

A significantly increased role in the housing process: The municipal housing planning implications of BNG

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Abstract

This article offers a perspective on 'Breaking New Ground' (BNG) for municipal housing planning, on the premise that an applied understanding of the document is hard to achieve. This perspective is based on several housing consulting projects undertaken by Development Works between 2004 and 2007. The article argues that BNG's main messages are hard to distil, a problem of interpretation experienced especially at the municipal sphere of government. The article identifies four main outcomes that BNG is intended to achieve, unpacks what they mean and then applies them to municipalities, noting some of the challenges in such application. It locates this perspective in the broader policy context of planning for housing as part of municipal Integrated Development Plans (IDPs). Through an interrogation of the substantive policy significance of BNG, the main contribution this article seeks to make is an interpretation of the key messages that BNG contains for municipalities and municipal housing planning in particular.

'N BETEKENISVOLLE ROL IN DIE BEHUISINGSPROSES: DIE BEHUISINGSBEPLANNINGS IMPLIKASIES VAN BREEK NUWE GROND (BNG) VIR MUNISIPALITEITE

Hierdie artikel gee perspektief op Breek Nuwe Grond (BNG) vir munisipale behuisingsbeplanning met die voorbehoud dat die dokument moeilik verstaanbaar is. Die perspektief word gebaseer op verskeie behuisings konsultantprojekte onderneem deur Development Works tussen 2004 en 2007. Daar word geargumenteer dat BNG se hoof boodskap moeilik om te interpreteer wat veral by die munisipale sfeer van regering ondervind word. Die artikel identifiseer vier uitkomstes wat BNG beoog om te bereik, kyk wat die uitkomstes beteken en pas dit dan toe op munisipaliteite en neem kennis van die uitdagings in die toepassing. Hierdie perspektief word verkry uit die breë beleidskonteks van beplanning vir behuising as deel van die munisipale geïntegreerde ontwikkelings planne (IDP's). Deur 'n deeglike ondersoek van die selfstandige beleidsbelang van BNG, wil die artikel 'n interpretasie van belangrike boodskappe wat BNG vir munisipaliteite en munisipale behuisingsbeplanning het uitlig.

1. INTRODUCTION

The supply of state-assisted housing must respond to housing demand. This relationship is best packaged at local level. Municipalities must accordingly take the lead role in negotiating the location of housing supply to facilitate spatial restructuring. Municipalities must also facilitate a greater match between the demand and supply of different state-assisted housing typologies. This approach envisages that municipalities will play a significantly increased role in the housing process. This will help to build linkages between housing delivery, spatial planning, and transportation systems and will also support the integration of housing into Municipal IDPs, ensuring greater budgetary coherence (South Africa. Department of Housing, 2004: 11).

The *Comprehensive Plan for Sustainable Human Settlements* is widely referred to by the acronym of its subtitle – BNG ('Breaking New Ground'). It is a key policy document in the housing sector and while it clearly mandates municipalities to play "a significantly increased role in the housing process" (South Africa. Department of Housing, 2004: 11), the scope for interpretation is wide. Based on the premise that a complex demand requires a variegated response, the plan does not style itself as a blue-print for what needs to be done, but a menu of possibilities. Welcome as this is, various consulting assignments over the past five years have demonstrated some problems, and not insignificant ambiguity, in applying BNG especially at the municipal sphere, despite the document being widely quoted and generally hailed as an important shift in housing policy.

BNG re-states the vision of the Department of Housing contained in the *Housing White Paper* of 1994: "... to promote the achievement of a non-racial, integrated society through the development of sustainable human settlements and quality housing" (South Africa. Department of Housing, 2004: 7). This re-statement is important because it communicates that BNG should not be perceived as a break with existing housing policy, and with the *Housing White Paper* in particular. In status terms then, BNG does not replace the *White Paper*. Slippery as this may be, the plan uses the words 'redirect' and 'enhance' to describe the relationship. Its position is to augment the white paper and reinforce its vision.

BNG covers a range of issues, from process to substance. Some issues, the nine elements especially, are ends or outcomes, others are means to ends. Aside from 'sustainable human settlements', the main messages can be hard to distil. Even though the creation of sustainable human settlements is central to BNG, its meaning is hard to understand. The danger is that a municipality could focus on aspects of BNG while losing the main messages.

BNG suffers something of an identity crisis – policy enhancement, strategy, programme perhaps? For municipalities undertaking planning for housing, or producing housing strategies, this ambiguity complicates the task of alignment; a complex enough task already. The perspective offered in this document was developed in the course of attempting to assist municipalities with aligning housing strategies or housing chapters of Integrated Development Plans (IDPs) with a policy document that requires interpretation, with a meaning that is hard to distil for the purposes of application.

On the basis of the starting point that BNG mandates a significantly increased role in the housing process for municipalities, this article seeks to assemble a perspective on what this means. Its bias is towards municipal planning, drawing as it does on a housing strategy assignment for the City of Johannesburg (Development Works, 2006b) and a series of assignments on sector planning and how to undertake housing planning as part of the integrated development planning process, as mandated by the *Housing Act* (1997) (DPLG & GTZ, n.d.; Development Works, 2004; 2006a; South Africa. Department of Housing,

n.d.). The article's central focus is an interpretation, largely descriptive in nature, to the question: what does BNG mean for municipal housing planning? It also identifies some key challenges that arise when attempting to answer this question.

