas of above average demographic trends;
- Areas of below average demographic trends; and
- Areas of low demographic trends.

### Economic viability

The following indicators were used to determine the economic viability of specific urban areas (see Annexure 6.3a):

- The percentage of households earning less than R1 500. The larger this percentage, the lower will be the expected economic viability of an area.

- The percentage of unemployed individuals of the total population was taken, as opposed to the unemployment rate. As with the indicator above, it is expected that the higher the unemployment rate, the lower the economic viability of an area.
- The percentage of households with a migrant worker elsewhere. The higher this percentage is in an area, the lower will be the financial viability of an area as it is an indicator of limited employment opportunities in this area.

No distinction was made between scale and percentage in this criterion as it is possible to measure the level of economic viability by means of percentage. For each indicator eight intervals will be developed equally between the highest and the lowest figure and each interval will receive a code of one to eight (see Annexures 6.3b and 6.3c). These codes for each of the four indicators in the case of the urban settlement assessment will be added together and economic viability will be ranked as a figure between one and eight. The results of the totals for each of the urban areas will, relative to one another, be divided into four categories (Annexure 6.3d):

- Areas of high economic viability;
- Areas of above average economic viability;
- Areas of below average economic viability; and
- Areas of low economic viability.

#### Final weight

In the case of the comparison of each of the urban settlements in the Free State, the averages for each of the three criteria will be added together (evenly weighted<sup>3</sup>) and a final mark consisting of housing need, demographic attributes and economic viability of each urban area will be available. This result of all the urban areas will, relative to one another, be divided into four categories (see Annexures 6.4a and 6.4b):

- Areas with high housing investment potential;
- Areas of above average housing investment potential;
- Areas of below average housing investment viability; and

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<sup>3</sup> The decision to weight the three criteria evenly was taken to balance the criteria between need (poverty), demographic trends (people's movement) and economic potential (ensure a larger link with private sector finance) – in line with the urban management paradigm which attempts to address poverty and economic growth.

- Areas of low housing investment viability.

### 6.3.2 The regional dimension of poor housing conditions in the Free State

In Chapter Five the most pressing aspects of the housing problem were identified. These aspects were residence in an informal housing unit, residence on a stand with access to a public water tap, residence on a stand with no sanitation, residence on a stand without electricity, residence on a stand with no refuse removal, and households that have an income of less than R1 500 per month. In this section, each of these aspects will be used in the different comparisons.

#### 6.3.2.1 Urban and rural differences regarding housing conditions

As already noted in Chapter One, it is possible to divide rural Free State into former homeland areas (peri-urban QwaQwa and rural Thaba 'Nchu) and commercial farms. Figure 6.4 provides an overview of the division of the Free State population in this regard (1996).

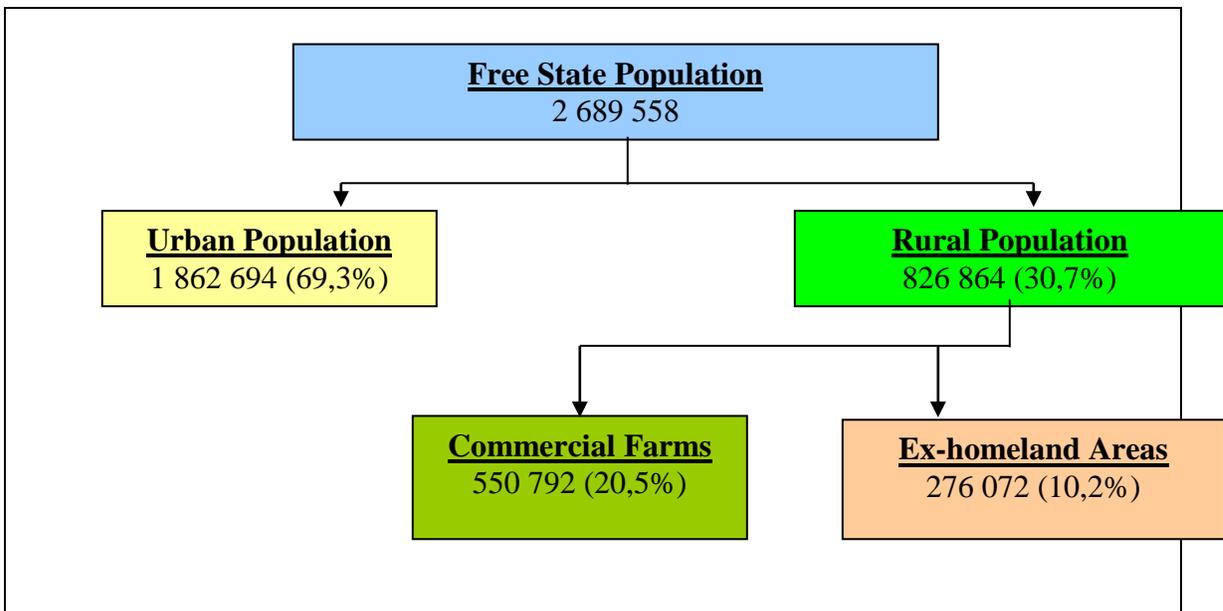


FIGURE 6.4: An overview of the urban/rural division of the Free State population, 1996 (Source: Statistics South Africa, 1998)

In Table 6.2, the urban areas of the Free State are compared with the different rural areas in terms of the aspects of the housing need identified in Chapter Five.

TABLE 6.2: A comparison of housing need between urban and rural Free State, 1996

Criteria	Urban	Rural*	Ex-homeland rural	Commercial farms	Total
Population size (n)	1 862 694	826 864	276 072	550 792	2 689 558
Percentage	69,3	30,7	10,2	20,5	100,0
Households (n)	470 549	171 190	62 234	108 956	641 739
Percentage	73,3	26,7	9,7	17,0	100,0
Informal housing units (n)	101 540	10 236	2 968	7 268	111 776
Percentage	90,8	9,2	2,7	6,5	100,0
Water access by means of public tap (per stand) (n)	88 331	61 414	46 309	15 105	149 745
Percentage	59,0	41,0	30,9	10,1	100,0
No access to sanitation (per stand) (n)	26 004	28 839	1194	27 645	54 843
Percentage	47,4	52,6	2,2	50,4	100,0
No access to electricity (per stand) (n)	159 654	114 135	57 661	56 474	273 789
Percentage	58,3	41,7	21,1	20,6	100,0
No/own refuse removal (per stand) (n)	54 623	110 316	55 404	54 912	164 939
Percentage	33,1	66,9	33,6	33,3	100,0
Income: Earning less than R1 500 p.m. (number of stands) (n)	295 058	138 700	52 396	86 304	433 758
Percentage	68,0	32,0	12,1	19,9	100,0

\* Specific distinction is made between ex-homeland rural and commercial farm rural, as these would have different impacts in terms of urbanisation prospects

Source: Statistics South Africa, 1998

When the different criteria are benchmarked against the population share of the urban and rural populations respectively in the table above, it seems that, when considering the total housing environment, the rural areas are worse off than the urban areas in terms of the housing indicators. The only indicator in which the urban areas are worse off than the rural areas is in the share of informal housing units. In all the other indicators the percentage for urban areas is less than the share of urban areas of the total Free State population. The following gives an overview of the extent of the housing problem for urban and rural areas:

- More than 90% of the informal dwellings are in urban areas compared to 73,3% of the households in the Free State residing in urban areas.
- Approximately 59% of households that access water by means of a public tap reside in urban areas. Benchmarked against the share of 73,3% of the urban households in the Free State, it seems that access to water is a greater problem in urban areas than in rural areas. In rural areas the share of households that access water by means of a public tap is higher than the share of the rural population in the Free State's (41,0% versus 30,7%).
- The same trend is visible when the figures for sanitation are investigated. Of those households without sanitation, 47,4% reside in urban areas while 52,6% reside in rural areas. Compared with the benchmark figures of population (69,3% versus 30,7%) and households in urban areas (73,3% versus 26,7%) this means that, proportionally, the problem is bigger in rural areas.
- The lack of refuse removal in the rural areas is apparent. Of the households with no regular refuse removal, 66,9% reside in rural areas which has only 30,7% of the Free State population or 26,7% of the households in the Free State).
- The figures for income levels below R1 500 per month in urban and rural areas are approximately the same as the respective share of the Free State population in urban and rural areas.
- When the conditions in the two categories of the rural population are compared, the most serious problem on commercial farms is the fact that 50,4% of all people without proper access to sanitation in the Free State are found here. The extent of the problem becomes clear when compared to the fact that, in terms of the number of people, only 20,5% of the Free State's population reside on commercial farms. The other indicator where the share is more than the percentage of the Free State population on commercial farms is that of refuse removal (33,3%).
- Although lower than the household benchmark, the relatively high number of informal housing units in rural areas needs specific mention - even though it is lower than the rural population share of the Free State. The high number of informal housing units prevalent on commercial farms is the result mainly of commercial squatting on farms in areas adjacent to, especially, mining areas in the Free State Goldfields. According to Statistics

South Africa (1998), more than 5 000 households reside in this fashion on rural land near mining areas.

- In former homeland areas, most of the indicators, except for informal housing units and access to sanitation, reflect a percentage higher than the share of the population in these areas. For example, compared with 10,2% of the Free State's population it has 30,9% of the households that access water by means of a public tap. It also contains 21,1% of the population without electricity in the Free State, 33,6% of the population without regular refuse removal and 12,1% of households in the Free State with an income below R1 500.

The fact that the problem is apparently more serious in rural areas might prompt one to invest more in the rural areas. It should be remembered, however, that environmental and health risks are usually not as significant in rural areas as in urban areas where the high population density results in a larger impact (Camagni *et al.*, 1998). Furthermore, though, the proportional comparison above should provide one view on the problem, there is a second dimension that should also be considered, namely the dimension of scale. In most cases (except with refuse removal) the real figures are more or less the same (in the case of sanitation) or those of urban areas are considerably higher than those of the rural areas (informal settlements, access to water and income below R1 500). The nature of the authority over land in rural areas also makes it extremely difficult to determine/gauge the impact on most of the rural areas. Urbanisation patterns (which will be addressed later) also suggest that careful consideration should be given before large-scale investments are made on rural housing.

### ***6.3.2.2 Urban hierarchy***

The differences in housing need in the different forms of the urban hierarchy reveal interesting results. Table 6.3 compares the four urban categories, both in terms of numbers and percentages, as far as housing problems are concerned. The population percentage is taken as a benchmark figure for each category.

TABLE 6.3: A comparison of the main housing problems in terms of the urban hierarchy with the relative population size of each category in the Free State, 1996

Urban Categories	Households	Informal dwellings	Public tap	No sanitation	No electricity	No Refuse removal	Income < R1500 p.m.
Cities (n)	272 408	51 695	58 684	20 157	90 019	38 374	156 618
Percentage	57,9	50,9	66,4	77,5	56,4	70,3	53,1
Regional Towns (n)	35 598	3 873	4 091	744	11 337	1 984	20 410
Percentage	7,6	3,8	4,6	2,9	7,1	3,6	6,9
Middle-order towns (n)	73 613	19 210	11 761	2 234	28 365	10 084	49 064
Percentage	15,6	18,9	13,3	8,6	17,8	18,5	16,6
Small towns (n)	88 930	26 762	13 795	2 869	29 933	4 181	68 966
Percentage	18,9	26,4	15,6	11,0	18,7	7,7	23,4
Total Urban (n)	470 549	101 540	88 331	26 004	159 654	54 623	295 058
Percentage	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Source: Statistics South Africa, 1998

The comparison of the urban hierarchy in Table 6.3 leaves a few important aspects to be noted.

- The first interesting aspect is that, relative to their share of the urban population of the Free State, a smaller percentage of households in cities reside in informal housing units (57,9% of the households but 50,9% of the informal dwellings in urban areas of the Free State). The opposite is found in small and middle-order towns where the percentage of informal housing units in urban areas exceeds the percentage of the urban population. For example, the percentage share of the urban population for middle-order and small towns is 15,6% and 18,9%, respectively. Their share of the informal urban housing units is 18,9% and 26,4%, respectively. However, considering the real figures, the largest number of households in informal settlements are to be found in cities (approximately 51 000) compared to the small towns (approximately 26 000).
- When comparing the indicators for infrastructure, it seems that the situation in the cities is more desperate than in other urban categories. Access to electricity is the only exception. Cities have a share of 57,9% in urban households in the Free State. However, 66,4% of all urban households which access water by means of a public tap, 77,5% of households without

sanitation and 70,3% of those without refuse removal are located in cities. As far as electricity is concerned, cities have 56,4% of the share of people in urban areas without electricity. This is slightly lower than the share of cities in urban households. The opposite trend is visible in small towns and middle-order towns. Firstly, the more desperate situation in cities can be attributed to the impact of large-scale urbanisation on cities. Providing services to the inhabitants of urban areas appears to be problematic. However, people might be able to formalise their own housing units, as, in cities, the average income is higher than in small towns. This fact suggests that the possibility for households in cities to upgrade their own houses would be higher than in small towns.

- The fact that in two regional towns (Kroonstad and Bethlehem) all the indicators are less than the percentage of people comes as somewhat of a surprise. No specific reasons for this could be found. The fact that this category (regional towns) consists only of two towns might be the reason why it is difficult to interpret the result statistically.

When the housing need is compared within each of the different settlement hierarchies it seems that cities have a more critical situation. This is especially true when the infrastructure is considered. The holistic framework of housing need suggests large-scale development of low-income housing (including infrastructure) in cities. When compared with the delivery patterns, which favoured small and middle-order towns and neglected cities, as seen in Chapter Four, the conflict is clearly visible. The statistics also suggest that the delivery of low-income housing should be seen against the background of a more holistic settlement framework in which the housing structure and infrastructure are combined. This was neglected in the Free State (see Chapter Four).

### ***6.3.2.3 Urban settlements***

In the preceding section, a broad overview of the urban–rural differences, as well as the difference between various urban categories has been conducted. In this section, the housing need all of the urban settlements in the Free State will be compared to each other. The six aspects identified as the worst-case scenario for low-income housing (Chapter Five) were already analysed in the previous section, while these six indicators were increased to twelve as each one

was used in terms of both numbers and percentages. The results of this comparison of housing need are presented in Figure 6.5 (see also Annexures 6.1a; 6.1b; 6.1c; 6.1d).

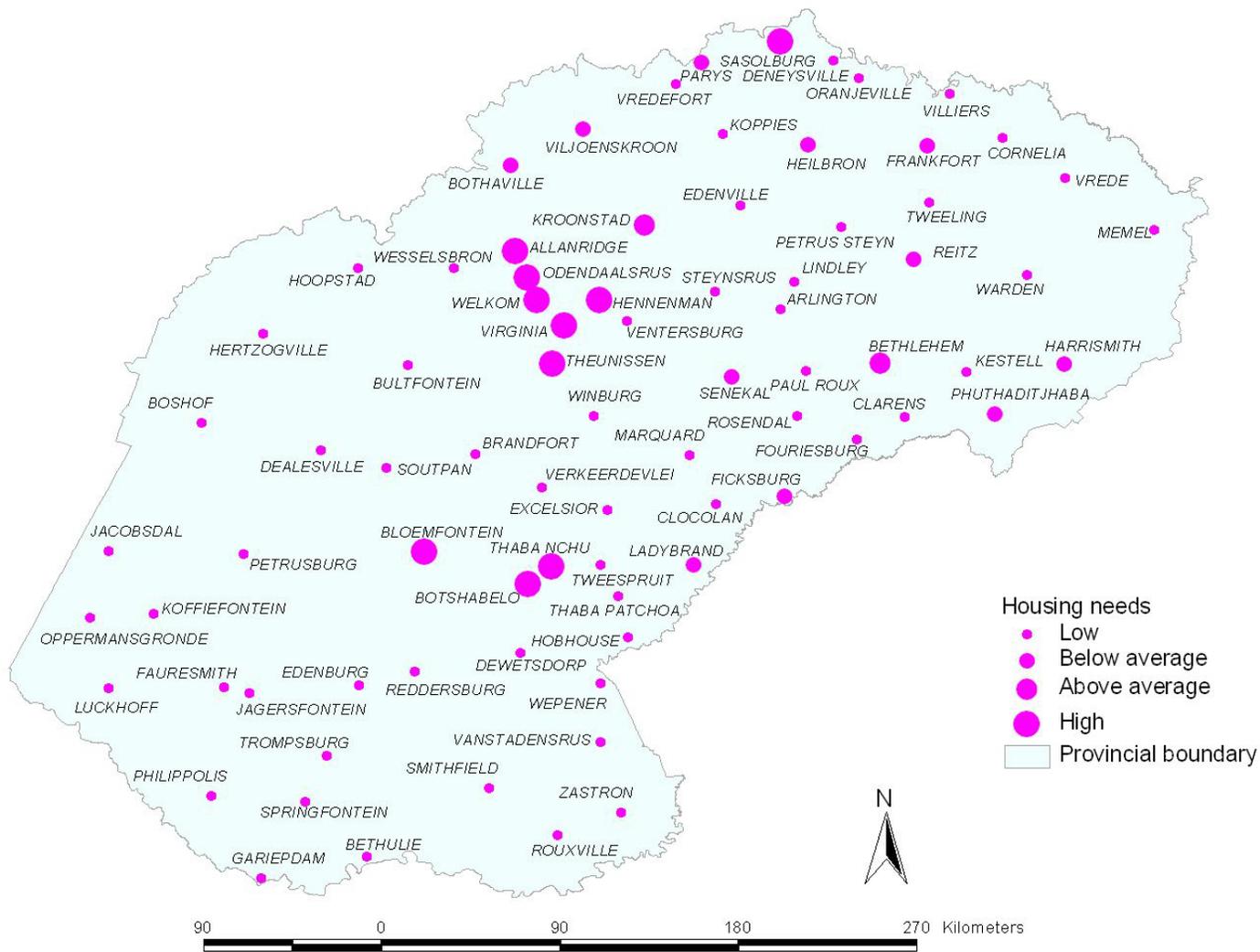


FIGURE 6.5: Housing need per urban settlement in the Free State, 1996

A number of comments need to be made with regard to the housing need per urban settlement. The following seven urban areas can be classified as areas with high housing need: Botshabelo, Parys, Sasolburg, Thaba 'Nchu, Odendaalsrus, Welkom and Bloemfontein. Kroonstad (Regional Town) reflects above average housing need and Bethlehem (Regional Town) below average housing need. The fact that Parys, a middle-order town, also reflects a high degree of housing need is significant. The city areas (according to the definition in Chapter One) that do not fall into the categories of high or above average housing need are Theunissen, Odendaalsrus and Allanridge in the Free State Goldfields. The majority of the middle-order and small towns reflect a below average and low housing need. However, the following middle-order and small towns have above average housing needs: Heilbron, Viljoenskroon, Bothaville, Virginia, Ficksburg, Phuthaditjhaba, Bultfontein, Wesselsbron, Deneysville and Reitz. Yet, housing need represents but one aspect of the regional investment and the emphasis will therefore shift to the evaluation of demographic trends.

