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# From Free Housing Policy to the Payment of Rates and Taxes in South African Cities 1994 - 2003

Marianne Morange

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**TEN YEARS OF  
DEMOCRATIC  
SOUTH AFRICA  
TRANSITION  
ACCOMPLISHED?**

BY

AURELIA WA KABWE-SEGATTI,

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AND PHILIPPE GUILLAUME

*Les Nouveaux Cahiers de l'IFAS / IFAS Working Paper Series* is a series of occasional working papers, dedicated to disseminating research in the social and human sciences on Southern Africa.

Under the supervision of appointed editors, each issue covers a specific theme; papers originate from researchers, experts or post-graduate students from France, Europe or Southern Africa with an interest in the region.

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## SUMMARY

For the past ten years, South Africa has been progressively coming out of the apartheid system. Although all ties with the former regime have been severed completely, managing the heavy structural legacy has made the transition a difficult as well as an ambivalent process - difficult because the expectations of the population contrast with the complexity of the stakes which have to be dealt with; and ambivalent because the transition is based on innovations as well as continuities.

The contributions gathered in this book will try to clarify the trajectory of that transition. Offered analyses share a critical look, without complacency nor contempt, on the transformations at work. Crossing disciplines and dealing with South Africa as an ordinary and standardised country that can no longer be qualified as being a “miracle” or an “exception”, gives us an opportunity to address themes that are essential to understanding post-apartheid society: land reforms, immigration policies, educational reforms, AIDS...

This issue of IFAS Working Papers is the translation of a book published with Karthala publishers to celebrate 10 years of the Research section of the French Institute of South Africa (IFAS) and to highlight its major contribution to constructing francophone knowledge on Southern Africa.

## RÉSUMÉ

*Depuis dix ans, l'Afrique du Sud sort progressivement du système d'apartheid : si les ruptures avec l'ancien régime sont nettes, la gestion d'un héritage structurel lourd rend cette transition à la fois difficile et ambivalente. Difficile car les attentes de la population contrastent avec la complexité des enjeux à traiter. Ambivalente car cette transition est faite d'innovations et de continuités.*

*C'est cette trajectoire que les contributions réunies ici tentent d'éclairer. Les analyses proposées partagent un regard critique sans complaisance ni mépris sur les transformations à l'œuvre. Le croisement des disciplines et le traitement de l'Afrique du Sud comme un pays ordinaire, normalisé, sorti des paradigmes du « miracle » ou de l'« exception », donnent l'occasion d'aborder des thèmes essentiels à la compréhension de la société post-apartheid : réforme agraire, politique d'immigration, réformes éducatives, sida...*

*Ces Cahiers sont la traduction d'un ouvrage paru chez Karthala en 2004 à l'occasion des dix ans d'existence du pôle recherche de l'Institut Français d'Afrique du Sud (IFAS) afin de souligner sa contribution majeure à la construction des savoirs francophones sur l'Afrique australe.*

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chapter three

from free housing  
policy to the payment  
of rates and taxes in  
south african cities  
1994 - 2003

the cape town and port elizabeth cases

**marianne morange**



**ABSTRACT**

*Between the beginning of the 1990s and 2003, the housing policy has shifted from “housing for all” to a more comprehensive, rationalized and complex urban strategy. The RDP (Reconstruction and Development Programme) housing strategy favoured quantitative objectives (building as many houses as possible) and chose a subsidy-based private property model. The implications of such options are financially problematic for local authorities and led to a rather unsustainable urban model.*

**RÉSUMÉ**

*Entre le début des années 1990 et 2003, la politique du logement est passée de “un logement pour tous” à une stratégie urbaine plus large, plus complexe et plus rationnelle. La stratégie du logement du RDP (Reconstruction and Development Programme) avait visé des objectifs quantitatifs (la construction d’autant de maisons que possible) et choisit le modèle de la propriété privée subventionnée. Les implications de ces choix sont financièrement problématiques pour les autorités locales et conduisent à un modèle urbanistique relativement peu viable.*

The first French book providing an overview of urban studies on post-apartheid Southern African cities was published in 1999 (Gervais-Lambony, Jaglin & Mabin, 1999). It describes how, at the time, access to land and housing appeared to be a priority on the political agenda. One of its contributors, Vanessa Watson, wrote a chapter on housing issues in South Africa, describing the difficulties that public and private role-players used to meet in their efforts to provide low-cost housing on a massive scale for the poor. Nowadays, it seems that most of these difficulties are easily overcome. Thus, “access to housing” no longer appears as the key problem, forcing us to reconsider the issue. Access to housing has been secured at very high cost, not from the technical but, within the 1990s context, from the political and social viewpoint, i.e. the urgency of meeting demands, the unstable political situation and the appalling sanitary conditions found in informal settlements. While the impact of the choices made at the time were a matter for concern (Watson, 1999), they have by now become alarming<sup>1</sup>.