2. THE POLICY CONTEXT FOR MUNICIPAL HOUSING PLANNING

BNG introduces an expanded role for municipalities. In shifting away from a supply-driven framework towards a more demand-driven process, it places an increased emphasis on the role of the state in determining the 'location' and 'nature of housing' as part of a plan to link the demand for, and supply of, housing. BNG assumes that municipalities will proactively take up their housing responsibilities. The following interventions are identified:

- The accreditation of municipalities;
- Building municipal capacity; and
- Undertaking housing planning as part of municipal IDPs.

The *Comprehensive Plan* therefore has a direct message for municipalities regarding housing planning, the subject of this article. Prior to expanding what it might mean for municipalities to proactively take up this particular responsibility, with a focus on applying BNG, the article briefly traces the origins of this statement prior to its appearance in BNG.

The *Housing Act* (no. 107 of 1997) makes provision for municipalities to plan for housing as part of their IDPs:

Every municipality must, as part of the municipality's process of integrated development planning, take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to initiate, plan, coordinate, facilitate, promote and enable appropriate housing development in its area of jurisdiction. (South Africa. Department of Housing, 1997: Section 9[1][f]).

By 2003, following consultation within the housing sector and various IDP assessment and hearings, the National Department of Housing had identified that the majority of municipalities did not have the capacity to align their housing programmes with IDPs and to manage the process of coordinated

settlement planning and implementation (Development Works, 2006a). In recognition of this, it embarked on the design of a model for the integration of housing development programmes into IDPs (Development Works, 2004). Provincial Heads of Departments endorsed the model and the National Department of Housing planned for the model to guide the development of housing chapters as part of IDP from the 2006/7 municipal financial year, concurrent with the new dispensation of IDPs.

The law does not enable the Department to impose an obligation on municipalities for a separate sector plan. As a result, the model defined a housing planning process, the product of which (at the time variously termed 'integrated sector programme', 'Housing Sector Plan' and 'Integrated Housing Development Plan') should be clearly defined as a component of the IDP, as opposed to a comprehensive, stand-alone and separate sector plan. The term 'Housing Chapter of the IDP' was used in the model, because it conveyed housing planning as a component of the IDP.

The vision in the model was of a Housing Chapter as a summary of the housing planning undertaken by a municipality, being used together with the IDP's spatial framework and summary of financial and operational related outputs (such as the 5-year financial plan, 5-year capital investment programme, 5-year action programme and the integrated monitoring and performance management system) to guide investment in the municipal area. Like the IDP, the Housing Chapter is a 5-year plan which needs to be reviewed annually. This should be done with the review of the IDP which is also a legislative requirement (South Africa. Department of Housing, n.d.).

BNG reinforces this approach to municipal housing planning, identifying 'housing planning as part of municipal IDPs' as one of the direct mandates to municipalities. Housing chapters can be seen as an input by municipalities towards the achievement of BNG's outcomes. More specifically, BNG suggests that Housing Chapters are key tools in matching housing supply and demand, planning for the creation of sustainable human settlements, determining the location and nature of housing development and improving intergovernmental relations in the housing sector.

3. THE NATURE OF THE SHIFT CONTEMPLATED BY BNG

For municipalities attempting to apply BNG, a way in to the document may be hard to find. A good place to start might be getting to grips with the nature of the shift which is contemplated in the document – being clear on 'so what's new?' A review of the plan's objectives¹ assists in revealing where the shifts in housing policy actually are. 'Housing as an instrument for the creation of human settlements' is an important one to emphasise as it captures a shift from 'houses' to 'sustainable human settlements'. Although the substance of BNG can be hard to distil, the creation of sustainable human settlements is certainly its main message. 'Sustainable human settlements' is a term which is understood in many different ways. Its application in the IDP process is particularly complex, being both a housing sector issue and a cross cutting concern for municipalities. This raises important institutional questions, which will be addressed in more detail below, relating to the location of institutional responsibility for achieving sustainable human settlements.

Another important objective to highlight is 'supporting the functioning of the entire residential property market'. The language of the market is new, and the objective is to include interventions at higher ends of the residential sector, rather than only a focus on low income households. This objective therefore expands the focus, rather than shifting it. Accelerating delivery is an important emphasis, noting that BNG contains a problem statement about the slowdown in delivery and under-expenditure.

The objectives offer a significantly more holistic approach to housing. Napier (2005) identifies that the objectives are motivated by social, spatial, environmental and economic influences, in addition to housing sector specific objectives. For example, social influences are evident in BNG's objectives about combating crime, promoting social cohesion, improving the quality of life for the poor and accelerating the delivery of housing as a key strategy for

poverty alleviation. Economic influences can be found in the objectives of ensuring that property can be accessed by all as an asset for wealth creation and empowerment, leveraging growth in the economy, and utilising the provision of housing as a major job creation strategy.