### **6.3.3 Evaluating demographic trends**

The CDE (1998) suggests that post-apartheid demographic trends (especially urbanisation trends) may be an important indicator to guide the locational aspect of low-income housing and settlement investment. However, post-apartheid demographic trends have not been studied in much detail and there is some doubt about the accuracy of census data in South Africa (CDE, 1998). In the Free State, Krige (1995; 1996) and Marais (2001b) have made contributions. The demographic impact of HIV/AIDS is an uncertain factor which is difficult to assess. In this section an attempt will be made to compare some demographic data. The comparison will be made between urban and rural areas, as well as between the different urban settlements.

#### ***6.3.3.1 Urban-rural demographic changes***

Before changes in the urban and rural population can be discussed, two aspects beg attention. The first is that the Free State's population, as a percentage of the national population, has actually dropped from 6,7% in 1991 to 6,5% in 1996 (Statistics South Africa, 1998). Furthermore, the annual provincial population growth rate of 0,69% is lower than the national population growth rate of approximately 1,6%. These two

aspects suggest that the population of the Free State is declining in proportion to the national population. The second, more uncertain aspect, of which it is still very difficult to determine the impact, is the possible impact of HIV/AIDS on population trends. The trends in the Free State to be discussed in the remainder of this section should be viewed against this background and the uncertainties entrenched in it (see Table 6.4).

**3. TABLE 6.4: The changing urban-rural population profile of the Free State, 1991 and 1996**

Year	Urban	Rural	Commercial farms	Former Homeland rural
1991 (n)	1 655 566	942 857	630 537	312 320
1996 (n)	1 862 694	826 864	550 792	276 072
1991 (%)	63,7	36,3	24,3	12,0
1996 (%)	69,3	30,7	20,5	10,3
% annual change, 1991 - 1996	2,39	-2,59	-2,67	-2,44

4. Sources: Central Statistical Service, 1995; Krige, 1995; 1996; Statistics South Africa, 1998

From Table 6.4 it seems that the urban areas have grown by 2,39% per annum between 1991 and 1996. In real figures this is a growth of just over 207 000 people. This growth has resulted in the percentage of the urban population in the Free State growing from 63,7% in 1991 to 69,3% in 1996. At the same time, the rural areas have had a decrease in population of 2,59% per annum between 1991 and 1996. The consequence is that the rural population has decreased by approximately 120 000 people. The largest decrease in population appeared on commercial farms where nearly 80 000 people left commercial farms during this period. Former rural homeland areas have also experienced a decrease of approximately 40 000 people. The implementation of security of tenure legislation for farm workers resulted in commercial farmers recruiting farm workers from the nearest towns rather than providing on-farm accommodation. This shift in accommodation accounts for the trends reflected in statistics. The decline in the numbers of those living in rural areas in the former homelands results from people leaving the uneconomical areas and moving to areas of economic opportunity.

The above section indicates that the rural areas of the Free State have had a negative population growth rate. However, it has already been noted that the housing need in the rural areas is high. These two aspects are in direct conflict with each other. This raises the question whether one should invest in areas where an increasing number of people are actually leaving for areas of greater economic opportunity. If one continues to provide low-income housing in these areas, one will probably be reinforcing the regional patterns of apartheid planning. In my opinion a more strategic investment approach should be followed in which investments should be prioritised for those areas with a larger degree of economic opportunity, but without totally neglecting the economically less viable areas.

### ***6.3.3.2 Demographic change in the urban hierarchy***

Given the macro urban-rural population trends discussed in the above section, the focus now shifts to the changing demographic patterns within the urban hierarchy. These patterns will provide a better understanding of population growth in the various settlement categories (see Table 6.5).

TABLE 6.5: The urban population per settlement category in the Free State, 1991 and 1996

<b>Year</b>	<b>Cities</b>	<b>Regional Towns</b>	<b>Middle-order towns</b>	<b>Small towns</b>
1991 (n)	1 028 841	124 042	257 515	245 168
1996 (n)	1 065 788	141 035	306 145	349 726
1991 (%)	62,1	7,5	15,5	14,7
1996 (%)	57,2	7,6	16,4	18,8
% annual change 1991–1996	0,1	3,1	3,5	8,9

Sources: Krige, 1995; Statistics South Africa, 1998

The relatively low growth of the cities (0,1% per annum) is attributable to virtually no growth in Botshabelo and the Free State Goldfields during the period. However, the merging of data between 1991 and 1996 and the changing urban boundaries could also have played a role so that the actual growth is therefore probably higher. The low growth in Botshabelo can be attributed to the exodus of people to areas of greater economic opportunity, especially Bloemfontein

(Krige, 1998; Marais and Krige, 1997; Matiso, 1998). The low growth in the Free State Goldfields is a result of a large number of retrenchments during the past decade. Krige (1995) states that the numbers of the migrant workers employed on the Free State Goldfields have dropped from 180 000 to 120 000 between the mid-1980s and mid-1990s. It is further interesting to note the relatively high population growth rate in middle-order and small towns. It seems that Krige (1995) was correct when he found the post-apartheid population migration trend for urbanising farm workers to be to the nearest urban settlement. This trend is still very much the prominent one. The high growth in middle-order (3,5% per annum) and small towns (8,9% per annum) should be a matter for concern in terms of future urban management. However, this should firstly be seen against the background that the scale of urbanisation in middle-order and small towns is considerably smaller than in bigger urban areas. A growth rate of 4% in Bloemfontein is more alarming than 8% in Winburg. Secondly, the growth in middle-order and small towns is most probably the first wave of urbanisation from farm to town. As some of the economic indicators will also suggest later, a second wave (either from the same people or from their dependants) of urbanisation can be expected from these middle-order and small towns to some of the larger urban areas.

### ***6.3.3.3 Demographic trends per urban settlement***

The above analysis provides an understanding of the macro trends. However, an assessment of the demographic trends per urban settlement and the assessment of possible future trends might assist one in identifying urban settlements with demographic trends which cannot be ignored in respect of future low-income housing and settlement needs. The following criteria were utilised to compare all the urban settlements in the Free State: Current population size, district population growth between 1985 and 1996, the annual urban population growth between 1991 and 1996, and the number of people added to urban populations between 1991 and 1996. The results of the combined classification of these criteria are represented in Figure 6.6 (see also Annexures 6.2a; 6.2b; 6.2c; 6.2d).

The following comments on Figure 6.6 are significant with regard to the regional aspects related to the demography per urban settlement in the Free State.

- Bloemfontein and Odendaalsrus are the only areas that received a rating of high demographic trends;

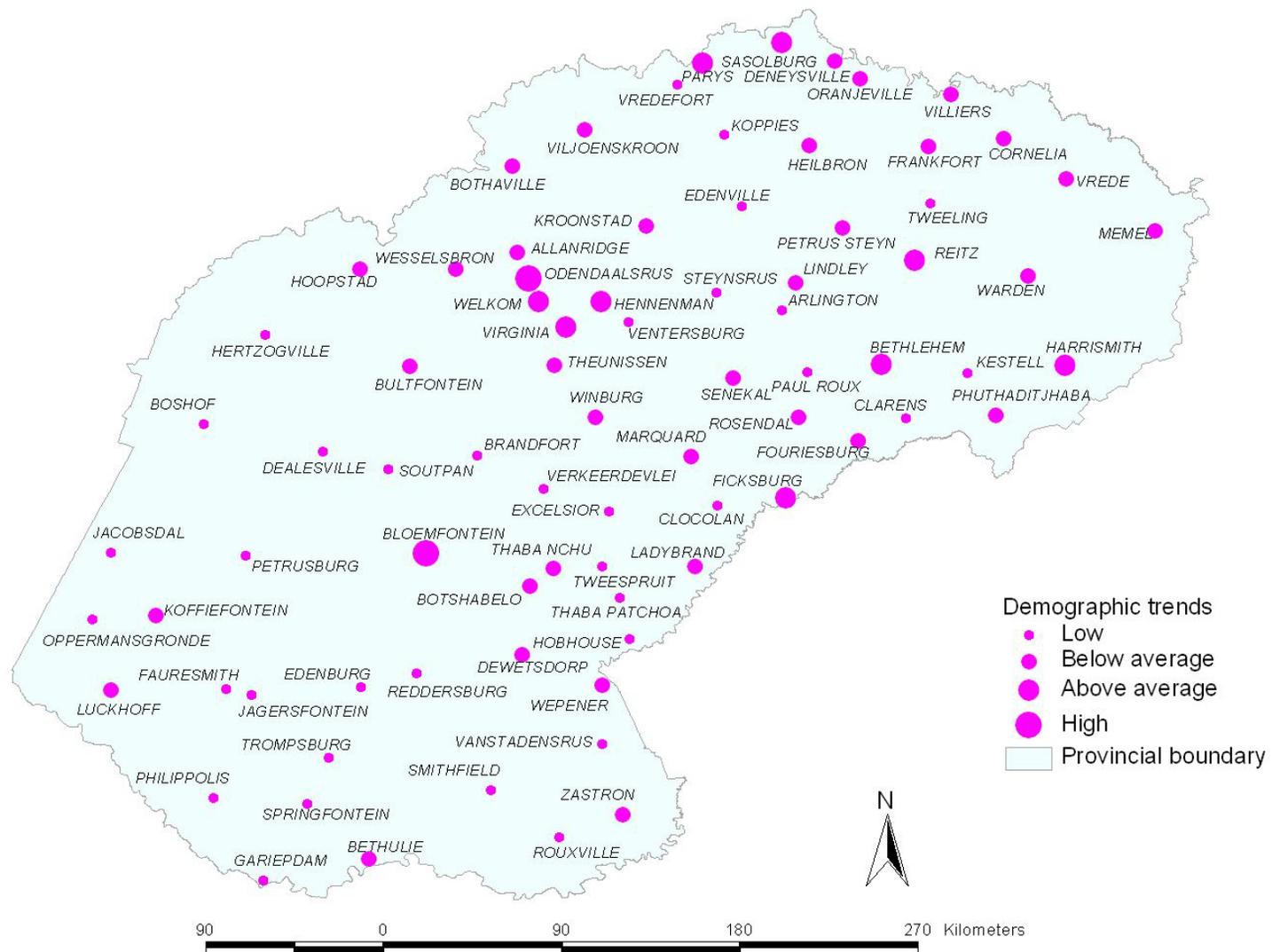


FIGURE 6.6: Demographic trends per urban settlement in the Free State, 1985 - 1996

- The following urban areas have been categorised as areas with above average demographic trends: Hennenman, Virginia, Ficksburg, Parys, Sasolburg, Welkom, Bethlehem, Harrismith, and Reitz.
- The remainder of the regional and middle-order towns have been categorised as displaying below average demographic trends;
- The majority of the small towns fall into the categories of average and low demographic trends; and
- The most interesting result on the map is the average demographic trend visible for Botshabelo (city and former homeland area) which is in the category of below average.

This section has attempted to provide an overview of the demographic trends in the Free State in order to determine areas where future population growth might take place. From the above discussions it seems that rural areas (both commercial farms and former homeland areas) have negative population growth rates. This trend suggests that careful consideration should be given to housing investment in these areas. Secondly, in terms of urban settlement categories, the growth of cities has been fairly low, especially due to the slowing down of growth in Botshabelo and the Free State Goldfields. In contrast to this, both the scale and percentage for Bloemfontein has been remarkably high. The other settlement categories are experiencing fairly high population growth rates mainly due to the influx of former farm workers to the nearest urban areas. The section also concluded with an assessment of each urban area in which the urban areas were classified into low, average, high, and extremely high categories for demographic trends.

#### **6.3.4 Economic indicators**

The literature overview emphasised the economic importance of public investment to generate other investments. In essence, what is needed is to strategically prioritise investment in areas that have commercial potential as opposed to areas where this potential is limited relative to each other. As with the other indicators it was important to find indicators for which data is available. As the NSDP rightfully notes, economic statistics are, in general, not available in the ideal form to compare urban areas with one another (Republic of South Africa, 2003). In acknowledgement of this problem, the following three indicators were chosen: the percentage of households

earning less than R1 500 per month, the percentage of the unemployment population, and the number of households in a specific location with a migrant worker. As in the first two sections, attention will first be devoted to the differences between urban and rural areas, then the differences in terms of the urban settlement hierarchy, and the indicators per urban settlement in the Free State.

#### **6.3.4.1 Urban-rural differences**

The differences between urban and rural areas with regard to average household income, percentage of the population unemployed and percentage of migrant workers per household are reflected in Table 6.6.

5.

**6. TABLE 6.6: A comparison of economic indicators for urban and rural areas in the Free State, 1996**

<b>Criteria</b>	<b>Urban</b>	<b>Ru ral</b>	<b>Commercial farms</b>	<b>EX-HOMELAND RURAL</b>
<b>Percentage of households earning less than R1 500 per month</b>	62,7	81,0	79,2	82,3
<b>Percentage of total population unemployment</b>	12,7	9,7	5,6	16,0
<b>Percentage of households with migrant workers</b>	9,4	12,3	2,5	29,6

Source: Statistics South Africa, 1998

From Table 6.6 it appears that, in terms of the percentage of households earning less than R1 500 per month, the highest percentage is found in rural areas (81,0%). Ex-homeland areas have the highest percentage in this regard (82,3%). This is probably a reflection of the economic advantages of urban areas. The table also reveals that the number of households with migrant workers in the rural areas of former homelands seems to be the largest (29,6%). The low level of migrant workers present on commercial farms (16,0%) is a result of the fact that farm workers usually leave farms as a family. The lower percentages of the total population being unemployed in rural areas (9,7%) is a result of the fact that unemployment is usually not found on commercial

farms, as farm workers who are retrenched are usually asked to leave farms. However, the high percentage of the total population unemployed in the former homeland areas (16,0%) cannot be ignored.

From this discussion it seems that the rural areas in the former homelands have the highest level of economic need measured in terms of the above indicators. Simultaneously, they have a high rate of outflow of people and also limited economic opportunity. Rural areas that consist of commercial farms also have a relatively high indication of housing need and an even larger outflow of people. It is probably the area where the most jobs have been lost since 1994, if the high degree of urbanisation is taken into consideration. These contradictions and trends, in my opinion, suggest that investment in rural areas should be executed carefully, taking into account all of the above arguments.

#### **6.3.4.2 Economic trends per urban settlement category**

The three criteria used to compare the urban and rural areas are utilised in Table 6.7 for the different categories of urban settlements.

TABLE 6.7: A comparison of average household income, unemployment and presence of migrant workers per settlement category in the Free State, 1996

<b>Settlement category</b>	<b>Percentage of households earning less than R1 500</b>	<b>Percentage of total population unemployment</b>	<b>Percentage of households with migrant workers</b>
Cities	61,4	13,1	5,8
Cities without Botshabelo	57,2	12,7	3,3
Regional towns	57,5	11,5	4,9
Middle-order towns	66,7	12,2	13,5
Small towns	77,6	12,6	18,6

Source: Statistics South Africa, 1998

There is a specific decline in terms of the urban hierarchy in the Free State, with cities having the lowest percentage of households earning less than R1 500 per month. The statistics on the percentage of the total unemployment do not reveal any specific pattern and are more or less the same for the urban categories. The presence of migrant workers in a family suggests that cities

(5,8% with Botshabelo and 3,3% without) and regional towns (4,9%) have the lowest percentage, and that middle-order and small towns have the highest percentages of their workforce working elsewhere.

Although no conclusions can be arrived at with regard to unemployment figures, the figures on average income and migrant workers probably suggest larger economic opportunity within cities and regional towns than in middle-order and small towns. Cities and regional towns would probably be the areas where investment by the public and private sector together would be able to impact on the lives of people.

#### ***6.3.4.3 Economic indicators per urban settlement***

This section analyses the economic indicators in a way similar to that in which housing need and demographic trends were analysed for each urban area (see Figure 6.7 and Annexures 6.3a; 6.3b; 6.3c; 6.3d)

The following comments can be made with regard to Figure 6.7. The urban areas with high economic viability are Sasolburg, Bloemfontein, Bethlehem, Kroonstad and Welkom. Urban areas with above average economic viability are Harrismith, Ladybrand, Phuthaditjhaba, Virginia, Allanridge, Hennenman, Parys, Reitz and Viljoenskroon. All other middle-order towns have at least a below average indicator, with the majority of small towns having a low economic indicator. More interesting to note is that Botshabelo (city) has a low economic indicator. I should also caution against the relatively high rating of Phuthaditjhaba. To a large extent Phuthaditjhaba is a high income urban area adjacent to the rural poverty surrounding it. Although this does provide an indication of the urban area, it should be viewed in an integrated manner with the rural area.

