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THE N2 GATEWAY PROJECT: FIASCO OR MODEL FOR FUTURE SOUTH AFRICAN CITIES?

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ISANDLA INSTITUTE / OPEN SOCIETY FOUNDATION

About Development Dialogues

Development Dialogues is a joint initiative of Isandla Institute and the Open Society Foundation for South Africa. The aim of the public dialogue series is to create a space for critical reflection and dialogue among key development stakeholders in South Africa. In doing so, the organisers seek to make a (rather modest) contribution to enhancing the quality of debate in the development sector. Through *Development Dialogues*, Isandla Institute and the Open Society Foundation intend to bring about creative and constructive multi-stakeholder meeting opportunities that push stakeholders to think beyond the confines of their immediate interests and theoretical paradigms.

This monograph captures the speakers' inputs and discussions at the *Development Dialogue* on 'The N2 Gateway Project: Fiasco or Model for Future South African Cities?', which took place on 19 July 2007 at the Centre for the Book in Cape Town.

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Since March 2006 Thubelisha Homes is the implementing agent of the N2 Gateway Project. Before that, this project was in the hands of the City of Cape Town as the implementing agent. It was structured with a Memorandum of Understanding signed by the political heads of the three spheres of government: the Minister of Housing, the MEC for Local Government and Housing and the then Mayor of Cape Town, Nomaindia Mfeketo. These three agreed that each sphere would have a role to play in the N2 Gateway.

In 2004 our President indicated that the manner in which the state was building RDP houses was totally unstructured. RDP units were being built where you would not have areas reserved for kids to play, for business to take place, for schools to be located. The houses built for housing beneficiaries were 16 square metres. Then in 2004 there was a decision to move towards integrated human settlements – the Breaking New Ground (BNG) policy, which seeks to improve the lives of beneficiaries. This also included the need to improve on housing and build quality houses for our beneficiaries. The BNG house we are talking about presently is a 40sq metre house with two bedrooms, an open lounge, a flushing toilet with a bathroom or at times a shower. You are also given an opportunity to install a geyser. It has electricity, water and so forth.

So basically what we are doing in the N2 Gateway Project is to pilot an integrated settlement where you will not have areas designated for the so-called blacks, or so-called coloureds or whites. We are putting everyone together and merging the differences of the past. There are no

toilets for whites or toilets for blacks. Toilets are for everyone. Each and everyone is free to walk wherever he wants to. This is the new South Africa.

While we are doing this, we have had attacks on radio, in the newspapers, in the media where people are challenging the expense of it. I can assure you, as the implementing agent of this project, that there is nothing wrong with the project. Where you would have a problem is where politics play a role in this project – that is where you start to have challenges.

What we are doing in the N2 Gateway Project is to pilot an integrated settlement where you will not have areas designated for 'blacks', 'coloureds' or whites.

Again, we are not developing a greenfields settlement on the N2. We are developing in areas, for example Joe Slovo, where people have to relocate because you cannot build on top of informal settlements and shacks. To do this, you have to call a meeting, you have to negotiate, you have to communicate, explain what is the benefit of this project to their lives. There are challenges with people who are resisting to relocate, because some politicians would say to them "This is not true; it is not going to happen, so resist relocation." Those are the challenges that are really facing this project. It is politics and not the police.

We are operating in the following areas on the N2: Joe Slovo, Langa, New Rest and Boystown and Delft. Presently, the biggest challenge we have



There are challenges with people who are resisting to relocate, because some politicians would say to them
“It is not going to happen, so resist relocation.”

is that there is not enough land. When this project was initiated, the idea was to put up high rise buildings. But it became clear that to go up is too expensive. Therefore because of those financial implications the plan was changed.

Beneficiaries are given two options: rental stock or bonded houses, also called ‘gap houses’, which target households earning between R2 500 and R7 000 a month. Then there are also giveaway houses for people earning from zero to R3 500 per month.

