

The Inclusive City of Johannesburg and the Challenge of Affordable Housing

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1 ABSTRACT

Johannesburg, as South Africa's largest city and the most important economic center, still suffers under the patterns of inequality of the past. Although the spatial change has been rapid since 1994 after the post-apartheid era, the spatial divisions along class lines still remain. Strategic spatial planning strategies of the last two and a half decades were targeting the reduction of spatial patterns of inequality and exclusion by fostering compact and integrated spatial development on national, regional and urban level and currently the local provision of inclusionary housing. This study, based on literature review and census data evaluation, investigates the current challenges of Johannesburg, such as growing population, existing inequalities and the affordable housing backlog. Moreover, the current affordable housing programmes and new policy requirements in Johannesburg are described and analysed. Despite the release of numerous city-wide policies, such as the Spatial Development Framework 2040 (2016) or the Inclusionary Housing Policy (2019) the research shows that the situation has not significantly improved yet, which is indicated by a lack of restrictions in the requirements, implementation deficiencies and limited policy uptake in planning practice.

Keywords: inclusionary housing, affordable housing, low income, mixed use, development

2 INTRODUCTION

The UN-Habitat (2015) SDG goal to “make cities and human settlements inclusive, safe, resilient and sustainable” until 2030 is a noble goal. Accordingly, this study examines Johannesburg through the lens of social inclusion of lower income households in housing. Johannesburg can be seen as an example of urbanity in the global South, therefore linkages of urban transformation processes can be drawn between Johannesburg and other cities in the world (Harrison, Gotz, Todes, & Wray, 2014). Inclusivity is a central topic in many policies at national, regional and city wide level. Our study focuses at the city level and looks at city and above the new policy on Inclusionary housing, which was approved by the City of Johannesburg in February 2019, and nodal policy. These policies are an attempt to promote equality and inclusion in the city of Johannesburg. The structure of the study is as follows: first the status quo in Johannesburg is described with regard to the population, existing inequalities and housing backlog. Furthermore, affordable housing programmes and requirements of the Inclusionary Housing Policy are explained. In the conclusion and outlook we give an overview about the observations and results.

3 STATUS QUO IN JOHANNESBURG

In this section the growing population, existing patterns of segregation and inequalities including a definition of income levels and their distribution as well as the lack in the housing stock are described.

3.1 Population

Johannesburg, as South African largest city and important economic center, is located in the Gauteng province. (Todes, 2012) Its population increased from 2.63 million people in 1996 to 4.95 million in 2016. Johannesburg attracts many people due to its high economic growth and employment opportunities. Most migrants came from elsewhere in South Africa (92%), the Southern African Development Community (6%) (SADC) and the rest of the world (STATS SA, 2018). The population growth, as well the significantly decreasing number of persons in a household lead to high demand for housing. The average household size declined from 3.5 in 2011 to 2.7 in 2016. (Harrison et al., 2014)

Table universe: Population

Column	City of Johannesburg, Gauteng
Asia	0.4%
Born in South Africa	92.1%
Latin America and Caribbean	0%
North America	0%
Oceania	0.1%
Rest of Africa	0.5%
SADC	6.3%
United Kingdom and Europe	0.5%
Unspecified	0.1%

Table 1: Region of birth (Wazimap, 2016)

3.2 Segregation and inequalities

During the Apartheid segregating patterns were established in South Africa, which divided people by race. Since the end of this era in 1994 the spatial change within the city was rapid. The city spread further and in the north of the city a deracialisation of the middle class could be observed, but spatial divisions along class lines still remain (Todes, 2012). This is despite attempts at a spatial vision to develop a ‘compact integrated city’. Accordingly, spatial integration was included in national policy and legislation in the post apartheid era. Some positive examples for the implementation of policies were improving conditions in townships, developments and densification along nodes, mitigation of urban sprawl and levels of desegregation in upper income areas. While on the other hand, large low or low to middle income developments like Cosmo city, as well as middle to high-income gated communities were built on the edge of the city. Examples of ‘privatised urbanism’ for this high-income bracket include Steyn City and Waterfall City. (Ballard, Dittgen, Harrison, & Todes, 2017) South Africa, as well as Johannesburg are one of the world’s most unequal societies in the World. (SDF 2040, 2016; Turok, 2018). This is underlined by the fact that the average household income per month is R15270 while more than 50 % of households earns less than R3500 a month (SDF 2040, 2016; STATS SA, 2011). According to the definition of Inclusionary Housing Incentives, Regulations and Mechanisms (2019) households earning R7000 or less define the low-middle income bracket. Fig. 1 shows the distribution of household income per month in Johannesburg. This inequality is mentioned as the major concern of SDF 2040 (2016) and other policies at national, provincial and municipal level. The SDF 2040 (2016) postulates “if Johannesburg is to become an inclusionary city, it needs to make space for the urban poor majority through planning initiatives such as densification, diversification and integration.” Therefore, the housing backlog, mentioned in the sub item 3.3, and the distribution of household income in Johannesburg should be addressed. The provision of housing should be in relation to the income distribution. “As such 25 % of affordable housing should be for households earning below R1751 a month, 15 % for the bracket R1751 to R2487 and 10 % for the income bracket of R2487 to R3543.” (SDF 2040, 2016).

