From Beneficiaries to Citizens : a discussion paper

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1. The Current Dilemma

With one of the highest Gini coefficients in the world[1] it is necessary and correct that South Africa has a housing programme which targets houses at households who are very poor. The programme has had many successes and has produced housing at scale.

However, history has shown that as mass housing programmes become entrenched, they tend to 'run out of steam' (Hamdi, 1991). This is happening to some extent with the delivery of 'BNG' housing[2] under the project-linked subsidy.

The signs are there to read. Despite larger budgets each year from the fiscus[3], there is a recent downward trend in housing production[4]. Until recently, the programme

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[1] "According to the Income and Expenditure Survey, the Gini coefficient was 0.67 in 2005, which is very high by international standards. The incomes of both the richest and the poorest 20 percent of the population both rose by about 45 percent between 1995 and 2005. The distribution of income to the richest and poorest sections of society did not change significantly between 1995 and 2005. The poorest 20 percent of the population earns about 2.3 percent of national income, while the richest 20 percent earns about 70 percent of the income." National Planning Commission, 2011.

[2] State-funded houses are referred to variously as BNG houses (Breaking New Ground houses), and before that as RDP (Reconstruction and Development Programme) houses. The former term is used more in the state to denote the improved settlement conditions which are implied in the new BNG policy. The term RDP houses is still used in communities and in the popular press.

[3] In terms of the Medium Term Expenditure Framework, an amount of R3, 8 billion was allocated to the South African Housing Fund for the 2002/2003 financial year and R4,2 billion allocated for the 2003/04 financial year. As the scale of the challenge became increasingly clear around 2005, there was added attention to spending on housing, and by 2011 the budget for 2011/12 "increased to R22.5 billion, a 38 percent increase from 2010/11 and is expected to grow to R26.6 billion in 2013/14" (Department of Human Settlements, 2011).

[4] Down from a peak of over 250,000 houses completed in 2005 to estimates of around 200,000 units per year going forward (Department of Human Settlements, 2011).

has effectively targeted the poorest and achieved a good balance of women-headed households, but there are more cases where subsidies are being diverted and the system being subverted. Some officials assign houses to themselves or their non-qualifying family members (Business Report, 2010). Ward Councillors sometimes control entry to (or exit from!) waiting lists or assign houses to people they favour, or generally act in their own interests, to the detriment of vulnerable members of the community (Pithouse, 2009). Some people attempt to 'double dip' the subsidy by splitting up their households so as to improve their chances of accessing the subsidy house. Despite large-scale production, the demand for free houses seems to be increasing rather than abating, and the 1994 backlog of 1.5 million people (Department of Housing, 1994) by 2010 was estimated as 2.1 million people (Department of Human Settlements, 2010). There is ongoing and increased social protest around service delivery more generally, and access to free houses in some cases (Pithouse 2009; Mangcu 2009).

The dilemma is that these and other signs show that SA citizens and residents are waiting for the state to provide houses and other goods. People in informal settlements correctly feel entitled to get a free house from the government. People still in overcrowded conditions in old townships are also entitled to free housing. Young families and old people are waiting for houses. Even people already living in RDP houses (or BNG houses) are often still expecting more from the government. Many neighbourhoods are at least waiting for the state to provide education and health facilities for their communities where these have not yet been supplied.

A clear piece of evidence that people are waiting can be seen in the levels and speed of consolidation in informal settlements. In many countries especially in Latin America and Asia, land invasions are followed by shack construction, and then over the next decade or so these shacks are consolidated into permanent houses often built at high densities and with several storeys added on top (Kellett and Napier, 1995). Many informal settlements in South Africa remain as shack settlements for many decades, and are seen as waiting rooms for people trying to access state housing and as reception areas for people setting up livelihoods in urban areas.

One finding of a study of housing consolidation established that people who moved from informal settlements (where they had been responsible for their own building and the welfare of their own families and community) and into state houses were twice as likely to build on more rooms to their new state houses than were people

who had moved from old township houses (Napier, 1998). This demonstrated how important it was that households and communities were involved in, and were jointly responsible for, the housing process.