Now, to come to Phase 1 of the project, where we are seriously always under attack: when we inherited the project Phase 1 in Joe Slovo was between 80% and 90% complete. The contractor was busy with the final touches – the windows, the floors – the structure was already complete when we took this project. To our surprise, we started to hear complaints from our tenants. They would say: “Look, there is a serious crack in my room.” “When I open the tap I get hot water instead of cold water.” “When I flush the pipe burst.” You know all those challenges. We did not dispute those challenges. Instead, what we did was to quickly inform our contractor to say “Come back my brother; fix the mess because our people are

paying rent here and you do not want to see them leaving in a pigsty environment.” And as I am standing here I can confidently say that all that has been brought to our attention has been attended to.

To report a problem related to Phase 1 you would have to go to our caretakers. Our caretakers are on site. You refer to your case and say, “Look, this is the difficulty I have.” There is a 24-hour contractor who deals with issues and our contractors dealing with structural defects are there on site also. So these problems arise almost every day. Tomorrow someone else will report something else. These are the day-to-day kind of defects that are normally reported to us.

When our residents decided to take their concerns onto the street and to submit a memorandum to the Minister, Thubelisha Homes as the implementing agent was really shocked and surprised because we do have the residents committee and we strive to find out what is it that we are not doing to satisfy their needs and interests.

If you are not comfortable with the rent that you are paying, give us the space so that we can move in those who can afford to pay.

What has come up is the question of rent. They are saying the rent is too high. Before tenants moved into the units, they were all interviewed. They would then agree that “I am taking this unit, because I will be in a position to afford to pay” and that



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person would then sign a contract with Thubelisha Homes. Now it is surprising when people now say that they cannot the rent. The backlog that we have for people who are still waiting to be housed in these areas is close to 8 000. What we are saying is that if you are not comfortable with the rent that you are paying, give us the space so that we can move in those who can afford to pay. It is as simple as that. We want to assist them. If they do not qualify or if they feel the rent is too much,

they must just leave. Again, some are in default. I think approximately 150 are in arrears. But if they come to our offices to negotiate, they can make arrangements to pay. We are responsible and we understand.

But it has come to a situation where we will have to take drastic measures against those who do not meet the conditions agreed to. I think in time they will see the light. ■





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REFLECTIONS BY
LIVINGSTONE HLAWULA
(with Luthando Ndabambi)

I am from the N2 Gateway Residents Association. I am sure that this platform that I am standing on today is not meant to be about point scoring for political gain. My understanding is that all of us who are here are here because we need to reflect on the lessons learnt from the N2 Gateway Project. The N2 Gateway is said to be a pilot project, meaning that we need to deal with it with an open mind. We need to deal with it as people who are free to think and reason.

People out there probably think that the people of the N2 Gateway are unthankful people who do not appreciate what the government has done for them. But the truth is, we are very appreciative of the fact that the government has come up with something like the N2 Gateway. Otherwise most people, or those that are already there, would not be having anything above their heads or something to call a home. We know the situation countrywide – that the people are really desperate for houses. It would be a miracle to think that a project of this magnitude would be without teething problems. Definitely there ought to be some, but what is more important is how we address them if they crop up.

The teething problems that we have experienced as tenants have been addressed to the necessary organisations or channels that are said to be responsible for the N2 Gateway. We have engaged as many people as possible, those whom we

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regard as stakeholders. The main thing was to sit down and discuss, with the main objective to try and get to a resolution regarding the problems that we are experiencing there. The speaker that has just left the platform, Mr Sigcawu, has already mentioned that there were meetings held between the government officials, the tenants and also the agents, being Thubelisha Homes.

From the onset, people signed contracts – which most of them are saying they were not even given an opportunity to go through or to read – out of sheer desperation, because people wanted houses. At the third workshop people were asked to sign the document, and the people signed those documents. When they were signing the documents there were people who raised questions as to many aspects that were appearing there. It was not Thubelisha Homes that was there preparing people to get into those houses. It was another company known as BKS. Then BKS would say “I have nothing to do with this; you better approach the company that will be taking over the N2 Gateway which is Thubelisha Homes.” In other words, all those tenants at the N2 Gateway, they had never met Thubelisha Homes at the crucial time of signing the contracts.