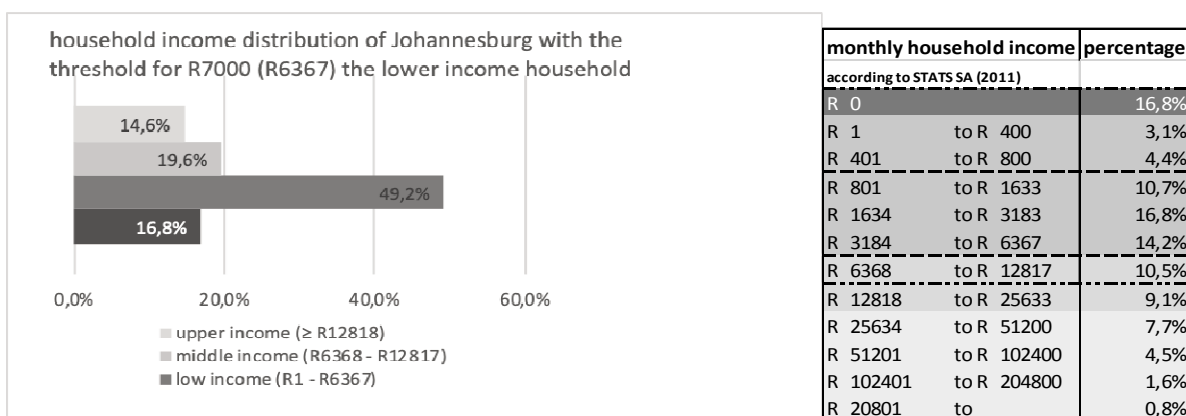


Fig 1: household income distribution in Johannesburg with the threshold of R7000 or according to available data of STATS SA (2011)

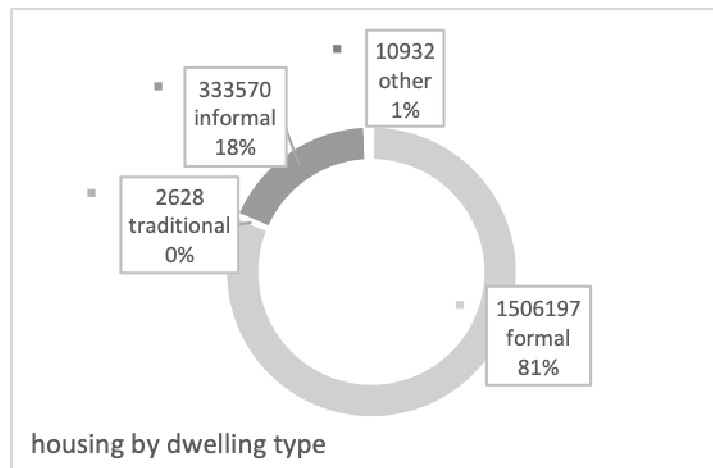


Fig. 2: Distribution of households by type of main in Johannesburg (numbers of households and percentage) (STATS SA, 2018)