4. THE MAIN OUTCOMES ENVISAGED IN BNG

Central to an application of BNG in municipalities is the vexed question of what it actually means. The perspective offered here is to distil the key outcomes that the plan envisages and then to offer an interpretation of them, as the basis for better understanding the meaning of the document. This approach was adopted in the City of Johannesburg housing strategy and again in the housing chapter resource book for the National Department of Housing (Development Works, 2006a; South Africa. Department of Housing, n.d.).

The nine elements of BNG² are an often confusing mix of inputs, outputs and outcomes (Development Works, 2006b; South Africa. Department of Housing, n.d.; Smit, 2006), but reading across them the following four outcomes were distilled (Development Works, 2006b):

- Sustainable human settlements;
- Integration;
- Housing assets; and
- Upgraded informal settlements.

This substantive perspective discusses how BNG treats each of these outcomes and proposes what the implications and challenges are for municipalities, emphasising municipal housing planning.

4.1 'Sustainable human settlements' in BNG

The concept of sustainable human settlements is central to BNG, featuring in the title, as the headline message. The main challenge for municipalities is developing a sufficiently applied understanding of what BNG intends. It defines sustainable human settlements

as: "well-managed entities in which economic growth and social development are in balance with the carrying capacity of the natural systems on which they depend for their existence and result in sustainable development, wealth creation, poverty alleviation and equity" (South Africa. Department of Housing, 2004: 12). Sustainable human settlements feature in the vision: "the achievement of a non-racial, integrated society through the development of sustainable human settlements and quality housing" (South Africa. Department of Housing, 2004:7) and as an objective: "Utilise housing as an instrument for the development of sustainable human settlements, in support of spatial restructuring" (South Africa. Department of Housing, 2004: 7). BNG also identifies a set of strategies that will contribute to spatial restructuring:

- Progressively eradicating informal settlements;
- Promoting densification and integration;
- Enhancing spatial planning and the location of new projects;
- Supporting urban renewal and inner city regeneration; and
- Developing social and economic infrastructure.

According to BNG, the progressive eradication of informal settlements will be achieved through upgrading projects, starting with nine pilot projects (one in each province). Densification and integration are to be promoted through the Department of Provincial and Local Government's densification policy, residential development permits and targeted fiscal incentives. The Annexure is said to contain more detail on these instruments (though it appears that the annexed business plans were never presented to Cabinet). Spatial planning is to be enhanced by the establishment of a single planning authority or instrument in the form of the National Spatial Development Perspective and the National Urban Strategy. The location of new projects is to be enhanced by accessing

1 The objectives of BNG are to: Accelerate the delivery of housing as a key strategy for poverty alleviation; Utilise the provision of housing as a major job creation strategy; Ensure that property can be accessed by all as an asset for wealth creation and empowerment; Leverage growth in the economy; Combat crime, promote social cohesion and improve quality of life for the poor; Support the functioning of the entire single residential property market to reduce duality within the sector by breaking the barriers between the first economy residential property boom and the second economy slump; and utilise housing as an instrument for the development of sustainable human settlements in support of spatial restructuring.

2 Supporting the entire residential property market, Moving from housing to sustainable human settlements, Using existing and new housing instruments, Adjusting institutional arrangements within government, Building institutions and capacity, Defining financial arrangements, Creating jobs and housing, Building information, communication and awareness, Establishing systems for monitoring and evaluation

well-located state and parastatal land and private land acquisition, as well as separate funding for land acquisition and fiscal incentives. Urban renewal and inner city regeneration are to be achieved by social, medium density housing and increasing effective demand. The development of social and economic infrastructure is to be addressed by a new funding mechanism.

4.2 Implications and challenges of sustainable human settlements for municipalities

At a minimum the shift from housing units to human settlements implies integration via the provision of the full suite of services in housing projects – housing units plus schools, clinics and other facilities. Implicit in BNG is the position that more integrated settlements are also better quality settlements. In this sense, the shift is to integrated settlements and both intra-governmental (within one sphere of government) and intergovernmental type instruments for integrated planning and co-ordinated investment (such as the Housing Chapter of the IDP and spatially prioritising investment), will be important. The budget co-ordination required for spatially prioritised investment is a long and challenging endeavour. The challenge persists; anecdotes exist about fully subsidy constructed houses without water connections. While housing planning as part of IDPs is intended as one of the intergovernmental planning instruments to guide the co-ordination of investment, this 'bottom-up' planning intervention, is still somewhat at odds with the reality of who holds the purse strings. Although in intention plans for accreditation address this contradiction, there is very little experience of municipalities having both the responsibility for prioritising the nature and location of housing investment, and the authority to deliver on the plans through allocation. Although progress with accreditation is required to overcome this contradiction, a very real housing capacity problem persists in municipalities – especially those outside the metros – which could undermine the ability to plan effectively for housing and to spend public housing resources.