Another company was there to see to the process of the signing of the contracts. We only heard of Thubelisha Homes when we had a problem with regard to the defects that were reportedly raised time and again.

The first problem that arose was that the people at the N2 Gateway had the same keys for each and every house. That is problem number one. And when people said, "No, it cannot work out like this; we need to call Thubelisha Homes – I mean the people that are responsible – to come around", the man that was tasked there to oversee the project would not even answer the telephone calls from people asking him please come let us sit down and address this issue. The first time the man was seen was when the committee decided to get a higher authority involved in this – when they went to the tribunal.

People signed contracts out of sheer desperation, because people wanted houses.

At the tribunal it was the first time we saw the people from Thubelisha Homes coming in. And there they admitted the defects that were reported. They said: "Yes, there are defects, there are problems, but we are going to address them." It was then that they started negotiating with the committee.

Mr Sigcawu is right when he says he tried to meet the committee. But they only react – they are not proactive. They only react when they hear that there is a problem through the press. They will then

start looking for the members of the committee to see if they cannot sort out this problem. And they promised that they are going to meet the people at the N2 Gateway to sort out the problem or to discuss the problems. We welcomed that. We asked them: "Are you coming here because of what the media is saying about you, or are you just genuinely coming to address the issues that were raised with you?" They could not answer that question.

Now again, we told them these are the problems that we are having. In that very same week or month the Provincial Minister of Housing came with a high-powered delegation to investigate the problems that we had in the N2 Gateway. He had some engineers with him. We all walked around the buildings. He was shocked to see the cracks in some of the units, to see the leaks from the roofs in other ones. And he went on to a meeting and he admitted that there are problems here, which need to be addressed. We suggested as a committee and the community that we have a committee composed of government officials, the N2 Gateway Committee and Thubelisha Homes, so that we can jointly address these problems. We are aware the problems need to be addressed. It is not a matter of saying that we can wish them away. They will remain there.

Now instead of Thubelisha Homes honouring those or agreeing to those, they agreed verbally but they did not make a follow up. They promised that every Monday Thubelisha Homes and the local committee would meet to discuss these things. And we had a list. The gentleman there, he had a list of all the problems that we voiced to him. Then he noted them down. He gave himself the time



frames saying that all the problems that you have mentioned here, they will be dealt with by 22 April, they will all be done. To date we are still talking about the problems. The problem of the keys as mentioned earlier is still there; the locks were never changed. We would not be here if those problems were addressed.

There was a time when the media went down there, SABC2 and other news media. They came up with a story saying that there were defects.

People at the N2 Gateway
had the same keys for each
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were never changed.

Some engineers who did not want to be named confirmed that it was true and that they have noticed that there are defects. These defects are serious, to the extent that those houses will not stay up for the next five years. So those are the problems that we face. And this is what we

We are saying, with such defective houses, can you not reduce the rentals for now.

actually asked Thubelisha Homes to come down and sit and discuss with us.

Also, the issue of rent came up. We are saying, with such defective houses, can you not reduce the rentals for now. And can you take into consideration the people that are staying here and look at their financial background and status. Can you not just reduce the rent a little bit, because people are willing to pay rent. Everybody is prepared and willing. But unfortunately, all this was just falling on deaf ears. Instead, what we hear is the threat that we will be evicted and that there are about 8 000 people who are waiting outside. And there is no future for our children. There are no schools, no pre-schools. There is no parking for cars. There is just nothing. ■



It is important to understand the N2 Gateway in the context of the Western Cape housing crisis, which was captured in the Western Cape's Sustainable Human Settlement Strategy released by the MEC for Local Government and Housing. The core thrust of this particular document is that the housing policy adopted after 1994, which provided essentially for a capital subsidy – a project linked capital subsidy for a fixed and defined unit – suffered from a fundamental problem: it underestimated the land crisis. This effectively meant that housing for the poor was peripheralised, because that is where land was cheap – on the urban peripheries.

Housing policy adopted after 1994 suffered from a fundamental problem: it underestimated the land crisis.