It is well known that, in South Africa, public authorities only provide poor first-time home owner with low-cost, monotonous, small RDP houses meant to be extended subsequently

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<sup>1</sup> For that reason, I have chosen to focus on social and urban issues rather than the building environment, the financial context and the question of access to home loans or market dynamics at large.

by their occupants, or with plots to be built up on site-and-service schemes. Both types of programmes are located mainly on city outskirts, in remote and badly connected parts of metropolitan areas. As such, the public offer remains dramatically uniform, unable to propose diversified housing products. RDP houses have often been criticised for being as “cheap and nasty” as the townships themselves, the latter already representing “bottom-of-the-range” town-planning practices. This obviously comes as a surprise when recalling the promises of the first ANC government in the mid 1990s, announcing that every poor South African would be given a home for free. In its desire to break away from apartheid, the government chose an original path; yet, ten years later, it is clear that South Africa is reverting to classic practices in terms of housing policy, a reversal that is not only explained as resulting from financial constraints and technical inertia (Bond & Tait, 1997), but also as reflecting long term financial goals. Indeed, in order to balance municipal budgets, local authorities must convince township residents to resume the payment of their rates and taxes<sup>2</sup>. As such, making home ownership a widespread phenomenon seems to be the best way to motivate them to do so. Thus, the housing issue that seemed so crucial in the 1990s has now been replaced by urban services issues. The vision and promise of a compact post-apartheid city is vanishing (at least, as far as housing is concerned) and is being sacrificed to urban rates and taxes recovery. Having given up this vision, the ANC government generated heavy long-term and invisible social costs, some of which we will exemplify through our Cape Town and Port Elizabeth<sup>3</sup> case studies.

## **BUILDING CITIES OF HOME OWNERS: BREAKING AWAY FROM APARTHEID?**

*PROMISING BEGINNINGS: “THERE SHALL BE HOUSES, SECURITY AND COMFORT”<sup>4</sup>*

In the early 1990s, new urban policies in South Africa were largely based on housing. Since housing policy had been a keystone of racial segregation against Africans and Coloureds under apartheid (Lemon, 1991), resentment accumulated over the years and the housing issue became a delicate matter, raising high expectations. That is why it was naturally considered

<sup>2</sup> In the 1980s, township residents started to systematically boycott the payment of rents, taxes and rates so as to destabilise local Black authorities and fight apartheid. This weapon, introduced by civic associations, turned out to be very effective as municipalities soon went bankrupt. However, even civic associations find it difficult now to convince the residents to resume payment, even where newly elected democratic municipalities are concerned.

<sup>3</sup> My Phd dealt with Port Elizabeth (Morange, 2001a); my current research deals with urban dynamics in Cape Town.

<sup>4</sup> *Freedom Charter*, art. 9, 26th of June 1955.

as a key instrument to “rebuild” post-apartheid cities. Moreover, local authorities were facing a severe housing shortage. The township municipal houses built in the 1950s and 1960s by the apartheid government to accommodate and control the cheap labour force necessary to sustain the growth of the urban economy (PLANACT, 1989), turned out to be insufficient and overpopulated by the 1970s. Indeed, at the time, the state decided to stop investing in the townships in a hopeless effort to discourage Black migrants from moving to town, aiming instead at investing in the homelands. Black families continued nevertheless to contravene and defy influx control laws by moving illegally to town, even if that meant cramming in the backyards and squatter camps of townships. According to the 1996 census, over one million households were packed on non-serviced lands, i.e. 13% of the total population (STATSSA, 1996).