This is the dilemma. There is currently a high level of dependency on state provision of free houses which unintentionally has the effect of semi-paralysing citizen action at individual and community level. People want to be beneficiaries of state largesse (who would turn down a free house, even if it may not be in precisely the location which suits you?). The expectation is of course also linked to voting patterns, and the offer of a house is certainly also a political promise. But the problem is that this tends to lead to an ongoing expectation that the state will provide. The queue of people still waiting for houses is getting longer and the production machine is showing some signs of stress.

2. Government moves

There is a clear move inside government to address these issues, both in housing policy terms and more broadly in debates around the welfare state versus other forms and flavours of governance style.

In housing, there is a gradual shift away from complete subsidy houses towards more in situ upgrading of informal settlements. The mechanism for upgrading is already established in policy terms (Part 3 of the Housing Code 2009), and more funding is being earmarked for upgrading (Department of Human Settlements, 2011). The National Upgrading Support Programme has been formed to enable this shift. The political messages are also starting to come through. In April 2011, Human Settlements Minster Tokyo Sexwale warned again that government could not continue offering free housing indefinitely. "Current increasing dependency and pressure on the state are not sustainable for the country going forward. ... Somewhere, sometime in the future there will have to come a need to have a cut-off point on the government's subsidised housing, where people can begin to do things for themselves" (SAPA, 2011).

Upgrading settlements where they have been built by people carries with it the message that people's own efforts are important along with the social and economic networks that communities have built up over years of living there. Instead of filtering out individual households from where they have lived in informal settlements and moving them into RDP houses, upgrading allows the needs of

whole communities to be addressed, including people who do not currently qualify as beneficiaries. This can happen if the national policy on upgrading is followed.

This is important because it also means that people's own efforts to house themselves and to build community are not undermined. It is a step in the right direction, from beneficiaries to citizens.

Other moves which are important for enhancing full engagement by residents are the possible revival of the People's Housing Process (which gives more support to people wanting to build their own houses), the accreditation of municipalities to manage the housing subsidy (thus bringing government closer to the people), assignment of housing powers by provinces to municipalities, and the rising interest in how affected communities can regain their place in defining development projects. Since the 'social compact' with communities was done away with in the late 1990s, there has been no real requirement placed on project stakeholders to engage and establish real partnerships with affected communities at the project level (see Miraftab, 2003). It is important that workable mechanisms of engagement, which may slow but not indefinitely delay projects, are re-introduced.

3. Challenges

In the short and medium term there are a number of factors which will act as barriers to establishing full engagement with communities and households. Ironically these factors are likely to militate against government fully implementing some of the moves they have already initiated.

Where there are patterns of patronage (whether legitimate or not), these have become entrenched, and people who currently hold power in the system can block change unless their roles in the changed system are clear. For example, if a Ward Councillor has traditionally promised to bring houses to his or her area, then the new promise will be for serviced land and secure tenure, rather than houses. This is a significant shift in local politics, and the transition needs to be understood and planned (both with communities and councillors).

The delivery of mass housing to beneficiaries has been a huge exercise, and skills, tools and alignments have been built around this for the last 15+ years at all levels of government and quite far into the private sector and local democratic structures. While there is no apparent intention to suspend such delivery in the short term, the

new types of delivery such as settlement upgrading require new skill sets and tools for implementation.

Mass housing essentially allowed the separation of the deliverers from the beneficiaries. Beneficiaries waited on the waiting list. Developers, builders, planners, engineers and municipal officials have been busy building and handing over houses. There have been cases of much more engagement with communities during planning and construction (e.g. as with the Cato Manor development project in eThwekwini Municipality (see Charlton et al, 2003), but most projects have fairly clear divisions between the production phase and the occupation phase.

This has meant that municipalities tend not to have the capacity and skills to directly engage communities over longer periods of time. Sociologists and anthropologists are rarely on the staff of local authorities, whereas this is part of the skill set of many Brazilian municipalities, for example (see below).