This section has argued that the economic indicators suggest that urban areas and, specifically, cities and regional towns have larger economic potential than rural areas. In general, the economic opportunities seem to increase from rural areas to small towns to middle-order towns to regional towns and, finally, to cities.

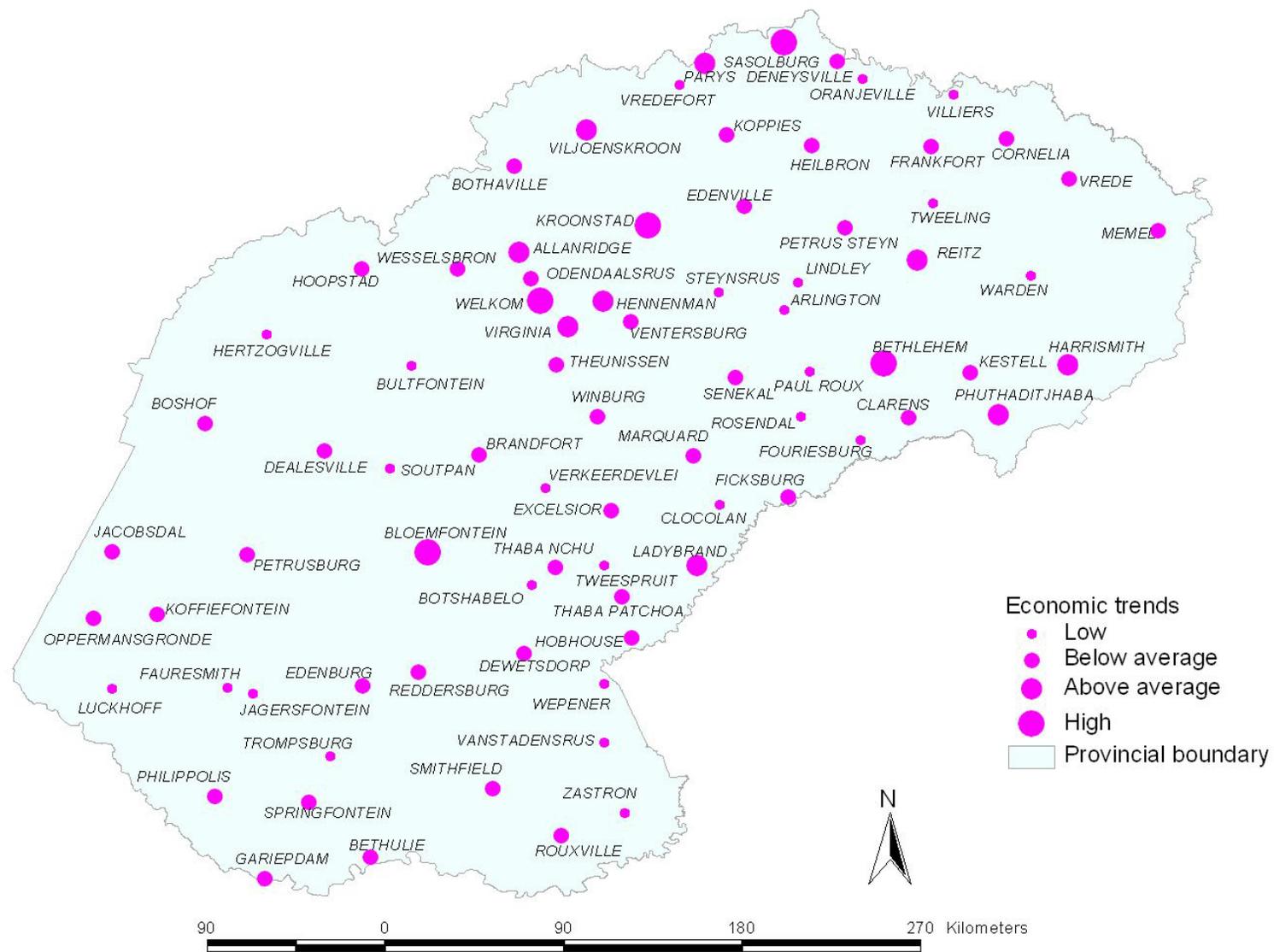


FIGURE 6.7: Economic trends per urban settlement in the Free State, 1996

#### **6.4 HOUSING INVESTMENT POTENTIAL AND POLICY IMPLICATIONS**

The previous sections have attempted to compare urban and rural areas, urban settlement categories and individual urban settlements in the Free State in terms of housing needs, demographic trends and economic sustainability. The principle of careful investment in rural areas due to the low level of economic sustainability and large outflow of people from these areas despite a relatively high housing need has been argued. The argument of strengthening settlement patterns created under apartheid - with large settlement investment in rural areas - has also been discussed in the literature overview and the applied sections. What then are the implications for the regional allocation of investment in low-income housing?

The above arguments further justify the argument, in Chapter Four, that a flexible fund is needed to provide for development in settlements. This fund should be flexible so that it can be adapted for rural areas and applied as needed. The most important requirement is that the amount that is spent on an individual be recorded in order to ensure equity between different areas.

A number of comments need to be made in respect of the different settlement categories and a comparison of the individual settlements. However, attention should first be given to Figure 6.8 where the three categories (demographic, housing need and economic sustainability) have been combined on an equal basis (see also Table 6.8 and Annexures 6.4a; 6.4b). The figure distinguishes between the following categories:

- Urban areas with high housing investment potential;
- Urban areas with above average housing investment potential;
- Urban areas with below investment potential; and
- Urban areas with low investment potential.

Cities, in general, seem to have higher levels of both economic sustainability and housing need. Demographic trends suggest that, excluding Bloemfontein and Sasolburg, demographic growth is not very high in these city areas. This can be attributed to the fact that most former farm workers usually relocate to the nearest urban area and not

necessarily to the major cities. However, the large percentage of families with migrant workers in small towns and middle-order towns might

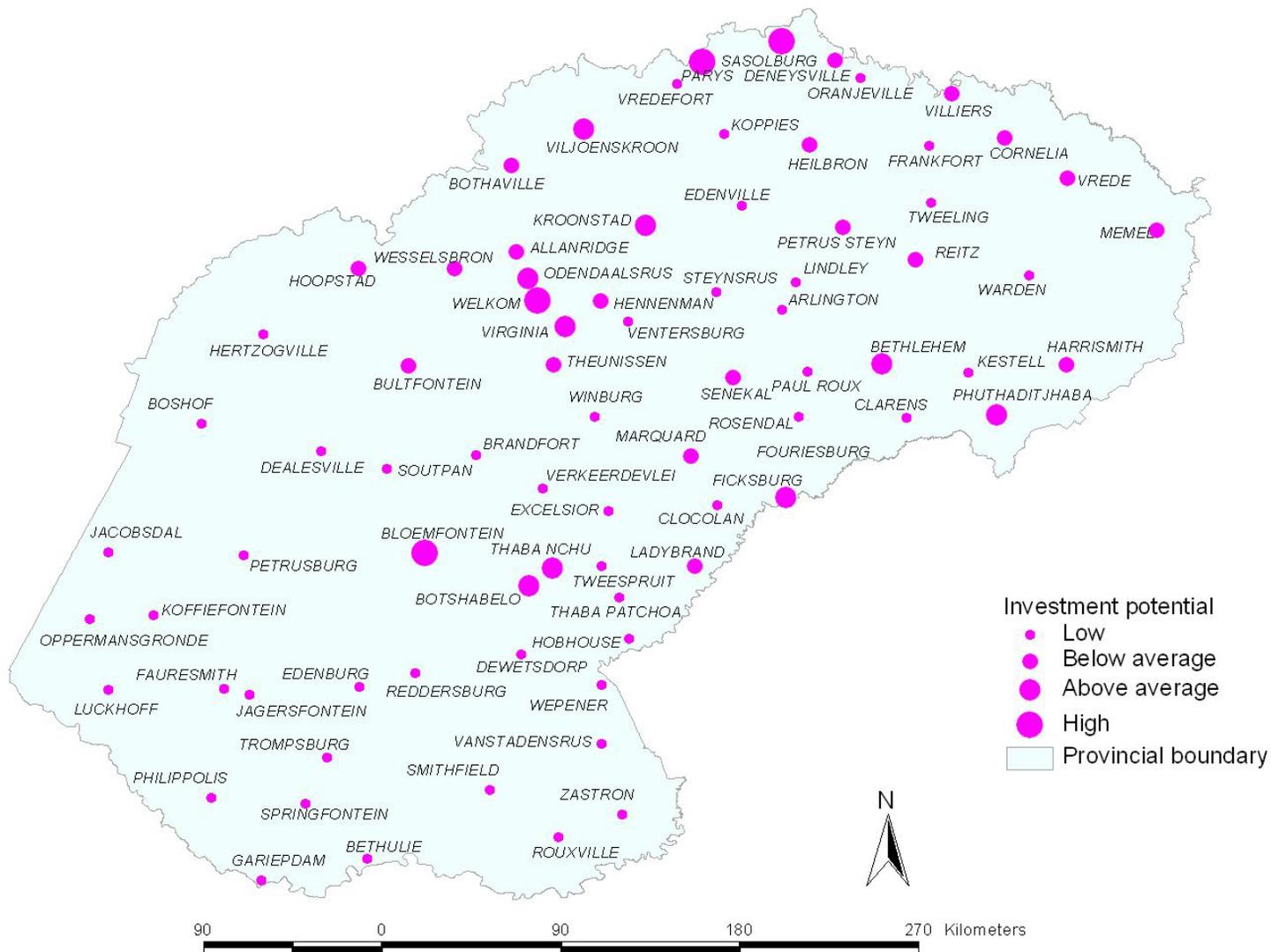


FIGURE 6.8: Investment potential per urban settlement in the Free State, 1996

TABLE 6.8: A summary of the housing investment potential per settlement type applied to the Free State

Settlement category	Housing need				Demographic trends				Economic potential			
	High	+ Ave	- Ave	Low	High	+ Ave	- Ave	Low	High	+ Ave	- Ave	Low
Ex-homeland areas	X							X				X
Rural area	X							X				X
Small towns			X				X					X
Middle-order towns			X			X					X	
Regional towns			X			X				X		
Cities	X					X			X			

+ ave = above average;  
 - ave = below average.

be an indication of future urbanisation away from these areas to, presumably, the city areas or elsewhere outside the Free State. A specific strategy should be developed for Botshabelo. Although Botshabelo has an above average housing investment potential, this is a result of the high need. However, Botshabelo has a low level of economic opportunity. The demographic trends moreover suggest that virtually no population growth is taking place. A specific strategy probably requires providing basic services and no large-scale building of housing units. It is suggested that cities in the Free State should be considered as important for housing investment.

The two regional towns had below average housing need, below average to above average demographic trends and above average economic potential. Both Kroonstad and Bethlehem were rated as areas with above average potential for housing investment. Housing investment in the regional towns should be considered as an important priority.

In general, middle-order towns have below average housing need, above average demographic trends and below average economic potential which result in most middle-order towns being classified as areas with below average potential for housing investment. However, four exceptions are Ficksburg, Reitz, Parys (rated as high) and Viljoenskroon. Housing investment in these four middle-order towns will be an important priority.

Small towns, in general, had low and below average housing need, below average and low demographic trends and low economic potential resulting in the majority of them being rated as areas with low potential for housing investment. A number of small towns are, however, also rated as areas with below average investment potential. It should be possible to distinguish between small and middle-order towns with low and below average potential for housing investment. Furthermore, it is suggested in this study that serious consideration be given to not investing in housing in those areas with a rating of low potential for housing investment. In these areas the slogan of investing in people instead of settlements is relevant (Republic of South Africa, 2003).

Rural and former homeland areas usually represent high housing need but low demographic trends and economic potential. The result is that housing investment for these areas differ considerably. However, in my opinion this suggests that consideration should be given to providing basic levels of services and that the investment framework for these areas should consider large investments in people and their skills – rather than in housing and related infrastructure. Furthermore, the type of development initiatives in these areas could further also relate to ensuring an applicable legislative environment that could improve housing conditions, for example tenure arrangements.

In conclusion it should once again be reiterated that this framework provided above should only be applicable to infrastructure and housing investment and should not be made applicable to all departments. In fact, it is my opinion that many of these areas with low economic potential should receive substantial investment from departments such as Education and Labour. The investments of these departments should enable people who move away from these areas to access employment elsewhere on the basis of their skills.

## 6.5 CONCLUSION

It was argued in this chapter that there is an urgent need for a regional housing investment framework in the Free State – probably for all provincial departments. This need is justified by the specific regional bias that existed in apartheid policies, while regional decisions about housing investment are now made on an *ad hoc* basis or by means of land economics in

certain locations. The development of the NSDP as a framework for investment patterns of government departments is further evidence of the need for such a regional framework. Literature suggested that housing need (see Chapter Five), demographic trends and the economic potential of various settlements and settlement types could be used to develop a framework specific to the Free State. The results of the empirical investigation suggest that the potential for housing investment in cities and regional towns (excluding Botshabelo) are important, while, with a few exceptions, housing investment in small towns and middle-order towns is less important. It is suggested that a specific distinction be made between middle-order and small towns with no investment potential and those with some potential for housing investment. These suggestions are in direct contrast to the reality of housing investment favouring small towns and middle-order towns at the expense of cities (see Chapter Four). However, at the same time, a larger investment drive in cities would mean that the emphasis on 40m<sup>2</sup> should be scrapped or that the subsidy for these areas should be raised. More importantly, it probably also implies that the decision with regard to these standards should be made at settlement (municipal) level after the specific realities have been considered. The existence of large-scale informal settlements in the cities and bigger urban areas also means that the housing policy should be adjusted to address this specific reality. A specific informal settlement upgrading programme is needed which varies markedly from the existing policy guidelines.

**CHAPTER SEVEN: SYNTHESIS: TOWARDS A LOW-INCOME HOUSING POLICY  
FRAMEWORK FOR THE FREE STATE**

The central question posed in this thesis pertained to the ‘*who, what and where*’ of low-income housing support in the Free State Province. This final chapter will, firstly, provide an overview of the main findings of the thesis. It will then be followed by policy proposals for low-income housing in the Free State. Each of these proposals will be fully motivated in terms of the findings of the study. In the final two sections of this chapter the value of the research and future research areas will be discussed (see Figure 7.1 for an outline of the chapter).

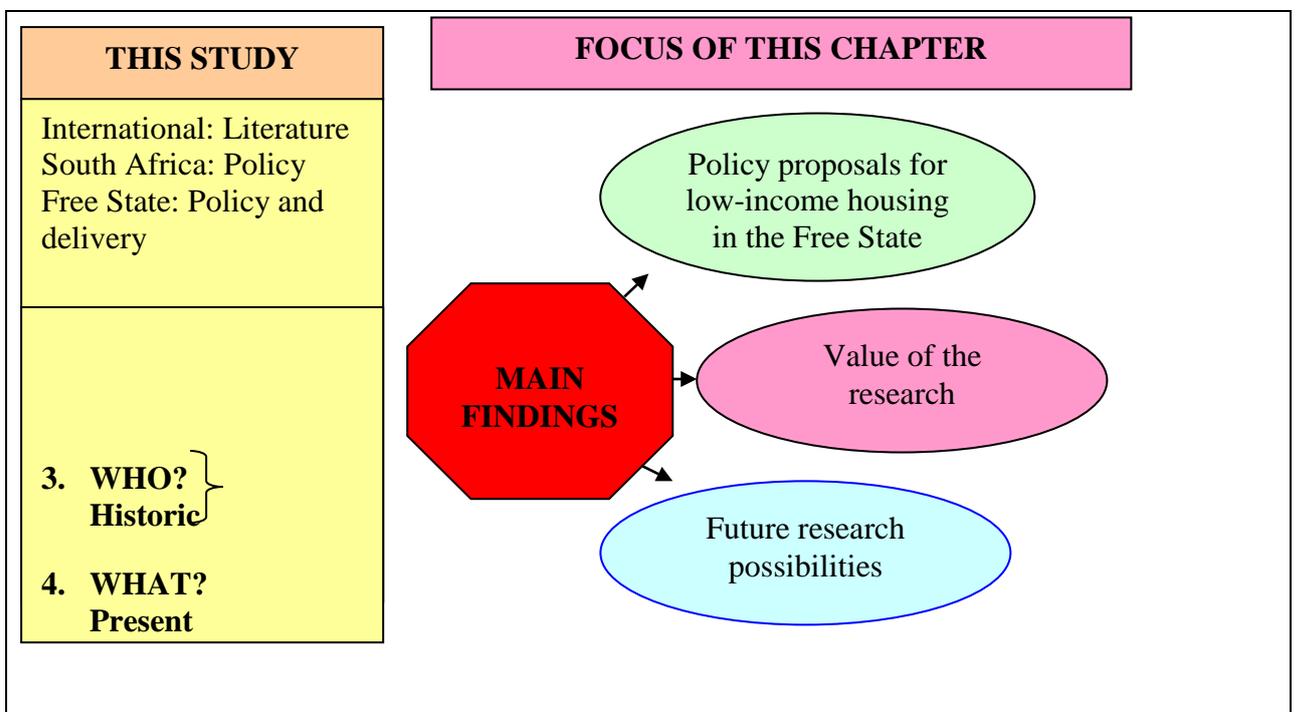


FIGURE 7.1: Outline and focus of Chapter Seven

**7.1 AN OVERVIEW OF THE MAIN FINDINGS**

A number of key findings were made in this study which is one of the most comprehensive assessments to date of post-apartheid housing policy. Although South African policy in the early 1990s, in general, corresponded with that of the World Bank, it deviated in the sense that emphasis was placed on the building of houses as opposed to the provision mainly of infrastructure. The Free State deviated even further by specifically stipulating the size of housing. This study analysed these differences against the background of the international

developments in policy and proposed a framework against which the problem can be addressed. In this section the main findings of the study are outlined as follows:

### **7.1.1 South African policy can not simply be equated to that of the World Bank**

Although this finding cannot be linked directly to the three aspects of the problem statement in this thesis (*who, what and where* of housing policy), the fact that South African housing policy should, despite the simplistic reference to it by Bond and Tait (1997) and Tomlinson (1998), not simply be equated to that of the World Bank. Elements that do correspond are the emphasis on targeted subsidies, the pro-poor focus, as well as long term settlement cost recovery. However, as was outlined in Chapter Three and empirically tested in Chapter Four, South African policy and specifically the application thereof in the Free State over-emphasised housing size as opposed to the conventional wisdom of the World Bank, which states that infrastructure only should be provided. In fact, in the Free State only top structures were provided in a large section of the projects.