3.3 Housing backlog

According to STATS SA (2018) 18 % of all households, in Johannesburg live in informal dwelling units (see Figure 2). Compared with Census data of 2011 these are 83805 households more. There is not only the increase of households living in informal settlements but also a growing backlog as a proportion of total household dwelling units. This housing backlog is one of the major concerns of the City of Johannesburg that has led informal settlements, packed public hostels and inner city overcrowding, backyard accommodation, the burgeoning housing waiting list and homelessness. (City of Johannesburg, 2018a) To demonstrate what the housing needs are, the municipality has to deliver an Integrated Development Plan (IDP) every 5 years (GroundUP Staff, 2017). Within the IDP City of Johannesburg (2018a) an improvement of housing conditions, as a provision of basic services like access to water, electricity and waste removal is targeted. Besides an increase of housing delivery, partnerships with the private sector and the community are addressed. The city contributes to some key projects, like the upgrading of informal settlements and shacks and the provision of basic services, the construction of mixed income housing, social housing and rental housing within the city centre and along transport corridors. In addition, temporary accommodation must be provided by the city to certain displaced persons in case of emergency. These emergency shelters and temporary housing has been built in the inner city. However, the city occasionally has to deal with the following challenges. On the one hand, it should increase funding to enable the provision of subsidised housing at an acceptable level in the face of rising land prices, and on the other hand, the city must consider the accessibility of housing for the low income level as a major concern. (City of Johannesburg, 2018a) The continuously growing population of Johannesburg, mentioned in 3.1, and the huge share of the low-middle income households lead to a housing demand especially in this category. According to Census data (STATS SA, 2011) around 66 % of all households refer to the low-middle income category related to the definition of Inclusionary Housing Incentives, Regulations and Mechanisms (2019) (see 3.2).

Against this background, the South African government and especially the City of Johannesburg have developed some policies, housing programmes and initiatives to address these issues

4 AFFORDABLE HOUSING PROGRAMMES

Affordable housing is defined as a dwelling where the total costs do not exceed 30% of a household's gross income including taxes and insurance for owners, and utility costs. (SDF 2040, 2016)

In the next subsections, different housing programmes in Johannesburg for different income groups will be explained.

4.1 Reconstruction and Development Programme (RDP) houses (government subsidy housing) – BNG houses

The government built houses for low-income households earning less than R 3,500 per month under the RDP program. These houses are owned, not rented by beneficiaries. To qualify for these houses one has to be a South African citizen, over 21 years, competent to sign a contract, married or living with a partner, or single and have dependants, and the person should be a first time homeowner and government subsidy recipient. If

one is a single military veteran or aged person without dependants, he can qualify too. The sale of an RDP house is illegal before a person has lived there for at least eight years. Furthermore, one is not allowed to rent out RDP units. (GroundUP Staff, 2017)

The Department of Human Settlements new policy “Breaking New Ground” or BNG units updated the RDP housing plan. Different types of housing (rented, bought and subsidised) with connected social infrastructure (schools, clinics) and shops are supposed to be integrated in these new developments. The BNG units are supposed to be larger than former RDP units, and consist out of “(...) two bedrooms, a separate bathroom with a toilet, shower and hand basin, a combined kitchen and living room area and electricity installation, where electricity supply is available in the township.” (GroundUP Staff, 2017) Within the City of Johannesburg 423 556 RDP units are provided (STATS SA, 2018, p. 41).

4.2 Community Residential Units and Housing Programme (CRU)

This programme targets households who earn between R800 to R3,500 per month and the units for rent and not for sale. This programme is mainly aimed for the refurbishment of inner city buildings and hostels. For the rent, people have to pay municipal rates of the house to the municipality. To qualify for those units one have to be South African citizen, over 18 years old and mentally competent, married or living with a partner or a single person with dependents. Furthermore, people should be registered on the Municipal Housing Demand Database/National Housing Needs Register. There is no restriction if people previously owned a property (GroundUP Staff, 2017)

4.3 “Gap” housing

Households earning more than R3,500 but less than R22,000 per month (which is the minimum amount needed to qualify for a home loan from a bank) can apply for some state-driven housing like for instance Financed Linked Individual Subsidy Programme (FLISP). Besides the higher income level, people have to fulfil the same criteria as that of BNG units. FLISP is a programme, which helps people to obtain a loan for their first house. It reduces the monthly repayment or can be used as a deposit. (GroundUP Staff, 2017) The subsidy is depending on the income of the applicant that ranges between R27 960 - R121 626. FLISP is applicable for existing houses and to new buildings. The subsidy is applicable for buying a new or old residential property, a vacant serviced residential-stand, linked to an NHBRC registered homebuilder contract or to build property on a self-owned serviced residential stand, through an NHBRC registered homebuilder. (Department of Human Settlements, 2020) If people sell the house they are not allowed applying for a second FLISP grant. (GroundUP Staff, 2017)

