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**HOUSING ASSOCIATIONS IN SOUTH AFRICA: A CRITICAL ANALYSIS OF THEIR
POTENTIAL ROLE IN THE PROVISION OF SHELTER**

SELWYN B MYERS OMS

Selwyn Myers is a well-known and respected figure in the South African housing industry, and has achieved numerous milestones since graduating with a BSc Civil Engineering degree from the University of Cape Town in 1945.

He introduced the concept of grouped housing into South Africa, also that of life cycle housing, specialised housing for the elderly, zero building lines and planning of new towns within an overall architectural philosophy, to name but a few of his innovative ideas.

His illustrious career started with his appointment to Garden Cities and the Municipality of Pinelands as Assistant Town Engineer in 1945.

In 1947 he became Chief Engineer of Garden Cities, in 1956 he was appointed Deputy General Manager and in 1964 General Manager of the company.

He held this position until his retirement in 1985, when he commenced practising as a Civil Engineering and Town Planning Consultant.

During his career with Garden Cities he was involved in the planning and development of some nine new towns in which the full spectrum of social housing was provided for all sections of the population.

He has studied and lectured extensively in South Africa and overseas, and is the author of some 30 papers on various aspects of housing and residential planning. He has received numerous civic awards for his contribution towards the improvement of the living environment and is an acknowledged authority in the field of social housing.

Selwyn Myers is a professionally registered Civil Engineer and Town and Regional Planner. In addition, he is a Member of the Institution of Civil Engineers (United Kingdom), a Member of the Institution of Municipal Engineers of Southern Africa, a Fellow of the SA Institution of Civil Engineers, a Member of the SA Institute of Town and Regional Planners and a Member of the Institute of Housing of Southern Africa.

He is an active member of various social, sport and educational councils and committees, and currently serves on the following bodies:

SA Housing Advisory Council (member); National Development and Housing Board (member); Cape Regional Committee, Development and Housing Board (Chairman); Eastern Cape Regional Committee, Development and Housing Board (Chairman); Federation of Southern African Housing Associations (Chairman); Institute of Housing of Southern Africa, Western Cape Branch (member); Natal Building Society (Director); Pinelands Development Company Limited (Director); Uluntu Housing Utility Company (Director); University of Cape Town Civil Engineering Advisory Board (member); Reviewal Committee for the Establishment of Norms for Township Services (member) and Cape Utility Homes (Director).

During a function at Tuynhuys on 25 May 1989, Mr Myers received the Order of Meritorious Service from the State President for his contribution in the housing field.

South Africa faces many serious problems of which the lack of shelter for the under-privileged is the most pressing. Millions have become back-yard and shack dwellers and as urbanisation continues apace the misery is exacerbated.

Politicisation of housing is gathering momentum and there is an urgency to come to grips with the problem. After food, shelter is man's prime need and if he is not given space to live he will find his own. The concept of squatters on the slopes of our mountains is not that far-fetched. The South African Housing Advisory Council has been charged with the task and much pro-

gress has been made in the fields of finance, engineering services, planning and building.

In this lecture, I shall propose a course of action which I believe could contribute towards reducing the crisis.

For convenience, or perhaps sentimental reasons I have used the words Housing Associations in the title of this address, but because of the diversity of the South African housing situation, Housing Agencies or simply, Agency would be far more appropriate. The latter includes a variety of organisations such as Utility Companies, Trusts, Non-Profit Companies, Associations not for

Gain, Housing Co-operatives, Development Corporations and the like which having the same broad objectives but different structures, can all play a role depending on the extent and nature of the shelter required.

At the outset, I wish to explain that the terms Utility and Non-Profit Companies and Associations not for Gain, the most widely adopted form of housing agency throughout the world, are misnomers as operating as a business enterprise they do and must make profits. They derive this incorrect description from the respective Companies Acts under which they are registered namely, the Section, - "associations not

for Gain”, which precludes them only from distributing any surplus and stipulates that it be used solely for the furtherance of the Company’s objectives.

Whatever form of agency is adopted its primary purpose would be the mobilisation of public and private sector resources. It must be accepted that large scale shelter programmes can only be implemented successfully when conceived as an on-going sociological process, involving the quality of the environment, provision of social amenities, availability of a wide range of affordable opportunities and assistance in self help and up-grading programmes.

It is not suggested that the formation of a suitable agency should usurp the functions of local authorities or other existing bodies, but in view of the magnitude of the task a synoptic approach must be adopted whereby all these activities and future action could be conducted on a businesslike basis optimising the available resources of the private and public sectors.

I believe that an appropriate specialist housing agency is best suited to undertake this task and I will later give my reasons for this belief as well as details of the agency’s formation and structure.