### **7.1.2 Targeting low-income housing subsidies to the poor is essential**

Both the overview of international literature and the assessment of South African policy provided enough evidence to prove that subsidies for housing to the poor are essential. It seems that there are three main reasons for subsidising low-income housing for the poor:

- It is highly unlikely that market forces will ensure that everybody will be able to access a reasonable living environment. This has been accepted both world-wide (see Chapter Two) and also in South Africa (see Chapter Three).
- Public health is another motivation for subsidies (see Chapter Five). If one considers the HIV/AIDS pandemic in South Africa, access to a quality living environment is essential (both infrastructure and top structure), but, as has been argued in Chapter Five in terms of public health the cost-benefit from investment in infrastructure is more effective than from providing a top structure.
- Furthermore, there are pressing environmental reasons that will ensure that the impact on the physical environment is limited. The emphasis on sustainability and environmental considerations since the 1990s (discussed in Chapter Two) makes this an important reason for providing subsidies for low-income housing.

Although the principle of targeted subsidies for low-income housing seems to be commonly accepted, I am not convinced that the reasons for subsidisation, other than the failure of market forces, are well understood in terms of how the policy was applied in the Free State. The relationship between settlement investment and health, as well as environmental issues, seems to be neglected because these aspects are usually seen to be the field of specialisation of other departments. This is evident from the fact that the provision of infrastructure and the upgrading of informal settlements by means of the subsidy have both been neglected in the Free State (see Chapter Four).

### **7.1.3 Low-income housing subsidies should also assist markets**

As was argued in Chapter Three, the way in which the subsidies were linked to income bands was supposed also to assist the finance of housing from the private sector. However, as was evident from Chapter Four, very few of these subsidies went to people with incomes in the income bands above the lowest (initially a monthly household income of R800 and later R1 500). Thus, the initial idea in policy in the Free State did not materialise – although one should acknowledge that in other parts of South Africa materialisation was also limited. As I did argue in Chapter Four, the emphasis on housing size in the Free State played an essential role in this, as developers, in order to ensure that they built housing units of 40m<sup>2</sup> had to focus on the lowest income bands to ensure the maximum housing subsidy. This resulted in a situation where possible beneficiaries who could use the subsidy in association with private sector finance did not receive subsidies.

### **7.1.4 Subsidies could be well-targeted but wrongly directed**

As stated above, it was argued in Chapter Four that, in the Free State, a large percentage of people with a monthly income below R800, initially, and R1 500, later, did in fact access the low-income housing subsidy. This is surely evidence of a well-targeted subsidy programme. However, again as argued in Chapter Four, this was the result of an overemphasis on housing size and, consequently, made a smaller impact on the provision of infrastructure. Therefore, in my opinion, although subsidies have been well targeted and thus address the one reason for subsidisation (to assist those who will not benefit from the market), these have been directed to the housing structure only. The advantages of subsidisation for public health will therefore be minimised as infrastructure developments have - due to the emphasis on housing - been neglected. Considering the HIV/AIDS pandemic where it is essential that a settlement

environment should assist the immune system of people, this approach in the Free State could have disastrous impacts and might create higher costs for the Department of Health.

#### **7.1.5 An emphasis on housing size influences who become beneficiaries**

The specification of housing size in the Free State has brought government into the housing field as a direct role player in that it makes decisions which communities or individuals should be able to make. International experience and the theoretical arguments by Turner assessed in Chapter Two suggest that this is not desirable (see Chapter Two). Furthermore, international experience shows that a set standard of housing negatively influences delivery to the poor. Chapter Three has shown that the emphasis on housing size in the Free State is historically linked to a political emphasis on providing 'real homes' to people. The empirical evidence from Chapter Four has shown that the emphasis on housing size has ensured that people earning below R800 and - since the merging of the income bands - R1 500 per month have become the end-beneficiaries. Once again, this is desirable from a pro-poor perspective. However, considering the total settlement environment, this approach tends to neglect the provision of infrastructure, provides subsidies in an unbalanced manner to the lowest income band and (while neglecting the other income bands under R3 500 per month) to those most unlikely to afford basic services. The approach also does not assist in linking subsidies with private sector finance (the Free State was the province with the least subsidies provided in the income bands above R1 500 monthly household income).

#### **7.1.6 An emphasis on housing size impacts negatively on infrastructure provision which is the most important aspect of the settlement environment**

Though the international emphasis on the provision of infrastructure was admittedly mainly linked to public health and reasons of equity, the provincial emphasis on the size of housing resulted in infrastructure being grossly neglected. Furthermore, despite international emphasis on housing being much more than the top structure, the Free State policy has emphasised the size of the housing structure. The World Bank policies suggest that the provision of infrastructure should be the only form of direct government investment at settlement level. The result was that the provision of infrastructure in the Free State was neglected at the expense of housing size (see Chapter Four). In Chapter Five and Chapter Six some proposals were made on how to integrate aspects of both low-income housing and infrastructure effectively in one framework. In general, the proposals forwarded in these chapters were that infrastructure provision should be essential

to any housing development, while a comparison of infrastructure levels as one component of a regional investment framework for housing funds is vital.

#### **7.1.7 Horizontal equity is important but was neglected**

Horizontal equity refers to the fact that beneficiaries of the subsidy scheme for low-income housing receive more or less the same product throughout the whole of South Africa. As mentioned in Chapter Three this was an essential part of the White Paper on Housing. The study has shown that the Free State provided bigger houses than did the rest of the country. One of the reasons for this was a double subsidisation process whereby the subsidy for low-income housing was complemented with funds from either the District Municipality or the Consolidated Municipal Infrastructure Programme. This approach has two consequences. Firstly, it essentially provides more to fewer (depth over width) and therefore does not help to address the increasing problem of low-income housing. Secondly, it does not help to ensure equity as, in the Free State, the subsidy is complemented by various other subsidies that are not available to people of lower income in other provinces. In fact, double subsidisation has become part of the Free State housing strategy which is not effective in the long run.

#### **7.1.8 The emphasis on housing / stand size does not help to promote the idea of incrementalism**

In Chapter Two the importance of incremental housing development was stressed. Furthermore, the concept is also part of the South African policy documents. However, the emphasis on housing/stand size in the Free State has, to some extent, neglected this principle at two levels. At the first level, it does not assist in the development of an incremental approach between land, infrastructure and housing. It should be mentioned that this is valid for South Africa as a whole and not just the Free State. At the second level, the emphasis on the size of housing theoretically views housing as a product and not as a process.

#### **7.1.9 Low-income housing cannot be viewed in isolation from land, infrastructure and an urbanisation strategy**

Turner and the World Bank have placed specific emphasis on the relationship between low-income housing and infrastructure, while the latest policy approaches have all emphasised housing as one aspect of the settlement environment. South African policy has also recognised this relationship. However, it seems that the practical implications of the relationship between these aspects have not been accepted. The emphasis on housing size has surely not taken cognisance of the relationship between housing, land, infrastructure and urbanisation. As

already mentioned, bigger houses resulted in both lower levels of infrastructure and limited informal upgrading taking place to address urban growth. Larger stand sizes have again made the provision of infrastructure more expensive. Another consequence of the lack of acknowledging the relationship between land, infrastructure and urbanisation is that municipalities were requested to co-fund developments. In the case of Welkom the municipality refused; in Bloemfontein the municipality stopped their initial contribution because it had a negative impact on their financial situation.

#### **7.1.10 Housing is but one aspect of the settlement environment**

The initial ideas around low-income housing were mainly concentrated on housing as a separate entity. However, in the period after the Second World War there has been more and more emphasis on the fact that housing should be seen as one aspect of the settlement environment. On the international scene, further emphasis on this is evident from the decision of the World Bank to close down the housing division, as well as the greater emphasis on sustainable settlements since the early 1990s. In theory, the South African policy is also linked to the principle of sustainable settlements. However, the implementation of the policy in South Africa and especially in the Free State has reinforced the principle of houses to an even larger degree. In the Free State this was done by means of the emphasis on housing size. The arguments in Chapters Five and Six suggested that more emphasis should be placed on the total settlement environment, which includes, amongst others, access to infrastructure, amenities and job opportunities. This also corresponds with the definition of housing provided in Chapter One.

#### **7.1.11 An emphasis on housing size influences the locality of low-income housing investment**

Although limited guidelines exist in international and national policies with regard to the regional allocation of housing investment, it has historically been engineered in South Africa. This study indicates how the emphasis on housing size in the Free State has influenced the regional distribution of subsidies across the Free State. In essence, it favoured places where existing stands were already available, land costs were minimal, infrastructure investments had already been made or funds, additional to the housing subsidy, were available. In the Free State this was mainly in small and middle-order towns. In contrast, for the very same reasons, the delivery of low-income housing in the cities of the Free State was neglected. Although housing delivery to cities has improved since 1998, it is argued in Chapter Four that this was done at the expense of the poor (those below R800 income) as it required a beneficiary deposit. This was

also at the expense of municipal finance, in that it required a municipal subsidy in addition to the housing subsidy. In Chapters Five and Six a number of proposals are outlined on how to deal with this issue. Chapter Five argues that housing delivery to the poor should go mainly to infrastructure irrespective of location, while in Chapter Six the regional attributes of the housing problem have been assessed by means of a combination of indicators on demographics, housing needs (including infrastructure) and economic viability.

#### **7.1.12 Regional allocation guidelines for low-income housing funds have hitherto been vague and a set of guidelines is proposed**

I have argued in Chapter Two that although there were some regional guidelines in the development of low-income housing policy, these guidelines were rarely spelled out directly. In contrast to some guidelines in the international environment, the regional guidelines in the policies of low-income housing since 1994 were even vaguer (see Chapter Three). In fact, the guidelines on regional policy in the period after 1994 have not assisted in regional planning at all (see Chapter Six). What seems to be lacking is a systematic and well-integrated approach to the regional allocation of funds for low-income housing, as well as for other funds and Government Departments. As a result of a lack of such a strategy, land economics (land prices) and *ad hoc* basis of subsidy allocation dominated the process. In Chapter Four the consequences of a lack of a regional policy framework were spelled out. Subsidies for low-income housing favoured small towns for two reasons. In the first place, planned and serviced stands were available in many of these small towns. Secondly, the land costs in many of these towns were considerably lower than in the bigger urban areas. These lower prices ensured that the minimum housing size could be obtained. In Chapter Six some guidelines have been given on how a regional policy framework could be introduced for settlement investment in the Free State. It is argued in Chapter Six that, in contrast to the literature three sets of indicators should be considered in combination, namely demographic, housing (settlement) needs and economic viability.

Table 7.1 provides an overview of the main findings related to the problem statement addressed in this thesis. It should be mentioned that the first finding in terms of the relationship between South African housing policy and that of the World Bank is not included because it does not directly reflect on the problem statement. The indirect implications of this finding are, however, analysed in detail.

TABLE 7.1: An outline of the key recommendations against the key findings and problem statement of the study

Key questions asked	Key findings	Reference to Chapter	Key recommendations – towards a policy framework for the Free State
<p style="text-align: center;"><b>WHO?</b></p> <p>1. Income groups</p>	<p>1. Targeting low-income housing subsidies to the poor is essential.</p> <p>2. Low-income housing subsidies should also assist markets.</p> <p>3. Subsidies could/should be well targeted but wrongly directed.</p>	<p>Chapters 2,3,4,5</p> <p>Chapter 4</p> <p>Chapter 3,4</p>	<p>1. The pro-poor or targeted nature of the subsidy system should be maintained.</p> <p>2. Policy obstacles that prevent the private sector to finance housing should be minimised.</p>
<p style="text-align: center;"><b>WHAT?</b></p> <p>1. The desirability of subsidisation</p> <p>2. Type of subsidy</p> <p>3. Role of standards</p> <p>4. Size of the subsidy</p> <p>5. Size and type of top structure</p> <p>6. Size of the stand</p> <p>7. Level of services</p>	<p>1. Subsidies could/should be well targeted but wrongly directed.</p> <p>2. An emphasis on housing size influences who become end-beneficiaries.</p> <p>3. An emphasis on housing size impacts negatively on the provision of infrastructure which is the most important aspect of the settlement environment.</p> <p>4. Horizontal equity is important but has been neglected.</p> <p>5. The emphasis on housing / stand size does not help to promote the idea of incrementalism.</p> <p>6. An emphasis on housing size influences the locality of low-income housing investment.</p> <p>7. Low-income housing cannot be seen in isolation from land, infrastructure and an urbanisation strategy.</p> <p>8. Housing is but one aspect of the settlement environment.</p>	<p>Chapters 3, 4</p> <p>Chapter 4</p> <p>Chapter 4 and 5</p> <p>Chapter 2,3,4</p> <p>Chapters 2,3,4</p> <p>Chapter 4</p> <p>Chapters 5,6</p> <p>Chapters 1,2,3,4,5, 6</p>	<p>1. The rationale for low-income housing subsidies in the Free State should be reconsidered.</p> <p>2. Low-income housing subsidies should be available in an incremental manner and as a single settlement fund.</p> <p>3. Managing low-income housing subsidies should be undertaken at the local level.</p> <p>4. Low-income housing subsidies should be used to accommodate urban growth.</p> <p>5. The emphasis on housing size should be reconsidered.</p> <p>6. The emphasis should still be on width and not depth.</p>

<p style="text-align: center;"><b>WHERE?</b></p> <p>1. The allocation of low-income housing investment amongst settlement categories (including rural areas)</p>	<p>1. An emphasis on housing size influences the locality of low-income housing investment.</p> <p>2. Regional allocation guidelines for housing funds are vague and a set of guidelines are proposed.</p>	<p style="text-align: center;">Chapter 4</p> <p style="text-align: center;">Chapter 2,6</p>	<p>1. Develop a policy framework for the regional allocation of subsidies - using the framework provided in this study as basis.</p> <p>2. Low-income housing subsidies should be used to accommodate urban growth.</p>
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## 7.2 TOWARDS A POST-APARTHEID LOW-INCOME HOUSING POLICY FRAMEWORK

This section aims at advancing a number of policy proposals that have been analysed in this study. These proposals are made within the context of debating housing policy and their purpose should be seen as one of initiating and stimulating debate – rather than being final policy proposals. These proposals are made at a time when the National Department of Housing is revisiting the national policy. Therefore, a discussion on some changes to the national policy is relevant. However, before each of the policy proposals is analysed it is important to note that there should be an understanding of the interrelationship of the aspects related to the ‘*who, what and where*’ as analysed in this study. This being a study in the subject discipline of Geography, it is important to note that place or space (*where*) has had a major impact on the *who* and *what* aspects of the study. The fundamental policy proposal linked to this specific situation is that, although there should be a uniform policy framework, some leeway should be left for flexible implementation. The study has indicated that the emphasis on housing size in the Free State has not benefited areas where land prices have been expensive and where no serviced stands have been available. Against this background the following proposals for a policy framework for the Free State are suggested (see also Table 7.1).

### **7.2.1 The pro-poor targeted nature of the subsidy system should be maintained**

There is enough evidence in this study from the Free State, but also from research at the national level, (CSIR, 1999; 2000a) that the subsidies have reached the poor. However, in the Free State it was not proportional to the various income groups as stipulated in the White Paper on Housing. As was indicated in this study, the subsidies in the Free State reached the poor more so than in other provinces due to the emphasis on housing size. In the interim, at the beginning of 2002, the National Department of Housing made a few changes to policy that need to be mentioned. In the first change, policy requires that households save an amount of approximately R2 500 as deposit or use the People’s Housing Process where they contribute their labour (Department of Housing, 2002). At the same time the National Department of Housing is considering merging the income bands to which subsidies are allocated. A required saving or deposit, combined with a collapsing of the income bands to

one band of between R0 and R3 500 (or even if it is lifted), would mean that housing by means of the savings route will be even less likely to reach the poor. Marais and Wessels (2001) have already provided some evidence to this effect from developments that required deposits by end-beneficiary in Welkom. My opinion is that the success obtained in reaching the poor by means of the targeted subsidy should not be compromised.

### **7.2.2 Policy obstacles that prevent private sector low-income housing finance to play a role should be minimised**

Providing subsidies to the poor is not negotiable. However, one should always consider a larger emphasis on the role of the subsidy to ensure a larger degree of participation by the private sector in financing low-income housing. Obstacles that hinder the involvement of the private sector in the financing of low-income housing should thus be minimised. One of these obstacles in the context of the Free State is the emphasis on housing size. It has resulted in developers focusing on the income categories below R1 500 in order to get the largest subsidy to enable them to comply with the requirements of 40m<sup>2</sup> in the Free State. Another factor limiting the contribution of the private sector is the fact that the top scale of the subsidy has remained on between R2 501 and R3 500 of monthly income per household. It is simply true that, due to inflation, an income of R3 500 in 1994, which allowed one at that time to access a low-income housing subsidy, is currently worth about R7 000. It is also true that banks that would have considered financing low-income housing to households earning slightly less than R3 500 per month in 1994 would certainly not consider it now.