The mandate from BNG is for 'sustainable human settlements' not only for integrated human settlements. Thus, in addition to interpreting this mandate as integrated settlements through the provision of services as well as housing

units, BNG requires that municipalities should take a broader perspective. It is the 'sustainable' element in the call for 'sustainable human settlements' that requires more attention. This is one of the plan's biggest weaknesses – that the main message is incompletely defined. It appears up to municipalities to give content or substance to the sustainable human settlements mandate. The sometimes competing notions of financial viability and sustaining livelihoods come into play. This raises the question of perspective; sustainable for whom – the environment, the city, the settlement or the household? Sustainability for the city suggests an emphasis on financial viability, which will be particularly important in the light of the delivery challenges and backlog quantum. Sustainability for households leads to a livelihoods perspective, suggesting providing protection and creating opportunities for the poor and vulnerable. Given the lack of explicit direction in BNG, it may well be that the financial viability emphasis will win the day, when a larger challenge – and more complete interpretation of the mandate - lies in finding the balance.

A key challenge for municipalities in planning for the achievement of sustainable human settlement is an institutional one regarding where responsibility for the achievement of sustainable human settlements is located. The achievement of sustainable human settlements will rely on a range of interventions, and a set of well targeted instruments, only some of which reside in housing line functions. A housing department would be extremely challenged to take responsibility alone – given the issues of intergovernmental relations, budget co-ordination and prioritisation required. Sustainable human settlements are not a single sector concern and BNG is not sufficiently explicit about how municipalities should resolve the overall leadership of the sustainable human settlements mandate. Neither does it give municipalities enough confidence that the National Department of Housing will assist them in championing the cross sector nature of sustainable human settlements.

4.3 'Integration' in BNG

The second key outcome of BNG discussed in this article is 'integration'. BNG treats integration in a multi-faceted way including spatially, institutionally, socially and economically, as this section will demonstrate. BNG's treatment of

integration links it to inclusion, better quality settlements and improved quality of life, improved intergovernmental relations and spatial restructuring.

The lack of spatial integration is identified in the problem statement of the review section of BNG, where a quality concern arising from poor spatial integration, or its absence, is described – 'settlements have generally lacked the qualities necessary to enable a decent quality of life' (South Africa. Department of Housing, 2004: 4). BNG links the issues of better quality and integration and it attributes lack of integration to poor intergovernmental relations, "...the lack of funding and poor alignment of budgets and priorities between line function departments and municipalities responsible for providing social facilities in new communities" (South Africa. Department of Housing, 2004: 4).

BNG raises spatial restructuring as a means for achieving integration. For example, in the objectives, sustainable human settlements are seen to support spatial restructuring: "... utilising housing as an instrument for the development of sustainable human settlements in support of spatial restructuring" (South Africa. Department of Housing, 2004: 7).

The notion of 'inclusion' is central to the manner in which BNG treats integration. The progressive eradication of informal settlements is BNG's main response: 'Informal settlements must urgently be integrated into the broader urban fabric to overcome spatial, social and economic exclusion.'

Other responses for addressing spatial restructuring are promoting densification and integration; enhancing spatial planning and the location of new projects; supporting urban renewal and inner city regeneration; and developing social and economic infrastructure (these were unpacked in the sustainable human settlements sub-section above).

4.4 Implications and Challenges of integration for Municipalities

BNG's integration outcome has several interrelated implications for municipalities, including institutional co-ordination and alignment, spatial restructuring, and social and economic inclusion.

The institutional implications arising from BNG's treatment of integration relate primarily to intergovernmental relations. The intention is that enhanced

co-ordination between the spheres of government will achieve better alignment of public investment. From a housing or human settlement perspective, this has particular significance as, together with the municipal infrastructure grant, housing subsidies represent a substantial enough investment to lead development. BNG's analysis of delivery to date highlights quality concerns arising out of the absence of social facilities in housing driven settlement development. Thus, the co-ordination of planning and investment with social facility-related provincial sectors such as health and education is particularly important. Yet obtaining the involvement of the right provincial officials in IDP processes has proved to be difficult to achieve. If housing planning is to take place as part of the IDP process in a municipality, then the same weaknesses will be confronted in planning for integrated housing delivery. On the other hand, there is a strong case to be made for avoiding the re-design of new, and separate, planning processes. Municipal housing sector officials face the challenge of finding the right provincial counterpart with whom to communicate, and negotiate, about priority programmes, location of investment, and co-ordination regarding health and education investment.

Achieving improved intergovernmental co-ordination, or better intergovernmental relations, requires an enhanced planning framework – relying primarily on housing planning as part of the IDP and co-ordination of and alignment between housing planning instruments at the provincial sphere, encapsulated in the National Department of Housing's 'new planning dispensation'. The challenges here are not new. Municipalities need to streamline planning processes so that IDP events are not duplicated. There should be less emphasis on alignment of documents (housing chapters and provincial multi year housing development plans), and more on communication processes. Provincial housing departments need to ensure that the right officials attend these engagements with the right kind of information in hand to make them meaningful. Continuity is important too – having different officials involved at successive steps in the planning processes frustrates progress.

Another aspect of institutional integration in BNG is enhanced intra-governmental co-ordination, also referred to as horizontal or lateral alignment.

The primary means for this aspect of institutional integration is an enhanced intra-governmental planning framework. Municipalities should identify the main planning instruments that need to be aligned, such as City Growth and Development Strategies, IDPs, the Housing Strategy (including the instruments it proposes), the Housing Chapter of the IDP and business plans. Any other existing mechanisms to support better internal co-ordination should be utilised in pursuit of the integration end, including existing communication channels.