In order to fulfil new voters’ high expectations, the transitional government, elected on the 27th of April 1994, promised to build 1.5 million houses<sup>5</sup> before the 1999 elections. This figure then represented the immediate housing demand, regardless of the 200 000 new households growth per year (UNCHS, 1996). The future of urban spaces and cities, the pacification of society and the ability to reach a political equilibrium in the then still chaotic “new” South Africa, seemed also to depend on the success of the housing policy. The ANC had a clear understanding of that issue, turning slogans from the struggle days into political objectives. In his first speech after his release, Nelson Mandela mentioned Article 9 of the Freedom Charter and committed himself to making housing an ANC priority. In 1994, during the first electoral campaign, numerous political slogans mentioned housing. In the first ANC government, the housing portfolio was entrusted to Joe Slovo, charismatic and popular communist militant and anti-apartheid activist. Finally, with the Bill of Rights in the Constitution of the Republic of South Africa stating that “everyone has the right to have access to adequate housing. The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right” (Article 26 (1)(2)), a new housing law was passed, thus wiping apartheid laws clean (Department of Housing, 1997).

#### ■ FROM TOWNSHIP TO RDP AREAS: FURTHER AND FASTER

In 2003, South Africa rose to the challenge with the Department of Housing proudly putting forward the 1.5 million houses built since 1994 (see Map 1). In September 2003, around 2.3 million public housing subsidies were approved and almost all public housing (480 000

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<sup>5</sup>RDP, § 2.5.2.

houses) was sold or transferred to occupants at a symbolic price (Mabandla, 2003). After initial difficulties linked to a lack of technical and institutional experience as well as expertise (see Charts 1 and 2 as well as Rust & Rubenstein, 1996), construction set off. RDP programmes flourished in former buffer zones and on the outskirts of towns and cities; squatter camps were being serviced at a slow pace, awaiting construction programmes. In less than one generation, urban peripheries were metamorphosed by RDP programmes that also contributed to increasing their painful monotony – in this regard, apartheid town-planning could no longer take the blame alone.

CHART 1 – EASTERN CAPE PROVINCE: STATE BUDGETS ALLOCATED TO PROVINCIAL HOUSING BOARD

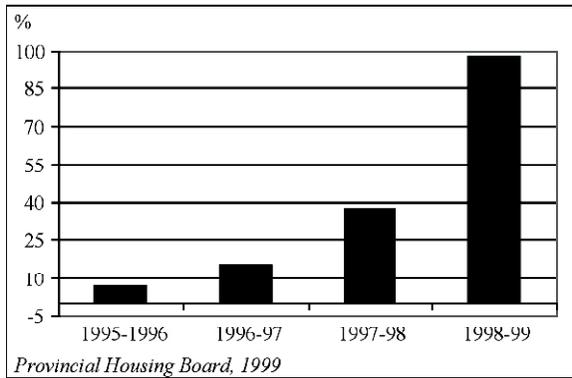
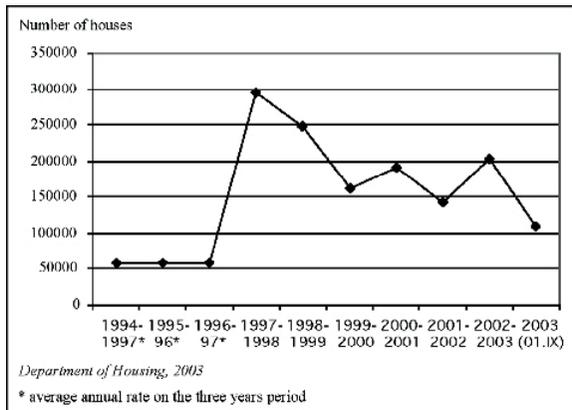


CHART 2 – NUMBER OF RDP HOUSES BUILT OR UNDER CONSTRUCTION



The Housing Subsidy Scheme was launched in 1994 (Department of Housing, 1995)<sup>6</sup>. During the first three years, only 170 000 houses were built, with an annual construction rate of around 60 000. In 1997, a peak of 300 000 houses was reached. Subsequently, the pace of construction remained high but decreased in proportion with the decline of the national budget housing component (see Chart 3). As a result, 1.8 million households are still living in informal settlements on non-serviced lands (STATSSA, 2001), i.e. 15% of the population. The annual construction rate of 150 000 houses hardly met the demands linked to population growth, and the total number of households still in need of descent accommodation remained unchanged (between 1.5 and 2 million).