4.4 Social housing programme (SHP)

Under the SHP new housing projects of companies can be subsidised by municipalities or provincial government, if some units are rented as affordable housing. Consequently, costs for building and planning of projects get reduced and can lead to a reduction of rents. This programme focuses on households mainly, earning between R3,500 and R7,500 per month. One is allowed to apply for this programme even if one have been subsidised by another housing project, but not if one own a property. Further, one can qualify as a couple, or single people with dependents. The application process runs through the local institutions or companies (GroundUP Staff, 2017) ,for instance Johannesburg Social Housing Company (JOSHCO).

5 THE INCLUSIONARY HOUSING INCENTIVES, REGULATIONS AND MECHANISM POLICY

The Inclusionary Housing Incentives, Regulations and Mechanism is related and a result of the different legal frameworks like the Spatial Planning and Land Use Management Act, 2013 (SPLUMA), the National Development Plan (2012), the City of Johannesburg Spatial Development Framework 2040 (SDF, 2016) and the Integrated Urban Development Framework (IUDF) (Inclusionary Housing Incentives, Regulations and Mechanisms, 2019). The policy was approved by the City of Johannesburg in February 2019 and came into effect on May 23, 2019. (City of Johannesburg, 2018b)

The City of Johannesburg developed this framework in order to solve i) the existing inequalities of the city, ii) the housing demand of low income households, iii) the lack of social mix in race and income across the city. The targets are increasing housing supply for the lower income, creating a mix of different income

groups throughout new developments and the accessibility of affordable housing units in areas close to jobs and amenities. Further the policy “(...)will serve as a mechanism for land value capture in favour of the City and its residents.” Within the city development rights, awarded by the council, usually lead to increasing values. This value add should serve not only the property owner, but also the wider City and its residents.

The policy enables the city to use infrastructure or other investments in such a way that they benefit large parts of the population and result in spatial change. The Framework framework consist of requirements and conditions for inclusionary housing, as well different options that can be chosen by developers. Furthermore, a calculator has been created as a tool for developers and a base for negotiations between the Council and the private developers. (Inclusionary Housing Incentives, Regulations and Mechanisms, 2019)

Inclusionary housing

“A housing programme that, through conditions attached to land use right approvals, require private developers to dedicate a certain percentage of new housing developments to low income and low- middle income households, or to households that may not otherwise afford to live in those developments.” (Inclusionary Housing Incentives, Regulations and Mechanisms, 2019)

Dwelling unit

„An inter-connected suite of rooms, designed for human habitat that shall contain a kitchen and with the appropriate ablutions; irrespective of whether the dwelling unit is a single building or forms part of a building containing two (2) or more dwelling units.” (City of Johannesburg Land Use Scheme, 2018: New requirements for land use and development, 2019)

Floor area ratio “FAR”

“FAR = Floor Area of a building or buildings / Total Area of the erf or site upon which the building/s are erected” (City of Johannesburg Land Use Scheme, 2018: New requirements for land use and development, 2019)

Residential Building

“means the use of a building/s, excluding a dwelling house and/or dwelling unit, that contains habitable rooms, with or without common ablution facilities and with common kitchen-, dining- and/or lounge facilities such as hostels and dormitories. Such definition includes but is not restricted to hostels, hotels, dormitories, communes, boarding houses, guest houses (excluding converted dwelling houses and/or dwelling units), bed and breakfast and old age homes that may or may not include ancillary frail care facilities.” (City of Johannesburg Land Use Scheme, 2018: New requirements for land use and development, 2019)

Township

“means an area of land divided into erven which may be combined with public places and roads as indicated on a general plan, which is used and developed mainly for residential, business, commercial, industrial, institutional, educational or other similar purposes as contained in a land use scheme, or is intended to be so used and developed.” (City of Johannesburg: Municipal Planning By-Law, 2016)

5.1 General requirements and conditions

The inclusionary housing programme requires the provision of minimum 30 % inclusionary housing units in each new development that includes 20 dwelling units or more and is in the jurisdiction of the City of Johannesburg. It is a mandatory condition in every land use/development approval in developments of that size. The framework is applicable for both rental and ownership dwelling units and not for residential units as defined under 5.1. These units have to be built on the same site or township as the market units.