### **7.2.3 The rationale for low-income housing subsidies should be reconsidered in the Free State**

The rationale for low-income housing subsidies in the Free State since 1994 was to provide as big a housing unit as possible to the end-beneficiary. Although, politically, this is understandable, this study has indicated in Chapter Five that various other reasons or factors should be considered regarding low-income housing subsidies. One consideration already mentioned under the proposals is that it could have a significant impact if the private sector were to make available more finance for low-income housing. However, there are also other important reasons. Firstly, low-income housing or settlement subsidies should be able to

address the public health problems. Secondly, I have tried to indicate in Chapter Five that the cost benefit of the provision of infrastructure should potentially have major positive spin-off. Any policy that neglects the provision of basic infrastructure will have to bear the costs in the public health sector. Enough evidence exists that this will be far more expensive. The third reason for having low-income housing/settlement subsidies is that this should lessen the impact on the environment. This trend has become extremely important since the debate on sustainable development became prominent in the late 1980s.

#### 7.2.4 Low-income housing subsidies should be available in an incremental manner and as a single settlement fund

The review of the international literature and the assessment of South African policy have both indicated the importance of the concept of incremental development. Although the initial concept of the provision of a starter home probably captured this idea in policy, I am not convinced that the principle has been taken far enough. In essence, it should be possible to access the low-income housing subsidy in two or more phases, with a limit on the maximum amount. For example, it should be able with the first subsidy to access a planned stand. During the second and third rounds the provision of services and a house should be possible. This whole process might take a number of years, but the initial focus should be to get all people on planned stands and, secondly, to provide some form of infrastructure to them. With such an approach it will be possible to prevent land invasion such as in the case of Bredell (Huchermeyer, 2003b). It would also mean that a larger proportion of people could be reached by means of basic services from the amount available from the state budget. This would enable local municipalities to plan for the development of low-income housing over more than one year, considering their own capacity and processes of development. Such an approach also assumes the establishment of a single settlement fund for housing and infrastructure.

#### 7.2.5 Managing low-income housing subsidies should be undertaken at the local level

In Chapter Five it was argued that the housing problem should be viewed in terms of the settlement environment. In fact, to a large extent, housing is part of the settlement problem.

The argument further entailed that, as long as the problem is not addressed as a holistic settlement problem, low-income housing developments will find it difficult to create integrated settlements. My argument is that all capital grants should be combined and provided to local municipalities on a three-year rolling basis. Local municipalities can then make decisions on how to use these subsidies within the policy frameworks provided. Such an approach will make local municipalities the final decision makers and enable them, in consultation with communities, to make appropriate decisions on housing size and other standards. By means of this approach it would be possible to ensure a settlement-wide development and to assist communities in making appropriate decisions.

#### 7.2.6 Low-income housing subsidies should be used to accommodate urban growth

In addition to the above policy proposal, it is essential that the low-income housing subsidy should be used to manage urbanisation. It was indicated in Chapter Four that no informal settlement upgrading has taken place in the Free State. This is mainly due to the introduction of the standard of a minimum housing size of 40m<sup>2</sup>. The set standard made it impossible to provide housing of the set size, as well as providing services and planned stands. In my opinion, a holistic settlement-upgrading fund (subsidy) should be available in an incremental manner to improve the conditions of people residing in informal settlements. The arguments of improved public health and environmental conditions are also appropriate in this instance.

#### **7.2.7 The emphasis on housing size should be reconsidered**

This study has been severe on the policy approach to construct housing units of 40m<sup>2</sup> in the Free State, and, has shown the various shortcomings of this approach. It is suggested that the standard set by the provincial government be scrapped to make provision for various circumstances. Furthermore, in line with previous proposals above, I believe that such decisions could easily be decentralised to local municipalities.

#### **7.2.8 The emphasis should still be on width and not depth**

Although the large number of low-income housing units constructed have been criticised for poor quality and limited ownership, I feel that this study has provided sufficient evidence to indicate that an increased emphasis on width should be enforced. This should be done within

the framework of incremental development. This means that it should be considered to provide a smaller product and, at the initial phase, probably only site and services. The incremental nature of housing could lead to having a formal house subsidised later if funds are available.

### **7.2.9 Develop policy framework for the regional allocation of subsidies: using the framework provided in this study as basis**

In my opinion it is essential that a regional policy framework for the allocation of all government grants (including low-income housing) should be developed. This is important to prevent land economics from dominating the areas of investment and to ensure a larger degree of integration between funds from various departments and between funds from the public and private sector. The framework for such a proposal was provided in Chapter Six and it included three main criteria, namely, housing need (including infrastructure), economic viability and demographic trends. Although this approach is probably open to the use of other indicators, it utilises census data which enables one to compare extensively between various settlements.

## **7.3 VALUE OF THE RESEARCH RESULTS**

The value of the research can be motivated by means of the following points:

- In the process of researching the policies and the delivery of low-income housing in South Africa, a theoretical understanding was provided of the global socio-economic forces and institutions impacting on policies of low-income housing. Although especially Tomlinson (1998a) and the CSIR (1999) attempted to demonstrate links between the international and the South African environments regarding low-income housing policy, this study has conducted the comparison in a far more comprehensive manner. It also showed, despite some simplistic assumptions by especially Bond and Tait (1997), that policy on low-income housing in South Africa is a replication of that of the World Bank, that there are fundamental differences between World Bank policy on low-income housing and the policy in South Africa. It is also interesting that in most South African papers and books on housing policy these international links are not always recognised. Although Khan

and Thring (2003), in their edited book, do provide legitimate concerns about housing policy, most of the criticism takes place without any reference to the international experience and political economic reality.

- South African policies on low-income housing have, since 1994, focused mainly on delivery. Although a number of assessments have been made, the present study is one of the more comprehensive studies undertaken since the implementation of the New Housing Subsidy Scheme early in 1994. In fact, this study is the only one focusing on the provincial level and then doing so by comparing the provinces. The comparison with other provinces and South Africa as a whole further contributes to a better understanding of the relevant approaches to low-income housing in the Free State and strengthens the geographical nature of the study. The results of the study have also been presented at a number of workshops and the study has contributed to policy formulation in the Free State.
- Studies regarding the impact of post-apartheid policies in South Africa are limited. This study has attempted to make a contribution in this regard. It has specifically shown that policies with the noble intention of focusing on needs (for example, bigger houses and trying to spread subsidies as widely as possible) can have negative implications as this leads to problems of equity, economic sustainability, the environment and public health.
- The study provides a framework of how to assess the housing problem at the provincial level and suggests, by means of a set of indicators, a framework within which the regional allocation of investment in housing and settlements can be made.
- The study also suggests that housing should be seen, to a larger degree, as part of the settlement environment. In fact, it is proposed that all capital grants to settlements (including the current housing subsidy) should be combined in one subsidy programme.
- The CDE (1998) maintains that there is currently no reliable body of information against which to assess post-apartheid demographic trends. Neither is there information against which to assess the economic indicators that could play a role in the location (*where*) of public investment. The statistical information from the 1996 census analysed in this thesis has been an attempt to contribute to a database that could be used in decision-making. It also provides a basis on which to build in future.

- A database on the post-apartheid delivery of low-income housing established by means of this study is probably the most up-to-date database for any province in South Africa.
- The study has also contributed to academic debate, as a number of peer reviewed academic articles were published from the research conducted for the study (Marais and Krige, 1999; Marais and Krige, 2000; Marais, 2001a; Marais and Botha, 2001; Marais *et al.*, 2002; Marais, 2003). A number of research items on the periphery of this study have also contributed to a greater understanding of housing policy (Marais, 1995a; Marais 1995b; Lehare and Marais, 1996; Marais, 1997; Marais and Krige, 1997; Marais, 1998; Marais, 2002). The results have also been presented at various academic and professional conferences (Marais, 1999a; 1999b; 2000a; 2001b) and as part of the development of the Free State Housing Strategy. It is also envisaged that a number of other papers will be published.
- The utilisation of the settlement hierarchy for the Free State has proved to be relatively successful. Data obtained in this format can in future be updated in order to determine emerging trends.
- The regional focus of the study has probably been one of the first post-apartheid attempts to investigate the regional dynamics of public spending. Its importance is probably more significant if the approach of the government of so-called regional neutrality is taken into account. This study indicates that, despite an attitude of regional neutrality, a number of regional dimensions and assumptions with regard to the allocation of subsidies do nevertheless exist.
- The research has also identified a number of research possibilities that can be investigated in future (see Section 7.4).
- The reference list on international trends in policies on low-income housing, as well as the references on post-apartheid South African policies on low-income housing may both be helpful to researchers with similar topics.

#### **7.4 FUTURE RESEARCH POSSIBILITIES**

As stated in Chapter One, this study has only attempted to address a selected number of aspects of a low-income housing strategy for the Free State. As I progressed with the

research, it became clear that a number of critical aspects remained for future research. The following are briefly mentioned:

- In my opinion, it will be vital to broaden the regional dimension of this study to the national level. This study is one of the few post-apartheid assessments of the regional dynamics involved in public sector spending. It would be enlightening to assess not only the regional dynamics of each province, but also the national dynamics.
- The economic impact of developing low-income housing in different settlement types should also be investigated. This study has only evaluated the economic potential of settlement categories but the potential economic role of housing in various settlements has not been assessed. This should provide an indication of job creation and the economic value of projects per settlement.
- A closely related, yet neglected, topic is the level of satisfaction of beneficiaries. This study allowed neither the time nor the space for studying the experience of new low-income home-owners. However, the levels of satisfaction of beneficiaries in different delivery methods could provide important information for future housing planning. Added to an investigation on the levels of satisfaction is the question on what the impact of the housing unit has been on the beneficiaries.
- Added to the above aspect is potential research on the incremental upgrading of housing units in various locations. As South African policy essentially provides a starter home, one possible way of measuring ownership and success is the degree in which housing units are expanded over time. This study has assumed that this would be the case, but urgent empirical evidence is required in this regard.
- Furthermore, the means and processes of accessing further housing finance could be researched. In the study it has been argued that the subsidy should ensure a larger degree of finance by the private sector. The possibilities and process of accessing and using such funding should be investigated in more detail.
- Although I have extensively argued for a greater investment in infrastructure for the sake of better public health, there is virtually no empirical evidence in the South African context to prove this. Bond (1999) quotes a number of consultancy reports, and a number of international examples are available (see UNCHS, 1996b). What is needed is an

extensive research programme testing the impact of various levels of infrastructure and top structures and their impact on the health situation of the surrounding communities.

- One of the difficult and unknown factors with regard to housing touched upon briefly in this study is the impact of the HIV/AIDS on policy. This impact will probably be on two levels. Firstly, the question is how the trends in HIV will impact on demographic trends, and, secondly, what the different policy approaches are that should be followed in respect of housing and settlement issues.
- This thesis addressed the spatial question by means of a regional planning approach. The spatial reconstruction of urban areas by means of housing was not addressed. An area that could be researched in more detail is the use of housing for spatial infilling.
- Similar provincial assessments and comparisons between provinces could also be undertaken. It is also possible to extend such evaluations to not only include the *who*, *what* and *where* but, as Smith (1974) has done, also the *how*.

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# ANNEXURES

**ANNEXURE 1.1: Project questionnaire**

**PROJECT (place):** \_\_\_\_\_

**House**

- 1 More than one housing product in the project? Yes / No (If Yes indicate percentage)
2. Was the development:

Greenfields	On vacant existing stands
On existing stands that were occupied.	

3. Was any top finance available? Yes / No

4. House

4.1 Site size				
4.2 House size				
4.3 Number of rooms:				
4.4 Foundations	Raft	Strip		
4.5 External wall	220mm	150mm	110mm	90mm
4.6 Type of brick	Clay	Cement	Hollow block	
4.7 External finish	None	Plastered	Painted	Cemwash
4.8 Number of external doors	1	2	3	
4.9 Type of external door	Steel	Wooden		
4.10 Number of internal doors				
4.11 Roofing material	Tiles	Asbestos	Corrugated	IBR

			iron	
4.12 Roof pitch	Pitched	Flat		
4.13 Ceiling	Yes	No		
4.14 Bathroom facilities	Bath	Shower	Basin	Toilet
4.15 External tap	Yes	No		
4.16 Kitchen zinc	Yes	No		

### 5. Infrastructure (circle or underline the applicable option)

Infrastructure	Is it available after completion of the project?	Part of housing subsidy? If not how was it financed? Underline the correct one	Standard of infrastructure available on the stands
5.1 Sanitation	Yes / No	Housing subsidy District Council Grant Municipal Grant Other?	Waterborne inside the house Waterborne outside house VIP None
5.2 Water	Yes / No	Housing Subsidy District Council Grant Municipal Grant Other?	Tap inside house Tap outside house on erf Community tap
5.3 Electricity	Yes / No	Housing Subsidy District Council Grant Municipal Grant Other?	
5.4 Roads	Yes / No	Housing subsidy District Council Grant Municipal Grant Other?	
5.5 Storm water drainage	Yes / No	Housing subsidy District Council Grant Municipal Grant Other?	
		Housing subsidy	

5.6 Land	Yes / No	District Council Grant Municipal Grant Other?	Land cost per stand: (the price before the project was initiated)
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**6. COMMENTS:**

Housing needs indicators per urban settlement in the Free State, 1996

Urban area	Households (n)	Informal dwellings (n)	Public tap (n)	No sanitation (n)	No electricity (n)	No refuse removal (n)	Income < R1 500 p.m. (n)	Informal dwellings (%)	Public tap (%)	No sanitation (%)	No electricity (%)	No refuse Removal (%)	Income < R1 500 p.m. (%)
Allanridge	4 869	1 684	402	50	1 373	171	3 558	34,6	8,3	1,0	28,2	3,5	73,1
Arlington	888	409	0	2	131	2	765	46,1	0,0	0,2	14,8	0,2	86,1
Bethlehem	14 367	1 640	813	671	2 584	990	7 957	11,4	5,7	4,7	18,0	6,9	55,4
Bethulie	1 559	75	610	60	351	75	1 181	4,8	39,1	3,8	22,5	4,8	75,8
Bloemfontein	91 758	16 193	13 487	4 331	23 148	16 647	42 947	17,6	14,7	4,7	25,2	18,1	46,8
Boshof	1 375	422	98	19	665	29	1 036	30,7	7,1	1,4	48,4	2,1	75,3
Bothaville	7 918	3 090	1 087	244	5 699	89	5 904	39,0	13,7	3,1	72,0	1,1	74,6
Botshabelo	39 451	5 860	22 886	3 011	27 844	6 837	30 271	14,9	58,0	7,6	70,6	17,3	76,7
Brandfort	3 024	929	34	52	430	103	2 123	30,7	1,1	1,7	14,2	3,4	70,2
Bultfontein	4 268	1 965	2 219	3	1 529	144	3 559	46,0	52,0	0,1	35,8	3,4	83,4
Clarens	710	101	12	29	184	1	513	14,2	1,7	4,1	25,9	0,1	72,3
Clocolan	3 119	633	18	46	669	36	2 510	20,3	0,6	1,5	21,4	1,2	80,5
Cornelia	576	249	175	7	441	1	446	43,2	30,4	1,2	76,6	0,2	77,4
Dealesville	760	320	55	97	249	69	531	42,1	7,2	12,8	32,8	9,1	69,9
Deneysville	2 698	1 994	607	85	600	457	1 960	73,9	22,5	3,2	22,2	16,9	72,6
Dewetsdorp	1 991	623	283	73	502	265	1 580	31,3	14,2	3,7	25,2	13,3	79,4
Edenburg	1 313	175	21	3	425	31	1 028	13,3	1,6	0,2	32,4	2,4	78,3
Edenville	918	379	8	1	1	0	493	41,3	0,9	0,1	0,1	0,0	53,7
Excelsior	1 274	244	5	27	332	26	972	19,2	0,4	2,1	26,1	2,0	76,3
Fauresmith	925	138	193	57	268	188	720	14,9	20,9	6,2	29,0	20,3	77,8
Ficksburg	7 547	2 484	2 954	124	1 353	561	5 289	32,9	39,1	1,6	17,9	7,4	70,1
Fouriesburg	1 790	439	372	58	422	289	1 414	24,5	20,8	3,2	23,6	16,1	79,0
Frankfort	4 742	1 376	765	589	607	176	3 448	29,0	16,1	12,4	12,8	3,7	72,7
Harrismith	299	0	0	0	2	2	125	0,0	0,0	0,0	0,7	0,7	41,8
Gariepdam	7 739	1 001	527	103	2 341	354	4 841	12,9	6,8	1,3	30,2	4,6	62,6

Heilbron	5 809	2 278	833	172	3 924	816	3 809	39,2	14,3	3,0	67,6	14,0	65,6
Hennenman	5 249	787	14	12	1 060	196	3 641	15,0	0,3	0,2	20,2	3,7	69,4

