

## The role of inclusionary housing policy in transforming South African cities

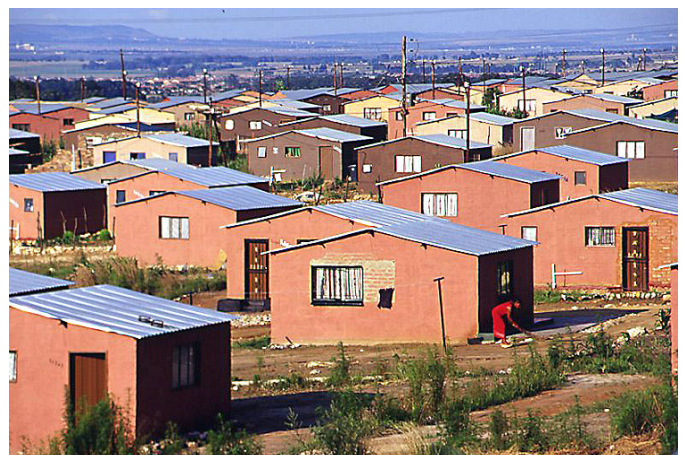
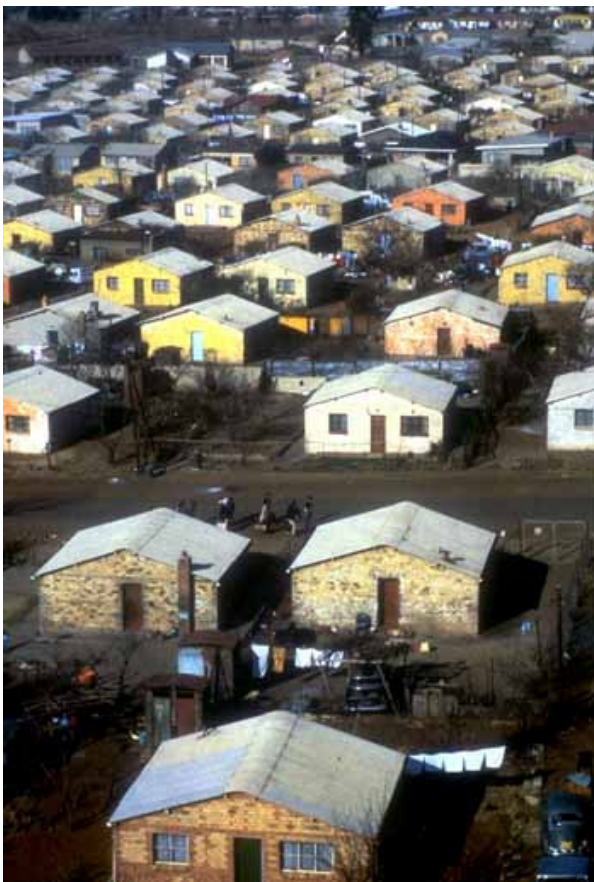
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South Africa's urban landscape still suffers from the spatial legacy of Apartheid. Many problems need to be addressed in order to reshape our cities. Unemployment, rapid urbanisation and an expanding population are problems which all affect the provision of housing, and the quality of our cities (Dept. of Housing. 2008: 2).

Low-income groups are still marginalised to the outskirts of cities, while the rich control the economic centres. High walls, gated communities and security estates are the physical expression of the fear of crime, and result in further social exclusion. Furthermore, South Africa's economy is split in two – the 'first economy', which is a globalised, first-world economy, and the 'second economy', which is a third-world economy, mostly supported by Government. These two economies are separated by steep income cliffs. South Africa's economy is largely carried by its 'first economy' (UCT Development Policy Research Unit, 2008: 7).

South African aspirations of a 'quality' lifestyle pertain to a single-family house, on its own plot. This results in our cities being of very low densities. Most Government housing also conforms to this single-family house model. The original Government 'four-room' house is a visual reminder of the detached approach of Apartheid Government, yet the post-democracy RDP (Reconstruction and Development Plan) houses bear a striking resemblance to these so-called matchbox houses. The segregated Apartheid city structure has also not changed much since democracy. In fact, cities have become even more spread-out in the last decade.



'Four-room' houses (left, source <[www.mtholyoke.edu](http://www.mtholyoke.edu)>) and RDP houses (top right, source <[ghettoverit.wordpress.com](http://ghettoverit.wordpress.com)>) are strikingly similar, and both aspire to the low-density dream of a single-family house on its own plot (bottom right, source <[www.sa-properties.com](http://www.sa-properties.com)>).

Many projects have started to address low densities in city centres, for example the social housing development Brickfields in Newtown, Johannesburg. However, our cities remain physically and socially fragmented, and these are issues that need to be addressed.



*Trends in market housing (Melrose Arch, Johannesburg, left, source <[www.picasaweb.google.com](http://www.picasaweb.google.com)>) as well as social housing (Brickfields, Johannesburg, right, source <[www.jhc.co.za](http://www.jhc.co.za)>) are moving towards higher density housing.*

## **New housing policy**

Government's perceived solution to most of these problems is the Breaking New Ground (BNG) policy, which was launched in 2004. The vision of BNG is "to promote the achievement of a non-racial, integrated society through the development of sustainable human settlements and quality housing" (Dept. of Housing, 2008: 4).