The institutional dimension is closely related to spatial integration as it is the intention that, with better co-ordination of – and between – plans and budgets, access to the full range of facilities and services in human settlements is more likely, thus enhancing the quality of settlements. However, better planning and increased plan and budget alignment are only part of the picture. The concept of 'spatial restructuring' offered by BNG offers a more thorough interpretation of spatial integration. Restructuring is a means for the achievement of integration. It refers to the incorporation of lower income (and often Black) people into areas where there are major economic opportunities (both with respect to jobs and consumption) and from which they would otherwise be excluded because of the dynamics of the land market on the one hand, and the effects of land use planning instruments on the other. The combination of access to economic opportunities and social facilities and infrastructure is therefore what defines the outcome of spatial integration.

This approach therefore implies that at a project or settlement level, housing investment should be accompanied by investment in infrastructure and social facilities. At a more macro level, it implies the facilitation and promotion of access to economic opportunities for those residents who lack, or have been denied, them. Planning instruments, including the municipalities' Spatial Development Frameworks (SDFs), are therefore important instruments for the achievement of spatial integration. Experience has shown however, that SDFs alone are an insufficient instrument for realising spatial integration. They work well as graphic depictions of an outcome to be achieved, which requires another set of instruments for realisation. In some cases, they may also be unrealistic visions of spatial restructuring, without adequate consideration of

property market dynamics. Additional instruments need to be deployed, some new, others existing, in pursuit of the spatial restructuring, as well as the social and economic inclusion dimensions of the integration end. Restructuring Zones and Urban Development Zones are examples of instruments that have the potential to give SDFs more teeth, but the challenge lies in bringing the instruments and SDFs into alignment. More important, and more difficult to achieve, is that municipalities secure the resource flows for Restructuring Zones to materialise or for the benefits of Urban Development Zones to accrue.

Municipalities are faced with the challenge of bringing existing development facilitation and land-use management competencies to bear on the integration end. However, the land-use management framework remains unresolved at a national level, and municipalities are required to use their authority to approve township establishment and rezoning applications to serve the spatial restructuring agenda that BNG identifies, in the context of this legislative vacuum. Progress needs urgently to be made, to support municipalities overcoming one of the gravest of apartheid's legacies. However, even assuming an enabling national legal framework was in place, municipalities face the challenge of putting the planning instruments to good public use with property market dynamics at play, especially the cost of well located land. Much greater awareness of how this market works is required if spatial plans are to be realistically devised. A clearer vision of the role of a public authority in regulating this market, and regulation to what end, is also required. The competing demands of revenue generation from land sales and public interest in service to the poorer residents of a municipal area for whom the property market is generally out of reach, need to be balanced more consciously. Skills in property economics need to be brought into processes that are traditionally the realm of town planners.

The need for social and economic integration arises from the problem of marginalisation and exclusion. Social integration can be achieved by promoting a mix of race and classes, while economic integration refers to access to economic opportunity and job creation. Thus, the concept of 'inclusion' is important in applying the integration outcome of BNG. Although housing cannot be responsible for

integration on its own, it can make a particular contribution to the social and economic inclusion of excluded and vulnerable residents. Examples of instruments that could be used are informal settlement upgrading and inclusionary housing. Housing can also contribute to the urban renewal and urban regeneration objectives, which in turn could impact positively on social and economic integration.

A well designed informal settlement upgrading instrument exists – Chapter 13 or more recently Part 3 of the Housing Code – but its implementation has been extremely limited (see Huchzermeyer, 2008; Klug & Vawda, 2009; Pithouse, 2009). The reasons for this are not yet fully understood, but from a municipal planning perspective, it is important that upgrading features in the Housing Chapter of the Integrated Development Plan, for subsidy funds to flow. Participatory processes are also critical in the decisions municipalities make regarding upgrading, if this aspect of the integration end is not to be delayed for long periods of time. Relocation is often a preferred route chosen by municipalities, generally on technical grounds, but opposition has been fierce, leading to long delays. Many community organisations feel that their efforts at self determination are frustrated, unless their project is in the IDP. Consultation in the planning process is important if community initiatives are to obtain state support. (Later in this article the upgrading of informal settlements is addressed in more detail).

Regarding inclusionary housing, the other instrument for inclusion introduced in BNG, municipalities have the challenge of targeting appropriately. While metropolitan municipalities may see inclusionary housing as something of a panacea for their inner city degeneration challenges, an honest and open mind is required about which segment of the poor will benefit – most likely the so-called 'gap market' (household incomes between R3500 and R7500 or higher per month), rather than the poorer households – many of whom currently live in inner cities like that of Johannesburg. These households benefit from the advantages of living in a good location, but are vulnerable to risks associated with their quality of life and insecure tenure status, including eviction. Paradoxically they experience a kind of locational inclusion, amidst exclusion from basic services and secure tenure. For municipalities

to adopt an inclusionary approach in these situations, they are required to resolve the challenging requirements to engage meaningfully with people living in the buildings, plan for the provision of alternative accommodation, ensure that the institutional capacity exists to implement such plans and at the same time and in the same place, maximise the potential presented by inclusionary housing approaches for a different household income segment, and to capture private sector investment.