Urban area	Households (n)	Informal dwellings (n)	Public tap (n)	No sanitation (n)	No electricity (n)	No refuse removal (n)	Income < R1 500 p.m. (n)	Informal dwellings (%)	Public tap (%)	No sanitation (%)	No electricity (%)	No refuse Removal (%)	Income < R1 500 p.m. (%)
Hertzogville	1 310	631	164	27	526	224	1 112	48,2	12,5	2,1	40,2	17,1	84,9
Hobhouse	560	142	469	10	60	3	392	25,4	83,8	1,8	10,7	0,5	70,0
Hoopstad	2 419	561	330	105	704	230	1 744	23,2	13,6	4,3	29,1	9,5	72,1
Jacobsdal	994	111	92	2	178	87	707	11,2	9,3	0,2	17,9	8,8	71,1
Jagersfontein	1 381	153	187	22	492	37	1 190	11,1	13,5	1,6	35,6	2,7	86,2
Kestell	1 037	187	214	205	351	72	714	18,0	20,6	19,8	33,8	6,9	68,9
Koffiefontein	2 434	413	126	56	328	123	1 714	17,0	5,2	2,3	13,5	5,1	70,4
Koppies	2 670	1 732	11	2	2 243	3	2 318	64,9	0,4	0,1	84,0	0,1	86,8
Kroonstad	21 231	2 933	3 514	73	8 569	1 383	12 453	13,8	16,6	0,3	40,4	6,5	58,7
Ladybrand	4 021	852	66	49	400	345	2 493	21,2	1,6	1,2	9,9	8,6	62,0
Lindley	2 310	798	275	9	1 838	232	1 861	34,5	11,9	0,4	79,6	10,0	80,6
Luckhof	584	121	0	8	60	7	450	20,7	0,0	1,4	10,3	1,2	77,1
Marquard	2 430	823	1 420	7	514	11	1 952	33,9	58,4	0,3	21,2	0,5	80,3
Memel	910	54	521	69	676	0	689	5,9	57,3	7,6	74,3	0,0	75,7
Odendaalsrus	16 899	4 884	3 351	1 125	2 106	3 143	12 083	28,9	19,8	6,7	12,5	18,6	71,5
Oppermansgronde	274	0	9	10	129	162	233	0,0	3,3	3,6	47,1	59,1	85,0
Oranjeville	792	334	3	5	80	3	671	42,2	0,4	0,6	10,1	0,4	84,7
Parys	11 350	3 358	3 890	680	6 527	4 070	7 728	29,6	34,3	6,0	57,5	35,9	68,1
Paul Roux	1 171	345	72	12	987	26	995	29,5	6,1	1,0	84,3	2,2	85,0
Petrus Steyn	2 222	1 016	903	9	314	20	1 608	45,7	40,6	0,4	14,1	0,9	72,4
Petrusburg	1 428	214	95	46	310	228	1 078	15,0	6,7	3,2	21,7	16,0	75,5
Philippolis	921	179	3	8	209	3	764	19,4	0,3	0,9	22,7	0,3	83,0
Phuthaditjhaba	10 714	560	1 819	316	3 730	2 622	5 814	5,2	17,0	2,9	34,8	24,5	54,3

Reddersburg	1 047	262	44	28	209	22	801	25,0	4,2	2,7	20,0	2,1	76,5
Reitz	4 034	1 171	535	337	982	1 326	2 792	29,0	13,3	8,4	24,3	32,9	69,2
Rosendal	679	441	57	32	196	43	577	64,9	8,4	4,7	28,9	6,3	85,0
Rouxville	1 205	177	28	81	81	13	865	14,7	2,3	6,7	6,7	1,1	71,8
<b>Urban area</b>	<b>Households (n)</b>	<b>Informal dwellings (n)</b>	<b>Public tap (n)</b>	<b>No sanitation (n)</b>	<b>No electricity (n)</b>	<b>No refuse removal (n)</b>	<b>Income &lt; R1 500 p.m. (n)</b>	<b>Informal dwellings (%)</b>	<b>Public tap (%)</b>	<b>No sanitation (%)</b>	<b>No electricity (%)</b>	<b>No refuse Removal (%)</b>	<b>Income &lt; R1 500 p.m. (%)</b>
Sasolburg	19 035	5 490	2 487	1 683	6 585	5 883	6 893	28,8	13,1	8,8	34,6	30,9	36,2
Senekal	4 533	1 025	791	7	1 215	138	3 253	22,6	17,4	0,2	26,8	3,0	71,8
Smithfield	1 196	201	312	119	327	160	917	16,8	26,1	9,9	27,3	13,4	76,7
Soutpan	616	221	151	15	12	92	526	35,9	24,5	2,4	1,9	14,9	85,4
Springfontein	946	57	39	9	186	25	737	6,0	4,1	1,0	19,7	2,6	77,9
Steynsrus	1 301	421	420	23	218	50	1080	32,4	32,3	1,8	16,8	3,8	83,0
Thaba 'Nchu	15 379	973	9 417	1 038	3 869	8 932	10 390	6,3	61,2	6,7	25,2	58,1	67,6
Thaba Patchoa	245	0	10	65	79	112	164	0,0	4,1	26,5	32,2	45,7	66,9
Theunissen	5 073	2 172	12	89	1 204	106	3 762	42,8	0,2	1,8	23,7	2,1	74,2
Trompsburg	931	153	73	22	210	68	736	16,4	7,8	2,4	22,6	7,3	79,1
Tweeling	935	167	0	8	702	3	772	17,9	0,0	0,9	75,1	0,3	82,6
Tweespruit	1 132	386	83	57	230	40	956	34,1	7,3	5,0	20,3	3,5	84,5
Vanstadensrus	236	0	3	54	131	36	202	0,0	1,3	22,9	55,5	15,3	85,6
Ventersburg	2 444	1 008	16	2	418	20	1 991	41,2	0,7	0,1	17,1	0,8	81,5
Verkeerdevlei	371	74	2	6	72	4	301	19,9	0,5	1,6	19,4	1,1	81,1
Viljoenskroon	5 206	2 815	572	324	1 254	971	3 693	54,1	11,0	6,2	24,1	18,7	70,9
Villiers	2 459	789	848	3	1 780	8	1 882	32,1	34,5	0,1	72,4	0,3	76,5
Virginia	17 159	6 315	1 694	724	3 543	234	10 555	36,8	9,9	4,2	20,6	1,4	61,5
Vrede	3 315	559	6	258	798	386	2602	16,9	0,2	7,8	24,1	11,6	78,5
Vrededorst	2 338	1 052	207	48	48	234	1 875	45,0	8,9	2,1	2,1	10,0	80,2
Warden	1 330	122	0	0	793	2	1 040	9,2	0,0	0,0	59,6	0,2	78,2
Welkom	57 536	10 719	6 257	9 014	14 942	6 256	32 518	18,6	10,9	15,7	26,0	10,9	56,5
Wepener	2 163	811	746	167	474	115	1 644	37,5	34,5	7,7	21,9	5,3	76,0

Wesselsbron	5 234	2 556	475	476	476	351	3 900	48,8	9,1	9,1	9,1	6,7	74,5
Winburg	2 395	437	912	6	382	33	1 725	18,2	38,1	0,3	15,9	1,4	72,0
Zastron	3 078	653	81	218	1 070	88	2 525	21,2	2,6	7,1	34,8	2,9	82,0

ANNEXURE 6.1b: Category intervals for housing needs (relative to each other)

Category	Households (n)	Informal dwellings (n)	Public tap (n)	No sanitation (n)	No electricity (n)	No refuse removal (n)	Income < R1 500 p.m. (n)	Informal dwellings (%)	Public tap (%)	No sanitation (%)	No electricity (%)	No refuse Removal (%)
<b>1</b>	< 335	< 286	< 85	< 101	< 843	< 923	< 6,6	< 3,8	< 2,0	< 7,7	< 2,4	< 42,6
<b>2</b>	335 - 670	286 - 572	85 - 170	101 - 200	843 - 1 684	923 - 1 844	6,7 - 13,2	3,8 - 7,5	2,0 - 2,9	7,7 - 15,2	2,4 - 4,6	42,6 - 48,8
<b>3</b>	671 - 1 004	573 - 857	171 - 255	201 - 300	1 685 - 2 526	1 845 - 2 766	13,3 - 19,8	7,6 - 11,3	3,0 - 3,9	15,3 - 22,8	4,7 - 6,9	48,9 - 55,1
<b>4</b>	1 005 - 1 340	858 - 1 143	256 - 340	301 - 400	2 527 - 3 368	2 767 - 3 688	19,9 - 26,4	11,4 - 15,0	4,0 - 4,9	22,9 - 30,4	7,0 - 9,2	55,2 - 61,5
<b>5</b>	1 341 - 1 674	1 144 - 1 429	341 - 425	401 - 500	3 369 - 4 210	3 689 - 4 610	26,5 - 33,0	15,1 - 18,8	4,9 - 5,0	30,5 - 38,2	9,3 - 11,5	61,6 - 67,8
<b>6</b>	1 675 - 2 009	1 430 - 1 715	426 - 510	501 - 600	4 211 - 5 052	4 611 - 5 532	33,1 - 39,6	18,9 - 22,5	5,0 - 5,9	38,3 - 45,8	11,6 - 13,8	67,9 - 74,1
<b>7</b>	2 010 - 2 344	1 716 - 2 001	511 - 595	601 - 700	5 053 - 5 894	5 533 - 6 453	39,7 - 46,2	22,6 - 26,3	6,0 - 7,0	45,9 - 53,4	13,9 - 16,1	74,2 - 80,4
<b>8</b>	> 2 344	> 2001	> 595	> 700	> 5 894	> 6 453	> 46,2	> 26,3	> 7,0	> 53,4	> 16,1	> 80,4

**ANNEXURE 6.1c: Housing needs rating per urban settlement in the Free State, 1996 (relative to each other)**

Urban area	Households (n)	Informal dwellings (n)	Public tap (n)	No sanitation (n)	No electricity (n)	No refuse removal (n)	Income < R1 500 p.m. (n)	Informal dwellings (%)	Public tap (%)	No sanitation (%)	No electricity (%)	No refuse Removal (%)	Grand Total / 120	Total / 8
Botshabelo	8	8	8	8	8	8	3	8	8	8	8	7	90	7,5
Parys	8	8	8	8	5	8	5	8	6	8	8	6	86	7,2
Sasolburg	8	8	8	8	7	8	5	4	8	5	8	1	78	6,5
Thaba 'Nchu	3	8	8	8	8	8	1	8	7	4	8	5	76	6,3
Odendaalsrus	8	8	8	5	4	8	5	6	7	2	8	6	75	6,3
Welkom	8	8	8	8	8	8	3	3	8	4	5	4	75	6,3
Bloemfontein	8	8	8	8	8	8	3	4	5	4	8	2	74	6,2
Heilbron	7	3	3	8	2	5	6	4	3	8	7	5	61	5,1
Viljoenskroon	8	2	4	4	2	5	8	3	7	4	8	6	61	5,1
Bothaville	8	4	3	8	1	7	5	4	4	8	1	7	60	5,0
Virginia	8	5	8	8	1	8	6	3	5	3	1	4	60	5,0
Ficksburg	8	8	2	3	2	6	5	8	2	3	4	6	57	4,8
Kroonstad	8	8	1	8	2	8	3	5	1	6	3	4	57	4,8
Phuthaditjhaba	2	7	4	8	4	7	1	5	3	5	8	3	57	4,8
Bultfontein	6	8	1	4	1	4	7	8	1	5	2	8	55	4,6
Wesselbron	8	2	6	2	1	5	8	3	8	2	3	7	55	4,6
Deneysville	6	3	1	2	1	3	8	6	4	3	8	6	51	4,3
Reitz	4	2	4	3	2	4	5	4	8	4	5	6	51	4,3
Frankfort	5	3	7	2	1	4	5	5	8	2	2	6	50	4,2
Bethlehem	5	3	8	6	2	8	2	2	2	3	3	4	48	4,0
Wepener	3	3	2	2	1	2	6	8	8	3	3	7	48	4,0
Hertzogville	3	1	1	2	1	2	8	4	3	6	8	8	47	3,9
Koppies	6	1	1	6	1	3	8	1	1	8	1	8	45	3,8
Lindley	3	1	1	4	1	3	6	4	1	8	5	8	45	3,8

Villiers	3	3	1	4	1	3	5	8	1	8	1	7	45	3,8
Smithfield	1	2	2	1	1	1	3	7	8	4	6	7	43	3,6
<b>Urban area</b>	<b>Households (n)</b>	<b>Informal dwellings (n)</b>	<b>Public tap (n)</b>	<b>No sanitation (n)</b>	<b>No electricity (n)</b>	<b>No refuse removal (n)</b>	<b>Income &lt; R1 500 p.m. (n)</b>	<b>Informal dwellings (%)</b>	<b>Public tap (%)</b>	<b>No sanitation (%)</b>	<b>No electricity (%)</b>	<b>No refuse Removal (%)</b>	<b>Grand Total / 120</b>	<b>Total / 8</b>
Vrede	2	1	4	2	1	3	3	1	8	4	6	7	42	3,5
Marquard	3	5	1	2	1	3	6	8	1	3	1	7	41	3,4
Fouriesburg	2	2	1	1	1	2	4	6	4	4	7	7	41	3,4
Memel	1	2	1	2	1	1	1	8	8	8	1	7	41	3,4
Theunissen	7	1	2	3	1	5	7	1	2	4	1	7	41	3,4
Zastron	2	1	3	3	1	3	4	1	8	5	1	8	40	3,3
Allanridge	6	2	1	3	1	4	6	3	1	4	2	6	39	3,3
Cornelia	1	1	1	1	1	1	7	8	2	8	1	7	39	3,3
Dealesville	1	1	2	1	1	1	7	2	8	5	4	6	39	3,3
Dewetsdorp	2	1	1	2	1	2	5	4	4	4	6	7	39	3,3
Fauresmith	1	1	1	1	1	1	3	4	7	4	8	7	39	3,3
Hoopstad	2	2	2	2	1	2	4	4	5	4	5	6	39	3,3
Kestell	1	1	3	1	1	1	3	6	8	5	3	6	39	3,3
Vanstadensrus	1	1	1	1	1	1	1	1	8	8	7	8	39	3,3
Rosendal	2	1	1	1	1	1	8	3	5	4	3	8	38	3,2
Petrus Steyn	4	4	1	1	1	2	7	8	1	2	1	6	38	3,2
Senekal	4	3	1	3	1	4	4	5	1	4	2	6	38	3,2
Soutpan	1	1	1	1	1	1	6	7	3	1	7	8	38	3,2
Steynsrus	2	2	1	1	1	2	5	8	2	3	2	8	37	3,1
Vredefort	4	1	1	1	1	3	7	3	3	1	5	7	37	3,1
Harrismith	3	2	2	5	1	6	2	2	2	4	2	5	36	3,0
Oppermansgronde	1	1	1	1	1	1	1	1	4	7	8	8	35	2,9
Paul Roux	2	1	1	3	1	2	5	2	1	8	1	8	35	2,9
Thaba Patchoa	1	1	1	1	1	1	1	2	8	5	8	5	35	2,9

Tweespruit	2	1	1	1	1	2	6	2	5	3	2	8	34	2,8
Hennenman	3	1	1	3	1	4	3	1	1	3	6	6	33	2,8
Petrusburg	1	1	1	1	1	2	3	2	4	3	7	7	33	2,8
Ventersburg	4	1	1	2	1	3	7	1	1	3	1	8	33	2,8
<b>Urban area</b>	<b>Households (n)</b>	<b>Informal dwellings (n)</b>	<b>Public tap (n)</b>	<b>No sanitation (n)</b>	<b>No electricity (n)</b>	<b>No refuse removal (n)</b>	<b>Income &lt; R1 500 p.m. (n)</b>	<b>Informal dwellings (%)</b>	<b>Public tap (%)</b>	<b>No sanitation (%)</b>	<b>No electricity (%)</b>	<b>No refuse Removal (%)</b>	<b>Grand Total / 120</b>	<b>Total / 8</b>
Winburg	2	4	1	1	1	2	3	8	1	3	1	6	33	2,8
Bethulie	1	3	1	1	1	2	1	8	1	3	3	7	32	2,7
Boshof	2	1	1	2	1	2	4	2	2	7	1	7	32	2,7
Jagersfontein	1	1	1	2	1	2	2	4	2	5	2	8	31	2,6
Clocolan	3	1	1	2	1	3	4	1	2	3	1	8	30	2,5
Hobhouse	1	2	1	1	1	1	4	8	2	2	1	6	30	2,5
Trompsburg	1	1	1	1	1	1	3	3	3	3	4	7	29	2,4
Tweeling	1	1	1	2	1	1	3	1	1	8	1	8	29	2,4
Brandfort	3	1	1	1	1	3	5	1	2	2	2	6	28	2,3
Ladybrand	3	1	1	1	1	3	4	1	2	2	4	5	28	2,3
Warden	1	1	1	2	1	2	2	1	1	8	1	7	28	2,3
Koffiefontein	2	1	1	1	1	2	3	2	3	2	3	6	27	2,3
Arlington	2	1	1	1	1	1	6	1	1	2	1	8	26	2,2
Clarens	1	1	1	1	1	1	3	1	5	4	1	6	26	2,2
Edenburg	1	1	1	1	1	2	3	1	1	5	2	7	26	2,2
Excelsior	1	1	1	1	1	2	3	1	3	4	1	7	26	2,2
Jacobsdal	1	1	1	1	1	1	2	3	1	4	4	6	26	2,2
Oranjeville	1	1	1	1	1	1	7	1	1	2	1	8	26	2,2
Reddersburg	1	1	1	1	1	1	4	1	3	3	1	7	25	2,1
Rouxville	1	1	1	1	1	1	3	1	7	1	1	6	25	2,1
Verkeerdevlei	1	1	1	1	1	1	4	1	2	3	1	8	25	2,1
Luckhof	1	1	1	1	1	1	4	1	2	2	1	7	23	1,9

Philippolis	1	1	1	1	1	1	3	1	1	3	1	8	23	1,9
Springfontein	1	1	1	1	1	1	1	2	1	3	2	7	22	1,8
Edenville	2	1	1	1	1	1	7	1	1	1	1	3	21	1,8
Gariepdam	1	1	1	1	1	1	1	1	1	1	1	1	12	1,0

