Mega Projects as ‘new’ discourse in South Africa’s housing policy

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“Mega projects” enters the housing discourse

- July 2014: Minister Sisulu announces a national shift from small-scale, infill to **mega housing projects** (15,000 units and above)

- 1.5 million units to be built by 2019 as part of **“a new Marshall Plan”**

- In 2015, **Gauteng** announces its own mega projects initiative to create “large self-contained new cities of no less than 15,000 units each

- Gauteng’s mega cities were a **mix of public and private** (e.g. Syferfontein, West Capital, Savannah City, Vaal River City) and distributed across the province but mainly towards the periphery

- A further shift around 2016 to the idea of ‘**catalytic projects**’ but with a significant overlap between ‘mega’ and ‘catalytic’ (mega-catalytic projects?)
MEGA PROJECTS:
CLUSTERS
AND NEW CITIES
Apparent rationale

- **Frustration** at the declining rate of housing delivery (bureaucratic entanglements, poor performance of provincial departments, complexities of multiple small projects)
- The need for something **attention grabbing** in the context of growing political troubles and a struggling economy
- The **appeal of starting again** (‘our cities are a mess and here is the opportunity to do something new’)
- A new (old) Minister with **renewed ambition** for the sector (‘Marshall Plan’)
- Concern with the spatial periphery (e.g. fear of electoral losses on Gauteng’s West Rand)
Confronting realities

- There was a **sharp external critique** of the approach (including from academics and professionals), **inter-governmental tensions** and **uneasiness among officials** within government.

- The **realities of capacity and state performance** soon confronted grand ideals of mega projects by 2019.

- With these challenges there were **long delays in finalising lists** of mega projects.

- **Pragmatic adjustments were made** (e.g. HDA commitment to compaction, Gauteng Spatial Framework, more outlandish proposals removed from the list and some metropolitan governments projects supporting compaction-densification included).
Contextualising mega projects

- While the mega projects thrust has been moderated to some extent, and adjusted to meet spatial objectives in the NDP, IUDF etc., it remains a part of the discourse and needs careful interrogation.

- We need to contextualise in terms of scholarly literature, the lessons of international and local histories, and understandings of the advantages and drawbacks of megaprojects.
An international literature

- Mega projects cannot be understood generically – there are multiple forms of mega projects with different objectives, interests, players, spatial locations and outcomes.

- However, because of scale they are often characterised by ‘extreme complexity and uncertainty’. Far more so than ‘ordinary-scale projects’, megaprojects are disruptive, technically demanding, costly, risky, controversial, and temporally dynamic.

- They are frequently sites of contestation where complex power dynamics are being played out and where contradictions surface between the stated intentions, actual interests of the players, and real outcomes.
International literature

- Mega projects almost always over-inflate promises, run over budgets and take longer than anticipated (“strategic misrepresentation” to mobilise support).
- Megaprojects may be a pivot around which coalitions of actors are forged, they are also a common battleground around both interests and normative visions of the city.
Housing as a form of mega project

- Housing (or Urban Integrated Projects – UIMs) are a particular form of mega project
- Many (not all) UIMs are located on the edge of cities where greenfield-conditions allow developers to bypass the complexities of the existing city and access cheap land
- This brings risks of ‘risks of insulation and monofunctionality’
- Many UIMS are associated with idea of new town development
New towns internationally

- **Historical ideas of self-contained satellite towns and cities** (Garden Cities, post-WWII new towns; resuscitated now with the new cities of Asia and the Middle East)

- **Varying outcomes** but generally with **extreme difficulty in matching jobs with residence**, often creating new ‘sleeping towns’

- Almost all new towns have failed to reach expectations (although there are varying degree of failure/ success)

- **Context is extremely important in terms of new town success** (the most successful generally the closest to the core)
International experience
South Africa’s long history of mega scale housing development

- In the apartheid era, there was mass scale township development (from the late 60s in the homelands), new towns such as Sasolburg, Secunda, Vereeniging, and industrial growth points (e.g. Babelegi)

- In the late apartheid era, there were large developments on the urban edge (Diepsloot, Orange Farm, Atlantis…)

- In the early post-apartheid period there were developments including Cosmo City, Bramfischerville, N2 Gateway, Lufhereng, Waterloo and Cornubia)

- Recent private sector led proposals and projects (Westcape, Waterfall, Steyn City, Hydropolis, Savannah City, Modderfontein)
Wescape

PROPOSED R140bn WESCAPE DEVELOPMENT
- one million people in "red" zone "unacceptable" – Eskom
- R1.5bn bulk service "unaffordable"
- economic viability dubious
- will detract from other priorities
- high social and financial costs
An image from Gauteng’s mega projects promotional video
Initial visions of the Shanghai Zendai Modderfontein development
Lesson from history

• Internationally and in South Africa, mega housing projects on the urban edge have frequently exacerbated spatial inequalities, reproducing the divide between residence and work, either creating ghettos of poverty or enclaves of wealth.