The devolution of funding and decision-making to municipalities is also likely to continue to take some time. This will make it more feasible for municipalities to take through the housing development process from beginning to end in more cases, rather than receiving projects from provincial authorities once they are built, which causes discontinuity in the relationship with communities, and limits the ability of local authorities to guide spatial planning within their boundaries.

Political expectations will continue to be a challenge, and it is essential that there are consistent messages from politicians and officials in housing and many other state departments. But if there is no agreement that beneficiaries, passively dependent on the state for their wellbeing, should become full urban citizens (not to mention rural citizens), then the messages will be confused.

But what does it really mean to suggest that residents should transition from beneficiaries to citizens? It goes beyond just the degree to which communities participate in housing projects.

4. Beneficiaries to citizens

The immediate conundrum is that the success of ongoing housing supply by the state, in this case, is leading to ever increasing demand and demands.

If people are to transition off state dependency and become active participants in the urban economy, what will this mean? And why is it not the same as calls that

suggest that the state should abrogate its active role in housing for the poor, and simply hand it over to the private sector or "the market"?

What we are arguing is that there is a time and place (and a justifiable target group) for state-driven supply. There are good reasons and sound economic logic for the state to be building houses and servicing land, especially during the first few decades after a transition to democracy, which includes addressing slum conditions and large backlogs in urban accommodation. But over time at the household and neighbourhood levels there needs to be transition to some level of housing self-reliance.

There are in the country, at any one time, four different groupings of people depending on their housing situations. These groups of people have differing needs and demands:

a) People inadequately housed who do not have sufficient income to afford to rent in decent accommodation, or acquire land or housing, and who are hoping for assistance from the state, and may be making these demands known in various ways;

b) People who are busy participating in projects which are being planned or built, whether these are BNG housing projects, settlement upgrades, emergency housing projects, social housing, rural housing, or People's Housing Process projects; and

c) People who have taken occupation of the state-driven accommodation, and the neighbourhood is now managed day to day by municipal officials.

d) Then there is a fourth group of people who are not expecting direct government help, and who find accommodation through the residential market in land and housing[5].

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[5] It should be noted that this fourth group includes sometimes poor people who do not currently qualify for state assistance (and under current policies never will) and who access unregistered land in the informal side of the residential market (Urban LandMark, 2007). In terms of the core principles of the current housing policy, these are the 'forgotten people' who should perhaps qualify but cannot because they might not have the resources to apply for the subsidy, they may be foreign nationals

During a person's life, they may move between these four groups , and hopefully are able to. The people in the first three groups are our main concern, and have various options to express their needs and demands, and to engage in state processes.

But in terms of the transition from beneficiaries to citizens, it is the third group who need some attention. There also need to be some changes in the second phase to make the subsequent transition more feasible. For instance, it helps if there is facilitation of greater individual and community involvement in making choices around land and housing ahead of becoming a direct beneficiary, and then also during the construction phase.

5. Participation

At the moment there are typically opportunities for engagement when communities participate in the preparation of Integrated Development Plans, when a household applies to become a housing beneficiary by entering a waiting list or demand database, and when beneficiaries take delivery of their houses or land. For people in PHP projects and settlement upgrades, there is greater involvement in where settlements should be located, how they should be laid out, what should be built, and in the building of the settlement itself.

The greater the level of involvement from an early stage, the greater the level of identification with the settlement, the project and the rest of the community. By the time there are houses, there is already a momentum of involvement which, as evidence shows, carries through into future positive engagement and action by households.

Once the BNG houses are built, the next phase commences and the roles of both community and municipality alter. Instead of being partners in construction or delivery, residents become registered property owners (with title deeds), or renters, and they enter the ranks of municipal rates and service payers.

This is important. It is part of a broader identity shift which often includes greater urban commitment and urbanity.

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without the necessary paperwork, they may not wish to be registered in the government systems, or whatever other reason.

The pride in being a recipient of state benefit is evident from interviews held with new occupants of BNG/ RDP housing (Zack and Charlton, 2003). But the transition from beneficiary to citizen goes beyond that.