**ANNEXURE 6.1d: Categories for housing needs in the Free State, 1996 (relative to each other)**

<b>Housing need categories</b>	<b>Categories</b>
<i>Low housing need</i>	1,0-2,6
Below average housing need	2,7-4,2
Above average housing need	4,3-5,9
High housing need	6,0-7,6

**ANNEXURE 6.2a: Demographic trends indicators per urban settlement in the Free State, 1996**

<b>Urban area</b>	<b>Population, 1996</b>	<b>District annual growth, 1985-1996</b>	<b>Urban area annual % growth, 1991-1996</b>	<b>Scale of urban area growth, 1991-1996</b>
Allanridge	19 389	3,9	3,7	3 258
Arlington	3 515	2,2	1,7	286
Bethlehem	57 238	1,6	4,7	11 739
Bethulie	6 723	2,1	12,1	2 917
Bloemfontein	334 753	3,8	3,8	56 849
Boshof	5 785	-1,0	5,4	1 340
Bothaville	36 522	0,3	6,6	10 000
Botshabelo	177 971	1,2	0,0	45
Brandfort	11 619	0,6	7,8	3 646
Bultfontein	19 452	2,0	7,3	5 766
Clarens	2 544	0,8	11,1	1 044
Clocolan	11 836	1,2	7,3	3 519
Cornelia	2 402	0,4	24,1	1 586
Dealesville	3 264	-1,0	6,2	851
Deneysville	11 911	2,5	72,4	11 130
Dewetsdorp	7 778	1,1	10,3	3 022
Edenburg	5 424	0,2	5,9	1 349
Edenville	3 872	0,7	3,8	654
Excelsior	5 135	0,3	6,7	1 419
Fauresmith	3 594	0,4	2,1	360
Ficksburg	29 034	4,4	9,6	10 660
Fouriesburg	7 813	0,6	13,8	3 713
Frankfort	20 026	2,1	7,1	5 803
Gariepdam	1 122	0,6	0,8	42
Harrismith	33 736	1,1	6,9	9 625
Heilbron	24 243	0,7	6,8	6 782
Hennenman	22 756	3,7	12,3	10 029
Hertzogville	6 144	-1,0	14,6	3 032
Hobhouse	2 256	1,4	6,6	617
Hoopstad	12 167	-0,1	10,5	4 790
Jacobsdal	4 749	1,5	9,0	1 656
Jagersfontein	5 772	1,7	1,6	433
Kestell	4 419	0,8	7,5	1 342
Koffiefontein	9 760	3,5	2,3	1 070
Koppies	10 997	-0,9	13,4	5 134
Kroonstad	86 927	0,7	2,1	8 421
Ladybrand	16 554	1,4	8,6	5 577
Lindley	9 577	2,2	5,2	2 152

Luckhof	2 611	0,4	15,2	1 323
Marquard	10 414	0,8	15,5	5 346

Urban area	Population, 1996	District annual growth, 1985-1996	Urban area annual % growth, 1991-1996	Scale of urban area growth, 1991-1996
Memel	3 982	0,4	17,0	2 162
Odendaalsrus	65 396	3,9	4,5	12 998
Oppermansgronde	992	3,5	-2,7	-145
Oranjeville	3 148	0,7	20,8	1 922
Parys	44 364	4,0	1,4	2 978
Paul Roux	4 654	0,5	12,6	2 085
Petrus Steyn	9 795	2,2	9,8	3 662
Petrusburg	6 048	-0,9	8,4	2 015
Philippolis	4 340	0,6	5,6	1 036
Phuthaditjhaba	42 972	2,0	2,0	4 438
Reddersburg	4 104	0,4	8,5	1 376
Reitz	15 982	3,4	7,7	4 954
Rouxville	5 441	-0,8	6,6	1 488
Rosendal	2 517	2,2	17,5	1 394
Sasolburg	74 309	2,5	2,0	6 849
Senekal	19 351	0,5	6,8	5 415
Smithfield	4 411	0,0	5,2	983
Soutpan	2 127	0,6	-0,1	-6
Springfontein	3 739	2,1	3,4	571
Steynsrus	5 679	2,2	2,9	766
Thaba 'Nchu	64 096	1,7	1,3	4 096
Thaba Patchoa	1 073	1,4	9,0	377
Theunissen	20 351	2,6	4,1	3 710
Trompsburg	3 958	0,6	7,2	1 166
Tweeling	3 989	2,1	5,9	1 214
Tweespruit	4 885	0,3	5,9	1 214
Vanstadensrus	898	1,3	7,8	282
Ventersburg	10 279	1,6	4,5	2 042
Verkeerdevlei	1 608	0,6	-0,1	-9
Viljoenskroon	24 077	0,1	11,5	10 567
Villiers	10 800	2,1	10,7	4 523
Virginia	62 863	0,7	6,5	24 998
Vrede	14 051	0,4	12,0	3 797
Vredefort	10 233	0,8	3,9	4 425
Warden	6 069	1,1	8,5	1 063
Welkom	235 646	2,9	6,2	1 063
Wepener	8 832	1,3	8,2	2 283
Wesselbron	23 412	3,2	3,5	7 595

Winburg	10 638	-0,5	16,8	1 668
Zastron	11 961	2,0	3,4	6 457

**ANNEXURE 6.2b: Category intervals for demographic trends (relative to each other)**

<b>Categories</b>	<b>Population, 1996</b>	<b>District annual growth, 1985-1996</b>	<b>Urban area annual % growth, 1991-1996</b>	<b>Scale of urban area growth, 1991-1996</b>
<b>1</b>	< 5 956	< -0,3	<0,7	< 142
<b>2</b>	5 956 – 11 911	-0,3 – 0,3	0,7 – 4,0	142 – 4 455
<b>3</b>	11 912 – 17 867	0,4 – 1,0	4,1 – 7,4	4 456 - 9 051
<b>4</b>	17 868 – 23 823	1,1 – 1,7	7,5 – 10,8	9 052 – 13 648
<b>5</b>	23 824 - 29 779	1,8 – 2,4	10,9 – 14,2	13 649 - 18 245
<b>6</b>	29 780 - 35 735	2,5 – 3,1	14,3 – 17,6	18 246 - 22 842
<b>7</b>	35 736 – 41 681	3,2 – 3, 8	17,7 – 21,0	22 843 - 27 440
<b>8</b>	> 41 681	>3,8	> 21,0	> 27 440

**ANNEXURE 6.2c: Demographic trend rating per urban settlement in the Free State, 1996  
(relative to each other)**

<b>Urban area</b>	<b>Population, 1996</b>	<b>District annual growth, 1985- 1996</b>	<b>Urban area annual % growth, 1991-1996</b>	<b>Scale of urban area growth, 1991-1996</b>	<b>Grand Total / 32</b>	<b>Total / 8</b>
Bloemfontein	8	7	3	8	26	6,5
Odendaalsrus	8	8	3	3	22	5,5
Hennenman	4	8	5	3	20	5,0
Virginia	8	3	3	6	20	5,0
Ficksburg	5	8	3	3	19	4,8
Parys	8	8	2	1	19	4,8
Sasolburg	8	6	2	2	18	4,5
Welkom	8	6	3	1	18	4,5
Bethlehem	8	4	2	3	17	4,3
Harrismith	6	4	3	3	16	4,0
Reitz	3	7	4	2	16	4,0
Allanridge	4	8	2	1	15	3,8
Bothaville	7	2	3	3	15	3,8
Botshabelo	8	4	2	1	15	3,8
Kroonstad	8	3	2	2	15	3,8
Phuthaditjhaba	8	4	2	1	15	3,8
Thaba 'Nchu	8	4	2	1	15	3,8
Viljoenskroon	5	2	5	3	15	3,8
Wesselbron	4	7	2	2	15	3,8
Bultfontein	4	5	3	2	14	3,5
Frankfort	4	5	3	2	14	3,5
Theunissen	4	6	3	1	14	3,5
Bethulie	2	5	5	1	13	3,3
Cornelia	1	3	8	1	13	3,3
Deneysville	2	6	2	3	13	3,3
Heilbron	5	3	3	2	13	3,3
Ladybrand	3	4	4	2	13	3,3
Marquard	2	3	6	2	13	3,3
Koffiefontein	2	7	2	1	12	3,0
Rosendal	1	4	6	1	12	3,0
Oranjeville	1	3	7	1	12	3,0
Petrus Steyn	2	5	4	1	12	3,0
Senekal	4	3	3	2	12	3,0
Villiers	2	4	4	2	12	3,0
Vrede	3	3	5	1	12	3,0
Dewetsdorp	2	4	4	1	11	2,8
Hoopstad	3	2	4	2	11	2,8
Lindley	2	5	3	1	11	2,8

Luckhof	1	3	6	1	11	2,8
<b>Urban area</b>	<b>Population, 1996</b>	<b>District annual growth, 1985-1996</b>	<b>Urban area annual % growth, 1991-1996</b>	<b>Scale of urban area growth, 1991-1996</b>	<b>Grand Total / 32</b>	<b>Total / 8</b>
Fouriesburg	2	3	5	1	11	2,8
Memel	1	3	6	1	11	2,8
Warden	2	4	4	1	11	2,8
Wepener	2	4	4	1	11	2,8
Winburg	2	1	6	2	11	2,8
Zastron	2	5	2	2	11	2,8
Brandfort	2	3	4	1	10	2,5
Clarens	1	3	5	1	10	2,5
Clocolan	2	4	3	1	10	2,5
Hertzogville	2	1	6	1	10	2,5
Jacobsdal	1	4	4	1	10	2,5
Koppies	2	1	5	2	10	2,5
Oppermansgronde	1	7	1	1	10	2,5
Paul Roux	1	3	5	1	10	2,5
Thaba Patchoa	1	4	4	1	10	2,5
Vanstadensrus	1	4	4	1	10	2,5
Ventersburg	2	4	3	1	10	2,5
Arlington	1	5	2	1	9	2,3
Hobhouse	1	4	3	1	9	2,3
Kestell	1	3	4	1	9	2,3
Reddersburg	1	3	4	1	9	2,3
Springfontein	1	5	2	1	9	2,3
Steynsrus	1	5	2	1	9	2,3
Tweeling	1	4	3	1	9	2,3
Jagersfontein	1	4	2	1	8	2,0
Petrusburg	2	1	4	1	8	2,0
Philippolis	1	3	3	1	8	2,0
Trompsburg	1	3	3	1	8	2,0
Vredefort	2	3	2	1	8	2,0
Edenburg	1	2	3	1	7	1,8
Edenville	1	3	2	1	7	1,8
Excelsior	1	2	3	1	7	1,8
Fauresmith	1	3	2	1	7	1,8
Gariepdam	1	3	2	1	7	1,8
Smithfield	1	2	3	1	7	1,8
Tweespruit	1	2	3	1	7	1,8
Boshof	1	1	3	1	6	1,5
Dealesville	1	1	3	1	6	1,5
Rouxville	1	1	3	1	6	1,5

Soutpan	1	3	1	1	6	1,5
Verkeerdevlei	1	3	1	1	6	1,5

**ANNEXURE 6.2d: Categories for demographic trends in the Free State, 1996  
(relative to each other)**

<b>Demographic trend categories</b>	<b>Categories</b>
<i>Low demographic trends</i>	< 2,8
Below average demographic trends	2,8–3,9
Above average demographic trends	4,0–5,2
High demographic trends	> 5,2

ANNEXURE 6.3a: Economic viability indicators per urban settlement in the Free State, 1996

<b>Urban Areas</b>	<b>% of households earning less than R1 500 per month</b>	<b>Percentage of total population unemployed</b>	<b>Percentage of households with migrant workers</b>
Allanridge	73,1	17,3	1,0
Arlington	86,1	12,7	8,0
Bethlehem	55,4	11,8	1,0
Bethulie	75,8	14,0	4,0
Bloemfontein	46,8	12,2	0,6
Boshof	75,3	13,1	3,1
Bothaville	74,6	15,0	3,1
Botshabelo	76,7	17,2	4,5
Brandfort	70,2	16,4	2,9
Bultfontein	83,4	15,6	5,2
Clarens	72,3	12,0	4,2
Clocolan	80,5	13,0	5,3
Cornelia	77,4	11,2	4,0
Dealesville	69,9	19,7	2,0
Deneysville	72,6	17,8	2,9
Dewetsdorp	79,4	13,9	5,4
Edenburg	78,3	14,2	5,5
Edenville	53,7	11,7	3,1
Excelsior	76,3	12,9	7,4
Fauresmith	77,8	15,4	5,0
Ficksburg	70,1	13,1	3,2
Frankfort	72,7	12,0	4,4
Fouriesburg	79,0	14,5	7,7
Gariepdam	60,3	16,7	5,0
Harrismith	62,6	14,8	2,4
Heilbron	65,6	14,5	3,3
Hennenman	69,4	15,2	2,1
Hertzogville	84,9	12,3	6,6
Hobhouse	70,0	15,5	4,5
Hoopstad	72,1	12,6	3,9
Jacobsdal	71,1	15,4	4,5
Jagersfontein	86,2	16,5	4,6
Kestell	68,9	12,5	5,6
Koffiefontein	70,4	18,0	3,2
Koppies	86,8	13,5	4,0
Kroonstad	58,7	13,6	1,4
Ladybrand	62,0	14,6	2,0
Lindley	80,6	12,5	6,6
Luckhof	77,1	21,1	3,2
Marquard	80,3	12,7	4,6
Memel	75,7	10,9	3,9
Odendaalsrus	71,5	14,5	4,8
Oppermansgronde	85,0	17,7	1,2

<b>Urban Areas</b>	<b>% of households earning less than R1 500 per month</b>	<b>Percentage of total population unemployed</b>	<b>Percentage of households with migrant workers</b>
Oranjeville	84,7	14,8	7,3
Parys	68,1	14,1	2,9
Paul Roux	85,0	16,5	5,0
Petrus Steyn	72,4	11,1	4,5
Petrusburg	75,5	14,3	2,7
Philippolis	83,0	12,3	4,1
Phuthaditjhaba	54,3	13,7	4,3
Reddersburg	76,5	11,2	5,3
Reitz	69,2	11,7	3,8
Rosendal	85,0	13,6	4,8
Rouxville	71,8	15,3	3,5
Sasolburg	36,2	12,4	0,7
Senekal	71,8	12,5	3,8
Smithfield	76,7	13,1	3,2
Soutpan	85,4	11,0	8,4
Springfontein	77,9	15,5	2,7
Steynsrus	83,0	14,5	6,2
Thaba 'Nchu	67,6	16,6	2,4
Thaba Patchoa	66,9	12,5	6,2
Theunissen	74,2	19,7	1,9
Trompsburg	79,1	14,5	5,1
Tweeling	82,6	13,7	4,7
Tweespruit	84,5	22,8	4,5
Vanstadensrus	85,6	20,6	3,1
Ventersburg	81,5	16,2	2,6
Verkeerdevlei	81,1	15,2	3,5
Viljoenskroon	70,9	14,8	2,4
Villiers	76,5	15,4	4,7
Virginia	61,5	16,9	0,9
Vrede	78,5	10,9	5,8
Vredefort	80,2	16,1	6,0
Warden	78,2	16,3	7,2
Welkom	56,5	14,4	0,6
Wepener	76,0	14,5	5,5
Wesselbron	74,5	15,3	3,8
Winburg	72,0	16,0	4,9
Zastron	82,0	13,6	5,2

ANNEXURE 6.3b: Category intervals for economic viability (relative to each other)

<b>Category</b>	<b>% of households earning less than R1 500 per month</b>	<b>Percentage of total population unemployed</b>	<b>Percentage of households with migrant workers</b>
<b>1</b>	> 80,3	> 19,9	> 6,1
<b>2</b>	80,3-74,1	19,9-18,1	6,1-5,4
<b>3</b>	74,0-67,8	18,0-16,2	5,3-4,6
<b>4</b>	67,7-61,5	16,1-14,3	4,5-3,8
<b>5</b>	61,4-55,1	14,2-12,4	3,7-3,0
<b>6</b>	55,0-48,8	12,3-10,5	2,9-2,2
<b>7</b>	48,7-42,5	10,4-8,5	2,2-1,4
<b>8</b>	< 42,5	< 8,5	< 1,4

**ANNEXURE 6.3c: Economic viability rating per urban settlement in the Free State, 1996 (relative to each other)**

Urban area	% of households earning less than R1 500 per month	Percentage of total population unemployed	Percentage of households with migrant workers	Grand Total / 24	Total / 8
Sasolburg	8	6	8	22	7,3
Bloemfontein	7	6	8	21	7,0
Bethlehem	5	6	8	19	6,3
Kroonstad	5	5	8	18	6,0
Welkom	5	4	8	17	5,7
Harrismith	5	4	6	15	5,0
Ladybrand	4	4	7	15	5,0
Phuthaditjhaba	6	5	4	15	5,0
Virginia	4	3	8	15	5,0
Allanridge	3	3	8	14	4,7
Hennenman	3	4	7	14	4,7
Parys	3	5	6	14	4,7
Reitz	3	6	5	14	4,7
Viljoenskroon	4	4	6	14	4,7
Clarens	3	5	5	13	4,3
Ficksburg	3	5	5	13	4,3
Frankfort	3	6	4	13	4,3
Heilbron	4	4	5	13	4,3
Petrus Steyn	3	6	4	13	4,3
Petrusburg	2	5	6	13	4,3
Senekal	3	5	5	13	4,3
Thaba 'Nchu	4	3	6	13	4,3
Boshof	2	5	5	12	4,0
Brandfort	3	3	6	12	4,0
Cornelia	2	6	4	12	4,0
Dealesville	3	2	7	12	4,0
Deneysville	3	3	6	12	4,0
Edenville	3	6	3	12	4,0
Hoopstad	3	5	4	12	4,0
Memel	2	6	4	12	4,0
Oppermansgronde	1	3	8	12	4,0
Rouxville	3	4	5	12	4,0
Smithfield	2	5	5	12	4,0
Springfontein	2	4	6	12	4,0
Bethulie	2	5	4	11	3,7
Bothaville	2	4	5	11	3,7
Excelsior	2	8	1	11	3,7
Gariepdam	5	3	3	11	3,7
Hobhouse	3	4	4	11	3,7
Jacobsdal	3	4	4	11	3,7
Kestell	3	5	3	11	3,7