Ten years of housing policy has had an extremely negative effect, not just in maintaining the apartheid spatial framework, but also in fundamentally undermining the household economies of poor people, particularly in the City of Cape Town. That was confirmed almost incontrovertibly by research done by the Development Action Group into the inner dynamics of household economies. When you then ask what the solutions are, one of the key solutions according to Breaking New Ground is to get away from the one size fits all policy and recognise a multiplicity of interventions in the housing crisis: to upgrade, bringing the poor back

Ten years of housing policy has maintained the apartheid spatial framework and fundamentally undermined the household economies of poor people.

into the city using state land, formalisation of backyard shack dwellers, mixed housing development, social housing, rental housing, green fields development, and so on. This is all well and good.

Breaking New Ground also recognises that limited funds are available to provincial government in particular. With R800 000 to one billion rand a year in housing subsidies available, is it possible to solve the problem with high quality services and housing units, costing anything between R35 000 and R75 000 a unit at different levels? How are you going to be able to solve the housing crisis? Or do you go wide with support infrastructure for incrementally housing people over time and build the capacity of families to take advantage of this capital investment? Strategy veers to the latter. But it can only work on one fundamental condition, namely that there is a social process to build the capacity of households to respond, and take advantage of the inventions taken by the state. And that in turn cannot happen by the state acting on its own.



Hence the strategy refers to the necessity for a compact with organised civil society such as the Federation of the Urban Poor and other wider networks that have begun to evolve the social technologies necessary to organise households around savings, around negotiation and engagement to take advantage of the state interventions that create the framework for addressing these challenges. But that cannot happen if we continue to peripheralise housing and it cannot happen if we continue to treat people as things – as things to be relocated, or evicted, or instructed to inhabit fixed structures.

My comment in the light of this really difficult challenge is that if you want to maximise beneficiaries by going wide – and therefore there is the necessity for coupling that to social processes of organisation and mobilisation to empower civil society to take advantage of what the state is intervening to do – then the way to do it in my view is not to do it like the N2 Gateway has done it.

I think the N2 Gateway is a very good example of the two worlds of housing delivery that do not meet. On the one hand, you have the world of the technocrats, which talks about space, land, planning, infrastructure, hard stuff, buildings that crack or cost certain amounts to rent and have to be in certain places and if certain people are in the wrong place, they have to be relocated. In the process, when people do not do what they are supposed to do, then you blame politicians for manipulating them, as if people do not have their own ability to read their own context and identify their own interests.

On the other hand, you have the world of the

small nitty-gritty everyday life of inhabiting a new settlement, where doors do not lock or unlock, where water does not run the way it is supposed to or walls are not correctly built or, more importantly, when you simply want somebody to phone and talk to in order to have an engagement about the problems that you may have. If that does not work out, when the small requests for small engagements are not met, they turn into much larger interpretations of mala fides, or bad faith, or an almost conscious attempt to undermine, when in actual fact what is at stake is a process of accumulating inefficiencies.

There has to be a social process to build the capacity of households to respond and take advantage of the interventions taken by the state. But that cannot happen if we continue to treat people as things – as things to be relocated, or evicted, or instructed to inhabit fixed structures.

You then get into a situation that undermines the most critical condition for implementing a strategy of going wide coupled to social mobilisation, which is trust. Without trust, there is absolutely no way that you can maximise the interventions the state makes to facilitate social mobilisation and the mobilisation of social resources to take advantage of what the



**The most critical
condition for implementing
the housing strategy is trust.**

developmental state is doing. Without trust, you simply reinforce preconceived assumption about the mala fides and the supposed conspiracies out there. Whether it is politicians telling people not to relocate, or whether it is people who simply do not understand, or housing officials who do not answer their telephones.