The one aspect is that as a result of being on the official grid, residents become registered consumers of municipal water, energy and waste collection services. As an official occupant of land with legal rights (and responsibilities), you enter into a relationship with the municipality by being responsible for paying property taxes, and you relate to neighbours around about you. If there is a dispute between neighbours on the use of land or because of boundaries, there are official dispute resolution institutions and processes[6]. You become responsible for the maintenance and improvement of your own land and shelter, rather than waiting for the state to intervene on your behalf. If you need to move house because of changing circumstances or simply to make a profit (!), you are able to maintain a foothold in the property market if you sell the property at a decent price and are able to find better located and equivalent or better accommodation elsewhere. You may run a business from home, an option exercised by a surprisingly large proportion of households (Napier and Mothwa, 2000) which improves livelihoods.

You might register to vote at your local polling station, and be an active participant in local democratic structures. The location might over time afford access to health, education and recreational facilities, public and private transport, and employment opportunities. You may be able to raise a loan against your property if you wish to.

This means that you are enabled to become an urban citizen and take full advantage of all the opportunities where these are accessible and affordable.

Obviously this is not the whole picture. For many people on the outside of the official system, they are still waiting to be able to achieve a real right to the city. While they are able to access some of the opportunities, insecure tenure continues to frustrate and limit full participation.

So the emphasis in the state discourse for continuing to deliver so that more people who are waiting to be beneficiaries can access land, services, housing, and urban opportunities remains of prime importance. But this paper is addressing the

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[6] Many of the same elements exist in informal settlements, although more localised in their arrangements (see Rubin and Royston, 2008).

particular challenge of gradation off dependency once the benefits have been accessed. Without giving this some attention, the state is finding that people they thought had left the queue are suddenly back in it[7]!

6. Controversy

The call for the state to encourage this transition is not without controversy or indeed political context.

It goes to the root of views of statehood and economic growth.

At one end of the spectrum is the idea that the state should promote a "property-owning democracy". In the United Kingdom in the 1930s there was a view that "extending property ownership beyond the rich would encourage a sense of independence, pride and responsibility among the masses" (Rawnsley, 2011). This influenced the building of mass housing in Britain in the 1950s and the active promotion of property ownership by the Thatcher government of the 1980s. The same newspaper article goes on to show how the transfer of council housing to private ownership and the lack of state promotion of new affordable home production in the last 20 years, has led to a swing of the pendulum where three quarters of people between 20 and 45 who don't own property would like to, and two thirds of those people who would like to own property feel that they have no chance of being able to buy it.

The lack of new housing stock in the UK is pushing up rentals and making it more difficult for people to save up enough money to put down a deposit on a house. At the same time banks have more recently become stricter about who they lend to.

The situation was reflected in the US with initially reckless lending by banks to stimulate and extend home ownership, possibly to promote this vision of a property-based democracy, but also to make profits, which led to the sub-prime crisis and was followed by the downturn in the economy[8].

This then is clearly not the way to go, where individual property ownership is promoted at all costs, and the state withdraws to a distance in the hope that the

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[7] Refer for example to addressing the challenge of badly built houses.

[8] This summary is a bit simplistic as an explanation, but refer to Gwinner and Sanders, 2008, and Rust, 2009 for more discussion.

private sector will provide. Although it should also be said that the role of the private sector is increasingly important in the South African context.

The other side of the pendulum is a centrally controlled economy where the state is the dominant actor in the economy and is able to provide goods and services wherever they are needed and seen to be important. There are a variety of countries and economies where this is practiced in different forms, whether it is driven by a more socialist ideology or by oil or mineral rich beneficence from a socially aware oligarchy.

There may be some who would like to move more towards this, and to strengthen South Africa's current (somewhat 'welfarist') approach where the state provides 'free' housing on an indefinite basis in large numbers and continues to expand the basket of free services and benefits as far as the fiscus and political support will allow.

But some of the less positive effects of going too far with this approach are seen in the challenges that were described above, including chronic dependency on state beneficence, increasing social protest, and growing backlogs.