Marquard	2	5	4	11	3,7
<b>Urban area</b>	<b>% of households earning less than R1 500 per month</b>	<b>Percentage of total population unemployed</b>	<b>Percentage of migrant workers</b>	<b>Grand Total / 24</b>	<b>Total / 8</b>
Philippolis	1	6	4	11	3,7
Reddersburg	2	6	3	11	3,7
Thaba Patchoa	4	5	2	11	3,7
Theunissen	2	2	7	11	3,7
Ventersburg	1	4	6	11	3,7
Wesselbron	2	4	5	11	3,7
Dewetsdorp	2	5	3	10	3,3
Edenburg	3	5	2	10	3,3
Koffiefontein	3	3	4	10	3,3
Koppies	1	5	4	10	3,3
Odendaalsrus	3	4	3	10	3,3
Vrede	2	6	2	10	3,3
Winburg	3	4	3	10	3,3
Fauresmith	2	4	3	9	3,0
Rosendal	1	5	3	9	3,0
Trompsburg	2	4	3	9	3,0
Tweeling	1	5	3	9	3,0
Verkeerdevlei	1	3	5	9	3,0
Villiers	2	4	3	9	3,0
Zastron	1	5	3	9	3,0
Botshabelo	2	3	3	8	2,7
Bultfontein	1	4	3	8	2,7
Clocolan	1	5	2	8	2,7
Hertzogville	1	6	1	8	2,7
Jagersfontein	1	3	4	8	2,7
Luckhof	2	1	5	8	2,7
Soutpan	1	6	1	8	2,7
Wepener	2	4	2	8	2,7
Arlington	1	5	1	7	2,3
Lindley	1	5	1	7	2,3
Fouriesburg	2	4	1	7	2,3
Paul Roux	1	3	3	7	2,3
Steynsrus	1	4	2	7	2,3
Vanstadensrus	1	1	5	7	2,3
Vredefort	2	4	1	7	2,3
Oranjeville	1	4	1	6	2,0
Tweespruit	1	1	4	6	2,0
Warden	2	3	1	6	2,0

**ANNEXURE 6.3d: Categories for economic viability in the Free State, 1996  
(relative to each other)**

<b>Economic viability categories</b>	<b>Categories</b>
<i>Low economic viability</i>	< 3,2
Below average economic viability	3,3 – 4,6
Above average economic viability	4,7 – 5,0
High economic viability	> 5,0

**ANNEXURE 6.4a: Investment viability per urban settlement in the Free State, 1996**

<b>Urban area</b>	<b>Housing need / 8</b>	<b>Economic viability / 8</b>	<b>Demographic trends / 8</b>	<b>Grand Total / 24</b>	<b>Investment rating</b>
Bloemfontein	6,2	7,0	6,5	19,7	4
Sasolburg	6,5	7,3	4,5	18,3	4
Parys	7,2	4,7	4,8	16,6	4
Welkom	6,3	5,7	4,5	16,4	4
Odendaalsrus	6,3	3,3	5,5	15,1	3
Virginia	5,0	5,0	5,0	15,0	3
Bethlehem	4,0	6,3	4,3	14,6	3
Kroonstad	4,8	6,0	3,8	14,5	3
Thaba 'Nchu	6,3	4,3	3,8	14,4	3
Botshabelo	7,5	2,7	3,8	13,9	3
Phuthaditjhaba	4,8	5,0	3,8	13,5	3
Viljoenskroon	5,1	4,7	3,8	13,5	3
Ficksburg	4,2	4,3	4,8	13,3	3
Reitz	4,3	4,7	4,0	12,9	2
Heilbron	5,1	4,3	3,3	12,7	2
Hennenman	2,8	4,7	5,0	12,4	2
Bothaville	5,0	3,7	3,8	12,4	2
Harrismith	3,0	5,0	4,0	12,0	2
Wesselbron	4,6	3,7	3,8	12,0	2
Allanridge	3,3	4,7	3,8	11,7	2
Deneysville	4,3	4,0	3,3	11,5	2
Bultfontein	4,6	2,7	3,5	10,8	2
Ladybrand	2,3	5,0	3,3	10,6	2
Theunissen	3,4	3,7	3,5	10,6	2
Cornelia	3,3	4,0	3,3	10,5	2
Petrus Steyn	3,2	4,3	3,0	10,5	2
Senekal	3,2	4,3	3,0	10,5	2
Marquard	3,4	3,7	3,3	10,3	2
Memel	3,4	4,0	2,8	10,2	2
Hoopstad	3,3	4,0	2,8	10,0	2
Vrede	3,5	3,3	3,0	9,8	2
Villiers	3,8	3,0	3,0	9,8	2
Koppies	3,8	3,3	2,5	9,6	1
Bethulie	2,7	3,7	3,3	9,6	1
Fauresmith	4,8	3,0	1,8	9,5	1
Oppermansgronde	2,9	4,0	2,5	9,4	1
Wepener	4,0	2,7	2,8	9,4	1
Dewetsdorp	3,3	3,3	2,8	9,3	1
Smithfield	3,6	4,0	1,8	9,3	1
Kestell	3,3	3,7	2,3	9,2	1
Rosendal	3,2	3,0	3,0	9,2	1
Zastron	3,3	3,0	2,8	9,1	1
Hertzogville	3,9	2,7	2,5	9,1	1

Petrusburg	2,8	4,3	2,0	9,1	1
<b>Urban area</b>	<b>Housing need / 8</b>	<b>Economic viability / 8</b>	<b>Demographic trends / 8</b>	<b>Grand Total / 24</b>	<b>Investment rating</b>
Thaba Patchoa	2,9	3,7	2,5	9,1	1
Clarens	2,2	4,3	2,5	9,0	1
Ventersburg	2,8	3,7	2,5	8,9	1
Brandfort	2,3	4,0	2,5	8,8	1
Lindley	3,8	2,3	2,8	8,8	1
Winburg	2,8	3,3	2,8	8,8	1
Frankfort	1,0	4,3	3,5	8,8	1
Dealesville	3,3	4,0	1,5	8,8	1
Gariepdam	3,3	3,7	1,8	8,7	1
Koffiefontein	2,3	3,3	3,0	8,6	1
Fouriesburg	3,4	2,3	2,8	8,5	1
Hobhouse	2,5	3,7	2,3	8,4	1
Jacobsdal	2,2	3,7	2,5	8,3	1
Boshof	2,7	4,0	1,5	8,2	1
Vanstadensrus	3,3	2,3	2,5	8,1	1
Springfontein	1,8	4,0	2,3	8,1	1
Reddersburg	2,1	3,7	2,3	8,0	1
Paul Roux	2,9	2,3	2,5	7,8	1
Steynsrus	3,1	2,3	2,3	7,7	1
Clocolan	2,5	2,7	2,5	7,7	1
Tweeling	2,4	3,0	2,3	7,7	1
Rouxville	2,1	4,0	1,5	7,6	1
Excelsior	2,2	3,7	1,8	7,6	1
Philippolis	1,9	3,7	2,0	7,6	1
Edenville	1,8	4,0	1,8	7,5	1
Vredefort	3,1	2,3	2,0	7,4	1
Trompsburg	2,4	3,0	2,0	7,4	1
Luckhof	1,9	2,7	2,8	7,3	1
Soutpan	3,2	2,7	1,5	7,3	1
Edenburg	2,2	3,3	1,8	7,3	1
Jagersfontein	2,6	2,7	2,0	7,3	1
Oranjeville	2,2	2,0	3,0	7,2	1
Warden	2,3	2,0	2,8	7,1	1
Arlington	2,2	2,3	2,3	6,8	1
Tweespruit	2,8	2,0	1,8	6,6	1
Verkeerdevlei	2,1	3,0	1,5	6,6	1

**ANNEXURE 6.4b: Categories for investment viability in the Free State, 1996  
(relative to each other)**

<b>Investment viability categories</b>	<b>Categories</b>
<i>Low investment viability</i>	< 9,8
Below average investment viability	9,8 – 13,0
Above average investment viability	13,1 – 16,3
High investment viability	> 16,3

## SUMMARY

**Title: Low-income housing in the post-apartheid era: Towards a policy framework for the Free State**

**Candidate: JGL Marais**

**Promoter: Dr. DS Krige**

**Co-promoters: Prof. EP Beukes**

**Prof. G du T De Villiers**

This thesis titled “Low-income housing in a post-apartheid era: towards a policy framework for the Free State” is conducted as one of the first thorough analyses on housing policy in a single province since 1994. Furthermore, it is also conducted against a background where limited regional guidelines exist for investment by provincial government departments. The thesis poses the question as to ‘*who* should receive *what where*’ in terms of low-income housing investment in the Free State. The thesis starts off by assessing changing international trends in low-income housing policy and the role of the World Bank. The shift from the provision of formalised housing to site and services is analysed from the individualistic perspective of Turner and the economic model of the World Bank. The approach of the World Bank to housing in the early 1990s suggested that targeted housing subsidies should be provided to the poor – but mainly for infrastructure and not for the housing structures themselves. Furthermore, the emphasis on sustainability since the early 1990s and its impact on housing policy are also discussed.

This international perspective is followed by an assessment of various policy documents directly or indirectly linked to housing in South Africa since 1990. South African policy was labelled a victory for width over depth because a smaller product that had to reach as many people as possible was introduced. It has been found that despite various similarities between the South African and the World Bank policies, the main difference lies in the fact that South African policy also proposed a housing structure. So, to some degree, South African housing policy - according to the World Bank - could have had more width (reaching more people) if infrastructure only had been provided. The South African policy is clear on who should become

end-beneficiaries and what they should receive. However, regional guidelines for housing investment (*where*) in South Africa or the provinces are virtually non-existent.

Housing policy in the Free State has placed more emphasis on the housing structure itself by emphasising that housing units of 40m<sup>2</sup> should be constructed – thereby laying more emphasis on depth. However, this resulted in housing subsidies being allocated to areas where land was cheap, or where planned stands were available. Consequently, housing investment favoured small towns and middle-order towns at the expense of larger urban areas. Though some progress was actually made between 1999 and 2001 to improve on the delivery in larger urban areas in the Free State, this was achieved at the expense of municipal finance, or it required deposits from beneficiaries - which in turn excluded the poor from accessing housing subsidies. The emphasis on the size of housing further resulted in housing finance being focused only on the poor and not distributed proportionally between the income groups that were able to access the housing subsidy. As low-income housing delivery in the Free State focused mainly on the top structure and was aimed at existing stands, the infrastructure levels of housing projects in the Free State are significantly lower than in the rest of the country, and, no informal settlement upgrading has thus taken place.

Against this background, the thesis proposes that the pro-poor and targeting nature of the low-income housing subsidy should be maintained; obstacles in policy that prevent private sector finance from supporting the subsidy should be minimised; the rationale for low-income housing subsidies in the Free State should be reconsidered; housing subsidies should be available incrementally; final decision-making on how to spend the subsidy should be done at the local level; low-income housing should accommodate urban growth; the emphasis on 40m<sup>2</sup> should be reconsidered; further, there should be emphasis on width and not depth; and, a regional framework for the allocation of investment of low-income housing, based on housing need, demographic trends and economic potential, should be implemented.

**Key words:** housing policy; housing finance; housing delivery in Free State; World Bank and housing policy; regional investment framework for housing investment; housing policy framework for the Free State; housing backlog.

## OPSOMMING

**Titel: Lae-inkomste behuising in ‘n post-apartheid era: op weg na ‘n beleidsraamwerk vir die Vrystaat**

**Kandidaat: JGL Marais**

**Promotor: Dr. DS Krige**

**Mede-promotors: Prof. EP Beukes**

**Prof. G du T De Villiers**

Hierdie studie getiteld: “Lae-inkomste behuising in ‘n post-apartheid era: op weg na ‘n beleidsraamwerk vir die Vrystaat” is een van die eerste volledige analises sedert 1994 ten opsigte van die behuisingsbeleid binne ‘n enkele provinsie. Dit word gedoen teen die agtergrond van beperkte riglyne vir provinsies aangaande investering deur departemente van provinsiale regerings. In hierdie tesis word die volgende vrae gestel ten opsigte van investering vir lae-inkomstebehuising in die Vrystaat: “*wie*” moet “*wat*” kry en “*waar*” moet dit voorsien word? Die tesis begin met ‘n assessering van die veranderende internasionale tendense in lae-inkomstebehuising, asook die rol van die Wêreldbank. Die individualistiese perspektief van Turner en die ekonomiese model van die Wêreldbank word in die proses gebruik om die verskuiwing van formele behuisingsvoorsiening na erf-en-diensskemas te analiseer. Die Wêreldbank se benadering tot behuising in die vroeë 1990s het behels dat doelgerigte behuisingssubsidies aan armes verskaf moes word. Dit is hoofsaaklik vir infrastruktuur gebruik en nie vir die behuising self nie. Die klem, sedert die vroeë 1990s, op volhoubaarheid en die impak daarvan op behuising word ook bespreek.

Bogenoemde internasionale perspektief word gevolg deur 'n oorsig oor verskeie beleidsdokumente wat direk of indirek van toepassing is op behuising in Suid-Afrika. Die Suid-Afrikaanse beleid is gesien as 'n oorwinning vir wydte oor diepte aangesien dit 'n keuse gemaak het vir 'n kleiner produk (huis), wat soveel as moontlik mense moes bereik. Ten spyte van verskeie ooreenkomste tussen die beleidsrigtings van Suid-Afrika en die Wêreldbank, is bevind dat die groot verskil tussen die twee daarin geleë is dat die Suid-Afrikaanse beleid ook 'n behuisingsstruktuur daar stel. Volgens die Wêreldbank kon die Suid-Afrikaanse beleid meer wydte gehad het (meer mense bereik het) as dit slegs die infrastruktuur vir behuising verskaf het. Die Suid-Afrikaanse beleid is duidelik oor wie die begunstigdes van die beleid is, asook oor die produk wat hulle moet ontvang. Ten spyte van bogenoemde raamwerk bestaan daar feitlik geen regionaal riglyne (*waar*) vir investering in behuising in Suid-Afrika, as geheel, of enige van die provinsies nie.

Die behuisingsbeleid in die Vrystaat het die hoofklem op die struktuur van die huis self geplaas deur te vereis dat huise minstens 40m<sup>2</sup> moet beslaan. Deur hierdie besluit word die klem dus op diepte geplaas. Ongelukkig het dit daartoe gelei dat behuisingssubsidies toegeken is in areas waar grond goedkoop was of in areas wat reeds vir ontwikkeling geoormerk was. Die gevolg is dat behuisingsbeleggings die klein dorpie en medium-grootte dorpe bevoordeel het ten koste van groter stedelike gebiede. Alhoewel vordering beslis tussen 1999 en 2001 in die lewering van behuising in die groter stedelike gebiede van die Vrystaat gemaak is, moes munisipaliteite medeverantwoordelikheid dra vir die behuisingsfinansiering of is daar deposito's van begunstigdes gevra. Laasgenoemde het per implikasie die armstes van die armes van behuisingssubsidies uitgesluit. 'n Verdere implikasie was dat die klem op grootte daartoe gelei het dat behuisingsfinansiering slegs op die armstes gefokus het en nie ewekansig tussen laer inkomstegroepe versprei is nie. Omdat die voorsiening van behuising in die Vrystaat hoofsaaklik op die gebou self gefokus het en op bestaande erwe gemik was, is die infrastruktuur van behuisingsprojekte in die Vrystaat aansienlik laer as in die res van die land. Geen opgradering van informele woonbuurte het ook nog plaasgevind nie.

Teen hierdie agtergrond word die volgende voorstelle in hierdie tesis gemaak: Die voorrang wat armes geniet in die toekenning van behuisingssubsidies, asook die doelgerigte aard van subsidies,

moet gehandhaaf word. Indien daar beleidsaspekte is wat die privaatsektor verhinder om die subsidie te ondersteun, moet dit verwyder of geminimaliseer word. Die rasionaal agter subsidies vir lae-inkomstebhuising in die Vrystaat moet hersien word. Behuisingsubsidies moet op 'n gylskaal beskikbaar wees vir 'n hele reeks van inkomstegroepe. Die finale besluitneming oor hoe subsidies spandeer moet word, behoort op plaaslike vlak te geskied. Lae-inkomstebhuising behoort stedelike groei te verreken. Die klem op 'n huis van minstens 40m<sup>2</sup> behoort heroorweeg te word. Die klem in die behuisingsbeleid moet beslis op wydte wees en nie op diepte nie. Daar behoort 'n toekenningsraamwerk vir belegging in lae-inkomstebhuising vir die streek opgestel te word. Hierdie raamwerk moet gebasseer word op behuisingsnood, demografiese tendense en ekonomiese potensiaal.

**Trefwoorde:** behuisingsbeleid; behuisingsfinansiering; lewering van bhuising in die Vrystaat; Wêreldbanc en behuisingsbeleid; regionale investerings in bhuising; beleidsraamwerk vir bhuising in die Vrystaat; behuisingsagterstand.