In my view, the stories you hear today reflect the two worlds that are going to make it extremely difficult in the Cape Town context to build the relations of trust that are necessary to implement the new housing vision. So what do you do about it? What you do is you create the table for negotiation. And the only way you can create the table for negotiation that works, is that you have people who commit not to leave the table until the problem is solved. ■





AFTER THE INPUTS, THE FLOOR WAS OPEN FOR QUESTIONS AND COMMENTS. ISSUES THAT WERE RAISED INCLUDED:

- The discussion focuses on operational matters, rather than policy. We need to bear in mind that the N2 Gateway is a national pilot project and as such is an ongoing process of reflection and learning.
- What is the nature of customer service offered by Thubelisha Homes, and does it include a customer service hotline?
- On the issue of rent, people pay different amounts for rent for identical units and the rent had been increased after the workshops with potential residents.
- The N2 Gateway Project has not taken heed of the lessons about social housing that many countries have already learnt.
- The experimental nature of the development is inappropriate and impacts negatively on housing recipients.
- There is a need to identify well-located land, particularly in the inner city of Cape Town, that could be transformed into social housing.

IN RESPONSE THE SPEAKERS MADE SOME CONCLUDING COMMENTS:

Xhanti Sigcawu

We seem to be reducing this interesting topic by simply focussing on what is happening in Joe Slovo, Phase 1. I wish that we had said: 'Is Joe Slovo Phase 1 the right way to go or is it a fiasco?' Because if we are going to see the rental stock of Joe Slovo Phase 1 as the N2 Gateway we are not on the right track.

At times it is surprising that people whom you

sit with to discuss issues that are facing both of you use other platforms as if one has said "I will no longer open the doors for negotiations." We are not here to point fingers at the tenants and I would really want to leave that and attend to other issues, because it is not going to help us. But I can assure you that our doors are still open. We do have contractors on site. We do have a manager responsible for the rental stock. All the concerns that our tenants have, have a place to be discussed at, but not here. Because there will not be any solutions here to the problems. Our doors are open. I am being honest. We still have room to discuss. We have never closed the room for discussion.

For people to say "I was desperate for a house", means that they mislead government. They mislead people who were deployed to do government work. They are all desperate. Would you say: "I want to drive a limo, but now I cannot afford it." That is no excuse. Let us be honest and be realistic. If this is how things are going to be done, then it means that social housing will never be the way to go throughout the world, not if people are going to say "Yes, I will manage to pay rent" and at the end of the day they say "No, I did not read the contract and things were not clear to me".

When Thubelisha Homes inherited Phase 1, that is Joe Slovo, the City of Cape Town structural engineer gave a report to say these structures are intact. After the reported issues of defects, we decided to appoint an independent consultant or structural engineer who has come up with a report, which is there for public consumption. We are not hiding anything. The structural engineer's report says that these structures do not have any problems. These are not the kind of structural



defects that mean we would have to demolish those buildings. That is not the case. What we do, when you have reported a matter to our caretakers, is that we will go and fix your unit. After having fixed the unit a tenant is given a paper, which I call a 'happy letter', to say that he is happy the defects have been fixed in the unit.

We have found that other tenants who are paying rent, who are about 80% of our tenants there, are comfortable with what is going on. We had hoped that the rental stock for the cheapest unit was going to be R179. At the time of inception of the N2 Gateway, they had thought that each unit would cost R80 000, or around that. But because of the monies that had to be spent on rehabilitation and so forth (bear in mind that that site was an informal settlement), expenses to put up structures escalated from what was expected. So before we could move in the tenants it was clear that we could not go on with R179 for the lowest and R600 for the most expensive unit. Prices had to be revisited and the cheapest was then R500 and the most expensive R1 050. And that is what people agreed to. Because you would be interviewed, you would bring your payslip, questions would be asked and you would say "these are the accounts that I pay". Then at the end of the day they would say you qualify for this. Now, there are five people that are paying less. Those five are the people who were the first to move in. Before we could take over from BKS, BKS had already signed contracts with them for the rental of R179. We are rectifying that problem. We have never lied, even in our meetings. We know about and we are addressing it.

So all in all, I don't want us to be trying to look for fathers or mothers, who are people to talk

for us. We have our platform. These issues are not beyond our control. Everything that has been raised by our tenants is not beyond our control.