Today, as South African cities are trying to keep up with the growing demand, the “institutional building machine” is working faster than ever. However, local authorities and the private sector are contributing to the battle for housing by building only RDP houses, making no attempt at considering other residential options or trying to increase densities in order to promote “compact cities”. While quantitative objectives continue to rule and guide urban policies, political and electoral discourses focus on the number of houses to be built (as in Port Elizabeth where, in April 2004, a few months before local elections, the ANC municipality promised to build 15 000 houses during its next term if it were re-elected).

#### ■ *CITIES OF HOME OWNERS: URBAN UTOPIA AND THE MYTH OF THE BREAK WITH APARTHEID*

In order to reach the desired construction rate, the ANC government chose to promote home ownership and make it a widespread phenomenon by using the classic strategy of self-promotion (Canel et al., 1990). Thanks to the Housing Subsidy Scheme, first-time home owners can apply for a subsidy (see Table 1 hereunder) that would normally allow them to build a 20m\_ to 35m\_ core or starter house on a serviced plot. Occupants are then expected to build on themselves. This system is meant to complement the lack of involvement of the private sector (loaning institutions in particular).

Indeed, making home ownership a widespread phenomenon is not presented as a technical or financial choice, but as a political issue, i.e. a condition for those who were excluded under apartheid to re-conquer the city. Almost becoming a dogma, home ownership has literally been

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<sup>6</sup> National plan to subsidise the construction of housing based on a subsidy system for first-time home owners and linked to income level. This does not include hostel conversions.

turned into a fetish, endowed with the power to attain three objectives: firstly, to contribute to the social normalisation of Black people who could not be urban owners under apartheid; secondly, to contribute to the creation and consolidation of a Black and Coloured middle class whose main characteristic is the single family residence, symbol of social achievement – to this end, home ownership must contribute to stabilising middle-class households at economic level and allow them to accumulate a transmissible property they can also sell or use to secure a mortgage bond; thirdly, home ownership is considered as the basis of a strong reunified post-apartheid city.

TABLE 1 – PUBLIC HOUSING SUBSIDIES, HOUSING SUBSIDY SCHEME (RAND)

Monthly Average Income per household	1994	1999	2001	2003
< 800 Rand	15.000	16.000	22.800	25.580
801-1 500 Rand	15.000	16.000	20.300	23.100
1 501-2 500 Rand	9.500	10.000	12.700	14.200
2 501-3 500 Rand	5.000	5.500	7.000	7.800
Consolidation subsidy	7.500	8.000	10.900	12.521

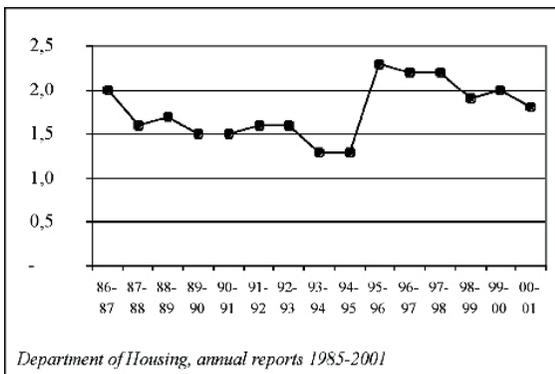
Department of Housing, <http://www.housing.gov.za>

The ambitious and generous outcome of the Housing Subsidy Scheme to promote home ownership is a novelty for the poor: with a ceiling set at R3 500 on monthly incomes, 55% of the population is theoretically eligible for a subsidy (regardless of other criteria). However, the break with apartheid is symbolic and has been especially emphasised by political discourse. Indeed, as early as 1983, the apartheid regime had been pushed to compromise to a certain extent and had launched a programme of public housing privatisation in Black townships (Wilkinson, 1984). In the 1950s, there was no restriction on access to home ownership for the Coloured and Black middle classes (Parnell, 1991). Restrictions were imposed later in the 1960s before being lifted again in 1986 (Onana, 1996).

In this regard, the path followed by South Africa was very similar to that of Zimbabwe, Namibia or Zambia (Potts, 1999), as well as many developing countries that were beginning to promote home ownership in the 1980s after the recommendations of the World Bank (Morange, 2001b).

