THE MANDELA INITIATIVE
Dialogue and action to overcome poverty and inequality

Theme: Urbanisation, Informality and Spatial Inequality

Liza Rose Cirolia[1]

1. What are the major issues you have identified about the manifestations of structural poverty and persistent, deep inequalities, in the field of human settlements?

In Cape Town, like many of South Africa's urban areas, the urban poor have limited options for settlement in the city. Many find accommodation in informal settlements, erecting structures and developing communities on 'in between' sites: under powerlines, on floodplains, along road reserves, and on waste disposal sites. Others find accommodation in large state-funded housing projects on the peripheries of the city, living in small subsidised houses or in backyard shack erected on the properties of subsidy beneficiaries.

The development of state-driven housing projects was originally meant to reduce informal back-yarding and informal settlements in the city. However, it is increasingly clear that these efforts have not reduced the proportion of households in informal housing. Equally they have created new modes and experiences of precarity, dislocation, and inequality as people's movement around the city, work opportunities, and social networks feel the strain of isolation and distance. This is the spatial paradox which we must work to address.

Despite this, the fixation with large-scale projects has persisted. Most recently, the national Department of Human Settlements has required the Western Cape Government and City of Cape Town to select mega-projects which

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[1] African Centre for Cities, University of Cape Town

could be prioritised and used as flagship demonstrations of rapid delivery. This imperative is playing out across all provinces.

2. **What do you think are the main reasons for the persistence of the deep inequalities and poverty in human settlements policy?**

The human settlements condition of Cape Town reflects decades of political and institutional development. These processes have produced deep and embodied drivers which work to reproduce the status quo. The most important driver of the spatial paradox are:

- **The 'Redistribution and Development Plan/Breaking New Groung' housing model**: The fixation on free-standing and low-density housing for the urban poor has resulted in the peripheralisation of the poor and the production of deeply unequal cities. The resistance of politicians, officials and (some) civil society actors to changing the nature of the subsidised product, for example exploring incremental or higher density options, reinforces and perpetuates the status quo.

- **Target chasing**: Setting ambitious delivery targets which must be met within tight fiscal and political terms results in the search for paths of least resistance. The search for cheap and 'unencumbered' (i.e. easy-to-develop) land leads officials and developers to the edges of the city. Target chasing couples neatly with the pervasive 'fear of non-compliance', resulting in a rejection of riskier, more complex, and/or more contested projects. It should be noted that legislation aimed at curbing corruption related to public finance management reinforce cultures of compliance within the state.

- **Supply-side approach**: The aggressive focus on housing supply has militated against efforts to more deeply understand housing demand. The subsidy system and local government processes are geared to supply housing, rather than to facilitate real housing choice for households, develop functional housing markets which are inclusive of the poor, or respond to the actual needs of communities. There is a clear lack of faith that slower and systemic work will produce the needed outcomes. While there is scope for more institutional work, this is time consuming and requires investing in systems which may or may not deliver the desired result. These risks result in a return to supply-driven approaches, despite discourses and policies which argue for more nuanced and systemic intervention.

- **Community complexity**: 'Check box' participation and shallow efforts to achieve 'community buy-in' naturally stem from supply-driven, target-focused approaches. Deeper endeavors to develop partnerships and democratic and inclusive practice, despite the challenges and messiness which inevitably characterises these processes, have been sparse. The result in an enduring mistrust and mutual hostility between civil society and the state.

3. **What is being recommended at a macro policy/strategic level to deal with unsustainable human settlements?**

Importantly, there is no silver bullet for the housing and broader human settlements challenge. Extreme inequality and persistent poverty strain housing systems, with deep implications for spatial equality and basic adequacy alike. Despite this challenge, there are several important changes which could shift the terrain and work to make more equitable the urban human settlements landscape.

The most important recommendation is that the focus on peripheral mega projects, which are characterised by their spatial isolation, capital intensity, and supply-driven approach, be reconsidered. While there is a need to respond to the urgent need for adequate shelter in Cape Town, the long-term social, fiscal, and ecological implications of the mega-projects mode of urban production cannot be ignored. There is now ample evidence demonstrating the detriment of this approach and its negative impact on the City of Cape Town over the last 30 years. Both the mega-projects and 'deliver-ology' logic which underpin them must be revised.

Instead of pursuing peripheral capital intensive mega-projects, greater attention should be given to human settlements interventions which rectify the problematic legacy of housing delivery. This includes:

- Releasing well-located land for medium density urban housing. This will require both a broader embrace of the 'social value' of urban land, as well as a more transparent and socially orientated approach to the portfolio of state assets, such as vacant and underutilised land and buildings.
- Enhancing housing demand through the redesign of subsidy and housing finance systems. Housing subsidies, where possible, should focus on enhancing demand and choice of households. Housing finance should be more accessible and responsive to the needs of the poor.
- Focusing attention on the provision of social, economic and networked services; alignment of state and private sector investments at the city-scale; and activation/support of state and community investments at the neighborhood scale are critical.
- Ensuring that human settlements investments are designed in such a way that they create long-term work opportunities, for example in the maintenance and management of the public and networked infrastructure.

4. What do you think the potential impact of the recommendations will be on eliminating structural poverty and reducing inequality?

- Releasing well located land will have the dual effect of demonstrating the commitment of the state to spatial transformation (thus offering some scope to address the mounting hostility and mistrust) and create wider access to well-located social and economic opportunities.
- Enhancing housing demand will result in people feeling more empowered and in control of their housing process. It will also hopefully lead to a reduction in predatory and unsecured lending to the poor (a process which has systematically increased poverty and inequality).

- Aligning state investments with an eye towards catalysing non-state actors to invest in the city has the potential to enhance city-scale and neighborhood scale value creation for people, communities, and businesses (both large and small).
- Using human settlements to produce urban work opportunities can have the effect of reducing poverty, as well as enabling creative, flexible, and more localised infrastructure solutions.

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