• A key lesson is that settlement should follow economies and not vice versa.
The mix of advantages and disadvantages

- There is no single truth about mega projects with nothing *intrinsically* right or wrong about implementing at scale
- There are however different combinations of advantages that are *contextually shaped*
- Mega projects also take different forms and the critical question in evaluating mega projects is what type they are
There are possible advantages to mega projects...

- There are political gains in announcing and launching large, highly visible projects
- Projects may be packaged to attract private developer interest
- Greenfields development avoids NIMBYism and so may be easier to implement
- Mega projects bring economies of scale
which must be understood together with the risks and threats...

- The difficulties in creating and sustaining economies that support large concentrations of people
- The initial and recurrent costs of extending infrastructure to support new settlements
- Mega-projects generally exacerbate sprawl as they (mainly) involved greenfield sites which are mainly on the urban edge
Risks and threats...

- It is widely accepted that large scale developments entail multiple risks and uncertainties (e.g. probity, cost overruns, loss of political or societal support, slipping time frames, legal viability, affordability for local government)

- International studies show that inflated costs and reduced benefits are the norm
Some projects actually are genuinely “visionary” and are genuinely likely to contribute to “building the nation” but that should be pretty clear from formal evaluation processes if the terms are rigorously defined. Too often however “visionary” is a synonym for gambling or for political opportunism. (The Onion, 2010)
Some considerations in South Africa

- Our cities are relatively low density and are severely fragmented.
- Urban growth rates are now declining making it unlikely that densification can be supported together with expansion.
- Municipalities lack capacity to deal with high recurrent costs.
- There are key policy frameworks supporting compaction-integration (NDP, IUDF, metro plans).
- Since the ending of apartheid, SA cities have bucked the trend with moderate degrees of densification but this is at risk because of both reducing rates of urbanisation and the mega projects approach.
Demographic Realities

Historical & projected population growth rates for Greater Johannesburg – UN Population Division, 2014

We can’t support both new cities and densification
Concerns we expressed in 2015 at the Gauteng mega projects initiative

This is an initiative that responds to legitimate concerns but:

• contradicts a (hard fought for) approach to urban development internationally (“the new urban agenda”) and in South Africa;

• threatens current positive spatial trends that are strengthening access to jobs, livelihoods and services;

• appears to ignore lessons of South Africa history and of international experience;

• divergence from spatial policies of metropolitan cities;

• could create new ghettos of poverty or “sleeping towns” by separating settlement from real economies;

• is poorly matched to demographic realities;

• may be unaffordable for local authorities;

• has unexplored local impacts (community, environmental etc.); and

• is not based on a rigorous risk analysis.
Some questions we raised in 2015

- Is the project in line with the strategic objectives of government (for example, as contained in the NDP)?
- Does government (and the private sector) have the institutional capacity to deliver the project in terms of the proposed time lines and resource requirements?
- Has the project been properly costed over its full life-cycle (including capital, maintenance, operating)?
- Is it affordable to the public authorities involved (especially provincial and local government)?
- How much support does the project have from key stakeholders and can this support be sustained during its lifecycle?
- Is it legally viable (for example, in terms of land ownership, planning, heritage, building, environmental legislation)?
- Are the proposed timelines realistic?
Towards conclusion

- Mega projects are once again part of the housing (although there has been some moderation)
- Delivering at scale is not intrinsically problematic and does have potential advantages – Mega projects take different forms (not all are poorly located and contradict urban sustainability agendas)
- However, in the specific context of South Africa, the effects of mega projects need to be carefully analysed and there are certain effects of producing housing at large scale
In the South African context

- In the short- to medium-term, at least, this does imply a consolidation of settlement mainly around existing economic nodes.

- It is highly unlikely that we can accommodate both continued urban densification and extensive new settlement development into the future. A choice will have to be made.

- while there is a clear intention to create “economically self-sufficient cities”, there is a serious risk that the actual outcome will be new dormitory settlements.
Some possible principles in evaluating mega projects

- Understand that context is critical to outcomes e.g. a high-density East Asian city is very different to a low-density, sprawling South African city.
- Keep the long term perspective - in responding to short term political and other pressures we can leave a difficult legacy for future generations.
- *Where possible*, build on existing infrastructure networks with re-use and rehabilitation the priority.
- Consider affordability over the long term (the full project cycle cost).
- Have an expanded view of cost (environmental cost, resource cost, transport costs, housing costs, costs of social isolation etc.).
Possible principles

• Building settlements that can be supported by existing or co-evolving economies (understanding that developing housing alone is insufficient to enable economic development and that creating and sustaining local economies is not easy)

• Take spatial location seriously, focussing on maximising access to jobs, livelihoods and urban services, avoiding perpetuation of negative historical patterns

• Take full account of demographic realities

• Ensure full risk assessment

• Avoid hype to sustain long term confidence in government programmes
Finally...

• Avoid simplistic solutions – while attractive they fail to acknowledge that urban development is complex, multi-dimensional, incremental requiring more programmatic, systematic and institutional approaches