Not surprisingly, the decision to promote home ownership was largely imposed on the public authorities by the National Housing Forum (NHF): a negotiating body created in the early 1990s to define the new housing policy and representing mostly the private sector such as major employers, building companies, mortgage lenders and the Urban Foundation. The Botshabelo Agreement, signed in 1994 after the NHF was disbanded, clearly reflects the lobbying power of the private sector (Department of Housing, 1994a): it promotes the idea of privatisation and stipulates that the role of the State is to “facilitate” the development of home ownership (SAIRR, 1992: 346). This explains why the share of the national budget dedicated to housing never reached the 5% suggested by the White Paper on Housing (Department of Housing, 1994b) (see chart 3). Nevertheless, the State did assume a 50% participation in building low-cost housing in the country between 1994 and 2001 (Mabandla, 2003). To achieve this, it had to cut down on costs to be able to keep up with the rate of delivery. This led to minimalist town-planning and architecture, which is not satisfying or sustainable and certainly fails to contribute to the emergence of a post-apartheid city.

CHART 3 – SHARE OF THE NATIONAL BUDGET DEDICATED TO HOUSING (1986-2001)



## ■ HOME OWNERSHIP AND THE POST-APARTHEID CITY: AN INSOLUBLE EQUATION?

### ■ CHEAP AND BADLY LOCATED HOUSES: REALISTIC OPTIMUM OR ACCEPTABLE MINIMUM?

Confronted by financial constraints, the first ANC government could either concentrate public aid on a limited number of households and build bigger and better quality houses, or dispatch public funds and make the subsidy “universal” so as to help as many families as possible. For obvious political reasons, the government chose the second option, preferring to avoid the risk of generating a feeling of injustice amongst the townships since a massive protest against subsidy-access criteria would have undermined the national reconciliation process. As a result, the amount of the subsidy was so limited that it allowed only very poor quality houses to be built on small plots, in dense and badly located programmes. The size of RDP houses ranges from 12m<sup>2</sup> to 25m<sup>2</sup> for the smallest, and 40m<sup>2</sup> to 50m<sup>2</sup> for the largest. While opposition parties saw an opportunity in this to remind the government that, in comparison, matchbox houses were of better quality and more spacious, voters began to notice that their former shacks were indeed often larger and more convenient than their new free house (Tomlinson, 1996b). Even the townships, deplored so often for being the symbol of segregation and apartheid, no longer appeared as dreadfully desolate as did RDP programmes. Through the years, townships transformed into lively neighbourhoods with shops and infrastructures - although far from being comparable to those of former White areas – where high population densities and decades of existence have created strong social networks. While one could hope for RDP programmes to eventually become genuine urban neighbourhoods, their occupants cannot afford home loans nor save money in order to improve their houses, even when tontines have been set up. The general dynamics of social differentiation at work in RDP areas is also connected to a general decay of certain parts of these areas where people, notwithstanding improving their houses, cannot afford to maintain them. It is not yet clear whether this will lead to the exclusion of the poor who would then be forced to sell their houses to more affluent persons. Such dynamics still need in-depth research to be understood.

Due to the need for cutting down on land costs so as to save enough money to build a top structure (see Table 2), RDP houses are generally badly located and are often built on the outskirts of a city or on municipal land bought by local authorities under apartheid (see Map 2). The need to build as quickly as possible has also discouraged developers and

municipalities alike from seeking well located vacant plots that, in any case, would be too small to benefit from scale economics (large housing programmes of hundreds or thousands of units). Finally, while local authorities could resort to expropriation orders or use their pre-emptive right (although the Bill of Rights is very explicit about the conditions in which they can be used), such specific town-planning procedures look suspicious in that they recall apartheid era practices.

Well-located, small and vacant public plots do exist (see map 2), but local councils prefer to sell them to make a direct profit, refusing to develop them themselves. In Cape Town, the Department of Municipal Property is compelled by the Council to sell public land so as to meet increasing yearly financial goals (R30 million in 2001-2002 and R40 million in 2002-2003) and is all the more inclined to accept this new function since its survival depends upon it.