WHAT IS A HOUSING ASSOCIATION?

The Housing Association movement is not new – it originated in Europe a century ago and was introduced into South Africa in 1918. Currently some 70% of the world’s social housing is being provided by agencies of one form or another whose constitutions, methods of operations, financing and objectives differ from country to country and city to city. They have, however, a common link which is their social motivation and the desire to provide shelter for the needy.

A brief review of the movement’s origin and world wide development will afford a clearer understanding of its purpose and future role. The concept of a housing association was evolved by Ebenezer Howard, who from an early age was influenced by the social reformers of the day. He was acutely aware of the overcrowded and shocking living conditions of the poor resulting from the industrial revolution and was convinced that very little progress could

be achieved by piece meal amendments to building by-laws which he regarded as mere palliatives. He propagated the idea of building a number of planned towns each with its own development company. He gained rapid and influential support for this new approach which was set out in the publication in 1889 of a book titled “To-Morrow – a Peaceful Path to Real Reform”.

He proposed that each town or garden city would be surrounded by a green belt and planned internally to generous spatial standards for every need. “A place for healthy living and industry” he said where the profits would be used by the Company for the benefit of the community. His ideas gained momentum and in 1899 the Garden City Association was formed. In 1902 he published a new edition of his book, “Garden Cities of To-morrow” and in 1904 work started on the first garden city of Letchworth. Momentum increased – the term “town planning” being first used in 1906 and one year later the Garden City and Town Planning Association was formed.

Pressure for formal planning grew and became a major political issue culminating in the passing of legislation in 1907 – the first formal Act regulating contemporary town planning practice. The Town Planning Institute was founded in 1917 and the second Garden City, Welwyn, was started in 1920. By this time other countries had followed suit and housing associations were being established throughout the world.

Ebenezer Howard, knighted for his contributions in 1927, was not a planner – he was first and foremost a dreamer and social reformer. The impact of his ideas, however, is incalculable and he is universally regarded as the father of contemporary town planning. His contribution is summed up by Sir Lewis Mumford who wrote – “Garden Cities of Tomorrow” has done more than any other single book to guide the modern town planning movement and to alter its objectives”.

THE HOUSING ASSOCIATION MOVEMENT COMES TO SOUTH AFRICA

The first Housing Association in South Africa, Garden Cities, was founded in 1919 by Richard Stuttaford who as a disciple and friend of Howard per-

suaded the then Union Government to grant him land and agree to the formation of the Garden City Trust – a partnership of the State and the private sector. The Trust acted on an agency basis for the development of Pinelands which was the Country’s first example of contemporary residential planning, and from experience gained in its development was instrumental in the preparation of the first Township Ordinance, that of the Cape in 1927.

GROWTH OF THE MOVEMENT IN SOUTH AFRICA

Whereas thousands of associations of various forms and hundreds of national and regional umbrella federations have been established world wide, the movement did not advance in South Africa despite the 1926 Companies Act inclusion of a Section – “Associations Not For Gain”. Apart from Garden Cities (1919), the Citizens Housing League (1930) and a few company sponsored associations for the housing of their employees and welfare bodies for the aged, the concept remained static until 1981.

This was not the situation on the rest of the African continent, where by 1986 some eighteen countries between them had over 1 000 associations involved in all aspects of low cost and self help projects including training programmes in management and construction.

A major incentive to the concept was given at the Good Hope Conference in 1981 when the Prime Minister announced that the State would take the initiative in establishing housing utility companies in all the larger urban centres which, with the aid of the State, would be in a position to make housing more readily available to the lower and middle income groups.

Within a period of three years some twenty-five companies and associations were established and considerable sums in grants and loans have been made by the State. All these companies were registered under Section 21 of the Companies Act and almost all have applied for tax exemption in which case, the relevant Housing Minister has the right to appoint a Director to its Board.

In the scramble to get started some of the promoters, often self appointed, ignored the fundamental purpose

namely to operate within a sociological context for the benefit of their communities and to provide shelter for those who were not being catered for by the private sector or by the State.

Others, unaware of the extent of funds required to operate on a large scale, were hopelessly undercapitalised and have ceased operating.

The remaining companies have between them developed or financed many thousands of houses and sites for conventional and self help housing. The activities of new associations such as the S A Housing Trust, the Urban Foundation, KwaZulu Development Corporation and the Development Bank of Southern Africa are but a few of those currently involved and contributing significantly to the provision of low cost shelter.