4.5 'Housing assets' in BNG

The notion of housing assets underpins a key element of the analysis in BNG. Its analysis of supply identifies that the houses delivered have depreciated in financial value (being traded often for less than the subsidy amount invested by the state), and therefore have not become valuable assets in the hands of the poor. Added to this, subsidy housing projects are perceived as having been liabilities to municipalities, as most subsidised housing beneficiaries are exempt from the payment of rates and services charges given their indigency status.

The assets concept also features explicitly in one objective ('ensuring property can be accessed by all as an asset for wealth creation and empowerment') and implicitly in another ('supporting the functioning of the entire residential property market to reduce duality') (South Africa. Department of Housing, 2004: 7). Supporting the entire residential property market is one of the key mechanisms in BNG for the achievement of the housing asset outcome. The creation of linkages between the primary and secondary residential property market is one of several support proposals, and it is here that BNG's treatment of the asset issue features prominently. Critical is the analysis that a dysfunctional secondary residential property market undermines the realisable value on property and the concomitant poverty-alleviation aspects of state subsidised housing. In support of a functioning residential property market and to enhance linkages between the primary and secondary markets, BNG introduces the following inter-related interventions:

- Supporting individual demand by reintroducing the individual subsidy instrument for availability in secondary market transactions;
- Removing barriers to housing trade by reducing the prohibition on sale

of government subsidised property from eight to five years; and

- Enhancing access to title by stimulating the transfer of free standing public housing stock and by prioritising the completion of registration of transfer of existing subsidy houses.

4.6 Implications and Challenges of housing assets for Municipalities

BNG's analysis of supply offers a double perspective on the notion of assets – the poor (the beneficiaries of subsidy housing) and the state, including municipalities. The sale of RDP houses at below subsidy value is common to both perspectives – the state's investment of an estimated R29.5 billion in 1.6 million subsidies is at stake, and the beneficiaries who have sold their houses have done so without realising at least the subsidy value. However, there is something contradictory in the assets message to municipalities – on one hand sale of RDP houses has been communicated by the Minister of Housing as being highly undesirable, and very often illegal, because many sales are understood to occur off-register. On the other hand, a more subtle message emerging from BNG and also from FinMark Trust (for example, Nell, Gordon, & Bertoldi, 2004; Rust, 2007) is that the sale of RDP houses is a good thing, if it enables subsidy beneficiary households to realise some monetary return on the state's investment and through this to improve their situation. The RDP house would be a valuable asset to the poor if, upon its sale, they were able to trade upwards by purchasing a larger house, thereby beginning a journey up the housing ladder, out of poverty and into a progressively wealthier situation. In this sense, house sales are communicated as a more positive action. Finmark Trust has done much work on why the market does not work in this way (see for example Nell *et al.*, 2004; Rust, 2006), and BNG's strategies to address a dysfunctional residential property market are intended to overcome these constraints, which might in turn overcome the concern about the state's investment, in due course. Certainly the sale of subsidy houses is an important feature of BNG treatment of housing assets outcome.

In addition to the ambiguity of the message however, and the way that municipalities perceive their liability, there is a problem with the undifferentiated manner in which BNG promotes

access to property for wealth creation. This lack of differentiation applies mostly to income and derives from a limited definition of 'asset value', as BNG relies heavily on the accumulation aspect of asset value, to the detriment of the livelihood value of a housing asset or property.

The concept of asset accumulation is a component of what the sustainable livelihoods literature refers to as 'asset building' (Moser, 2006). Asset 'building' approaches focus on creating opportunities for the poor, complimenting – but going beyond – social protection. Asset building implies both the accumulation of assets as well as their longer term consolidation so that the poor and vulnerable do not fall back into poverty. Asset building in the context of human settlements would include support for the accumulation of assets and the longer term consolidation of assets. Examples of policies to support asset accumulation might be access to secure tenure, including title, and access to credit, while examples of consolidation would be supporting linkages between the primary and secondary markets to encourage sales (Royston, 2007). In this framework, prohibiting the sale of government subsidised houses would run counter to asset building strategies. Asset building approaches to property recognise the accumulation value that it holds. In the sustainable livelihoods approach, asset protection is more concerned with protecting the poor and vulnerable from shocks that might erode their assets, in recognition of the livelihood value of property, or in another lexicon, the use value it has for people. BNG's approach to assets swings the pendulum too far into asset building, leaving the earlier livelihoods approaches regarding social protection behind. A more balanced approach to the asset value of housing would be one that differentiates the poor, or segments the market.