TABLE 2 – COST OF ONE RDP HOUSE IN A TYPICAL PROGRAMME  
IN PORT ELIZABETH, 1998

Budget item	Cost per unit (Rand)
Town planning and land surveying	400
Technical planning	560
Cost of land	0
Internal networks	5.600
Legal fees	200
Administrative fees	400
Other	100
Amount left for the top structure	7.200

Municipality of Port Elizabeth, 1999

After all the other costs have been considered, R7 200 is left to erect the unit, which represents 50% of the total amount of the initial subsidy, thanks to the fact that land is given for free by the municipality. The majority of the balance is absorbed by networks (roads, sewerage, electricity etc.). This amount is just enough to build a basic cubic top structure made of breeze-blocks and dig very basic foundations, which can very quickly lead to problems for,

as is well known, the cheapest land is often made of sand or clay. This way of dealing with a housing shortage and a reduction in financial resources at the same time is not new. Large complexes of council flats built in France in the 1950-1960s have also been criticised of late for their poor quality and quick erection due to urgent housing needs (Flamand, 1989). However, unlike for what happened in France, the South African government has also refused to densify RDP areas, thereby creating important additional costs in terms of infrastructures and urban networks. This comes across clearly when comparing the Motherwell and Algoa Park RDP areas, respectively, in Port Elizabeth. The first programme is very isolated and located far away from existing networks whereas the second programme has been integrated within the existing urban fabric (see Map 2 and Table 3). In some cases, additional costs are so high in Motherwell that extra public funds have to be raised in order to service the land (Morange, 2001b; Bénit, 2001; Department of Constitutional Development, 1998). This situation is very likely to have a social impact on access to employment, commuting patterns as well as social and solidarity networks when, for example, a new home owner previously running a spaza shop, finds him-/herself confined and isolated in a remote RDP area where s-/he loses his or her customers. Social costs of this nature have not yet been measured.<sup>7</sup>

TABLE 3 - COST OF TWO RDP PROGRAMMES IN PORT ELIZABETH, 1999

Characteristics of the Programme	Motherwell	Algoa Park
Land Size	726 ha	28 ha
Number of plots	12.342	700
Average size of the plots	588	400
Number of plots per ha	17	25
Number of occupant per plots	5	6,5
Average cost to service one plot	21.757	10.431

Source: Municipality of Port Elizabeth, 1998

<sup>7</sup> I have recently undertaken a programme of research, partly in connection with Claire Bénit, to address that issue. We focus on the conditions of access to job opportunities in Cape Town and Johannesburg considering the importance of the place of residence for certain types of workers in both cities (Bénit, Morange, 2004).

■ HOME OWNERSHIP AND SEGREGATION: QUICK SETTING CEMENT?

Of course, one could object that social integration in post-apartheid cities is far less important than the promotion of “racially” mixed cities, with the “racial” issue overshadowing the social one. Nevertheless, even the battle for racial desegregation has been lost and, one could say, has not even been fought. Indeed, official procedures set up to select RDP programme beneficiaries directly contribute to reinforcing the urban racially segregated structure inherited from apartheid. Most of the time, the programmes involve at least three partners: local authorities, developers and communities of residents<sup>8</sup>. The long tradition of community mobilisation and civic fight against apartheid gives the community a key role in the decision process, such a role being emphasised within the international context of public participation promotion (Morange, 2001b). Municipalities have given full mandate to the civics for selecting beneficiaries, arguing that the fine knowledge of local dynamics they acquired during the fight against apartheid places them in an ideal position to determine who is entitled to apply for a house. Municipalities rely thoroughly on this system because they do not consider themselves able to interfere with quarrels or rivalries over local power – or maybe because they do not have the political courage or will to do so. Moreover, they prefer not to make use of a unified waiting list at metropolitan scale, such a system being reminiscent of apartheid era waiting lists, although this would probably be the fairest way to consider applications. As a result, the selection process takes place at local level. While the civics’ structure is federated at national level through SANCO, it reflects directly apartheid-created divisions. In practice, Black and Coloured civics, willing to “serve and protect” their own communities so as to preserve their social basis and legitimacy, contribute to defend the interests of their own groups, at local neighbourhood level. Civics would not tolerate “racial” mixing in an RDP programme. In doing so, they contribute to reinforce or “freeze” the urban structure.