The Good Hope statement envisaged that the new associations would be modelled on the lines of Garden Cities and that they would be established by concerned persons whose only interest would be the improvement of the social and living conditions of all sections of the population. In some instances, this motivation was totally lacking and in others the housing need did not justify the formation of an association. "Associations Not For Gain" have no shareholders and are unable to raise funds in the manner of a conventional company. Consequently, if they are unable to mobilise capital from the private sector or do not receive substantial State capital in the form of long term low interest loans or a grant of land, they cannot succeed.

Provision for assistance is granted in terms of the Development and Housing Act of 1983 and subsequent to the failure of certain companies, the conditions pertaining to such grants have been tightened considerably.

There is, however, a matter concerning the registration of companies which needs urgent attention. Currently if the Articles and Memorandum of Association comply with the requirements of the Companies Act it can be registered without reference to the Minister of Housing. The social criteria concerning the need for the particular Company and composition of its board of directors, need not be justified and its existence as a housing association could remain unknown unless it applied for

State financial assistance.

THE HOUSING SITUATION – CHALLENGES AND PROBLEMS

All types of agencies referred to so far can be established either under Section 21 of the Companies Act or in terms of other legislation. The appropriate agency depends on the nature of the housing need, its area of operation and whether it is required for a once only task. Consequently, before discussing the advantages of agencies generally and thereafter suggesting a particular form it is necessary to assess the magnitude and scope of the challenges ahead.

Since the inception of the original Housing Act of 1920 home ownership has been the goal and by and large the State was able to assist, predominantly whites, to acquire their own homes through various schemes of financial assistance. Since then, and more particularly in the last two decades the country's economy has changed from an agrarian to an industrialised one and the urbanisation growth is proceeding at the rate of 4 – 5% per annum.

Realising the extent of the future demand for housing finance, State housing policy was revised in 1986 whereby the government accepts in principle that housing provision is the responsibility of the individual, the employer and other bodies within the private sector and the State can only be concerned with the underprivileged taking into account the requirements and availability of funds. As a result, the policy regarding housing subsidies is being re-examined and apart from innovative financing formulae, the question of long term continuous interest versus a one time capital subsidy is being considered as an alternative for low income families.

The challenge involves the full spectrum of the housing process – planning, availability of land, finance, bulk services, urbanisation, job opportunities, transportation and social and physical infrastructure.

However, the extent of the demand for funds as reflected in the following paragraphs is so colossal that whatever subsidisation and assistance policy is adopted the annual need is far beyond the country's financial capability.

HOUSING SHORTAGES

Estimates of the needs of various population groups differ considerably and an average of the more reliable figures is given in the following table. Even if they are off the mark the shortages are so great and the magnitude of the overall problem so large that an error of 20% either way makes very little difference.

Many aspects of the wider process are being or have been resolved with the

exception of land provision for Blacks in the Western and Eastern Cape and the determination of responsibility for funding of bulk services.

Notwithstanding, the two principal issues remain (1) the ability to mobilise adequate finance for housing development and (2) to create a co-ordinator for the implementation of socially valid shelter programmes involving the individual and the private and public sectors.

The situation therefore demands a more realistic and pragmatic approach. If State policy remains unaltered and the individual is responsible for his own shelter, the percentages of black families who could afford the following levels of shelter are, viz.

(1) Cannot afford housing of any form	11%
(2) Serviced plot only	53%
(3) Starter or Core House	31%
(4) Conventional House	5%
	<u>100%</u>

Estimated Shortage and Future Housing Needs

	1988	1990	1995	2000
	Backlog		Cumulative Need	
Whites	25 000	95 000	193 000	280 000
Coloureds	75 000	117 000	167 000	215 000
Asians	45 000	60 000	78 000	94 000
Blacks	660 000	1 956 000	2 381 000	2 818 000
TOTAL	805 000	2 228 000	2 819 999	3 407 000

If the backlog is wiped out over the period 1990 to 2000 and the need could be equated to demand, the average number of units required per annum based on the 1995 figures would be:

Whites	19 300 per annum
Coloureds	16 700 per annum
Asians	7 800 per annum
Blacks	238 900 per annum

On the assumption that families currently earning in excess of R1 000 per month can be assisted by the private sector, including some form of State subsidy, the percentages for the various groups who fall within the category of social housing and need substantial help is according to the Urban Foundation:

Whites	18,7% of total
Coloureds	77,3% of total
Asians	58,7% of total
Blacks	86,6% of total

If allowance is made for the upward mobility of the various groups over the next ten years, I estimate that the total number of social housing units required by 2000 would be:

	Total	Average Number per annum
Whites	42 000	4 200
Coloureds	154 000	15 400
Asians	47 000	4 700
Blacks	2 225 000	222 500

If basic conventional homes are provided to meet this need at a unit cost of R30 000 for Whites, R20 000 for Coloureds and Asians and R15 000 for Blacks, the total annual requirement would be R4,5 billion in 1990 rising to some R12 billion by 2000.