Lastly, when the learned professor there says his view is that as a solution to this we need to have constant interactions with communities, we must open a platform for negotiations and no one leaves that platform until resolutions have been reached, that is what we are doing. We negotiate, we sit and we talk. My colleagues here, especially from the Joe Slovo Phase 1, should come and sit with us and they should raise their concerns so that we discuss issues at home. You are Thubelisha tenants and you have a contract with Thubelisha Homes, so my advice is, let's go back home. Let's sort out our internal problems ourselves and when they are beyond us, we can take them elsewhere. At this point in time I am not convinced that those issues are not attended to. And secondly, I would appreciate it if you would be honest and say that you have raised these issues and that these defects are attended to. So that people do not leave here thinking that nothing has ever been attended to. I am not saying when a defect has been fixed it might not resurface. When that happens, bring it forward so that it is attended to – period. These are our tenants and the duty that I have as Thubelisha Homes is to see to it that each and every tenant pays rent.

Livingstone Hlawula

I want to direct my comment to the speaker who suggested that the government was misled by the tenants. That is not a true statement. I would rather say that the Minister of Housing in the Western Cape misled the people. He said in the last meeting that we had with him that government is not





in the business of doing business, and that the original rental prices would be between R168 and R590 per month. When that was changed it was never communicated with us.

Mr Sigcawu mentioned they are really surprised. We have been trying to hand over a memorandum to Minister Sisulu time and again, but there is no response. So it is not surprising to me that she is not here. It is also not surprising that her senior officer is marching out of a meeting like this. There was a meeting where we asked her to come and meet the tenants. I believe Mr Sigcawu was chairing that meeting. We gave them a memorandum and then the response from Thubelisha's senior management was simple and straightforward, saying that the Minister will never come here, and if you do not pay rent you will be out. That is why we went public with our concerns, because we wanted to get her attention. If she thinks this is a solution, she can kick us out.

Mark Swilling

James Scott wrote a useful book called 'Seeing like a state'. I think it is instructive in this discussion. Because what we have here is a typical example of what creates and destroys fast. Where an official would have a preconceived conception of what can and cannot be discussed in certain forums – whether these are operational matters that should not be spoken about, or policy matters that should be spoken about. So somebody outside of the context of the people living in the problem is now defining what is legitimate to be spoken about and what is illegitimate to be spoken about, which does not connect to the lived experience of people on the ground. When you just replicate that day after

day on a bigger and bigger scale, you arrive at an explanation for what I am hearing today – a breakdown of trust.

If it was correct that 'there is nothing wrong with the project and we are negotiating and doing what we are supposed to be doing', as Thubelisha Homes is saying, there would not be this breakdown of trust. So I cannot accept that there is a negotiating process that is working effectively here. Because then you would not have this continuous kind of low intensity civil war between the community and state officials. So my argument would be that we as officials have to stop seeing like a state and start seeing the dynamics of the development process from the point of view of the community. And that means actually taking the risk of not neatly demarcating certain forums where you can and cannot say certain things. It also means getting into a culture of listening rather than defensiveness, which always depends on a set of rules.

For example, there is a fascinating discussion about the contract. The contract is signed and then it is disputed by reference to context. On the one hand, Thubelisha Homes will talk about the context of the three workshops, and therefore due process was followed. On the other hand, the people refer to desperation and the fact that they rather take their chances of signing something than risk losing out by not signing at all. These are two contexts, which reflect two completely different realities. In this particular case I would appeal to the officials of Thubelisha Homes in particular to listen, to actually get off the arrogance of the certainty of rules and into the humility of the lived experience of everyday life. ■





THE N2 GATEWAY PROJECT: FIASCO OR MODEL FOR FUTURE SOUTH AFRICAN CITIES?

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CENTRE FOR THE BOOK, CAPE TOWN

ABOUT THE PANEL:

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Livingstone Hlawula lives in Joe Slovo, the first area to be developed as part of the N2 Gateway Project. He is a committee member of the N2 Gateway Residents Association.

Mark Swilling is Professor in Sustainable Development Planning and Management, School of Public Management and Planning at the University of Stellenbosch. He also holds the position of Academic Director at the Sustainability Institute.



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