By defining welfare dependence as a stage in the lives of people who are poor and vulnerable (at least as it applies to housing and urban services), and by addressing how people might be enabled to transition off this dependence over time, it is more possible to design programmes which can work over longer periods and therefore be more sustainable (economically, socially and politically).

At the base is the assertion, whether or not it is a popular vote-winning assertion, that this would include charging people for services, when the time is right, and gradually including more people in the tax net (income, property etc.) as economic and individual conditions improve.   This is also part of the transition.

A growing tax base for municipalities is essential if they wish to become more viable based on local revenue collection rather than continuing their own dependence on fiscal transfers from national government. It is clear that these issues go beyond the ambit of only housing policy.

7. Brazil

In many Brazilian cities, the lines between state and citizen are drawn differently. Investment in settlements is mostly in the form of public infrastructure and urban

services. Local governments do not usually subsidise or build houses (unless a family is being moved out of their current house to make way for roads or pipelines). The policies of many different organs of state are aligned in their objectives of improving settlement conditions. Residents of recognised informal settlements ('favelas') pay an annual amount to local government which is part of their contribution to municipal tax and a way of registering their right to continue to occupy the land. Many municipalities employ social scientists and NGOs as part of their settlement improvement programmes. In some cities, the value of land is controlled by government and rights are protected in certain declared zones where poorer people are in danger of being evicted because of market forces[9].

Certainly Brazilian cities still have many challenges, and attempts to address the needs of communities residing in favelas is often extremely challenging and contested. However the experiences of officials and NGOs are valuable for learning about an alternative system in which mass built houses are not the main form of delivery. Certainly, there is a much greater empowerment of people to take the initiative in housing. The broader movement to realise the "right to the city" originates from strong community-based organisations and NGOs with 'voice', and is now constitutionally enshrined (see Fernandes 2007, cited in Harvey 2008).

The effect of this is a more empowered citizenry, and much faster rates of building consolidation as people build for themselves, and the state endeavours to create the 'enabling environment' in which this can happen more successfully.

8. Moving on

So in the South African context, if the shift towards upgrading is already underway, what are the other elements of an empowered citizenry? The key new elements would include:

- an effective option to access support to build for oneself, through mechanisms like the People's Housing Process and supportive, involved local authorities;

- permissive building by-laws (with appropriate standards) and efficient plans approval processes;

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[9] Based on personal interviews in Brasilia, Rio de Janeiro and Sao Paulo, Brazil, October 2003 and April 2005.

- broadening the tax base so that all people registered as land owners make some contribution to property tax (see Tshangana and van Donk, 2009);

- when the time is right for each household, clear gradation from indigent status to non-indigent status by the municipal administration;

- effective billing and payment for services where delivered;

- ensuring that all people who should have title deeds to their properties have them and are informed about the rights and responsibilities which accompany ownership;

- similarly for people renting, access to full information on the rights and responsibilities of tenants and sub-tenants;

- support for people wanting to start or grow small businesses whether these are based in the home or in commercial premises in the neighbourhood;

- improving access to finance for housing and small business;

- improving access to market information so that people are able to establish the market value of their properties and set rentals more effectively[10];

- the development of a national campaign led by the Department of Human Settlements, on "Beneficiaries to Citizens", which takes this message to the people.

The communications strategy for this initiative would need to be carefully thought out. Political messaging is very powerful and it is important that there is consistency all the way from Ministerial utterances to Ward Councillor promises. The units in the Department which deal with research, policy, capacity building and communications need to all be involved so that the messaging is clear and is consistent with what the policy and funding can realistically deliver.

There would also need to be coordination between departments of all spheres of government, including the departments responsible for valuing and rating property,

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[10] For example, by encouraging people to access the information available freely through the Affordable Land and Housing Data Centre (http://www.alhdc.org.za/), where sales information is available for neighbourhoods where the average sales price is less than R500,000.

billing for water, electricity and sanitation, engineering services, planning and housing.

This shift was envisaged in the Breaking New Ground policy, and what this paper has suggested is that this needs to be carried through into practice in ways which clearly communicate a positive message of community engagement and empowerment.

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