As a strategy to densify cities and to promote social integration, the Department of Housing is enthusiastic about inclusionary housing. 'Inclusionary housing' refers to the incorporation of a certain proportion of affordable housing<sup>1</sup> in market housing developments. Inclusionary housing policy links closely with the BNG policy. Objectives of the BNG include the increasing of densities; the promotion of social cohesion; the deconcentration of poverty; and the improvement of quality of life for the poor, all of which could be achieved by implementing an inclusionary housing policy (Dept. of Housing, 2008:5).

Discussions on inclusionary housing in South Africa started in 2005, at the Housing Indaba in Cape Town. As a result of talks on the topic, a Social Contract for Rapid Housing Delivery was crafted. This contract stated that every commercial housing development not aimed at very low-income groups would have to allocate a certain percentage of units to those who qualify for government housing subsidies (Mokonyane, 2007: 2).

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<sup>1</sup> Social housing is rental housing which is supported by Government, and managed by social housing institutions, while affordable housing is market housing which is rented or sold at a lower rate, in order for it to be affordable to low-income families. Social housing caters for households earning between R1500- R3500 per month, while affordable housing caters for households earning between R3500 and R7000 per month.

After a lot of research was done, the original decision that inclusionary housing should cater for households that earn between R1500 and R8000 per month (Dept. of Housing. 2007: 2) was amended to the R3500 – R7000 per month income bracket, due to affordability issues (Centre for Urban and Built Environment Studies. 2007: 5).

No legislation is currently in place (Dept. of Housing. 2007:4), although draft policies have been set up. It is, however, possible for local municipalities to oblige developers to provide a portion of affordable housing, without it being part of national legislation. This is the case in the Western Province and Gauteng, where local authorities have started bargaining with developers in order to facilitate the building of inclusionary housing.

The Department of Housing (2007: 15) describes the two possible policy routes which could be followed - the Voluntary Pro-Active Deal-Driven (VPADD) component; and the Town Planning Compliant (TPC) component. The first is an on-going negotiation between local government and developers, which should be mutually beneficial. Local government could offer incentives, such as reduced planning application time or the selling of municipally-owned land, and in turn, the local area benefits from the provision of affordable housing. The TPC consists of mandatory requirements, which will be linked to incentives for developers. For example, the approval of a rezoning application could be fast-tracked on the condition that 30% of the development consists of affordable housing. The VPADD-process is based on individual projects, while the TPC is based on town planning and development control processes. The TPC policy is more controversial, and will be phased in. The first phase will be the implementation thereof in ten chosen cities, and lessons learnt from this phase will influence the next phase (Dept. of Housing. 2007: 29).

There has been great debate about which proportion of market housing should consist of affordable housing. Originally, it was thought that it would be stated in a percentage of the total project cost, but due to steep income cliffs, this would result in projects consisting of more affordable housing than market housing. It has since been decided that the mandatory proportion of affordable housing will be based on the number of units in a development, and will be a percentage of between 0% and 30%. The maximum for the voluntary VPADD system will be 60% (Dept. of Housing. 2007: 20).

In contrast to most international precedents, where only developments over a certain size have to comply, South Africa is considering including even very small projects (3 or more units) in the compulsory inclusionary housing policies. Most areas around city centres consist of low-density, single-family houses, and these are the districts where Government believes densification should take place, and lower income groups should have access to.

### **The future of inclusionary housing in South Africa**

Some voluntary inclusionary housing developments are already underway. The 'Jerusalem' Precinct in Newtown was the first project of this kind to be implemented, and the Steenberg development in Tokai, Cape Town followed suit (Centre for Urban and Built Environment Studies. 2007: 5). More inclusionary housing projects are in the pipeline for the Johannesburg CBD. New legislation will force developers to think differently about housing, and will hopefully have the power to change the disfigured face of South African cities.

Both the Department of Housing (2007: 3) and Purchase & Smit (2007: 31) conclude that inclusionary housing will not solve the housing backlog. Inclusionary housing is based on market demand for market housing, and where in first world countries only a small percentage of the population qualify for affordable housing, it is estimated that 70-80% of the population in South Africa falls in this category. This means that only 20-30% of the population form part of the demand for market housing, and thus only a very small amount of affordable housing will be provided by inclusionary housing. However, the potential of inclusionary housing lies not in the amount of housing that it will result in, but rather its crucial role in bridging the social and racial divide.

For inclusionary policies to be successful in South Africa, policies should be flexible to accommodate different contexts. In Malaysia, for example, many affordable housing units are abandoned, because they were built in an area where there was no demand for them (Dept. of Housing. 2007: 7). This scenario should be avoided at all cost. The Department of Housing also

points out the possible negative effects that income cliffs could have on developments. Lower income groups living in affluent areas could face problems with the cost of food, transport, schools, hospitals and other services in these areas. In this way, instead of benefiting lower income groups, inclusionary housing in poorly chosen areas could cripple them.

Internationally, inclusionary housing has proved to be successful. Countries such as the United Kingdom, the United States of America (USA), the Netherlands and Malaysia implement the principle of inclusionary housing in most new housing developments. The USA has been implementing this principle since the 1970s (Smit & Purchase. 2007: 7). With due consideration to local context, as well as the flexibility of local Government, inclusionary housing could be very successful in South Africa, too. The small scale of the impact that inclusionary housing could have on eliminating the housing backlog, is of secondary importance to the impact that it could have on the social face of cities. Inclusionary housing could be the catalyst that is needed to transform South African cities from fragmented environments into positive, racially-integrated environments.

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