

Informal settlements 'give rural poor a foothold' in urban centres

By Robyn Murray, Business Day

January 28, 2014

Original Article: <http://www.bdlive.co.za/national/2014/01/28/informal-settlements-give-rural-poor-a-foothold-in-urban-centres>

Johannesburg, South Africa—Free housing is a losing battle, but rising demand is also a sign of people taking advantage of economic opportunities, writes Robyn Murray

IN A quiet neighbourhood near Johannesburg, a haphazard collection of shacks sits squeezed beneath the towering brick walls of two gated communities. Wedged in on a red dirt road that forms an alleyway between the secured developments, the settlements are held together by sheets of plywood, black garbage bags and a sky-blue tarp with small, plastic windows — a shelter for about half a dozen residents seated around a makeshift card table.



An informal settlement in Johannesburg, South Africa. (Photo by Robyn Murray)

Stray dogs scrounge around their feet for scraps and two toddlers wander through piles of trash, coils of barbed wire and discarded cement blocks.

It is a singularly South African sight, but the problem behind it — rapid urbanisation and inadequate housing — is far more common globally. The problem is complex, and the chasm between those growing up in shacks and those who have never set foot in one is wide.

“In many respects, you should see (informal settlements) in a very positive light.” That statement

may prompt a double take, but Robert McGaffin, a senior lecturer at the University of Cape Town and an accredited town planner, says the focus needs to be on urbanisation.

“I’m not romanticising them,” he says from a coffee shop in the leafy suburb of Newlands. “But this country is urbanising, and it’s urbanising quickly.

“Quite frankly, (informal settlements) are giving people access to urban opportunities that they would never have had in a million years at a very low cost. They’re a foothold,” he says.

FNB research shows racial integration is finally happening in suburbs as black, Asian and coloured home buyers in suburban South Africa now outnumber whites for the first time. But living in the suburbs remains a far-off dream for many.

An estimated 1.6-million households live in informal settlements in South Africa, and while the African National Congress (ANC) government has tried to tackle the problem with the promise of free housing for all who cannot afford it, the number of people on the so-called RDP waiting list has only grown, soaring past 2.3-million by the last census.

“The reality is the housing programme is never going to catch up on that backlog,” says Mr McGaffin. “Whatever political views you have, whatever position you have, it’s just a harsh reality on the table.”

The RDP housing programme “was the expression of the ANC’s promise of a better life for all”, says Kecia Rust, a housing expert who runs the Centre for Affordable Housing Finance in Africa.

She runs a blog for the nonprofit group that fields housing questions from the public and has become a virtual call centre for people who cannot find affordable homes.

“Our constitution says that everybody in South Africa has the right to access adequate housing on a progressive basis. But that basically means you’ll never ever be finished,” Ms Rust says.

Her view is “you have to feel a little bit sorry for government”.

When 60% of the population earns under R3,500 a month, qualifying them for a free house, the need is unmanageable.

“For government to even promise to address the needs of 60% of the population is mind-boggling. No other government can do that.”

But a less tangible, long-term effect of the attempt to subsidise all this is that it has distorted the housing market, pushing banks out of the affordable housing range (by competing with a free product) and helping create a “gap” market — those who earn too much to qualify for a free house but not enough to secure a mortgage (by various definitions, people earning between R3,501 and R15,000-R25,000).

That gap market, which consists of 20%-25% of South Africans, is an important segment of the economy: public sector workers, teachers, policemen, artisans.

“It’s a critical 20% of the population to getting a lot of things right in South Africa,” says Mr McGaffin.

“Getting housing right is critical. But I don’t think trying to solve the housing problem by giving them away is the way to go. By now, we must have seen that after all these years.”

He believes “the only people who will house themselves are households themselves”.

But finding the ability to do so is still a stretch. Mortgages are still painfully few and recent post-global recession restrictions have made it even less appealing for banks to lend. Both Mr McGaffin and Ms Rust see promise in South Africa’s latest Financial Sector Charter, which forced banks to study the affordable housing market. They came to the table “kicking and screaming”, Mr McGaffin says, but now he believes they are genuinely committed.

That commitment has led to people like Marius Marais, who heads FNB’s affordable housing department, to advocate for increased investment in the market. He says there is potential to serve about 1-million households through housing financing.

“There’s always this favourite view to say that banks don’t provide finance. That’s actually not entirely the truth here.”

The problem is a shortage not of financing, but of stock, he says.

Homes in the range of R100,000-R200,000 are sorely needed, yet construction of units under 80m² is proceeding at about 1,200 a month in the private sector, according to Statistics South Africa data.

“There’s huge demand and limited supply,” says Mr Marais.