Finally, the perpetuation of a township public life community management logic, combined with electoral issues, leads to increasing selfish attitudes and harsh competition between neighbourhoods in attracting the attention of the State with, as a result, an increase in competition between neighbourhoods that were dealt with unequally, and outcomes depending on the power and seniority of their local civics (Zohnert et al., 1998). This, in turn, leads to urban fragmentation (in the political sense). In fact, neither have the merits, modalities, scale or intervention methods of that “community regulation” been discussed, nor has the issue

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<sup>8</sup> For more details, see Department of Housing, 1994, Housing the Nation, Housing Subsidy Scheme and Other Housing Assistance Measures, Implementation Manual, Johannesburg.

of knowing whether or not it is well-funded. That is why the “participation process” often goes hand in hand with embezzlement or corruption and with deceiving Not-In-My-Backyard attitudes that public authorities should at least condemn.

## ■ **“UNIVERSAL” HOME OWNERSHIP, GENERALISED SOCIAL COSTS AND EXCLUSION**

### ■ *HOUSING AND INNOVATION: A CHALLENGE LEFT TO HOUSING ASSOCIATIONS*

Increasing densities and desegregating South African cities would require a courage that, so far, neither public authorities nor the private sector seem to have. Both are reluctant to take such a political and financial risk and, rather, let recently-created housing associations experiment with innovative attempts in that field. The promotion of urban mixing from both a social and “racial” viewpoint is therefore left in the hands of a fragile and very diverse sector, highly dependent on foreign financial and technical support (Morange, 2001a). However, a network of associations has been emerging slowly through both informal exchanges and a formal federative structure (the Social Housing Foundation plays the role of an umbrella organisation countrywide in this regard). These associations, active mainly in Johannesburg, Durban and East London (where, historically, the first programme was launched in the mid-1990s), focus on urban integration concerning access to employment and commuting time reduction, promote the emergence of new social networks beyond the old apartheid divisions, and innovate in terms of residential status (Morange, 2001a).

Nonetheless, for lack of considerable public funding, they cannot meet the demands of the poorest. They accommodate workers and employees who can regularly pay their rent or levy, which seems almost paradoxical considering the de-industrialisation at work in South African cities (Beall et al., 2002) as well as the increased flexibility of the labour market and the development of temporary jobs that do not guarantee a regular income. For the poor and the precariously placed, centrality and urban integration remain a luxury South Africa cannot afford. Municipalities in particular, obsessed by a desire to balance their budgets, are counting on widespread home ownership to put an end to the rates and taxes “boycott”. In doing so, they are also deferring its consequences: generalised social costs that will eventually become very high (in terms of pollution, transport costs, access to jobs or even urban insecurity), when compared to the meagre urban integration presently offered to South African urban citizens.

To exemplify the unequal success of this strategy, we will look at two case studies: in the first one, the strategy proves to be very efficient as the cost of urban exclusion is entirely assumed by home owners and no direct costs are born by the public authorities; in the second case, on the contrary, township dwellers immediately react against the lack of urban integration by refusing collectively to pay for rates and taxes, and the cost of exclusion is thus directly passed onto municipal budgets.

■ *PRIVATISATION OF PUBLIC HOUSING AND AUDITING OF PUBLIC BUDGETS: DIRECT HIGH INDIVIDUAL COSTS AND INVISIBLE GENERALISED SOCIAL COSTS*

The privatisation of public housing, launched in 1993, was largely publicised and described to tenants as a “good deal” or a “bargain”, and it was indeed either very cheap or totally free, depending on local contexts (Morange, 2001b). However, a few months after the transfer of their flats, the poorest new home owners were unable to pay for their levies that were twice and, sometimes, three times higher than the subsidised “sub-economic” rent they used to pay, and had to sell their flat to pay off their debt to the body corporate. The huge levy increase is directly linked to the growth of local rates and taxes (Bénil & Morange, 2001). The socio-economic profile of these households, often made of one unemployed adult only, reveals their fragility and inability to face the financial burden of home ownership. Moreover, these households are no longer eligible for another public subsidy (once-off subsidy system) and will not be accommodated by low-cost rented housing since it is rapidly being privatised and thus disappearing. In the most affluent townships, first-time property owners overburdened with debts are also facing the risk of attachment and eviction by the banks and are directed towards Servcon. This semi-public institution is responsible for assisting defaulting borrowers and mainly redirects these towards rental options (Morange, 2001b). In both cases, the promotion of home ownership has led to increased indirect social costs for society, since homeless people are supported either by social welfare (even if very limited, in which case the social cost will be much more important in the long run) or benefit directly from Servcon financial support (Morange, 2001b; Bénil & Morange, 2001).