For some of the poor, arguably the gap market (households with an income approximately in the R3500 to R8000 range), the prospect of wealth accumulation from the sale of property is a prospect with potential. Any obstacles to its realisation, such as delays in title deed registration, should be addressed. However, for many poor households, especially the household income bands below R3500 per month, in other words the traditional subsidy eligible segments, the promise of wealth accumulation through property sale is exaggerated,

even inaccurate, as it ignores both the structure of the property market and the livelihood functions that property performs. Sales such as these are very likely to be distress sales to higher income households in the gap market, where supply is insufficient. This 'downward raiding' trend, where more middle income households buy houses intended for lower earners, results in subsidy houses, intended for the poor, landing up in the hands of relatively better off households, whom the subsidy did not target, while the poorer households land up back in informal conditions. To some extent, there is very little that regulation can do about these kinds of sales – unintended as the mis-targeting of subsidy consequence may be (Tomlinson, 1999; South Africa, Public Services Commission, 2003).

However, rather than abandoning the social protection intention that is contained within the prohibition on resale logic, or overlaying it with a mindset that criminalises sales, sellers and buyers, a re-think might be better directed at alternative means for achieving the same end. The privatisation of the subsidy, through its delivery in individually titled stand alone housing schemes, is a fundamental premise of the housing policy. The time might be right to look into securing a range of tenure arrangements, rather than abandoning a social protection or 'social net' principle because the mechanisms for its operationalisation, via individual title and prohibition on resale, come under fire, or are failing (Royston, 2009). Social housing, as collective ownership and rental accommodation, in its early formulation, intended to address this. Its constraints have been limited supply in the scheme of housing delivery, increasingly limited down-market reach, and in the group ownership options, conflicts between collective and group responsibilities and interests (SHF, 2004). More incremental and flexible tenure and land management alternatives are needed, that work more closely with what exists already (Royston, 2009).

The problem with BNG's approach is not that it sets up the wealth accumulation objective in this way, but that it does so without differentiating the poor – it may work for some but it is highly unlikely to work for all of the poor. An enhanced understanding of the livelihood functions that property performs is available from recent Urban LandMark research which highlights that most people in subsidy housing would not want to sell it

(Isandla & SBC, 2007). Over a five year period 11% of houses were obtained through transfer, 6% of these were sales. Of course these figures are influenced by the state's prohibition on resale for a period of eight years, but 53% of respondents said they would not move from their RDP houses. Isandla & SBC (2007) suggest that many households see property as being a family asset, and would prefer to pass it on to other family members if they had to move. More than 60% of people in RDP houses indicated that they would put a family member in their house, if they were to move. Fewer than 20% said that they would sell. Cubes research in Gauteng (Marx & Rubin, 2008) builds on this finding, identifying that 90% of respondents said they would sell neither their home nor their documents, and many said they would give them away to family members. In these surveys property is not valued as a capital gains asset by the vast majority of respondents, but as an urban base for an extended family network. In the Cubes research, people perceive sale with a degree of suspicion questioning why someone would wait ten years for a house, and then sell it when they received one.

Return on investment and the associated accumulation objectives are not valid across the board, and arguably less and less valid the poorer people are. The potential for property to function in this way is more limited than BNG concedes. By paying insufficient attention to the livelihood function of property, BNG is not explicit enough about 'asset protection'. Rather than pursuing an undifferentiated strategy based solely on asset accumulation, more attention should be directed at what the sustainable livelihoods approach refers to as the prevention and mitigation of risk. In the housing sector this implies safety net interventions, of which the provision of housing subsidy is itself an example, as is the provision of free basic services. The prevention and mitigation of risk are further dimensions of an asset protection approach with examples being tenure security for the vulnerable (not necessarily the provision of individual title), addressing succession law and the status of minors, and support for livelihood diversification, such as backyard rental accommodation.

This analysis therefore reinforces an approach which keeps the public sector eye on the housing subsidy ball. For municipalities this means business as usual to some extent – prioritisation

of the delivery of housing subsidies to address backlogs. Expanding the measures for security of tenure, beyond individual title, and support for informal rental accommodation provided in backyard shacks would be further examples of supporting the livelihood asset value of housing, which municipalities should plan for, if they are to take on board the objective of realising the asset value of housing. Finally, this analysis suggests that municipalities should better understand the nature of demand, by differentiating their target markets, so that their plans are able to support the creation of valuable assets for the diversity of poor households in their jurisdictions, whether through asset accumulation or asset protection.

4.7 'Upgraded informal settlements' in BNG

Informal settlements are strongly emphasised in BNG which calls for their 'progressive eradication through structured upgrading'. Nowhere does BNG emphasise eradication as separate from positive informal settlement intervention, which Huchzermeyer (2008) refers to as the 'indirect, positive' approach to doing away with informal settlements. The extremely stated eradication intent should probably best be read in conjunction with a commitment to the achievement of the Millennium Development Goal (MDG) which addresses the improvement in the lives of slum dwellers. A more thorough consideration of BNG fairly quickly reveals a commitment to inclusion ('informal settlements must urgently be integrated into the broader urban fabric to overcome spatial, social and economic exclusion' (South Africa. Department of Housing, 2004: 12)). However, the consequences of the eradication language in BNG (Huchzermeyer (2008) shows that BNG is not the source of the eradication language) have been unfortunate especially at the municipal sphere where informal settlements, and their settlers, are often criminalised. This may not have been the intention of BNG, which also contains recognition of the need to respond positively and proactively to processes of informal housing development. A more responsive state-assisted housing policy, coupled with delivery at scale, is expected to decrease the formation of informal settlements over time. As mentioned earlier, BNG also introduces the informal settlement upgrading instrument – referred to as Chapter 13/Part 3 of the Housing Code.