These amounts are way beyond what the country can afford and even if the current ceiling figure of R1 000 per month is reduced to R700 per month the total social housing requirement is still staggering as 67% of Black earn less than R400 per month.

In 1988 the total expenditure on Black housing amounted to some R850 million which is about one fifth on the amount required and the budget increase of 9% for the next financial year will produce even less houses as the rise in building cost is expected to be at least 18%.

Conventional, albeit basic housing for all, therefore is a utopian dream and the economic realities indicate that the overwhelming majority can only afford an elementary serviced site or starter or core house.

If these affordability figures are adopted and the average cost of a serviced plot is taken as R6 000 and a starter/core house as R17 000, the annual cost of (2) and (3) would be R2 billion for Blacks and about R300 million for Coloureds and Asians making a total of R2,3 billion per annum.

Inadequate housing provision due mainly to shortages of funds is an ever increasing socio-political problem, and any reduction of state financial assistance for the privileged section will generate its own set of political problems. For this reason State funds will continue to be allocated in the short term via the four housing ministries on the present basis and those of the mortgage lending institutions will be used predominantly for conventional housing. There is no doubt that pressure for a change in the State allocation formula will increase. The greatest need is for informal housing. As stated earlier, housing subsidisation policy is being reviewed and if a capital subsidy of a serviced site is one of the options then access to shelter would be available to a considerably wider section of the under-privileged.

Given the scale of the shelter needed and the limited funds available there is no doubt that the "appropriate" affordable housing for the masses will have to be a serviced site on which to build a shack or a starter or core house.

The implementation of vast programmes of informal shelter at an effective rate necessitates a lowering of building and servicing standards and a relaxation of our sophisticated first world bureaucracy to copy with a third world housing crisis.

Much progress in this direction has already been made which will facilitate the operation of specialist housing agencies. These should be able to act

as the co-ordinator and facilitator of the considerable range of human, material and financial resources, to provide the necessary educational and training programmes, and to provide for the social wellbeing of the community.

Many local authorities, Provincial Administrations, the S A Housing Trust, Urban Foundation and various non-profit housing associations are involved in informal housing, but none of them operate on a mass scale as a specialist all embracing agency functioning as suggested in the previous paragraph.

Time and again the private sector has called for such an organisation and the report prepared in June 1987 by S.A.P.O.A. on "Increasing the Involvement of the Private Sector in the Provision of Low Cost Housing on a Large Scale" states inter alia as follows: "It has become clear to this Association that the most important key to this issue is the ability to co-ordinate and to integrate the efforts of the public and the private sector."

The establishment of a development corporation was strongly recommended in the First Report of the Venter Commission of Enquiry into Township Establishment and Related Matters. In recommending that a Development Corporation be set up along the lines of those in the U.K. and France, the Commission stressed that its aims must be the co-ordination of the private and public sector resources and, further, that its Board of Directors should comprise a majority of private sector representatives.

However, I am of the opinion that a single centralised national corporation would not be satisfactory as it could not foster the kind of community relationship so essential in informal and low cost housing developments nor undertake the necessary grass roots activities.

THE ADVANTAGES OF A HOUSING AGENCY

Having briefly traced the origin of the housing association movement and indicated the order of magnitude of the housing need, I now wish to enumerate some of the more important advantages of an agency and then to suggest the particular form and its structure which I believe could make a meaningful contribution.

It is not suggested nor intended that the agency should act as the developer. The primary objective is to mobilise resources of the public and private sectors so that development of low cost shelter can proceed on a co-ordinated businesslike basis where the maximum use is made of private sector consultants, contractors, builders and sub-contractors.

It must also offer the community access to shelter options ranging from a basic serviced site to a completed house.

The main advantages are:

- (1) Being an on-going body the agency would be able to plan ahead and co-ordinate its development programme so as to minimise the premature use of capital. As it "remains" with the community it is able to assess and adjust to changing needs and to promote social and other facilities as they are required.
- (2) The advent of the tri-cameral system with its four housing ministries has heightened political divisions in housing and it is essential that it be depoliticised as soon as possible. The agency, being a private sector organisation will comprise individuals whose sole purpose is to improve social conditions and being appointed on a "best man" basis will be divorced from local and party politics. Such a body will be perceived by the community as being non-political and a greater measure of cooperation will result. There is considerable mistrust and misunderstanding of the objectives and operation of housing undertaken by central and local authorities. This attitude gives rise to anti-establishment or hostile action such as non payment of rates, etc. and would be lessened if undertaken by a non-political socially motivated agency.
- (3) An agency, operating as a company, is free of red tape and bureaucratic procedures and is able to take quick business decisions with merit as the only criterion.
- (4) Greater participation of the building society movement in low cost housing is inhibited by two factors. One is the high cost of administering small loans of R6 000 to R20 000 and the other is the political risks involved in lending in Black areas. Acting as a guarantor

the agency could facilitate the entry of the societies and could administer a type of SASRIA cover with State assistance to minimise loss due to political action and to subsidise the higher costs of the small loans.