■ *COLLECTIVE BOYCOTT OF RATES AND TAXES IN THE TOWNSHIPS:  
REJECTION OF INDIVIDUAL HOME OWNERSHIP COSTS BY RESIDENTS  
AND INCREASED DIRECT COSTS FOR MUNICIPAL BUDGETS*

Public authorities saw widespread home ownership as a way to encourage township dwellers to take on home ownership-induced responsibilities and become “model citizens”. While these dwellers can be proud of their new property and status, they must be willing to play by the rules and also cope with the risk of eviction were they, theoretically, to default on their rates and taxes payment. Yet, such a threat does not seem significant enough to motivate new home owners to pay: such as in the case of Cape Town, where 75% of households do not pay their rates and taxes regularly (Morange & Plancq, 2003), claiming even full exemption from the municipality to make up for the social inequalities they consider to be a direct legacy of apartheid.

A “gift ideology”, based on the myth of free access to home ownership, is spreading across townships and is being entertained by new groups of civics. In direct competition with the old civic groups – natural allies of the ANC on the field (although, locally, dynamics are much more complicated), they promote the payment of rates and taxes but are losing their influence – the new civics are using their ANC membership to contest the agenda. While these new groups were clearly formed only in the late 1990s, they benefit from the respect township dwellers have for the civic movement because of the glorious role it played in the 1980s (*ibid.*), and are not always eager to clear up the ambiguity. As a result, new home owners are more willing to follow what the new civic groups advocate. The evaluation programme launched in 2003 by the Department of Housing to assess the success of RDP programmes (Mabandla, 2003) takes into account the degree to which residents assume their responsibilities<sup>9</sup> as one of the main criteria. This call for what public authorities view as displaying a good sense of civic duties is reminiscent of the failure of the 1990s “Masakhane” campaign that was to receive wide coverage by the media. It shows that township dwellers have rejected the tacit contract implied in the urban policy strategy of the mid 1990s (i.e. home ownership in exchange for payment of rates and taxes).

As a result, the ANC is caught in its own contradictory political discourse. On the one hand, it legitimates its dominion over the political arena by constantly recalling its role in the fight against apartheid, compelling it into tolerance and cautiousness towards community participation and control. On the other hand, by sincerely trying to promote unified

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<sup>9</sup> « What efforts have been made to ensure payments for services ? » ; « How have perceptions on ownership, payment of rates, payments for services and responsibility for habitat quality been dealt with ? ».

post-apartheid cities, no longer segregated and fragmented, it goes against civic bodies' interests. Aware of this weakness, old and new civic bodies play on it: the former to defend private local interests, the latter to reinforce their legitimacy with township residents by using demagogic arguments. This three-arm wrestling situation reflects the difficulties encountered in the restructuring of the power balance of the new urban governance arrangements in South African post-apartheid cities.

## CONCLUSION

South Africa has implemented a very ambitious and generous housing policy based on widespread home ownership. Urban landscapes have changed thanks to the countless RDP programmes launched all over the country. However, this quantitative break is not accompanied by the deep structural transformations promised in 1994. Now that the first step has been taken and the urgency partly dealt with, it is time to reopen debates and negotiations, closed too hastily in the early 1990s, to diversify the housing offer that remains desperately uniform, and put an end to urban segregation, sprawl and functionalism to arrive at a genuine post-apartheid urban model. The weak financial commitment of the South African government and its refusal to clearly redefine its role in this process remain a concern. It seems that South Africa is normalising its approach to tackling housing issues by focusing on the urgent recovery of rates and taxes. Yet we can only partly measure some of the direct or indirect social costs of the government's lack of commitment, such costs promising to be much higher. Housing issues that, in the 1990s, still appeared as the key to understanding post-apartheid urban dynamics – giving rise in the process to an abundant bibliography (Huchzermeyer, 2000; Huchzermeyer, 2003) – could be replaced in this decade by the issue of urban integration of the poor. A wide field of research is therefore opening to understand and assess the impact of housing policy on urban commuting, urban transports and access to employment.

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