

## SPEECH AT SOUTHERN AFRICAN HOUSING FOUNDATION

CAPE SUN HOTEL

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Welcome to Cape Town. We are honoured that you have chosen our city to host this auspicious gathering. I hope that many ideas are shared and debated on a topic that is very close to my heart. Housing delivery and town planning are one of, if not the most challenging and important services that government needs to provide.

My hope is that after today we all have a clearer understanding of what is limiting us, and what solutions are available to overcome them.

I would like to begin by providing you all with a brief overview of what is happening in Cape Town with regard to housing.

Cape Town is an attractive settlement area for rural and urban migrants and has accordingly doubled in size over the past 20 years. In 2007 our population numbered 3,5 million.

Population projections originally prepared for this City predicted that these numbers would not be reached until about 2015. The migration rate has therefore been much faster than anticipated, which makes the challenge of housing delivery to the poor even larger.

There are an estimated 904 000 households in Cape Town, of which approximately 400 000 are inadequately housed. Thirty-nine percent of all households and 77% of all households live below the poverty line. Furthermore, a further 30% of all households are vulnerable households.

It is estimated that Cape Town experiences 1% natural growth through population growth and a net in-migration of 16 000 to 18 000 households per annum, which produces a net rise of 20 000 a year in the housing deficit.

The scarcity of available land for development compounds the problems further. And the City's ability to supply housing to the poorer sectors of the population is also constrained by the limited annual housing subsidy and bulk infrastructure allocation provided by the State.

Cape Town has an estimated 400 000 families in need of a housing opportunity in the form of rentals, ownership and/or serviced sites. Of these, approximately 310 000 are registered on the City's integrated housing database. It is conservatively estimated that a further 90 000 are included in the total of 150 000 households living in Cape Town's 223 informal settlements. These vary in size from 46 679 structures in Khayelitsha to 224 structures in Simon's Town.

Cape Town's housing needs are not just about numbers, and must be seen within a larger social context. For instance, the City is faced with a severe HIV and Aids problem that is compounded by the prevalence of TB. Both diseases predominately affect the poorer sectors of the population, which is the sector of the population that also needs houses the most. Housing is thus being delivered in the context of high mortality among household-heads, or subsidy beneficiaries.

In addition, family size is in continual flux. Cape Town's average family size has been variously estimated at 3,9 and 4,5 with sometimes only two

and five dependents being recorded. These shifts are driven by migration cycles, welfare payments and adult mortality rates. There has also been a rise in the number of 'unhousables', meaning those families which have received a subsidy but are now living in an informal area again.

Besides these issues, many other factors continue to affect the nature and composition of the housing challenge, such as changing income levels to name but one. Programmes such as the Upgrading of Informal Settlements Programme and the Community Residential Upgrading programme have been created and introduced to address some of these, and the City continually adjusts its policies to accommodate new aspects such as allocation and 'successor-in-title'.

The City can no longer follow a development strategy that delivers houses without concomitant social and community services and a wide range of facilities. If urbanisation is properly managed it can be harnessed to create industrialisation and economic growth and it has the potential to be a very good thing for everyone. People come to the cities because they have a contribution to make. But urbanisation also creates terrible problems if there is no proper plan in place to deal with it. We can see this whenever we walk through one of our many informal settlements.

We can only deal with urbanisation if we have an ambitious strategy of urban planning linked to the creation of socio-economic opportunities. Key to both of these things is the strategic management of housing provision, and recognition of what a central role it plays. If we cannot acknowledge how inevitable and important urbanisation is then our cities will be dominated by sprawling slums which make no positive contribution to our economy and represent a tragic waste of human potential.

The Housing Directorate has several programmes running concurrently to address the challenges.

- The BNG programme provides people on the integrated housing database who earn a combined income of R0-R3 500 per month with 40 m<sup>2</sup>
- The People's Housing Programme is for households that wish to maximise their housing subsidy by organising the construction of their homes or building their homes themselves
- The Upgrading of Informal Settlements Programme aims to provide basic services such as water and ablution facilities and houses to existing informal settlement areas wherever possible
- Institutional Housing Subsidy Programme targets housing institutions that provide tenure alternatives to immediate ownership. That is rent with option to purchase after a certain period.

The City is convinced that higher housing densities are essential for sustainable progress in addressing housing backlogs, as well as for effective urban planning around transport corridors. Higher densities provide significant savings in land cost per unit, as less land is needed because available land is used more efficiently. Higher densities require shorter infrastructure runs and therefore cost less installation and operation fees per consumer.

Experience and best practice suggest that for storey affordable housing developments a maximum of three to four storeys is appropriate and sustainable. This is the height that the City of Cape Town is pursuing for the proposed Community Residential Unit developments.

In acknowledging the housing challenge, the City is seeking more active involvement with informal communities and settlements, and active engagement will be the cornerstone of our efforts to stabilise the housing crisis and increase density.

I hope that we can be an example of what can be done in municipalities around South Africa, and we look forward to working closely with National Government and all interested stakeholders.

Thank you.