- (5) In the foreseeable future the housing effort for the underprivileged will focus on basic self help and incremental housing. A facility for the granting and administering of small building loans to individuals is therefore essential and the agency would be ideally suited to provide this service.
- (6) The implementation of self help and incremental programmes needs a variety of support systems for the individual. Here again the agency is in a unique position to offer this assistance which would include information on affordability and realistic expectations, advice on plans and designs, use of materials, contracts, supervision, insurance cover, etc. In addition, it could arrange "sweat equity" schemes if required and appoint project managers. The problems facing the unsophisticated self helper are considerable and daunting and only a motivated agency is in a position to provide these supporting services on a continuing basis.
- (7) The agency would be able to negotiate on behalf of employees with their employers for assistance and to implement and control housing projects on their behalf.
- (8) A socially motivated agency will adopt a "life cycle" housing approach, as all too often, it left to the private sector, only the more profitable forms of shelter are provided. It will also consider the need for larger sites on which the occupier can carry on trading or manufacturing enterprises. To reduce sites to the minimum is economically unsound and the maximum opportunity should be given to facilitate informal sector trading.
- (9) The agency could set goals for creating and maintaining an attractive living environment albeit that the housing will initially be of a low standard. Good planning and control of siting or buildings could contribute to this objective.

THE APPROPRIATE AGENCY

Taking all factors into account and the urgent need to depoliticise housing, I suggest that the most appropriate form of agency would be a Housing Association registered as "An Association not for Gain" in terms of Section 21 of the Companies Act. It could then apply for tax exemption which benefits could be passed on to the community.

As a "private" company, it could establish its own financial, development and planning goals taking into account the specific needs of the region it serves. The company's operations should be of a scale large enough to enable it to operate as an on-going concern and to undertake its tasks on a comprehensive basis.

As its principle objective is to improve living and social conditions construed in the widest sense, its Board of Directors and Management must conceive their aims as a sociological process. Its success will therefore depend entirely on the extent of its social motivation and awareness of the community's needs.

Acting as a co-ordinator, the participation of the profit making private sector is not in conflict with an Association's principle objective. On the contrary, as the agency cannot itself undertake all the necessary functions the private sector's experience, manpower and financial muscle is an essential component in its co-ordinating role. As the company has to operate in a free market economy, it is subject to scrutiny and pressures of the market place. Consequently, its Board of Directors and Management will adopt an entrepreneurial approach to its operations.

Ideally, the Board of Directors should not exceed nine persons of whom no more than three should be from the public sector. The local authorities of the region together with interested private sector bodies should determine whether there is a significant need for housing in a particular area and thereafter approach the relevant minister to establish a Housing Association. Apart from the maximum of three persons from the public sector, the private sector should appoint the remaining six who should be persons,

preferably, known for their interest in social housing and be businessmen experienced in different spheres or disciplines.

I have stressed that the activities of the housing association are not intended to supplant the role of the local authority. As co-ordinator of development and having the backing of the private sector, it is in a far better position to expedite the necessary action. The local authority will retain all its civic functions and duties and in those places where associations do operate, there is a great measure of co-operation to their mutual benefit.

The question as to who will supply the various services such as health, fire fighting, refuse removal, etc, and general maintenance will have to be addressed. Rates income from these areas will be insufficient for the purpose as they will not have the highly rated business and industrial complexes found in the city or large town.

It is considered expedient to foster the establishment of "Black" Local Authorities, thought may have to be given to creating a metropolitan authority or Council whereby they retain their independence, but enjoy additional revenue. It must not be forgotten that the inhabitants of these new areas do in fact support these city and town complexes.

A metropolitan authority would be an extension of the Regional Services Council concept.

CONCLUSION

I must stress that the mere formation of a housing association will not ensure success. This can only be achieved if there is a need for large scale housing, the land is available and the State and the private sector are prepared to co-operate in supporting a socially motivated management and Board of Directors.

South Africa has the resources and the expertise. If housing agencies can co-ordinate these to expedite a solution to the housing crisis, should they not be given a chance?