BNG supports "the eradication of informal settlements through in-situ upgrading in desired locations coupled to the relocation of households where development is not possible or desirable" (South Africa. Department of Housing, 2004: 12). Where upgrading is undertaken on well-located land, mechanisms will be introduced to optimise the locational value and preference will generally be given to social housing (medium density) solutions. BNG proposes several interventions to support this process, including:

- New funding mechanism for informal settlement upgrading;
- Redirecting of People's Housing Process (PHP);
- Redefining the PHP;
- New funding mechanism for PHP; and
- Institution building

4.8 Implications and Challenges of informal settlement upgrading for Municipalities

Applying BNG's informal settlement message is evidently most challenging of all. In BNG, informal settlement 'eradication', and 'integration and co-operation' are two parts of the same strategy, and the informal settlement upgrading instrument is intended to operationalise both. However, in reality the message (informal settlement eradication via integration and co-operation using the informal settlement upgrading instrument) is open to ambiguity and informal settlement eradication has given rise to opportunities to defend legislation and policies which aim to criminalise the poor (Leap, 2007). Often it appears that effort is being expended on direct attempts at eradication, rather than more proactive and developmental approaches and concrete plans, to address the land and housing needs of poor people. For example, the City of Tswane reports spending R8m in one financial year on the services of a security company to monitor land invasions (Fenyane, 2008). Unfortunately the opportunity to use a new, and long awaited, upgrading instrument in the form of Chapter 13/Part 3 of the Housing Code, is still to be taken.

An important implication of BNG is therefore the need to plan for informal settlement upgrading using Chapter 13/Part 3 of the Housing Code. Recent work for the Second Economy Strategy Project (Misselhorn & Zack, 2008),

outlines a progressive approach to upgrading which would greatly assist municipalities adopt realistic action plans and targets in housing chapters or plans, based on a proactive approach to upgrading rather than a slums eradication logic. An early outcome of the assessment phase is a schedule of all informal settlements in the municipality which categorises them according to whether they should (i) be upgraded in full in the short term, (ii) receive emergency relief, or emergency relief at first with full upgrade in the longer term, and (iii) be relocated without interim relief, fully in line with BNG. The approach motivates for upgrading as the strategy of preference and relocations as an option of last resort, to be avoided wherever possible. It could assist municipalities plan for Chapter 13/Part 3 upgrading projects immediately and in the longer term, as well as identify additional strategies, like emergency relief, for settlements which cannot be upgraded immediately, or at all.

Another implication of BNG's informal settlement upgrading message is the need to plan proactively for land release, in order to address the demand that gives rise to informal settlements to begin with. Municipal housing plans, or housing chapters, need therefore to identify land that could be used for settlement purposes. The kind of managed land settlement approach currently being advocated by Afesicorplan (Eglin, 2009), a non-government organisation based in East London, could compliment the proactive and inclusive message in BNG, with a practical approach that constructively combats the eradication language and its consequences. 'Land first' proposes closing the gap between RDP-type settlements and land invasion which entail, respectively, up-front planning, organisation, servicing, full tenure and house construction and then occupation and, on the other hand, up-front occupation. 'Land first' proposes an alternative middle-ground using an incremental approach with basic planning, organisation, services, tenure and self-build. Proactive approaches to land release are the flip-side of the informal settlement upgrading coin, as they will aid municipalities in more proactively addressing the demand for land, of which informal settlements are an expression, as well as identifying land for relocation, where de-densification and/or relocation are required. Of course, land identification is only part

of the solution. Land acquisition and its ultimate disposal are added elements of the proactive approach to land release. It is here that the Housing Development Agency is expected to play a role.

The informal settlement outcome of BNG therefore implies achieving a fine balance between in situ upgrading, relocation and proactive land release. The first challenge lies, however, in replacing an unfortunate language and undoing its consequences so that the space is created for municipal officials to frame the challenge as upgrading and inclusion, rather than slums clearance or eradication, for them to see informal settlers as residents rather than criminals, and for them to plan investment in upgrading rather than policing, securing and control.

5. CONCLUSION

Although its meaning can be hard to distil, especially for planning purposes, sustainable human settlements is one of the main messages of BNG, if not the single most important one. The role of municipalities in the housing process has been expanded. Particularly important in BNG is the matching of demand and supply and the key role that Housing Chapters are intended to play in this regard. Equally important is the role that municipalities are to play in determining the location and nature of housing development. Improved intergovernmental relations are also central in BNG and Housing Chapters are a key instrument for achieving better relations between the spheres of government.

This article has highlighted the problem of interpretation and the tendency to identify the significance of aligning with BNG, or of simply claiming to take on board BNG, without a widespread and applied understanding of what it means. By identifying the implications of BNG for municipal housing planning, and noting some of the challenges in such application, the article has sought to distil the main messages for municipalities and identify some of the challenges that need to be addressed in a subsequent round of policy review, enhancement or amendment.

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