Land use or development applications approved before the adoption of this framework cannot benefit from incentives for inclusionary housing. (Inclusionary Housing Incentives, Regulations and Mechanisms, 2019)

5.2 Inclusionary housing options

Table 2 shows the different options a developer has. One of the options have to be chosen in any application for 20 dwelling units or more. (Inclusionary Housing Incentives, Regulations and Mechanisms, 2019) For

implementing inclusionary housing units developers are benefiting from different incentives, listed in the table too.

Option	Description	Details	Incentives (summary)
Option 1	30% of Dwelling Units are:	Social Housing;	Increase in FAR equal to the total % of inclusionary housing (max 50% increase). Increase in density (in du/ha) to accommodate the extra units. Parking reduction for inclusionary units.
		or FLISP Housing;	
		or Housing with a rental cap: R2100 per month (2018 prices).	
Option 2	10% of the total residential floor area is made up of small units. At least 30% of total units in the development must be inclusionary housing.	Minimum: 18m ²	Increase in FAR to accommodate the 10% floor area for IH. Increase in density (in du/ha) to accommodate the extra units. Parking reduction for inclusionary units.
		Maximum: 30m ²	
		Average: 24m ²	
Option 3	20% of the total residential floor area is made up of units that are 50% of the average market unit size. At least 30% of total units in the development must be inclusionary housing.	Maximum: 150m ²	Increase in FAR to accommodate the 20% floor area for IH. Increase in density (in du/ha) to accommodate the extra units.
		Minimum: 18m ²	
Option 4	To the satisfaction (in writing) of City Transformation and Spatial Planning, City of Johannesburg		

Table 2: inclusionary housing options (Inclusionary Housing Incentives, Regulations and Mechanisms, 2019)

Further requirements and explanations:

The rental cap of R2100 (Option1) is made up by 30 % of the monthly income of R7000.

Minimum design requirements Social Housing units

- Inclusionary units must have the same outward appearance as market units of the development
- Common spaces like entrances, lifts, communal spaces, shared amenities must be shared between inclusionary units and market units

Minimum design requirements for FLISP and capped housing

- Within one unit and with access only from that unit, a private bathroom, including a toilet, a shower and a basin as a minimum has to be provided
- The size has to be 7 m² of habitable space per person and at least 18 m² per unit
- Additionally the design requirements for the social housing units apply. (Inclusionary Housing Incentives, Regulations and Mechanisms, 2019)

6 CONCLUSION AND OUTLOOK

Within several policies and frameworks in Johannesburg, the critical need for the provision of housing opportunities for the low income households is identified. The currently approved Inclusionary Housing policy seeks to address issues of inequality, the demand of formal housing opportunities in well located areas and the limited social mix in terms of race and income. (Inclusionary Housing Incentives, Regulations and Mechanisms, 2019). The analysis raised the question to whom the policy is addressed and what needs it can meet. Only the first option of the policy refers to the low-middle income bracket. While demanding a rental

cap of R2100, which is 30 % of the maximum monthly income of the low-middle income bracket, there is no mention of the utility costs, which are required in the debate of “affordable housing”. This was already a concern in the review process of the policy. (City of Johannesburg Metropolitan Municipality, 2018) Further options 2 and 3 only address the size of units. That is, if a developer builds market units with, for example, a size of 350 m², he has to provide 30 % of the units with a size of 150 m² to be inclusionary. If the developer can choose, he will most likely take option 3. Consequently, upmarket areas will remain accessible for the upper income group, the enhanced social mix will not emerge, and the lower income group will still not be integrated within new developments.

Another question is, if developers really deliver units for the low income bracket in an upmarket area, what about the infrastructure in their environment? This has already been stated by legal consultants, planning consultants and developers in the City of Johannesburg Metropolitan Municipality (2018). They pointed out the non-observance of the accessibility of jobs, services and social infrastructure. Low income households may not afford living in the same environment as households of middle- upper income bracket in terms of costs for schools, public transport, shopping or even recreational facilities. (City of Johannesburg Metropolitan Municipality, 2018)

Thus, this policy is probably a further step in the debate to make Johannesburg an inclusive city. Nevertheless, it needs to be further developed and implemented in developments to reduce inequalities and significant housing needs in the lower income bracket. Perhaps the policy should be rethought not only guidelines for inclusionary housing opportunities but for inclusionary developments.

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